

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Fourth Annual General Meeting of AirAsia Berhad (284669-W) (“AirAsia” or “the Company”) will be held at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 25 May 2017 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2016.
Please refer to Note A.
2. To declare a First and Final Single Tier Dividend of 12 sen per ordinary share in respect of the financial year ended 31 December 2016.
Please refer to Note B.
3. To approve the fees of an additional RM300,000 per annum per Non-Executive Director for the financial year ended 31 December 2016.
Please refer to Note C.
4. To approve the Non-Executive Directors’ Remuneration with effect from the financial year ending 31 December 2017 until the next Annual General Meeting of the Company to be held in the year 2018.
Please refer to Note C.
5. To re-elect Tan Sri (Dr.) Anthony Francis Fernandes as a Director of the Company, who retires pursuant to Article 124 of the Company’s Articles of Association.
6. To re-elect Datuk Kamarudin bin Meranun as a Director of the Company, who retires pursuant to Article 124 of the Company’s Articles of Association.
7. To re-elect Mr. Tharumalingam A/L Kanagalingam as a Director of the Company, who retires pursuant to Article 129 of the Company’s Articles of Association.
8. To appoint Messrs Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers and to authorise the Directors to determine their remuneration.
Please refer to Note D.

(Resolution 1)

(Resolution 2)

(Resolution 3)

(Resolution 4)

(Resolution 5)

(Resolution 6)

(Resolution 7)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:

9. ORDINARY RESOLUTION

RETENTION OF SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

“**THAT** approval be and is hereby given to Dato’ Fam Lee Ee who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as a Senior Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.”

Please refer to Note E.

(Resolution 8)

10. **ORDINARY RESOLUTION**

AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (“ACT”)

“THAT pursuant to Sections 75 and 76 of the Act and subject to the approval of relevant authorities, the Directors of the Company be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

Please refer to Note F.

(Resolution 9)

11. **ORDINARY RESOLUTION**

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE AND NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED MANDATE”)

“**THAT** approval be and is hereby given for the renewal of the existing shareholders’ mandate and new shareholders’ mandate for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties (“**Recurrent Related Party Transactions**”) as set out in Section 2.3 of the Circular to Shareholders dated 28 April 2017 (“**Circular**”), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm’s length basis and on normal commercial terms which are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregated value of the Recurrent Related Party Transactions conducted pursuant to the shareholders’ mandate during the financial year, among others, based on the following information:
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company;
- (iii) the shareholders’ mandate is subject to annual renewal and this shareholders’ mandate shall only continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which this shareholders’ mandate is approved, at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting of the Company,whichever is the earliest.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular.”

Please refer to Note G.

(Resolution 10)

OTHER ORDINARY BUSINESS

12. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty Fourth Annual General Meeting of the Company to be held on Thursday, 25 May 2017 at 10.00 a.m., a First and Final Single Tier Dividend of 12 sen per ordinary share for the financial year ended 31 December 2016 will be paid on 23 June 2017 to depositors whose names appear in the Record of Depositors on Thursday, 25 May 2017. A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on Thursday, 25 May 2017, in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

JASMINDAR KAUR A/P SARBAN SINGH

(MAICSA 7002687)

Company Secretary

Selangor Darul Ehsan

28th day of April 2017

NOTES ON APPOINTMENT OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting ("AGM"), shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on 18 May 2017 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a Member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
3. A member entitled to attend and vote is entitled to appoint up to two (2) proxies (or in the case of a corporation, to appoint representative(s) in accordance with Section 333 of the Companies Act, 2016), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited 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 not less than forty-eight (48) hours before the time set for holding the meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

EXPLANATORY NOTES:

A. This Agenda item is meant for discussion only in accordance with Sections 248(2) and 340(1) of the Companies Act, 2016. The audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

B. Final Dividend (Resolution 1)

With reference to Section 131 of the Companies Act, 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 5 April 2017, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts and as and when the debts become due within twelve (12) months immediately after the distribution is made on 23 June 2017 in accordance with the requirements under Sections 132(2) and (3) of the Companies Act, 2016.

C. i) To approve the fees of an additional RM300,000 per annum per Non-Executive Director for the financial year ended 31 December 2016 (Resolution 2).

ii) To approve the Non-Executive Directors' Remuneration with effect from the financial year ending 31 December 2017 until the next Annual General Meeting ("AGM") of the Company to be held in the year 2018 (Resolution 3).

