

BURSA ANNOUNCEMENT
Termination of AirAsia Japan Joint Venture

Further to the press statement of AirAsia Berhad (“**AirAsia**” or the “**Company**”) dated 11th June 2013 in relation to the AirAsia Japan joint venture, the Company wishes to announce that it has terminated the joint venture relationship with ANA Holdings Inc. (*formerly known as All Nippon Airways Co., Ltd.*) (“**ANA**”) by entering into an Agreement regarding Share Transfer and Termination of Agreements (“**Termination Agreement**”) with ANA and AirAsia Japan Co., Ltd. (“**JV Company**”) today.

The parties have entered into the Shareholders Agreement dated 21st July 2011, Brand License Agreement dated 1st November 2011, and all relevant agreements and documents in relation to the joint venture (“**JV Agreements**”).

The total amount of issued and paid-up share capital of the JV Company is JPY 5,000,000,000. The Company has subscribed, through its wholly-owned subsidiary AirAsia Investment Ltd. (“**AAIL**”) (*formerly known as AA International Ltd.*), 25,120 voting shares and 23,880 non-voting shares at JPY 50,000 per share, representing forty-nine percent (49%) of the paid-up share capital in the JV Company (“**Shares**”).

1) The rationale of the termination:

The joint venture has faced several challenges due to a difference in opinion of managing the JV Company between the shareholders. The challenges faced from its launch stemmed from cost management issues, as well as the inability of the management team, predominantly comprised of ANA staff to cultivate a culture that embraces the low cost business model. Up to 31st March 2013, the JV Company has recorded an accumulated net loss of RM163.94 million.

ANA has offered to purchase the Shares from AAIL and the parties have entered into negotiations to terminate the joint venture relationship through the Termination Agreement.

2) Salient terms of the Termination Agreement:

- (a) ANA shall acquire the Shares for JPY 2,450,000,000 (approximately RM 80,475,150 based on current exchange rates);
- (b) The effective date for the payment of consideration sum and the transfer of the Shares is 28th June 2013 (“**Closing**”);
- (c) The JV Company shall discontinue using the AirAsia brand including changing the JV Company’s name with effect from 1st November 2013;
- (d) The parties have agreed on a scheduled re-delivery of all aircraft leased to the JV Company commencing from 1st September 2013 to 1st November 2013. All monies accrued in respect of the leased aircraft including rentals, maintenance reserves and all

other payments related to the aircraft during the lease period to the date of redelivery shall remain liabilities of the JV Company and will be paid to the relevant lessor at redelivery; and

- (e) The JV Company shall pay all outstanding invoices due to the Company within 90 days of Closing.

3) Financial and Legal Impact

The termination of the JV Agreements will have a material impact on the Company's earnings upon consolidation with AAIL but will have no material impact on the net assets or gearing of the Company for the financial year ending 31st December 2013. Save for the obligations provided under paragraph 2 of this announcement, the parties shall release each other from all obligations under the JV Agreements.

4) Effective Date of Termination

Following the payment and the transfer of the Shares on 28th June 2013, the JV Agreements shall be terminated immediately. The JV Company shall cease to use the AirAsia brand including changing the JV Company's name with effect on 1st November 2013.

5) Approvals

The termination of the joint venture is not subject to the approval of the Company's shareholders.

6) Directors' and Substantial Shareholders' Interests

None of the directors or substantial shareholders of the Company and persons connected to them has any interest, direct or indirect in the above-mentioned termination.

7) Document available for inspection

The Termination Agreement is available for inspection at the registered office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 25th June 2013.