

THIS EXPLANATORY STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Notices of the Court Convened Meetings (“**CCM**”) and Extraordinary General Meeting (“**EGM**”) together with the respective Forms of Proxy are enclosed.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) takes no responsibility for the contents of this Explanatory Statement/Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever, arising from or in reliance upon the whole or any part of the contents of this Explanatory Statement/Circular.



AIRASIA BERHAD
(Company No.: 284669-W)
(Incorporated in Malaysia)

**EXPLANATORY STATEMENT TO SHAREHOLDERS
PURSUANT TO SECTION 369 OF COMPANIES ACT, 2016**

AND CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED INTERNAL REORGANISATION BY WAY OF A MEMBERS' SCHEME OF
ARRANGEMENT UNDER SECTION 366 OF COMPANIES ACT, 2016**

AND

NOTICES OF CCM AND EGM

Principal Adviser



RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

You may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete, sign and deposit the relevant enclosed Forms of Proxy for the CCM and EGM in accordance with the instructions contained therein, 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 48 hours before the time appointed for the taking of the poll for the CCM and EGM for shareholders. The lodging of the Forms of Proxy for the CCM and EGM will not preclude you from attending and voting in person at the CCM and/or EGM should you subsequently decide to do so.

Date and time of CCM	:	Monday, 8 January 2018 at 10.00 a.m.
Date and time of EGM	:	Monday, 8 January 2018 at 11.00 a.m. or immediately following the conclusion of the CCM (which will be held at the same venue and on the same day at 10.00 a.m.), whichever is later, or at any adjournment thereof
Venue of CCM and EGM	:	Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia
Last date and time for lodging of the Form of Proxy for the CCM	:	Saturday, 6 January 2018 at 10.00 a.m.
Last date and time for lodging of the Form of Proxy for the EGM	:	Saturday, 6 January 2018 at 11.00 a.m.

This Explanatory Statement/Circular is dated 14 December 2017

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Explanatory Statement/Circular:-

“Act”	: Companies Act, 2016
“AAB” or our “Company”	: AirAsia Berhad (Company No. 284669-W)
“AAB Group” or our “Group”	: Collectively, our Company and our group of subsidiary, associate and joint-venture companies
“AAB Share(s)”	: Ordinary shares in our Company
“AAGB”	: AirAsia Group Berhad (Company No. 1244493-V), a company which was incorporated to facilitate the implementation of the Proposed Internal Reorganisation
“AAGB Group”	: Collectively, AAGB and its group of subsidiary, associate and joint-venture companies upon completion of the Proposed Internal Reorganisation
“AAGB Share(s)”	: Ordinary shares in AAGB
“AAIL”	: AirAsia Investment Limited (Company No. LL03901)
“Board”	: The Board of Directors of AAB
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CCM”	: Meeting of the shareholders of our Company to be convened pursuant to an order of the High Court under Section 366(2) of the Act, including any meetings of our shareholders of our Company which are held pursuant to an adjournment in accordance with Section 366(2) of the Act
“Director(s)”	: Our director(s) and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and Section 2(1) of the Act
“Effective Date”	: The date on which the copy of the order of the High Court approving the Scheme of Arrangement is lodged with the Registrar of Companies or such earlier date as the High Court may determine and as may be specified in the order
“EGM”	: Extraordinary General Meeting
“Entitled Shareholder(s)”	: Holder(s) of AAB Shares as at the Entitlement Date
“Entitlement Date”	: The date to be determined by our Board and announced later, on which the names of the Entitled Shareholders must be registered in AAB’s Record of Depositors as at 5.00 p.m. on the said date in order to be entitled to AAGB Shares pursuant to the Proposed Share Exchange
“EPS”	: Earnings per share
“Explanatory Statement” or the “Circular”	: This Explanatory Statement to our shareholders pursuant to Section 369 of the Act, explaining the effects of the Proposed Internal Reorganisation, and the circular to our shareholders dated 14 December 2017 in relation to the Proposed Internal Reorganisation
“FYE”	: Financial year ended/ending, as the case may be

DEFINITIONS (*Cont'd*)

“High Court”	:	High Court of Malaya
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities
“LPD”	:	29 November 2017, being the latest practicable date prior to the printing of this Explanatory Statement/Circular
“NA”	:	Net assets
“Official List”	:	Official List of the Main Market of Bursa Securities
“Prescribed Limit”	:	The provision in the current Constitution of our Company, which has restrictions on the rights, benefits, powers and privileges attached to AAB Shares owned by our foreign shareholders in the event that the foreign shareholders holds in aggregate more than 45% of our Company's total issued shares
“Proposed Internal Reorganisation”	:	Proposed internal reorganisation by way of Scheme of Arrangement comprising the following proposals: (a) Proposed Share Exchange; and (b) Proposed Transfer of Listing
“Proposed Share Exchange”	:	Proposed exchange of 3,341,974,080 AAB Shares (including 100,000 treasury shares) as at LPD, representing the entire issued share capital of AAB, with 3,341,974,080 new AAGB Shares, on the basis of 1 new AAGB Share for every 1 existing AAB Share held on the Entitlement Date
“Proposed Transfer Listing”	:	Proposed assumption of the listing status of our Company by AAGB and the admission of AAGB to and withdrawal of our Company from, the Official List of Bursa Securities, with the listing of and quotation of all 3,341,974,082 AAGB Shares on the Main Market of Bursa Securities
“Record of Depositors”	:	A record of securities holders provided by Bursa Malaysia Depository Sdn. Bhd. under the Rules of Bursa Depository
“RHB Investment Bank” or “Principal Adviser”	:	RHB Investment Bank Berhad (Company No. 19663-P)
“Scheme Agreement”	:	The scheme agreement dated 29 August 2017, entered into between our Company and AAGB for the implementation of the Proposed Internal Reorganisation through the Scheme of Arrangement
“Scheme of Arrangement”	:	A scheme of arrangement between our Company and our shareholders under Section 366 of the Act to effect the Proposed Internal Reorganisation
“Subsequent Streamlining Exercises”	:	The envisaged steps to be undertaken for the subsequent streamlining exercises which may include, amongst others, the following:- (a) the transfer of the relevant entities held by AAB principally involved in the provision of digital related services to a new holding company to be incorporated (“ Red Ventures ”);

DEFINITIONS (Cont'd)

- (b) the transfer of the intellectual properties, such as trademarks, held and owned by AAB (collectively referred to as “IPs”) to a new company to be incorporated (“AirAsia IP”) based on an independent valuation to be determined;
- (c) the transfer of Red Ventures, AirAsia IP and the other relevant entities held by AAB, which are principally involved in the provision of leasing and support activities, to AAGB; and
- (d) the transfer of the associate companies held under AAIL and involved in regional airline business to AAGB, where upon completion thereof, AAIL may be liquidated

CURRENCIES

“RM”	:	Malaysian Ringgit
“IDR”	:	Indonesian Rupiah
“SGD”	:	Singapore Dollar
“USD”	:	United States Dollar

All references to “our Company” and “AAB” in this Explanatory Statement/Circular are to AirAsia Berhad and references to “our Group” or “AAB Group” are to our Company and our subsidiary companies. All references to “we”, “us”, “our” and “ourselves” are to our Company, and where the context requires, our Group or any of our subsidiary companies. All references to “you” or “your” in this Explanatory Statement/Circular are to the shareholders of AAB.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Explanatory Statement/Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted. Any reference to a time of day in this Explanatory Statement/Circular shall be a reference to Malaysian time, unless otherwise specified.

For ease of reading, certain figures in this Explanatory Statement/Circular have been rounded. Any discrepancy in the figures included in this Explanatory Statement/Circular between the amounts stated and the totals thereof are due to rounding.

Certain statements in this Explanatory Statement/Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Explanatory Statement/Circular should not be regarded as a representation or warranty that our plans and objectives will be achieved.

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AIRASIA BERHAD
(Company No.: 284669-W)
(Incorporated in Malaysia)

Registered Office

B-13-15, Level 13
Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

14 December 2017

Board of Directors

Datuk Kamarudin bin Meranun	<i>(Non-Independent Executive Chairman)</i>
Tan Sri (Dr.) Anthony Francis Fernandes	<i>(Non-Independent Executive Director and Group Chief Executive Officer)</i>
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	<i>(Non-Independent Non-Executive Director)</i>
Dato' Fam Lee Ee	<i>(Senior Independent Non-Executive Director)</i>
Dato' Mohamed Khadar bin Merican	<i>(Independent Non-Executive Director)</i>
Stuart L Dean	<i>(Independent Non-Executive Director)</i>
Noor Neelofa Mohd Noor	<i>(Independent Non-Executive Director)</i>

To: The shareholders of AirAsia Berhad

Dear Sir/Madam,

PROPOSED INTERNAL REORGANISATION

1. INTRODUCTION

On 29 August 2017, on behalf of our Board, RHB Investment Bank had announced that our Company intends to implement the Proposed Internal Reorganisation through the Scheme of Arrangement. For the purpose of the Proposed Internal Reorganisation, our Company and AAGB had on the even date entered into the Scheme Agreement.

Upon completion of the Proposed Internal Reorganisation, the management of our Company will use their best endeavours to further streamline our Group structure through the Subsequent Streamlining Exercises to better reflect the group's diverse operations and to achieve a leaner corporate structure.

On 13 October 2017, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 13 October 2017, granted its approval for the following:

- i) admission of AAGB to the Official List;
- ii) the listing and quotation of the entire issued share capital of AAGB comprising 3,341,974,082 AAGB Shares on “Trading/Services” sector of the Main Market of Bursa Securities, in place of AAB; and
- iii) AAGB will assume AAB’s Stock Code, Stock Short Name and ISIN Code upon completion of the Proposed Internal Reorganisation,

subject to the conditions disclosed in **Section 7** of this Explanatory Statement/Circular.