Based on the annual review of the Directors' Remuneration by the Nomination and Remuneration Committee ("NRC"), the NRC proposed and the Board affirmed it for a one-off additional payment of RM300,000 per annum per Non-Executive Director for the financial year ended 31 December 2016 in view of the good performance of the Company and the Shareholders' approval is being sought on this under **Resolution 2**.

There will be no changes to the basic Board fee with effect from the financial year ending 31 December 2017. But in view that the various Committee fees had not been changed for the past seven (7) to ten (10) consecutive years, the NRC recommended an increase as described below. The recommendations by the NRC were affirmed by the Board.

Directors' Fees (as approved at past AGMs)	2011 to 2015 (5 consecutive years)	2016	Approval sought at 24th AGM with effect from the financial year ending 31 December 2017 until the next AGM in the year 2018
	RM Per Annum	RM Per Annum	RM Per Annum
Non-Executive Director	150,000	180,000	180,000 (No Change)

Committee fees (as approved at past AGMs as part of Directors' Fees)	2007 to 2016 (10 consecutive years)	2010 to 2016 (7 consecutive years)	
	RM Per Annum	RM Per Annum	
Chairman of Audit Committee ("AC")	60,000	n/a	75,000
Chairman of the NRC Committee	22,500	n/a	55,000
Chairman of the Safety Review Board ("SRB")	-	45,000	55,000
Member of the AC	45,000	n/a	60,000
Member of the NRC	15,000	n/a	35,000
Member of the SRB	-	30,000	35,000

The benefits of the Non-Executive Directors are as follows:-

Meeting Fees Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties.	RM2,000 per Board or Committee Meeting per Non-Executive Director. Up to a total amount of RM100,000 for all the Non-Executive Directors.
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Shareholders' approval is being sought under **Resolution 3** for the payment of the Remuneration to Non-Executive Directors for the financial year ending 31 December 2017 up to the next AGM of the Company in accordance with the remuneration structure as set out above.

D. Appointment of Auditors (Resolution 7)

The Company has received a letter dated 14 February 2017 from one of its major shareholders, Tune Air Sdn Bhd, nominating Messrs Ernst & Young ("EY"), as the new statutory auditors of the Company. A copy of which is annexed and marked as 'Appendix A' in the Annual Report 2016. The proposed change is in line with good corporate governance of revisiting the appointment of the company's auditors from time to time.

The Company's existing auditors, Messrs PricewaterhouseCoopers ("PwC"), were re-appointed as the auditors of the Company at the Twenty Third Annual General Meeting ("AGM") of the Company held on 30 May 2016 to hold office until the conclusion of the forthcoming AGM of the Company. PwC have been the auditors of the Company since May 2004.

The proposed appointment of EY is subject to the receipt of their consent to act as auditors and if approved, they shall hold office until the conclusion of the next AGM of the Company.

E. Retention of Independent Non-Executive Director (Resolution 8)

The maximum tenure of an Independent Director is based on recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, which states that an Independent Director may remain after serving a cumulative term of nine (9) years, provided that the Board has concrete justification for the extension and has obtained shareholders' approval at a general meeting.

At the Twenty Third Annual General Meeting held on 30 May 2016, shareholders approved the continued service of Dato' Fam Lee Ee, who had served as an Independent Non-Executive Director of the Company since 8 October 2004. The Board is of the view that the ability of long serving Independent Directors to remain independent and to discharge their duties with integrity and competency should not be assessed solely by tenure of service or any pre-determined age. The Board has recommended him to continue to act as a Senior Independent Non-Executive Director based on the following justifications:

- (a) His long service does not affect his independence and he continues to provide the necessary checks and balances in the best interest of the Company.
- (b) He has fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (c) He has vast experience in a diverse range of businesses and legal matters and therefore would be able to contribute constructive opinions; he exercises independent judgment and has the ability to act in the best interest of the Company.
- (d) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision-making.
- (e) He has deep insight into the business and operations of the Company which would be advantageous to the Company.
- (f) He has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders.
- (g) He has shown great integrity of independence and has not entered into any personal related party transaction with the Company.

F. Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 ("Act") (Resolution 9)

Ordinary Resolution 9 has been proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act ("General Mandate"). Ordinary Resolution 9, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another general meeting. The General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The General Mandate, if granted, will provide the flexibility to the Company for any future fund-raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing, working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

G. Proposed renewal of existing shareholders' mandate and new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature ("Proposed Mandate") (Resolution 10)

Ordinary Resolution 10, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Circular to Shareholders dated 28 April 2017 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.