

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

INVESTORS ARE ADVISED TO READ, FULLY UNDERSTAND AND CAREFULLY CONSIDER THE CONTENTS OF THIS PROSPECTUS IN ITS ENTIRETY, AND NOT BASE YOUR SHARES INVESTMENT DECISION IN OUR SHARES SOLELY ON THIS INAUGURAL BENEFIT.

1. Entitlement under the Inaugural Benefit

- a) The entitlements under the Inaugural benefit are only applicable to those shareholders who successfully subscribe for or acquire IPO shares made available to the Malaysian public and the eligible passengers under the retail offering (“**Retail Investors**”).
- b) The entitlements of the Retail Investors under the Inaugural Benefit are segregated into 2 categories.

Category A

Subject to the Section 3 of this Terms and Conditions, all Retail Investors who successfully subscribe for or acquire **10,000** IPO Shares up to 99,999 IPO Shares at Listing and who continue to hold a minimum of **10,000** IPO Shares (“**Category A Qualifying Shareholding**”) for the duration of any of the periods of time mentioned below, save for our shareholders prior to our IPO and those who are directors and/or employees of the AirAsia Group (“**Category A Eligible Shareholders**”) will be entitled to receive and redeem **one (1)** zero fare return air ticket to destinations flown by AirAsia X originating from Malaysia during each of the redemption periods stipulated in Section 2:

- i) At least 4 years from the date of Listing¹;
- ii) 5 consecutive years from the date of the Listing; and
- iii) 6 consecutive years from the date of Listing.

Subparagraphs (b)(i), (b)(ii) and (b)(iii) above shall be defined hereon as the “**Fourth Entitlement Date**”, “**Fifth Entitlement Date**” and “**Sixth Entitlement Date**”, respectively, and collectively referred to as the “**Eligibility Period**”.

Category B

Subject to Section 3 of this Terms and Conditions, all Retail Investors who successfully subscribe for or acquire **100,000** IPO shares or more at Listing and who continue to hold a minimum of **100,000** IPO Shares (“**Category B Qualifying Shareholding**”) for the duration of any of the periods of the time mentioned below, save for our shareholders prior to our IPO and those who are directors and/or employees of the AirAsia Group (“**Category B Eligible Shareholders**”) will be entitled to receive and redeem **three (3)** zero fare return air ticket to destinations flown by AirAsia X originating from Malaysia during each of the redemption periods stipulated in Section 2:

- iv) At least 4 years from the date of Listing;
- v) 5 consecutive years from the date of the Listing; and

¹ 10 July 2013

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

vi) 6 consecutive years from the date of Listing.

Subparagraphs (b)(iv), (b)(v) and (b)(vi) above shall be defined hereon as the **“Fourth Entitlement Date”**, **“Fifth Entitlement Date”** and **“Sixth Entitlement Date”**, respectively, and collectively referred to as the **“Eligibility Period”**.

Category A Qualifying Shareholding and Category B Qualifying Shareholding shall collectively be referred to as the **“Qualifying Shareholding”**, and the Category A Eligible Shareholders and the Category B Eligible Shareholders collectively or any one of them shall be referred to as the **“Eligible Shareholder(s)”**