On 8 November 2017, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had on even date, resolved to grant our Company with an extension of time of until 10 market days from the date of approval of High Court (granting the leave for the Company to hold a CCM) to issue the Explanatory Statement/Circular.

On 29 November 2017, RHB Investment Bank had on behalf of our Board, announced that the High Court had granted an order for the convening of the CCM for the purpose of considering and, if thought fit, approving the Scheme of Arrangement, the terms of which are set out in **Appendix II** of this Explanatory Statement/Circular.

THE PURPOSE OF THIS EXPLANATORY STATEMENT/CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED INTERNAL REORGANISATION AS WELL AS TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED INTERNAL REORGANISATION TO BE TABLED AT THE FORTHCOMING CCM AND EGM OF OUR COMPANY. THE NOTICE OF OUR FORTHCOMING CCM AND EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS EXPLANATORY STATEMENT/CIRCULAR.

BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED INTERNAL REORGANISATION TO BE TABLED AT OUR FORTHCOMING CCM AND EGM, YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS EXPLANATORY STATEMENT/CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN.

2. DETAILS OF THE PROPOSED INTERNAL REORGANISATION

2.1 Proposed Share Exchange

Under the Proposed Share Exchange, our shareholders will exchange their respective AAB Shares with AAGB Shares on the basis of 1 new AAGB Share for every 1 existing AAB Share held on the Entitlement Date.

As at LPD, the number of issued shares in our Company is 3,341,974,080 AAB Shares (including 100,000 treasury shares). Pursuant to the Proposed Share Exchange, the Entitled Shareholders will receive such number of new AAGB Shares which is equivalent to the number of AAB Shares held by them as at the Entitlement Date and our Company shall become a wholly-owned subsidiary of AAGB.

The new AAGB Shares to be issued to the Entitled Shareholders pursuant to the Proposed Share Exchange will rank *pari passu* in all respects with each other and with the 2 existing AAGB Shares, which are presently held by the existing shareholders of AAGB, Jasmindar Kaur a/p Sarban Singh and Ching Koon Kah @ Chin Kon Kah respectively. The 2 existing shareholders will continue to hold the said 2 existing AAGB Shares respectively after the completion of the Proposed Internal Reorganisation.

For avoidance of doubt, the Proposed Share Exchange will not cause or result in any change or variation to the current voting rights of our shareholders as AAGB will adopt all the relevant provisions contained in our current Constitution into AAGB's Constitution. Hence, it is pertinent for our existing foreign shareholders to take note that the current restrictions relating to the Prescribed Limit (which involves their rights, benefits, powers and privileges attached to AAB Shares) will continue to be valid and applicable to them as a shareholder of AAGB after the completion of the Proposed Share Exchange.

Further information on AAGB is set out in **Appendix I** of this Explanatory Statement/Circular.

2.2 Proposed Transfer of Listing Status

Upon completion of the Proposed Share Exchange, AAGB will be the new holding company of AAB Group and will assume the listing status of AAB. Accordingly, it is proposed that our Company be delisted from the Official List of Bursa Securities and AAGB be admitted to the Official List of Bursa Securities in place of AAB with the listing of and quotation for the entire number of issued shares of 3,341,974,082 AAGB Shares (including the 2 existing AAGB Shares, which are currently held by the existing shareholders) on the Main Market of Bursa Securities.

The reference price of the newly listed AAGB Shares on Bursa Securities shall be the last closing price of AAB Shares on the market day prior to the suspension of trading on Bursa Securities.

3. SALIENT TERMS OF THE SCHEME AGREEMENT

The salient terms of the Scheme Agreement are as follows:-

- (a) On the date the court order sanctioning the Scheme is lodged with the Companies Commission of Malaysia or such earlier date as the High Court may determine or specify in its order, the Entitled Shareholders to the Proposed Share Exchange will exchange their AAB Shares with AAGB Shares on the basis of 1 new AAGB Share for every 1 existing AAB Share held on the Entitlement Date in accordance with the terms and conditions of the Scheme Agreement;
- (b) The new AAGB Shares to be issued will rank *pari passu* in all respects with each other and with the existing AAGB Shares;
- (c) The Proposed Internal Reorganisation will be implemented through the Scheme of Arrangement and the obligations of our Company and AAGB under the Scheme Agreement shall be conditional upon all requisite approvals, consents and/or sanctions being obtained on or before the conditional period as set out in the Scheme Agreement, including but not limited to the approvals of Bursa Securities and our shareholders at a CCM and the EGM as well as the sanction of the High Court for the Scheme of Arrangement;
- (d) On completion of the Proposed Share Exchange, our Company shall become a wholly-owned subsidiary of AAGB; and
- (e) On completion of the Proposed Transfer of Listing Status, AAGB will assume the listing status of AAB with the listing of and quotation of the AAGB Shares representing the entire issued share capital of AAGB on the Main Market of Bursa Securities.

4. PROPOSED DIRECTORS OF AAGB

The directors of AAGB as at the LPD are Jasmindar Kaur a/p Sarban Singh and Ching Koon Kah @ Chin Kon Kah and they hold 1 AAGB Share each. Upon implementation of the Proposed Share Exchange, all the directors of our Company at that point in time will be appointed as the directors of AAGB, and the current directors of AAGB shall resign.

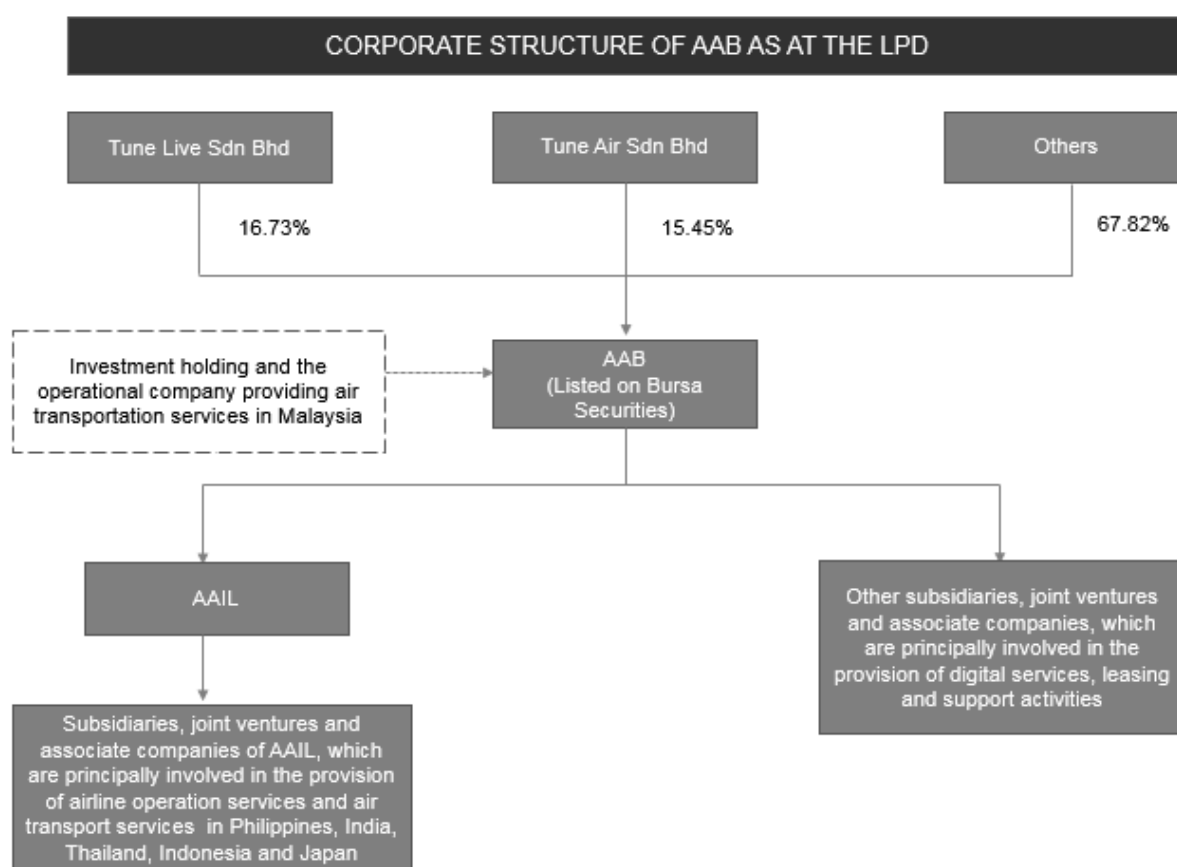
5. RATIONALE FOR THE PROPOSED INTERNAL REORGANISATION

Based on the current corporate structure, AAB is the listed investment holding company of our Group as well as the operating company for the provision of air transportation services in Malaysia. Through the Proposed Internal Reorganisation, the investment holding function and the Malaysian airline business will be separated, wherein AAGB will become the investment holding vehicle assuming the listing status of AAB, whilst AAB will continue to operate the Malaysian airline business.

