

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of AirAsia X Berhad (734161-K) (“AAX” 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 Tuesday, 23 May 2017 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and consider 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 approve the Non-Independent Non-Executive Directors' Fees of RM246,885 and an additional RM55,000 for the Independent Non-Executive Directors for the financial year ended 31 December 2016.

(Resolution 1)

Please refer to Note B.

3. 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.

(Resolution 2)

Please refer to Note C.

4. To re-elect Tan Sri Dr. Anthony Francis Fernandes as a Director of the Company, who retires pursuant to Article 126 of the Company's Articles of Association.

(Resolution 3)

5. To re-elect Dato' Yusli Bin Mohamed Yusoff as a Director of the Company, who retires pursuant to Article 126 of the Company's Articles of Association.

(Resolution 4)

6. To re-appoint the following Directors of the Company:-

i. Tan Sri Rafidah Aziz; and

(Resolution 5)

ii. Tan Sri Asmat Bin Kamaludin.

(Resolution 6)

Please refer to Note D.

7. 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.

(Resolution 7)

Please refer to Note E.

AS SPECIAL BUSINESS

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

8. **ORDINARY RESOLUTION
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

“**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approval of relevant authorities, the Directors 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 issued share capital 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.”

(Resolution 8)

Please refer to Note F.

9. **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:

- a) 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;
- b) 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:
 - i) the type of Recurrent Related Party Transactions made; and
 - ii) the names of the related parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company;
- c) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
 - i) 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 a resolution passed at the next AGM, such authority is renewed;
 - ii) 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
 - iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

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 as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution.

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."

(Resolution 9)

Please refer to Note G.

OTHER ORDINARY BUSINESS

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

By Order of the Board

JASMINDAR KAUR A/P SARBAN SINGH
(MAICSA 7002687)
Company Secretary

Selangor Darul Ehsan
28 April 2017

Notice of Annual General Meeting

NOTES ON APPOINTMENT OF PROXY

- a) Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 44(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 issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting, 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 forthcoming Annual General Meeting.
- b) A member must be registered in the Record of Depositors at 5.00 p.m. on 16 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.
- c) A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
- d) 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.
- e) 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.
- f) 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.
- g) 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.**
- h) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by way of poll.

EXPLANATORY NOTES:

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2016

This Agenda item is meant for discussion only as under the provisions of Section 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. To approve the Non-Independent Non-Executive Directors' Fees of RM246,885 and an additional RM55,000 for the Independent Non-Executive Directors for the financial year ended 31 December 2016 (Resolution 1)

Based on the annual review of the Directors' Remuneration by the Nomination and Remuneration Committee ("NRC"), for the Independent Non-Executive Directors, the NRC proposed and the Board affirmed the following for the financial year ended 31 December 2016:-

- a 50% increment on the fee payable to the NRC Chairman from RM15,000 to RM30,000 per annum (p.a.);
- a 50% increment on the fee payable to one NRC Member from RM10,000 to RM20,000 p.a.; and
- a new fee to be paid for the Safety Review Board ("SRB") Chairman of RM30,000 p.a.

As for the Non-Independent Non-Executive Directors, the NRC proposed the following and the Board affirmed for the financial year ended 31 December 2016:-

Directors' Fee (per annum)	Non-Executive Director/ Other Committee Member
3 Directors	RM60,000 each
1 Audit Committee member	RM30,000
1 NRC member	RM20,000
1 SRB member	RM16,885

The Shareholder's approval is being sought under Resolution 1 for the payment to the Non-Independent Non-Executive Directors' Fees of RM246,885 and an additional RM55,000 for the Independent Non-Executive Directors for the financial year ended 31 December 2016 as per the explanation above.

C. 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 2)

The NRC recommended and the Board affirmed for an increase in the Chairman of the Board's fee from RM150,000 p.a. to RM165,000 p.a., the basic board fee from RM60,000 p.a. to RM65,000 p.a. and no change to

the Committee fees with effect from the financial year ended 31 December, 2017 until the next AGM of the Company to be held in the year 2018 as shown below:-

Non-Executive Directors' Fee (per annum)	Non-Executive Chairman RM	Per Non-Executive Director/Per other Committee Member RM
Board of Directors	165,000	65,000
Audit Committee	40,000	30,000
NRC	30,000	20,000
SRB	30,000	20,000
Non-Executive Directors' Benefits (per attendance by each director or committee member)	Board Directors	Board Committees
Meeting allowance	1,000	1,000
Other Non-Executive Directors' Benefits		
Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties.		Up to a total amount of RM100,000 for all the Non-Executive Directors.

The Shareholder's approval is being sought under Resolution 2 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. To reappoint the following Directors of the Company (Resolutions 5 and 6)

With the coming into force the Companies Act 2016 on 31 January 2017, there is no age limit for directors.

At the Tenth Annual General Meeting of the Company held on 31 May 2016, both Tan Sri Rafidah Aziz and Tan Sri Asmat Bin Kamaludin, who are above the age of 70, were re-appointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the 11th Annual General Meeting. Their term of office will end at the conclusion of the Eleventh Annual General Meeting and they have offered themselves for re-appointment.

The proposed Ordinary Resolutions 5 and 6, if passed, will enable both Tan Sri Rafidah Aziz and Tan Sri Asmat Bin Kamaludin to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date. The Nomination and Remuneration Committee ("NRC") of the Company has assessed the criteria and contribution of Tan Sri Rafidah Aziz and Tan Sri Asmat Bin Kamaludin and recommended for their re-appointment. The Board has endorsed the NRC's recommendation that Tan Sri Rafidah Aziz and Tan Sri Asmat Bin Kamaludin be re-appointed as Directors of the Company.

The details of the above Directors are set out in the Profile of Directors in pages 49 and 55 of this Annual Report.

E. Appointment of Auditors (Resolution 7)

The Company has received a letter dated 21 March 2017 from its major shareholder, Tune Group 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 Tenth Annual General Meeting of the Company held on 31 May 2016 to hold office until the conclusion of the forthcoming Annual General Meeting ("AGM") of the Company. PwC have been the auditors of the Company since August 2007.

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.

F. Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (Resolution 8)

Ordinary Resolution 8 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 8, 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 9)

Ordinary Resolution 9, 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.