- c) Any Eligible Shareholder who reduces their shareholdings below the respective Qualifying Shareholding at any time during any applicable Eligibility Period shall become automatically disqualified from the applicable inaugural benefit entitlement under the respective category.
- d) However, in the event that a Category B Eligible Shareholders who reduces his/her shareholding below the Category B Qualifying Shareholdings but above the Category A Qualifying Shareholding, the shareholder will cease to be entitled to the benefits under Category B but instead will be entitled to the benefits under Category A.
- e) As the zero fare air tickets under the Inaugural Benefit can only originate from Malaysia.
- f) This is no assurance that all the current destinations flown by AirAsia X originating from Malaysia will be maintained throughout the redemption period as set out under Section 2(a) to (c) below, AirAsia X reserves the right to amend, suspend or withdraw any of its existing routes due to operational or other considerations.
- g) In view that the Inaugural Benefit is introduced in conjunction with our IPO, the entitlements under the Inaugural Benefit are only applicable to the Retail Investors who subscribed for or acquired Shares under our IPO and excludes our shareholders prior to our IPO.
- h) In the event of any alteration in the share capital of AirAsia X when the Inaugural Benefit is still valid, whether by way of capitalization of profits or reserves, rights issue, bonus issue, capital reduction, capital repayment, sub-division or consolidation of capital or otherwise howsoever taking place, such corresponding adjustments (if any) may be made so that such adjustments would give Eligible Shareholders a fair and reasonable entitlement under the Inaugural Benefit which is no worse-off than that based on the existing Qualifying Shareholdings. Any adjustment (if required) will be determined by our Board of Directors (“Board”) at its sole discretion and our Board’s decision is final.
- i) For the avoidance of doubt, any Retail Investor applying to subscribe for or acquire such number of IPO shares may not be allotted such number of IPO shares. In such event, the Retail Investor will still be obliged to proceed with the subscription or acquisition of any amount of IPO shares allotted to them, notwithstanding that they may not be eligible to enjoy the Inaugural Benefit as stated in the event that such number of IPO Shares allotted to them is less than the Qualifying Shareholdings described in Section 1(b) above.

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

2) Redemption of Tickets

Subject to Sections 1 and 3 of Terms and Conditions of the Inaugural Benefit:

Time Period

- a) Within twelve (12) months from the Fourth Entitlement Date ("**Fourth Redemption Period**"), the Eligible Shareholder shall be entitled to redeem one (1) zero fare return ticket (for Category A Eligible Shareholders) or three (3) zero fare return tickets (for Category B Eligible Shareholders) to any destination flown by AirAsia X that will be determined during subsequent Annual General Meeting ("AGM") originating from Malaysia, after which the entitlement to the Inaugural Benefit for this period will lapse. The redemption of the Inaugural Benefit, the reservation of the flights based on chosen travel dates and destination and the utilization of the zero fare return air ticket(s) must all take place within the Fourth Redemption Period.
- b) Within twelve (12) months from the Fifth Entitlement Date ("**Fifth Redemption Period**"), the Eligible Shareholder will be entitled to redeem one (1) additional zero fare return ticket (for Category A Eligible Shareholders) or three(3) additional zero fare return tickets (for Category B Eligible Shareholders) to any destination flown by AirAsia X that will be determined during subsequent AGM originating from Malaysia, after which the entitlement to the Inaugural Benefit for this period will lapse. The redemption of the Inaugural Benefit, the reservation of the flights based on chosen travel dates and destination and the utilization of the zero fare return air ticket(s) must all take place within the Fifth Redemption Period.
- c) Within twelve (12) months from the Sixth Entitlement Date ("**Sixth Redemption Period**"), the Eligible Shareholder will be entitled to redeem one (1) additional zero fare return ticket (for Category A Eligible Shareholders) or three (3) additional zero fare return tickets (for Category B Eligible Shareholders) to any destination flown by AirAsia X that will be determined during subsequent AGM originating from Malaysia, after which the entitlement to the Inaugural Benefit for this period will lapse. The redemption of the Inaugural Benefit, the reservation of the flights based on chosen travel dates and destination and the utilization of the zero fare return air ticket(s) must all take place within the Sixth Redemption Period.
- d) Any Eligible Shareholder, who does not redeem his Inaugural Benefit during the Fourth Redemption Period or the Fifth Redemption Period, shall not be able to carry forward such Inaugural Benefit for utilization during the Fifth Redemption Period or the Sixth Redemption Period, respectively.
- e) Eligible Shareholders who do not redeem their Inaugural Benefit during the Fourth redemption Period, the Fifth Redemption Period or the Sixth Redemption Period, whichever is applicable, shall be deemed to have forfeited their entitlement to it.

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

- f) In order to redeem the zero fair air tickets during the applicable redemption periods described in (a) to (c) above, Eligible Shareholders are required to follow the redemption procedures described below:
- i) After the respective entitlement dates described in Section 1(b) above, Eligible Shareholders are required to email us at aax_shareholder@airasia.com to redeem their entitlement of the zero fare return air ticket(s) by providing details of his/her:
- Full name,
 - National registration identity card (NRIC) number,
 - Passport number and expiry date,
 - Contact details,
 - BIG Card number (if available),
 - AirAsia BIG Member User ID (If available),
 - Travel destination and up to (3) of his/her preferred travel date(s) and time, and/or any other information as may be necessary to verify his/her eligibility.