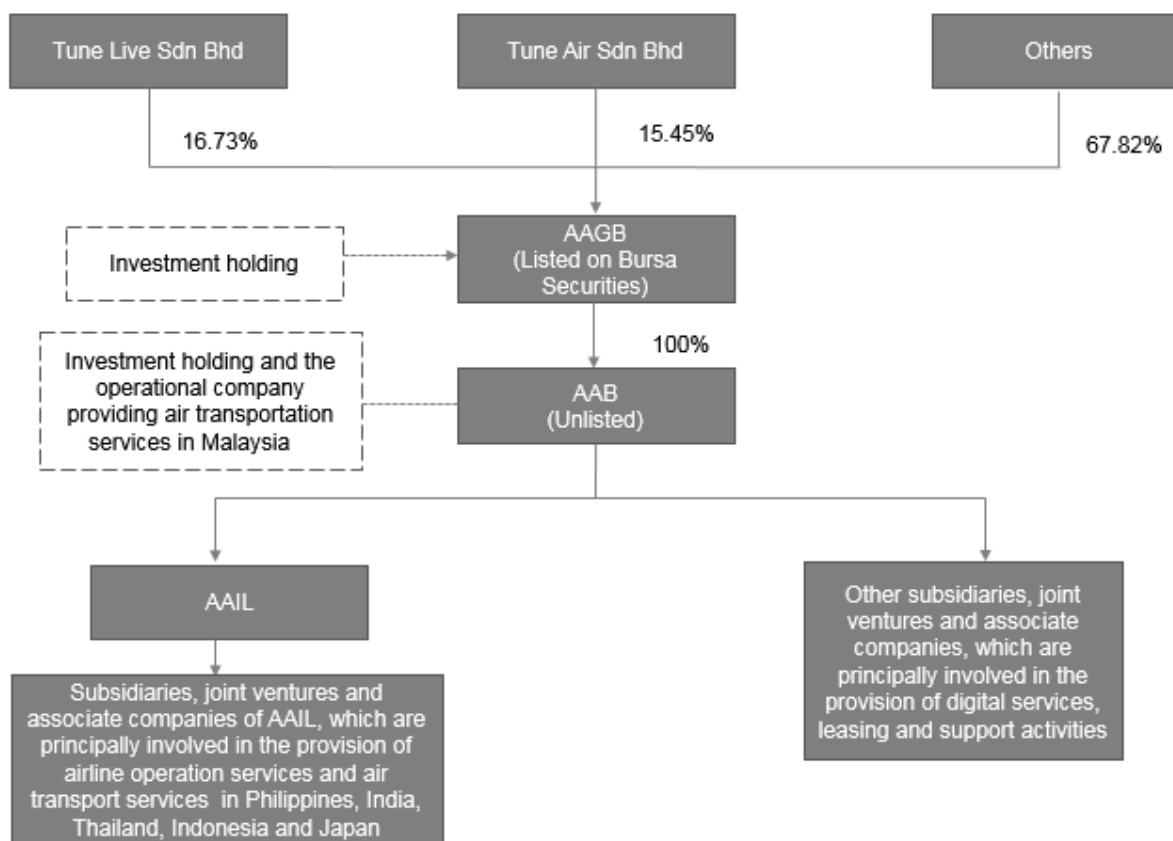
Under the newly established corporate structure, the management of our Company will:-

- (a) have the flexibility to further streamline our Group structure and businesses/operations as management deems fit; and
- (b) segregate the listed entity from the current Malaysian airline business as well as our Group's investments. Such structure will also provide ease of supervision and regulation by the management and the relevant regulators governing the airline industries.

The shareholding structure and corporate structure of our Group before and after the Proposed Internal Reorganisation are set out as follows:



CORPORATE STRUCTURE OF AAGB UPON COMPLETION OF THE PROPOSED INTERNAL REORGANISATION



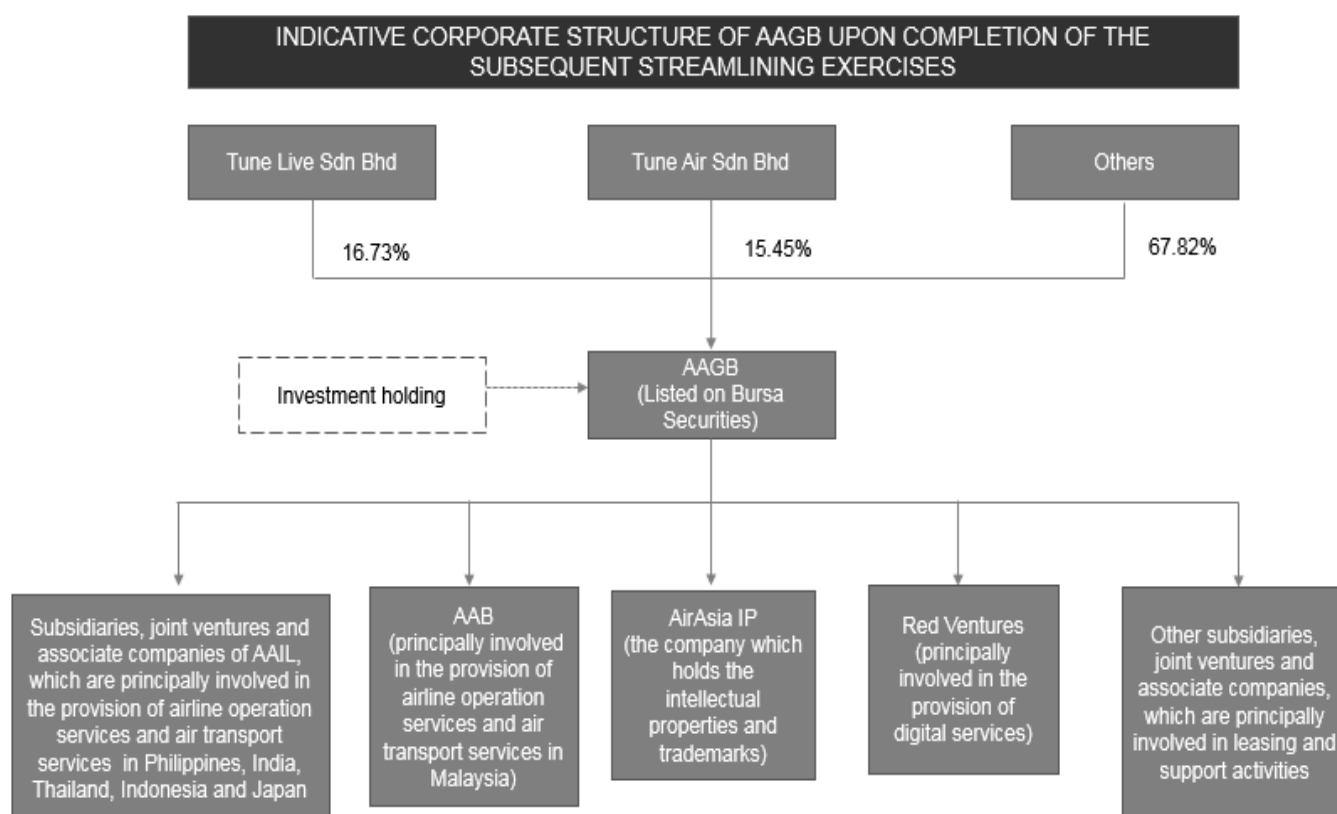
Upon completion of the Proposed Internal Reorganisation, the management of our Company intends to use their best endeavours to further streamline our Group's structure and business operations through the Subsequent Streamlining Exercises. If and when implemented, the Subsequent Streamlining Exercises will enable our Group to achieve, amongst others, the following objectives:-

- (a) to establish a leaner corporate structure with separately identifiable business streams to better reflect our Group's diverse operations; and
- (b) to unlock the value of AAB's investment in its subsidiary, joint venture and associate companies and facilitate future spin-off of its operations/businesses.

For avoidance of doubt, the approval of our shareholders is not required for the implementation of the Subsequent Streamlining Exercises. However, our Board wishes to highlight that the implementation of the Subsequent Streamlining Exercises will be carried out by the management of our Company in stages and subject to after taking into account the most effective and efficient tax and financial reporting structure for our Group and relevant regulatory compliance, where applicable.

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The shareholding structure and indicative corporate structure of AAGB Group after the Subsequent Streamlining Exercises is set out below:



6. EFFECTS OF THE PROPOSED INTERNAL REORGANISATION

6.1 Issued Share Capital

The Proposed Internal Reorganisation will not have any effect on our issued share capital.

For illustrative purposes, the proforma effects of the Proposed Internal Reorganisation on the issued share capital of AAGB are as follows:-

	No. of AAGB Shares	RM (^{'000})
Issued share capital as at LPD	2	(1)-
New shares to be issued pursuant to the Proposed Share Exchange	3,341,974,080	(2)6,168,895
Enlarged issued share capital of AAGB	3,341,974,082	6,168,895

Note:-

- (1) Based on issued share capital of RM2 as at LPD.
 (2) Based on the latest audited NA of our Company as at 31 December 2016 of RM6.17 billion after taking into account the Adjustments for Subsequent Events (as defined hereafter).

6.2 Substantial Shareholders' Shareholdings

The Entitled Shareholders will cease to be our shareholders after the Proposed Internal Reorganisation and will hold AAGB Shares instead in proportion to your respective shareholdings in our Company on the Entitlement Date.

6.3 EPS

Upon completion of the Proposed Internal Reorganisation, our Group's earnings will be consolidated under AAGB as the new holding company of our Group.

The Proposed Internal Reorganisation will not have any effect on the consolidated EPS of our Company *vis-à-vis* the consolidated EPS of AAGB upon completion of the Proposed Internal Reorganisation in view that the Proposed Share Exchange will be implemented on the basis of 1 new AAGB Share for every 1 existing AAB Share held on Entitlement Date.

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6.4 NA per Share and Gearing

Upon completion of the Proposed Internal Reorganisation, AAGB Group's NA and gearing will not be significantly different from our Group's NA and gearing prior to the implementation of the Proposed Internal Reorganisation.

For illustrative purposes, the proforma effects of the Proposed Internal Reorganisation on the NA per share and gearing of the enlarged AAGB Group based on our latest audited consolidated financial statements as at 31 December 2016 are set out below.

	Audited consolidated AAB Group as at 31 December 2016 (RM'000)	Before the Proposed Internal Reorganisation		Proforma 1		
		After the Proposed Internal Reorganisation		After the Proposed Internal Reorganisation		
		(1) Consolidated AAB Group (RM'000)	AAGB (RM'000)	Consolidated AAB Group (RM'000)	AAGB (RM'000)	Consolidated AAGB Group (RM'000)
Share capital	278,297	2,515,438	(2)-	2,515,438	(6)6,168,895	6,168,895
Share premium	1,230,941	-	-	-	-	-
Treasury shares	(160)	(160)	-	(160)	-	-
Foreign exchange reserve	46,993	46,993	-	46,993	-	46,993
Merger deficit	-	-	-	-	-	(6)(3,653,617)
Retained earnings	5,294,468	4,492,394	-	(4)4,490,894	-	4,490,894
Other reserves	(217,554)	(217,554)	-	(217,554)	-	(217,554)
NA/Shareholders' fund	6,632,985	6,837,111	(2)-	6,835,611	6,168,895	6,835,611
Number of ordinary shares ('000)	2,782,974	3,341,974	(3)-	3,341,974	3,341,974	3,341,974
NA per share (RM)	2.38	(1)2.05	1	2.05	1.85	2.05
Total borrowings (RM'000)	10,579,142	10,579,142	-	10,579,142	-	10,579,142
Gearing	1.59	1.55	-	1.55	-	1.55

Notes:-

- (1) After adjusting for the following subsequent events:-
 - (i) Private placement of 559,000,000 AAB Shares on 25 January 2017 for RM1.80 per AAB Share;
 - (ii) With effect from 31 January 2017, the concept of "par value" was abolished under the new Act. The amount standing to the credit of our Company's share premium account is assumed to have become part of our Company's share capital as at that date;
 - (iii) Distribution of approximately RM401.04 million on 23 June 2017 as final dividend for the FYE 31 December 2016; and
 - (iv) Distribution of approximately RM401.04 million on 13 October 2017 as interim dividend for the FYE 31 December 2017.
 (Collectively referred to as "Adjustments for Subsequent Events")
- (2) Based on the issued share capital of RM2 as at LPD.
- (3) Based on the existing 2 AAGB Shares.
- (4) Being the estimated expenses of RM1.5 million in relation to the Proposed Internal Reorganisation.

(5) For illustrative purposes, the enlarged share capital of AAGB will be based on the latest audited NA of our Company as at 31 December 2016 of RM6.17 billion after taking into account the Adjustments of Subsequent Events and the value of the existing 2 AAGB Shares, the computation of which is set out below.

	RM('000)
Share capital of our Company after taking into account the Adjustments of Subsequent Events and value of the existing 2 AAGB Shares	2,515,438
Add: Retained earnings	4,644,678
Less: Final dividend for the FYE 31 December 2016	(401,037)
Interim dividend for the FYE 31 December 2017	(401,037)
Treasury shares	(160)
Other reserves	(188,987)
Total	6,168,895

(6) Being the difference between the share capital of our Company after taking into account the Adjustments of Subsequent Events and value of the existing 2 AAGB Shares, and the share capital of AAGB, the computation of which is set out below.

	RM('000)
Share capital of AAGB	6,168,895
Less: Share capital of our Company after taking into account the Adjustments of Subsequent Events and value of the existing 2 AAGB Shares	(2,515,438)
Add: Treasury shares	160
Merger deficit	3,653,617

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7. APPROVALS REQUIRED

The Proposed Internal Reorganisation is conditional upon the following approvals being obtained:-

- (a) the approval of Bursa Securities for the following:-
- (i) Proposed Transfer of Listing; and
 - (ii) admission, listing of and quotation for the entire enlarged issued share capital of AAGB on the Official List of Bursa Securities.

Our Company has obtained the above mentioned approval from Bursa Securities on 13 October 2017 with the following conditions:

	Condition	Status of compliance
(a)	To make the relevant announcements pursuant to Paragraph 8.2 of Practice Note 21 of the Listing Requirements;	To be complied
(b)	AAB/AAGB to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the forthcoming EGM for the Proposed Internal Reorganisation;	To be complied
(c)	AAB/AAGB and RHB Investment Bank to furnish Bursa Securities with a letter confirming that all approvals of the relevant authorities have been obtained together with a copy each of all the said letters;	To be complied
(d)	AAGB must comply with the public shareholdings spread requirements pursuant to Paragraph 8.02 of the Listing Requirements upon the admission of AAGB Shares to the Official List;	To be complied
(e)	AAGB and RHB Investment Bank to furnish Bursa Securities with a written confirmation that AAGB complies with the public shareholdings spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements and a certificate of distribution of shares in the format contained in Part B(1)(d) of Annexure PN21-A of the Listing Requirements;	To be complied
(f)	AAGB to furnish Bursa Securities with the letter of undertaking in the format prescribed in Annexure PN21-B of the Listing Requirements duly executed by AAGB together with a certified true extract of the Board of Directors' resolution authorising the signatory as soon as possible and in any event, before the admission of AAGB Shares to the Official List;	To be complied
(g)	AAGB to furnish Bursa Securities with the confirmation letters duly signed by the directors to be appointed to the Board of AAGB (in the format prescribed in Annexures PN21-C and PN21-D of the Listing Requirements) immediately after their appointments and in any event, before the admission of AAGB Shares to the Official List;	To be complied
(h)	AAGB to furnish Bursa Securities with a confirmation that the requirements stipulated under Paragraphs 15.02, 15.09 and 15.10 of the Listing Requirements have been duly complied together with the relevant document supporting the same;	To be complied
(i)	AAB/AAGB to furnish Bursa Securities with a copy of the certificate of lodgement of the court order sanctioning the scheme after it has been filed with the Companies Commission of Malaysia;	To be complied
(j)	AAB/AAGB and RHB Investment Bank to inform Bursa Securities upon completion of the Proposed Internal Reorganisation;	To be complied
(k)	AAB/AAGB to furnish Bursa Securities with a written confirmation of its' compliance with the terms and conditions of Bursa Securities' approval once the Proposed Internal Reorganisation is completed;	To be complied

	Condition	Status of compliance
(l)	Payment of annual listing fees. In this respect, AAGB is required to furnish Bursa Securities a cheque drawn to the order of Bursa Securities for the annual listing fees together with a copy of the details of the computation of the amount of annual listing fees payable; and	To be complied
(m)	AAB/AAGB to furnish Bursa Securities with a copy of the Articles of Association/Constitution and all amendments to-date together with a letter of compliance pursuant to Paragraph 2.12 and a checklist showing compliance with the relevant provision of Chapter 7 of the Listing Requirements.	To be complied

- (b) the approval of our shareholders at the CCM and EGM;
- (c) the approval of the Malaysian Aviation Commission (“**MAVCOM**”) for the Proposed Internal Reorganisation, which was obtained on 26 October 2017 with the following conditions:-

	Condition	Status of compliance
(a)	To notify MAVCOM in writing upon completion of the Proposed Internal Reorganisation;	To be complied
(b)	To furnish the new corporate information and group structure of AAGB; and	To be complied
(c)	To furnish the certificate or any other relevant documents in the event of a change in name of AAB.	To be complied

- (d) the order of the High Court sanctioning the Scheme of Arrangement;
- (e) the approval/consents of the financiers/creditors of AAB, if required; and
- (f) the approval, consent and/or sanction of any other relevant authorities, if required.

The Proposed Share Exchange and Proposed Transfer of Listing Status are inter-conditional.

The Proposed Internal Reorganisation is not conditional upon any other corporate proposals of the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of our Directors and major shareholders, and persons connected with them have any interest, direct or indirect, in the Proposed Internal Reorganisation other than their respective entitlements, if any, under the Proposed Share Exchange as the shareholders of our Company, which are also available to all our other shareholders on a pro-rata basis.

9. STATEMENT BY DIRECTORS

Our Board, having considered all relevant aspects of the Proposed Internal Reorganisation, including the rationale and effects of the Proposed Internal Reorganisation, is of the opinion that the Proposed Internal Reorganisation is in the best interest of AAB.

Accordingly, our Board recommends that you vote in favour of the relevant resolution pertaining to the Proposed Internal Reorganisation to be tabled at the forthcoming EGM and CCM of our Company.

10. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Internal Reorganisation which is the subject matter of this Explanatory Statement/Circular and as disclosed below, our Board confirms that there are no other outstanding corporate proposals announced by our Company but not yet completed as at the LPD:-

- (a) On 31 March 2017, we announced that AAIL, a wholly-owned subsidiary of our Company had on 30 March 2017, executed a shareholders' agreement and a share subscription agreement with Gumin Company Limited, Mr. Tran Trong Kien and Hai Au Aviation Joint Stock Company to establish a low-cost carrier in Vietnam ("**Joint Venture in Vietnam**"). As at LPD, the Joint Venture in Vietnam is pending completion;
- (b) On 25 September 2017, our Company had, on even date, entered into a non-binding term sheet with Everbright Financial Investment Holdings, Plato Capital Limited and Oxley Capital Limited to supplement a Memorandum of Understanding dated 14 May 2017 for purposes of establishing a joint venture in China to operate a low cost aviation business to be known as AirAsia (China) ("**Joint Venture in China**"). The non-binding term sheet is valid for 12 months to allow parties to discuss and negotiate the terms and conditions in the definitive agreements. Our wholly owned subsidiary, AirAsia Investment Limited, will be entering into the said definitive agreements. As at LPD, there are no definitive agreements as the parties are still in discussions and negotiations on the terms and conditions on the Joint Venture in China;
- (c) On 25 August 2017, we announced that our Company had, on 24 August 2017, executed a share purchase agreement with CAE International Holding Ltd in relation to the disposal of our entire equity interest in Asian Aviation Centre of Excellence Sdn Bhd to CAE International Holding Ltd for a total cash consideration of up to USD100.0 million (equivalent to RM429.3 million based on the exchange rate of USD1 : RM4.293 as at the date of the announcement) ("**Disposal of AACE**"). As at LPD, the Disposal of AACE is pending completion;
- (d) On 29 August 2017, we announced that our Company had executed the following agreements on even date:-
 - (i) conditional sale of perpetual capital securities agreement dated 29 August 2017 between our Company and AAIL;
 - (ii) conditional sale of perpetual capital securities agreement dated 29 August 2017 between our Company and PT Fersindo Nusaperkasa ("**FNP**");
 - (iii) pledge agreement over perpetual capital securities dated 29 August 2017 between our Company and FNP; and
 - (iv) conditional standby buyer agreement dated 29 August 2017 between PT Rimau Multi Putra Pratama TBK ("**RMPP**"), AAIL and FNP,to partially dispose and subsequently convert our perpetual securities investments in PT Indonesia AirAsia into new shares in RMPP, a company listed on the Indonesia Stock Exchange ("**Proposed Conversion**"). As at LPD, the Proposed Conversion is pending completion;
- (e) On 30 October 2017, we announced that our Company had, on even date, entered into a share sale agreement with SATS Ltd ("**SATS**") to dispose 6,469,265 ordinary shares in Ground Team Red Holdings Sdn. Bhd ("**GTRH**"), our wholly-owned subsidiary, representing approximately 38.6% of the issued share capital in GTRH, to SATS for an agreed consideration of SGD119.3 million (equivalent to RM372.2 million based on the exchange rate of SGD1:RM3.12 as at the date of the announcement) ("**SSA**"), subject to any adjustment that may arise from the due diligence to be carried out and on the terms contained in this SSA, which include the right to receive the agreed consideration in USD.