Alternatively, Eligible Shareholders may also contact us at the AirAsia X Premium Line (1 600 85 888) during operating hours from 9.00 a.m to 6.00 p.m. Monday to Friday for instruction to redeem the zero fare air ticket, to make general enquiries or any other arrangements in relation to the Inaugural benefit. Please note that in the case of telephone queries, our call agents will note your details and will call you back. Please be advised that AAX Premium Line is subject to applicable charges.

- ii) All Eligible Shareholders are required to redeem their zero fare return air tickets no less than 14 days from their intended travel dates in order to allow for sufficient time to process and confirm reservation. AirAsia X will not be liable for any losses and will not entertain any request for redemption by Eligible Shareholders where request for redemptions are made with less than 14 days' notice from their intended travel dates.
- iii) Once the eligibility of an Eligible Shareholder is determined and confirmed, and subject to seat availability on the travel destination and preferred dates and time, we will confirm the reservation within three (3) working days, subject to availability and/or other circumstances, from our receipt of your request redemption
- iv) AirAsia X via email will provide with a booking reference number, and provide instructions for the Eligible Shareholder to finalise his/her reservation with us, which must be completed within three (3) working days from our response and can be done via <https://member.airasia.com/login.aspx?location=mmb&culture=> (the "AirAsia Booking Portal"). In such other applicable payments via the AirAsia Booking Portal. Please see Section 3(a) for details of such additional charges.
- v) In order to access the AirAsia Booking Portal to finalise a reservation with the provided booking reference number, an Eligible Shareholder is required to provide an AirAsia BIG Member User ID and password. Alternatively, if the Eligible Shareholder does not have an AirAsia BIG Member User ID and password, he must also sign up to be an AirAsia BIG Member at <https://member.airasia.com/register.aspx> page at no cost.

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

- vi) In the Event that the preferred travel dates and time is not available for the selected travel destination during step (iii) above, we will send an email notification of this to the Eligible Shareholder stating such unavailability and a request for new travel plans will be sought from the Eligible Shareholder to repeat the process of reservation described above.

3) Terms and Conditions

- a) The Inaugural Benefit comprises solely of AirAsia X zero fare air tickets to any destination flown by AirAsia X originating from Malaysia. In redeeming the zero fare return air ticket, for the avoidance of doubt, Eligible Shareholders shall be required to pay for any fuel surcharges, airport taxes (except for selected airports where airport tax is collected at the point of departure), any non-refundable processing fee incurred for payments via credit, debit or charge card as well as any ancillary products (such as insurance, meals or baggage allowance) selected in connection with the reservation and usage of the air tickets, where applicable.
- b) An Eligible Shareholder could redeem a zero fare return ticket so long as a seat is available for the particular chosen destination and flight time. However, similar to any fee paying passengers, the availability of the sea is dependent on the overall demand for that particular flight. To avoid disappointments, Eligible Shareholders are advised to plan their travel (except for certain routes and dates set out below) early when redeeming their zero fare return tickets.

Due to expected high demand during seasonal peak travel periods for Malaysia and the markets that we serve, the following periods will not be available for travel for the indicated AirAsia routes or destinations (the routes or destinations of which may vary, be suspended or terminated during the duration of the inaugural benefit) under the Inaugural Benefit (**“Black Out Period”**).

The routes or destinations set out in the table on our website refer to the routes or destinations which AirAsia X currently serve and do not include any new markets or destinations that we may commence operating during the period when the Inaugural Benefit is in place. Such new markets or destinations may have different seasonal high demand travel periods and as such we reserve our rights to impose such applicable Black-out Periods in respect of any new markets or destinations which we may serve in the future. We will update the Black-out Periods at the end of each quarter of the year. i.e 31 March, 30 June, 30 September and 31 December on AirAsia X’s Investor Relations webpage at www.airasiax.com. Eligible Shareholders are advised to refer to such available updates or contact us to obtain updates to the Black-out Period prior to redeeming the zero fare return air tickets.