It is a term in the SSA that prior to the completion of the acquisition by SATS, our Company will cause to be transferred to GTRH 98% of equity interest in our wholly-owned subsidiary, Ground Team Red Sdn. Bhd. (“**GTR Malaysia**”) in exchange for 88.6% equity interest in GTRH. This will result in GTR Malaysia being a subsidiary of GTRH. Concurrently, on 30 October 2017, GTRH entered into a separate share sale agreement with SATS, wherein GTRH will acquire from SATS 80% of equity interest in SATS Ground Services Pte. Ltd. (“**SGS Singapore**”), a wholly-owned subsidiary of SATS, in exchange for 11.4% equity interest in GTRH. This will result in SGS Singapore being a subsidiary of GTRH. The proposed share swaps in GTR Malaysia and SGS Singapore are hereinafter collectively referred to as “**Share Swap**”.

Upon completion of the Share Swap and the SSA, our Company and SATS will form a joint venture (“**GTRH Joint Venture**”) wherein our Company and SATS will each hold a 50% equity interest in GTRH. As at LPD, the GTRH Joint Venture is pending completion.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Internal Reorganisation is expected to be completed by first quarter of calendar year 2018. The tentative timetable for the implementation of the Proposed Internal Reorganisation is set out below:-

Tentative date(s)	Key event(s)
Early January 2018	<ul style="list-style-type: none"> Convening CCM and EGM
Mid January 2018	<ul style="list-style-type: none"> Submission of application to the High Court for approval of the Proposed Internal Reorganisation
End of February 2018	<ul style="list-style-type: none"> High Court approval for the Proposed Internal Reorganisation
Early March 2018	<ul style="list-style-type: none"> Suspension of trading of AAB Shares Entitlement Date
End March 2018	<ul style="list-style-type: none"> Delisting of AAB Shares and listing of AAGB Shares

12. CCM AND EGM

12.1 CCM

The CCM for the shareholders, the notice of which is enclosed with this Explanatory Statement/Circular, will be held with leave of the High Court 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 Monday, 8 January 2018 (or such other date as may be specified by the High Court) at 10.00 a.m., or at any adjournment thereof, for purpose of considering and, if thought fit, approving, with or without modification, the resolution set out in the notice of CCM.

The voting will be conducted by way of poll. You may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete, sign and deposit the enclosed Form of Proxy in accordance with the instructions therein, 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 48 hours before the time set for the CCM or at any adjournment thereof. The lodging of the Form of Proxy for the CCM will not preclude you from attending and voting in person at the CCM, should you subsequently decide to do so.

12.2 EGM

The EGM, the notice of which is enclosed with this Explanatory Statement/Circular, 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 Monday, 8 January 2018 at 11.00 a.m. or immediately following the conclusion of the CCM (which will be held at the same venue and on the same day at 10.00 a.m.) whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution set out in the notice of EGM.

The voting will be conducted by way of poll. You may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete, sign and deposit the enclosed Form of Proxy in accordance with the instructions therein, 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 48 hours before the time set for the EGM or at any adjournment thereof. The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the EGM, should you subsequently decide to do so.

When the Proposed Share Exchange, as approved by the shareholders at the forthcoming CCM and EGM and as approved by the High Court (with our without modification) becomes effective, it will be binding upon the Entitled Shareholders, whether or not the Entitled Shareholders were present at the CCM or EGM in person or by proxy or voted for or against the said resolutions at the CCM or EGM or voted at all.

For clarity, please note that the requisite majority for passing a resolution at the CCM is different from the requisite majority required for passing a resolution at the EGM. In essence, the requisite majority for the CCM is a majority in number representing three-fourths in value of the members present and voting either in person or by proxy at the relevant class meeting, whereas the requisite majority for EGM, depending on the nature of the proposed transactions, will either be simple majority (namely a majority of more than 50% of the members present and voting either in person or by proxy) or special majority (namely a majority of not less than 75% of the total voting rights of the members who are entitled to vote and do vote in person or by proxy).

13. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Explanatory Statement/Circular for further information.

Yours faithfully,
For and on behalf of the Board
AIRASIA BERHAD

DATUK KAMARUDIN BIN MERANUN
Executive Chairman

INFORMATION ON AAGB

1. HISTORY AND BUSINESS

AAGB was incorporated in Malaysia under the Act as a public company limited by shares on 24 August 2017.

The intended principal activity of AAGB is investment holding.

2. SHARE CAPITAL

As at LPD, AAGB has an issued share capital of RM2, comprising 2 AAGB Shares.

3. SHAREHOLDERS

As at LPD, the shareholders and their respective shareholdings in AAGB are as follows:-

Shareholders AAGB	of	Nationality	Direct shareholdings		Indirect shareholdings	
			No. of shares	%	No. of shares	%
Jasmindar Kaur a/p Sarban Singh		Malaysian	1	50	-	-
Ching Koon Kah @ Chin Kon Kah		Malaysian	1	50	-	-

4. DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

As at LPD, the directors of AAGB are Jasmindar Kaur a/p Sarban Singh and Ching Koon Kah @ Chin Kon Kah. They hold 1 AAGB Share each. During the implementation of the Proposed Share Exchange, AAGB's Board of Directors will be appointed to mirror our Board whilst the current nominee directors of AAGB shall resign.

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, AAGB does not have any subsidiary or associate company. Upon completion of the Proposed Internal Reorganisation, our Company will be the direct wholly-owned subsidiary of AAGB.

Please refer to **Section 4** of the Explanatory Statement/Circular for further details on the corporate structure of AAGB upon completion of the Proposed Internal Reorganisation.

6. PROFIT AND DIVIDEND RECORD

AAGB was incorporated on 24 August 2017 to facilitate the implementation of the Proposed Internal Reorganisation and Subsequent Streamlining Exercises, and has not commenced operations. As at the LPD, AAGB does not have any business operations, profit or dividend record.

TERMS OF SCHEME OF ARRANGEMENT

TERMS OF THE SCHEME OF ARRANGEMENT PURSUANT TO SECTION 366 OF THE COMPANIES ACT 2016

(1) AIRASIA BERHAD (the “Company” or “AAB”)

AND

(2) SHAREHOLDERS OF AAB

2. RECITALS**Background Information**

- 2.1 AAB was incorporated on 20 December 1993 in Malaysia under the Act (as defined herein) as a private company limited by Shares under the name of AirAsia Sdn Bhd. AAB was converted into a public company under the name of AirAsia Berhad on 8 June 2004. AAB was listed on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 22 November 2004. As at 29 November 2017, the number of issued ordinary shares in AAB is 3,341,974,080 (including 100,000 treasury shares) (“**AAB Shares**”).
- 2.2 AAB being the current listed vehicle, is also an operating company. It is principally engaged in the business of aerial transportation, the manufacture and assembly of aeroplanes, and providing aerial transportation services (“**Existing Businesses**”).
- 2.2 AirAsia Group Berhad (“**AAGB**”) was incorporated on 24 August 2017 under the Act as a public company limited by shares with an issued share capital of RM2.00, comprising 2 ordinary shares (“**AAGB Shares**”).
- 2.3 AAB proposes to implement an internal reorganisation exercise by way of scheme of arrangement under Section 366 of the Act, the details of which are set out below in paragraph 7, 8 and 9 in order to facilitate the establishment of a corporate structure where:-
- (a) the Entitled Shareholders (as defined herein) of AAB will exchange their AAB Shares with the AAGB Shares, on the basis of 1 new AAGB Share for every 1 existing AAGB Share held on the Entitlement date (as defined herein);
 - (b) AAGB will be the holding company of AAB;
 - (c) AAB will transfer its listing status on the Official List of Bursa Securities to AAGB and cease its function as the listed vehicle within AAGB Group (as defined in clause 3) but shall continue to operate the Existing Businesses.

TERMS OF SCHEME OF ARRANGEMENT (Cont'd)

3. DEFINITIONS

In this Scheme, the following expressions shall, unless the context otherwise requires, have the meaning set opposite each of them:-

AAB Shares	ordinary shares in AAB
AAGB Group	collectively, AAGB and AAB Group
AAGB Shares	ordinary shares in AAGB
Act	Companies Act 1965 or Companies Act 2016, whichever is applicable
Approvals	all the approvals and consents required to be obtained as part of the Conditions Precedent and "Approval" shall mean each or any of the Approvals
Approving Authority	the relevant authority, body or person whose Authority approval or consent is required for the fulfilment of a Condition Precedent
Board	Board of Directors
Bursa Depository	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W) or its successor-in-title, or any other company approved by the Minister of Finance under section 5 of the Central Depositories Act to be a central depository in lieu of the above named company
Bursa Securities	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CDS Account	a central depository system securities account established by Bursa Depository for a depositor pursuant to the Central Depositories Act and in accordance with the Rules of the Bursa Depository Central Depositories Act the Securities Industry (Central Depositories) Act 1991 and any statutory modification, amendment or re-enactment thereof and any and every other legislation for the time being in force made thereunder
Conditions Precedent	shall have the meaning ascribed to it in paragraph 6
Effective Date	the date on which an office copy of the order of the High Court of Malaya sanctioning the Scheme shall have been lodged with the Companies Commission of Malaysia or such earlier date as the High Court of Malaya may determine and as may be specified in the order
EGM	Extraordinary general meeting
Entitled Shareholders	holders of AAB Shares as at the Entitlement Date
Entitlement Date	a date to be determined by the Board of AAB on which the Entitled Shareholders must be registered in AAB's Record of Depositors as at 5.00 pm on the said date to be entitled to the AAGB Shares pursuant to the Proposed Share Exchange
Listing Requirements	Main Market Listing Requirements of Bursa Securities
Market Day	a day on which the stock exchange operated by Bursa Securities is open for trading, and "Market Days" shall be construed accordingly

TERMS OF SCHEME OF ARRANGEMENT (Cont'd)

Proposed Internal Reorganisation	The proposed internal reorganisation by way of a scheme of arrangement under Section 366 of the Act comprising the following proposals: (a) the Proposed Share Exchange; and (b) the Transfer of Listing
Proposed Share Exchange	the proposed exchange of all the shares of AAB with AAGB Shares on the basis of one (1) new AAGB Share for every one (1) AAB Share via a scheme of arrangement under section 366 of the Act between AAB and the Entitled Shareholders, which entails the exchange of shares in the manner set out in paragraph 7
Proposed Transfer of Listing	the proposed transfer to and assumption by AAGB of the listing status of AAB and the admission of AAGB to, and withdrawal of AAB from, the Official List of Bursa Securities with the listing of and quotation for the new AAGB Shares on the Main Market of Bursa Securities, in the manner provided in paragraph 8
Record of Depositors	a record of shareholders provided by Bursa Depository pursuant to the rules of Bursa Depository
Rules of the Bursa Depository	the rules of Bursa Depository as issued pursuant to the Central Depositories Act
Scheme	this scheme of arrangement pursuant to Section 366 of the Act between AAB and the shareholders of AAB to effect the Proposed Internal Reorganisation
Scheme Agreement	the agreement dated 29 August 2017 between AAB and AAGB which sets out the terms with regards to the implementation of the Scheme
Unconditional Date	the on which the last of the Conditions Precedent have been fulfilled in accordance with paragraph 6 below

4. INTERPRETATION

- 4.1 The expressions 'AAB' and 'AAGB' include the successors of AAB and AAGB respectively.
- 4.2 Words importing one gender include all other genders and words importing the singular include the plural and vice versa.
- 4.3 The term 'month' means calendar month.
- 4.4 Any reference to a specific written law or any general reference to written laws include any statutory extension, modification, amendment or re-enactment of it or them and any regulations, orders or other subsidiary legislation made under it or them.

TERMS OF SCHEME OF ARRANGEMENT (Cont'd)

5. THE SCHEME**5.1 Consideration**

In consideration of the transfer by the Entitled Shareholders of all of the issued shares in AAB held by them to AAGB, AAGB had via the Scheme Agreement agreed to issue and allot 1 AAGB Share in exchange for 1 existing AAB Share held by the Entitled Shareholders and to assume the listing status in place of AAB in accordance with the terms and conditions of the Scheme Agreement.

5.2 Purpose

The Board of AAB is of the view that the Proposed Internal Reorganisation will separate the investment holding function and the Malaysian airline business of the AAB Group, wherein AAGB will become the investment holding vehicle assuming the listing status of AAB, whilst AAB will continue to operate the Malaysia airline business. Under the newly established corporate structure, the management of the AAGB Group will:-

- (a) have the flexibility to further streamline its group structure and businesses/ operations as management deems fit; and
- (b) segregate the AAGB from the current Malaysian airline business as well as the AAGB Group's investments. Such structure will also provide ease of supervision and regulation by the management of the AAGB Group and the relevant regulators governing the airline industries.

5.3 Details of the Proposed Internal Reorganisation**(a) Proposed Share Exchange**

AAGB was incorporated to facilitate the implementation of the Proposed Internal Reorganisation. Under the Proposed Share Exchange, the Entitled Shareholders will exchange their AAB Shares with new AAGB Shares on the basis of 1 new AAGB Share for every 1 existing AAB Share held.

Pursuant to the Proposed Share Exchange, the Entitled Shareholders will receive such number of new AAGB Shares which is equivalent to their respective shareholdings in AAB as at the Entitlement Date, and AAB shall become a wholly-owned subsidiary of AAGB. The new AAGB Shares to be issued pursuant to the Proposed Share Exchange will rank *pari passu* in all respects with each other and with the 2 existing issued and paid-up AAGB Shares. The 2 existing AAGB Shares will continue to be held by the existing shareholders of AAGB, namely:-

- i) Ching Koon Kah @ Chin Kon Kah; and
- ii) Jasmindar Kaur a/p Sarban Singh.

As at 29 November 2017, the issued share capital of AAB is RM334,197,408 comprising 3,341,974,080 (including 100,000 treasury shares)

(b) Proposed Transfer of Listing

Upon completion of the Proposed Share Exchange, AAGB will be the new holding company of AAB. Subject to the approval of Bursa Securities, AAB will be delisted from the Official List of Bursa Securities and AAGB will be admitted to the Official List of Bursa Securities in place of AAB with the listing of and quotation for the entire enlarged issued and paid-up share capital of the AAGB Shares on the Main Market of Bursa Securities.

TERMS OF SCHEME OF ARRANGEMENT (Cont'd)

5.4 Inter-conditionality

The Proposed Share Exchange and Proposed Transfer of Listing are inter-conditional.

6. CONDITIONS PRECEDENT

The Proposed Internal Reorganisation will be implemented through the Scheme and the obligations of AAB and AAGB under the Scheme Agreement shall be conditional upon the following conditions precedent (collectively, "**Conditions Precedent**" and each a "**Condition Precedent**") fulfilled on or before the Unconditional Date:

- (a) the approval of Bursa Securities for the following:-
 - (i) Proposed Transfer of Listing; and
 - (ii) admission, listing of and quotation for the entire enlarged issued share capital of AAGB on the Official List of Bursa Securities
- (b) the approval of the shareholders of AAB at an EGM and CCM;
- (c) the approval of the Malaysian Aviation Commission for the Proposed Internal Reorganisation;
- (d) the order of the High Court sanctioning the Scheme of Arrangement;
- (e) the approval/consents of the financiers/creditors of AAB, if required; and
- (f) the approval, consent and/or sanction of any other relevant authorities/parties, if required.

This Scheme shall become unconditional on the date on which the last of the Conditions Precedent is fulfilled.

7. IMPLEMENTATION OF THE PROPOSED SHARE EXCHANGE**7.1 Subject to:**

- (a) the fulfilment of the Conditions Precedent as set out in paragraph 6 above; and
- (b) the existing holders of AAGB Shares approving the execution, delivery and performance of the Scheme Agreement, including but not limited to the issuance of the AAGB Shares.

the Proposed Share Exchange shall take place on the Effective Date whereupon AAGB Shares will be issued to the Entitled Shareholders in exchange for the AAB Shares held, on the basis of 1 AAGB Share for every 1 AAB Share held. Notices of allotment will be despatched to the Entitled Shareholders within 8 market days from the Entitlement Date.

TERMS OF SCHEME OF ARRANGEMENT (Cont'd)

- 7.2 Once the Entitlement Date has been determined by the Board of AAB, the Board of AAB shall announce and send a notice which sets out the Entitlement Date, the details of the suspension and the implementation procedure to each of the Entitled Shareholders.
- 7.3 AAB and AAGB shall jointly take steps to procure that the CDS Accounts of the Entitled Shareholders will be credited with the new AAGB Shares in substitution for their AAB Shares as soon as practicable after the Effective Date, and AAGB shall issue the requisite notices of allotment in respect of the new AAGB Shares by post to the respective Entitled Shareholders in accordance with the provisions of the Listing Requirements. As the AAGB Shares will be scripless securities, no physical certificates will be issued to the Entitled Shareholders.
- 7.4 AAB and AAGB shall have the authority to take all necessary actions and execute any documents required to effect or assist in effecting the Proposed Share Exchange, including to appear by counsel at the hearing of any application/petition to the High Court of Malaya to seek its sanction for the Scheme.
- 7.5 The Proposed Share Exchange shall take place at 5.00 p.m. on the Effective Date. Upon completion of the Proposed Share Exchange, AAB will become a wholly-owned subsidiary of AAGB. For avoidance of doubt, there will be no changes to the issued and paid-up share capital of AAB.
- 7.6 The Proposed Share Exchange will increase the issued and paid-up share capital of AAGB from the present issued and paid-up share capital of RM2.00 comprising 2 AAGB Shares to approximately RM6.17 billion comprising of **3,341,974,082** AAGB Shares. When the Proposed Share Exchange takes place on the Effective Date, the then existing 2 AAGB Shares will continue to be held by the existing shareholders of AAGB, namely Ching Koon Kah @ Chin Kon Kah and Jasmindar Kaur a/p Sarban Singh. The new AAGB Shares to be issued pursuant to the Proposed Share Exchange shall, upon allotment and issue, rank pari passu in all respects with the then existing AAGB Shares.
- 7.7 AAGB shall, prior to the Effective Date, execute or cause the necessary documents/agreements to be executed and take such other necessary steps so that, when the Proposed Share Exchange takes place on the Effective Date adopts a Constitution on substantially the same terms as the form of Constitution which shall be exhibited in the Scheme.