- c) The Inaugural Benefits is not transferable and the reservation of the zero fare return air tickets must be made in the name of the Eligible Shareholders. Once a zero fare return air ticket has been issued under the Inaugural Benefit, the details on the air ticket cannot be changed or

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

amended in any way whatsoever, save for one (1) date change once the air ticket is issued, subject to payment of the applicable change fee by the Eligible Shareholder.

- d) The redemption and the use of the zero fare air ticket under the Inaugural Benefit will be subject to the terms and conditions of carriage of AirAsia X (“Terms and Conditions of Carriage”). In redeeming the Inaugural Benefit, save for Section 3(c) above, the Eligible Shareholder is deemed to agree, adhere and subjected to all prevailing Terms and Conditions of Carriage. Please refer to <http://www.airasia.com/my/en/about-us/terms-and-condition-d7.page> for details relating to the Terms and Conditions of Carriage.
- e) For Eligible Shareholders which are corporations, legal entities or trust, etc., they may nominate a person to be named as a passenger of the zero fare air ticket for every zero fare ticket they are entitled to receive, provided that the Eligible Shareholder submits to AirAsia X as part of the redemption procedure set out in Section 2(f) a nomination letter duly executed by an authorized person. Nominated persons must be directors or employees of the corporations, legal entities or trust, etc.
- f) Where an Eligible Shareholder is an authorized nominee which holds the IPO shares for a beneficial owner under a securities account, such beneficial owner who is deemed eligible by virtue of the IPO shares beneficially held for him during the Eligibility Period shall be entitled to the Inaugural Benefit, provided that the beneficial owner submits to AirAsia X as part of the redemption procedure set out in Section 2(f) sufficient documentary evidence, identifying him as the beneficial owner of the relevant IPO shares and such letter is duly acknowledged by the registered shareholder of the IPO Shares.
- g) It should be noted that the benefit of the zero fare return air tickets accorded under the Inaugural Benefit is not exclusive to the Inaugural Benefit and that we reserve our rights to include any zero fare return air tickets in whatever form or manner into other benefits of our Shareholders’ Benefit Programme or any of our marketing or promotional activities from time to time.

4) Governing Laws

This Terms and Conditions shall be governed by and construed in all respect in accordance with the laws of Malaysia

5) Average Return Base fares of our Existing Routes

The value of our base fare would differ for each Eligible Shareholder who redeems, as it is dependent on (a) the destination chosen, (b) the period of travel and (c) the date of redemption or booking. Our base fares are also influenced by other competitive factors including capacity availability, fuel price and seasonal demand, amongst others.

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

6) Frequently Asked Questions ("FAQ")

- a) How do I know if I am eligible to take part in the Inaugural Benefit

Subject to the applicable terms and conditions, if you are a shareholder who have applied and successfully subscribed acquired IPO shares under the Retail Offering for Malaysian public (being White Form application, Electronic Share Application and Internet Share Application) and Eligible Passengers (being Blue Form application) you will be entitled to take part in the Inaugural Benefit.

- b) Will I be entitled to participate in the Inaugural Benefit if I do not have any shares upon Listing but subsequently acquire the Shares from the Open Market?

No, the entitlements under the Inaugural Benefit are only applicable to shareholders who successfully applied for the IPO Shares under the Retail Offering of out IPO and not through the acquisition of Shares from the open Market.

- c) Will I be entitled to participate in the Inaugural Benefit if I apply for 11,000 IPO Shares but only get allotted 9,000 IPO Shares, or apply for 110,000 IPO Shares but only get allotted 90,000 IPO Shares?

No, to qualify as a Category A Eligible Shareholder, you need to be allotted a minimum of 10,000 IPO Shares or above at Listing and continue to hold it for the relevant Eligibility Periods before you are entitled to the benefits under the Inaugural Benefit.

Similarly, to qualify as a category B Eligible Shareholder, you need to be allotted a minimum of 100,000 IPO Shares or above at Listing and continue to hold it for the relevant Eligibility Periods before you are entitled to the benefits under the Inaugural Benefits.

- d) Will I be entitled to more zero fare return air tickets if I apply significantly higher number of IPO Shares, for example 1,000,000 IPO Shares?

No, there are only two(2) qualifying shareholding levels, specifically Category A being at least 10,000 Shares which will entitle you to one (1) zero fare return air ticket for each redemption period, and Category B being at least 100,000 Shares which will entitle you to three (3) zero fare return air tickets for each redemption period.