8. IMPLEMENTATION OF PROPOSED TRANSFER OF LISTING

- 8.1 Subject to the Proposed Share Exchange being undertaken in accordance with paragraph 7, AAB and AAGB agree to jointly use reasonable endeavours to procure, as soon as reasonably practicable after the Effective Date:-
- (a) that AAGB be admitted to the Official List of Bursa Securities in place of AAB;
 - (b) that AAB be removed from the Official List of Bursa Securities; and
 - (c) the listing of and quotation for the entire enlarged issued and paid-up AAGB Shares on the Main Market of Bursa Securities.

9. IMPLEMENTATION OF THE SCHEME

The Scheme shall become effective on the Effective Date. Unless the Scheme shall have become effective within 24 months from the date of the Scheme Agreement (which was dated 29 August 2017), or such other later date, if any, as AAB and AAGB may mutually agree (under the Scheme Agreement) or as may be required by the High Court of Malaya, the Scheme shall lapse.

TERMS OF SCHEME OF ARRANGEMENT (Cont'd)

10. COSTS

All the costs, charges, fees and expenses of and incidental to the preparation of the Scheme and the implementation thereof shall be borne by AAB.

11. FURTHER AMENDMENTS

The Scheme is subject to any further amendments, variations or conditions as may be required by any relevant authority. Further, AAB may consent to any modification of or addition to the Scheme or any condition as the Board of AAB may, in the best interests of AAB deem fit, or to any condition which the High Court of Malaya may think fit to approve or impose.

12. GOVERNING LAW

The construction, validity and performance of this Scheme of Arrangement shall be governed by the laws of Malaysia and the parties hereto submit to the non-exclusive jurisdiction of the High Court of Malaya.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Explanatory Statement/Circular has been seen and approved by our Board, and our Directors individually and collectively accept full responsibility for the accuracy of the information contained in this Explanatory Statement/Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Explanatory Statement/Circular or other facts, the omission of which would make any statements or information herein false or misleading.

2. CONSENTS

RHB Investment Bank, being the Principal Adviser for the Proposed Internal Reorganisation, has given and has not subsequently withdrawn its written consent to the inclusion in this Explanatory Statement/Circular of its name and all references thereto in the form and context in which they appear in this Explanatory Statement/Circular.

Messrs Zul Rafique & Partners, being the due diligence solicitors for the Proposed Internal Reorganisation, has given and has not subsequently withdrawn its written consent to the inclusion in this Explanatory Statement/Circular of its name and all references thereto in the form and context in which they appear in this Explanatory Statement/Circular.

3. DECLARATIONS OF CONFLICT OF INTEREST

RHB Investment Bank confirms that there are no equity and/or financial relationship with us, save and except that as at LPD, RHB Bank Berhad, the holding company of RHB Investment Bank and/or its related companies ("**RHB Banking Group**") had, in its ordinary course of business, extended various credit and/or financing facilities with a combined limit of up to an aggregate amount of approximately RM1.30 billion to our Group ("**Credit Facilities**").

RHB Investment Bank has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as our Principal Adviser for the Proposed Internal Reorganisation on the basis that:-

- (a) the Credit Facilities was granted on an arm's length basis and not material when compared to the RHB Banking Group's audited consolidated loans, advances and financing as at 31 December 2016;
- (b) RHB Investment Bank is a licensed investment bank and its appointment as our Principal Adviser is in the ordinary course of its business;
- (c) the Company has no representative on the board of RHB Investment Bank. Further, the RHB Banking Group has no representative on the board of AAB;
- (d) the corporate finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (e) the granting of credit and/or financing facilities is in the ordinary course of business of RHB Banking Group. Further, the conduct of RHB Banking Group's business is regulated strictly by the Financial Services Act, 2013 and RHB Banking Group's own internal controls and checks including segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

FURTHER INFORMATION (Cont'd)

Messrs Zul Rafique & Partners has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the due diligence solicitors to our Company for the Proposed Internal Reorganisation.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither our Company nor our subsidiary companies are engaged in any other material litigation, claims and arbitration, either as plaintiff or defendant, and our Board do not have any knowledge nor aware of any proceedings pending or threatened against our Company and/or our subsidiary companies or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business or possession of our Group.

5. MATERIAL CONTRACTS

Save as disclosed below, neither our Company nor our subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD:

- (i) a perpetual security purchase agreement dated 29 September 2015 wherein our Company agreed to subscribe up to IDR2,058 billion nominal value of unrated Perpetual Capital Securities issued by PT Indonesia AirAsia on and subject to the terms and conditions contained in the perpetual security purchase agreement;
- (ii) a subscription agreement dated 1 April 2016 wherein our subsidiary, Tune Live Sdn Bhd (Company No. 948620-U) agreed to subscribe for 559,000,000 new ordinary shares in our Company, representing approximately 16.73% of the enlarged issued share capital of our Company for an agreed subscription price of RM1,028,560,000 on and subject to the terms and conditions contained in the subscription agreement; and
- (iii) a share purchase agreement dated 24 August 2017 entered into by our Company with CAE International Holding Ltd in relation to the Disposal of AACE; and
- (iv) a share sale agreement dated 30 October 2017 entered into by our Company with SATS, wherein our Company agreed to dispose 6,469,265 ordinary shares in GTRH, representing approximately 38.6% of the issued share capital in GTRH, to SATS for an agreed consideration of SGD119.3 million subject to any adjustment that may arise from the due diligence carried out and on the terms contained in the share sale agreement, which include the right to receive the agreed consideration in USD.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our 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 between Mondays to Fridays (except public holidays) from the date of this Explanatory Statement/Circular up to and including the date of the forthcoming CCM and EGM:-

- (i) the Constitution of our Company;
- (ii) the Constitution of AAGB;
- (iii) the Scheme Agreement;

FURTHER INFORMATION (Cont'd)

- (iv) the letters of consent and declarations of conflict of interest referred to in **Section 2** and **Section 3** of this **Appendix III**;
- (v) the material contracts referred to in **Section 5** of this **Appendix III**;
- (vi) the audited consolidated financial statements of our Company for the past 2 financial years up to and including FYE 31 December 2016; and
- (vii) the latest unaudited consolidated financial statements of our Company for the 9-month financial period ended 30 September 2017.

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AIRASIA BERHAD

(Company No.: 284669-W)

(Incorporated in Malaysia)

NOTICE OF COURT CONVENED MEETING
IN THE HIGH COURT OF MALAYA AT SHAH ALAM
IN THE STATE OF SELANGOR DARUL EHSAN
ORIGINATING SUMMONS NO.: BA-24NCC-93-10/2017

In the matter of AIRASIA BERHAD

(Company No.: 284669-W)

And

In the matter of a Proposed Scheme of Arrangement

pursuant to Section 366 of the Companies Act, 2016

And

In the matter of Order 88 of the Rules of Court, 2012

AirAsia Berhad (Company No.: 284669-W)

...**Applicant**

NOTICE OF MEETING PURSUANT TO AN ORDER OF THE HIGH COURT OF MALAYA

(For Shareholders of the Applicant)

NOTICE IS HEREBY GIVEN that by an Order of the High Court of Malaya (“**Court**”) dated 29 November 2017 (“**Order**”) in respect of the above matter, the Court ordered a meeting to be convened for the shareholders (“**Court Convened Meeting**”) of the Applicant (“**AAB**” or the “**Company**”) for the purpose of considering and, if thought fit, approving a scheme of arrangement proposed between the Company and its shareholders (“**Proposed Scheme of Arrangement**”) pursuant to Section 366(1) of the Companies Act, 2016 (“**Act**”).

The following resolution is proposed to be voted upon and approved in the Court Convened Meeting for the Applicant’s shareholders:-

“**THAT** subject to the relevant regulatory approvals being obtained, and subject to the passing of the following resolution, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to implement the following:

- (a) proposed exchange of 3,341,974,080 ordinary shares in AAB (including 100,000 treasury shares) (“**AAB Share(s)**”), representing the entire issued share capital of AAB, with 3,341,974,080 new ordinary shares in AirAsia Group Berhad (“**AAGB**”) (“**AAGB Share(s)**”), on the basis of 1 new AAGB Share for every 1 existing AAB Share held on an entitlement date to be determined and announced later; and
- (b) proposed assumption of the listing status of AAB by AAGB and the admission of AAGB to and withdrawal of AAB from the Official List of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), with the listing of and quotation of the new AAGB Shares on the Main Market of Bursa Securities;

(collectively referred to as the “**Proposed Internal Reorganisation**”),

THAT the Board be and is hereby authorised to complete and give effect to the Proposed Internal Reorganisation and to do all acts and things for and on behalf of the Company as the Directors may consider necessary or expedient with full power to:

- (a) execute any other agreements in relation to the Proposed Internal Reorganisation and such other agreements, deeds, instruments, undertakings, declaration and/or arrangements including any supplementary or variation agreements and documents in connection therewith and to give full effect to and complete the Proposed Internal Reorganisation; and
- (b) assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by Bursa Securities and any other relevant authorities or as may be deemed necessary by the Directors in the best interest of the Company and to take all steps and do all acts and things in any manner as they may deem necessary and/or expedient to finalise, implement, to give full effect to and complete the Proposed Internal Reorganisation;

AND THAT all previous actions taken by the Directors of the Company for the purpose of or in connection with the Proposed Internal Reorganisation be and are hereby adopted, approved and ratified.”