- e) Is there a fixed allocation of free tickets for each flights which I may be competing with other promotional activities of AirAsia X which involve giving out discounted or free tickets?

No, there is no fixed allocation of free tickets for each flight under the Inaugural Benefits. You can redeem your ticket so long as a seat is available for the particular chosen destination and flight time. However, please be advised that reservations are conducted on a first-come-first-serve basis, as with reservation by any other fee paying passengers. The availability of seats,

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

whether free or otherwise, is therefore dependent on the overall demand for that particular flight.

- f) If I am allocated 10,000 IPO Shares under the Retail Offering reserved for Bumiputera public and 10,000 IPO Shares under the Retail Offering made available for the Malaysian public, will I be entitled to enjoy the Inaugural Benefit for every 10,000 IPO Shares?

No. If all the IPO Shares are held under your name, you are only entitled to the Inaugural Benefits as one Eligible Shareholder.

- g) How do I redeem my free flights after the respective Entitlement Dates?

You may email us at aax_shareholder@airasia.com or call us at AirAsia X Premium Line (1 600 85 888) to redeem your free flight. For more details, please refer to Section 2(f). Charges applies.

- h) Can the ticket(s) redeemed to be used by another person(s)? If I am a Category B Eligible Shareholder, can the 3 tickets be issued in 3 different names in one entitlement period?

No. The Inaugural Benefit is not transferable and the reservation of the zero fare return air ticket(s) must be made in the name of the Eligible Shareholder.

- i) If my shareholding drops below 10,000 Shares but subsequently increases back to above 10,000 Shares by the First Entitlement Date, will I still be eligible for the Inaugural Benefit under Category A?

No. For Category A Eligible Shareholders, you must maintain the category A Qualifying Shareholding of at least 10,000 Shares at all times during the Eligibility Period to enjoy the Inaugural Benefit.

- j) If my shareholding drops below 100,000 Shares but subsequently increases back to above 100,000 Shares by the First Entitlement Date, will I still be eligible for the Inaugural Benefit under Category B?

For Category B Eligible Shareholders, in the event that you reduce your shareholding to below 100,000 Shares but above 10,000 Shares, you will only be entitled to the Benefits under Category A, notwithstanding that you subsequently increase your shareholding above 10,000 Shares.

However, in the event that you reduce your shareholding to below 10,000 Shares, you will not be entitled to any Inaugural Benefit notwithstanding that you subsequently increase your shareholding above 100,000 Shares.

- k) Is there a minimum time period between my redemption (or booking) and travel date?

You are required to redeem your zero fare return air ticket no less than 14 days from your intended travel dates, during the redemption periods.

TERMS AND CONDITIONS OF THE INAUGURAL BENEFIT

- l) What happens if I try to redeem my tickets towards the end of the relevant redemption periods and unable to secure a reservation?

As the redemption of the Inaugural Benefit, the reservation of the flights and the utilisation of the ticket(s) (being departure and return) must all take place within the relevant redemption period, it is your responsibility to ensure that all of the above are completed within the relevant redemption period so as to enjoy the Inaugural Benefit.

You are advised to plan your travel dates early as there may not be any available seats and you are unable to make any reservations before the expiry of the relevant redemption period.

- m) What are my chances of being able to redeem a flight of my desired travel date?

As the reservation are conducted on a first-come-first-serve basis, your chances of being able to redeem a flight of your desired travel date(s) are equal to any passenger booking a flight through our official website, or through any other channels for reservation.

- n) I am a Category B Eligible Shareholder, do I need to redeem my entitled three (3) tickets simultaneously?

No. As a Category B Eligible Shareholder, you are able to redeem any of your multiple tickets at any time during the relevant redemption periods.

- o) In the event of the death of an Eligible Shareholder before or after the respective Entitlement Dates, how will the entitlement under the Inaugural benefit be treated?

The entitlement under the Inaugural Benefit will lapse as the redemption of the tickets must be made in the name of the individual Eligible Shareholder.

- p) Can I finalise my reservation through other methods than the AirAsia Booking Portal as set out under section 2(f)(iii) above?

No. All reservation can only be finalised through the AirAsia Booking Portal.