The Meeting is to 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 8 January 2018 at 10.00 a.m..

A copy of the Explanatory Statement/Circular detailing the Proposed Scheme of Arrangement and containing the Form of Proxy required to be furnished pursuant to Section 369 of the Act is enclosed herewith (“**Document**”). Additional copies of the Document can be obtained from 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 on any day from the date of the Document up to the date of the Court Convened Meeting for shareholders, from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (except public holidays). The resolution to be voted upon and approved in the Court Convened Meeting shall be decided by way of poll.

The shareholders may vote in person at the Court Convened Meeting for Shareholders or they may appoint their proxy(ies) to attend and vote in their stead. A Form of Proxy for the Court Convened Meeting for shareholders is enclosed in the Document.

The Form of Proxy must be 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 no later than 48 hours before the time appointed for the taking of the poll for the Court Convened Meeting for shareholders or any adjourned meeting thereof.

By the Order of the Court, the Court has appointed Datuk Kamarudin bin Meranun (NRIC No.: 610608-10-6443) being a director of the Company or failing him, Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar (NRIC No.: 531006-71-5019), being a director of the Company, to act as the Chairman of the Court Convened Meeting and that the results of the Court Convened Meeting be reported to the Court after the Court Convened Meeting.

The Proposed Scheme of Arrangement will be subject to the subsequent sanction of the High Court.

Date: 14 December 2017

Messrs Zul Rafique & Partners
D3-3-8 Solaris Dutamas
No.1 Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia

Notes:-

- (a) Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued share capital, on a first-in-time basis based on the Record of Depositors to be used for the Court Convened 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 Court Convened Meeting.
- (b) A member must be registered in the Record of Depositors at 5.00 p.m. on 2 January 2018 ("**General Meeting Record of Depositors**") in order to attend and vote at the Court Convened Meeting. A depositor shall not be regarded as a Member entitled to attend the Court Convened 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 Court Convened Meeting.
- (c) A member entitled to attend and vote is entitled to appoint up to 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).
- (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 2 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 48 hours before the time set for holding the Court Convened Meeting. **Faxed copies of the duly executed form of proxy are not accepted.**
- (h) 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.



AIRASIA BERHAD

(Company No.: 284669-W)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of AirAsia Berhad (“**AAB**” 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 Monday, 8 January 2018 at 11.00 a.m. or immediately following the conclusion of the Court Convened Meeting for shareholders of the Company (which will be held at the same venue and on the same day at 10.00 a.m.) whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:-

ORDINARY RESOLUTION

PROPOSED INTERNAL REORGANISATION

“**THAT** subject to the relevant regulatory approvals being obtained, and subject to the passing of the following resolution, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to implement the following:

- (a) proposed exchange of 3,341,974,080 ordinary shares in AAB (including 100,000 treasury shares)(“**AAB Share(s)**”), representing the entire issued share capital of AAB, with 3,341,974,080 new ordinary shares in AirAsia Group Berhad (“**AAGB**”)(“**AAGB Share(s)**”), on the basis of 1 new AAGB Share for every 1 existing AAB Share held on an entitlement date to be determined and announced later; and
- (b) proposed assumption of the listing status of AAB by AAGB and the admission of AAGB to and withdrawal of AAB from the Official List of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), with the listing of and quotation of the new AAGB Shares on the Main Market of Bursa Securities;

(collectively referred to as the “**Proposed Internal Reorganisation**”),

THAT the Board be and is hereby authorised to complete and give effect to the Proposed Internal Reorganisation and to do all acts and things for and on behalf of the Company as the Directors may consider necessary or expedient with full power to:

- (a) execute any other agreements in relation to the Proposed Internal Reorganisation and such other agreements, deeds, instruments, undertakings, declaration and/or arrangements including any supplementary or variation agreements and documents in connection therewith and to give full effect to and complete the Proposed Internal Reorganisation; and
- (b) assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by Bursa Securities and any other relevant authorities or as may be deemed necessary by the Directors in the best interest of the Company and to take all steps and do all acts and things in any manner as they may deem necessary and/or expedient to finalise, implement, to give full effect to and complete the Proposed Internal Reorganisation;

AND THAT all previous actions taken by the Directors of the Company for the purpose of or in connection with the Proposed Internal Reorganisation be and are hereby adopted, approved and ratified.”

By Order of the Board,
AIRASIA BERHAD

JASMINDAR KAUR A/P SARBAN SINGH
(MAICSA 7002687)

Company Secretary
Selangor Darul Ehsan
Malaysia
14 December 2017

Notes on Appointment of Proxy

- (a) Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued share capital, on a first-in-time basis based on the Record of Depositors to be used for the Extraordinary 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 Extraordinary General Meeting.
- (b) A member must be registered in the Record of Depositors at 5.00 p.m. on 2 January 2018 ("**General Meeting Record of Depositors**") in order to attend and vote at the Extraordinary General Meeting. A depositor shall not be regarded as a Member entitled to attend the Extraordinary General 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 Extraordinary General Meeting.
- (c) A member entitled to attend and vote is entitled to appoint up to 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).
- (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 2 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 48 hours before the time set for holding the Extraordinary General Meeting. **Faxed copies of the duly executed form of proxy are not accepted.**
- (h) 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.



AIRASIA BERHAD
 (Company No.: 284669-W)
 (Incorporated in Malaysia)

FORM OF PROXY FOR THE COURT CONVENED MEETING FOR SHAREHOLDERS
IN THE HIGH COURT OF MALAYA AT SHAH ALAM
IN THE STATE OF SELANGOR DARUL EHSAN
ORIGINATING SUMMONS NO.: BA-24NCC-93-10/2017

In the matter of AIRASIA BERHAD
 (Company No.: 284669-W)

And

In the matter of a Proposed Scheme of Arrangement
 pursuant to Section 366 of the Companies Act, 2016

And

In the matter of Order 88 of the Rules of Court, 2012

I/We _____ NRIC/Passport No./Co. No. _____
 (FULL NAME IN BLOCK LETTERS) (COMPULSORY)
 of _____
 (ADDRESS)

being a member of AIRASIA BERHAD hereby appoint *chairman of the meeting or _____
 _____ NRIC No./Passport No.: _____
 (FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of _____
 (ADDRESS)

and/or _____ NRIC No./Passport No.: _____
 (FULL NAME) (COMPULSORY)
 of _____
 (ADDRESS)

as my/our proxy(ies), to vote in my / our name and on my / our behalf at the Court Convened Meeting of the Company to be held on Monday, 8 January 2018 at 10.00 a.m. at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia and at any adjournment of such meeting and to vote as indicated below:

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1	Proposed Internal Reorganisation		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting as he thinks fit.)

* Delete the words "the Chairman of the Meeting or" if you wish to appoint some other person to be your proxy.

No. of shares held:	
CDS Account No.:	
The proportion of my / our holding to be represented by my / our proxies are as follows:	First proxy : % Second Proxy : %
Date:	

 Signature of Shareholder / Common Seal



Notes to Form of Proxy:

- (a) Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued share capital, on a first-in-time basis based on the Record of Depositors to be used for the Court Convened 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 Court Convened Meeting.
- (b) A member must be registered in the Record of Depositors at 5.00 p.m. on 2 January 2018 ("**General Meeting Record of Depositors**") in order to attend and vote at the Court Convened Meeting. A depositor shall not be regarded as a Member entitled to attend the Court Convened 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 Court Convened Meeting.
- (c) A member entitled to attend and vote is entitled to appoint up to 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).
- (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 2 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 once 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 48 hours before the time set for holding the Court Convened Meeting. **Faxed copies of the duly executed form of proxy are not accepted.**
- (h) 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.

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AFFIX
STAMP

The Company Secretary
AIRASIA BERHAD (Company No. 284669-W)

B-13-15, Level 13
Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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AIRASIA BERHAD
 (Company No.: 284669-W)
 (Incorporated in Malaysia)

FORM OF PROXY FOR THE EXTRAORDINARY GENERAL MEETING

I/We _____ NRIC/Passport No./Co. No. _____
 (FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of _____
 (ADDRESS)

being a member of AIRASIA BERHAD hereby appoint *chairman of the meeting or _____

 (FULL NAME IN BLOCK LETTERS) NRIC No./Passport No.: _____
 (COMPULSORY)

of _____
 (ADDRESS)

and/or _____ NRIC No./Passport No.: _____
 (FULL NAME) (COMPULSORY)

of _____
 (ADDRESS)

as my/our proxy(ies), to vote in my / our name and on my / our behalf at the Extraordinary General Meeting of the Company to be held on Monday, 8 January 2018 at 11.00 a.m. at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia or immediately following the conclusion of the CCM (which will be held at the same venue and on the same day at 10.00 a.m.), whichever is later, or at any adjournment of such meeting and to vote as indicated below:

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1	Proposed Internal Reorganisation		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting as he thinks fit.)

* Delete the words "the Chairman of the Meeting or" if you wish to appoint some other person to be your proxy.

No. of shares held:	
CDS Account No.:	
The proportion of my / our holding to be represented by my / our proxies are as follows:	First proxy : % Second Proxy : %
Date:	

 Signature of Shareholder / Common Seal

Notes to Form of Proxy:

- (a) Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued share capital, on a first-in-time basis based on the Record of Depositors to be used for the Extraordinary 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 Extraordinary General Meeting.
- (b) A member must be registered in the Record of Depositors at 5.00 p.m. on 2 January 2018 ("**General Meeting Record of Depositors**") in order to attend and vote at the Extraordinary General Meeting. A depositor shall not be regarded as a Member entitled to attend the Extraordinary General 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 Extraordinary General Meeting.



- (c) *A member entitled to attend and vote is entitled to appoint up to 2 proxies (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 2 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 48 hours before the time set for holding the Extraordinary General Meeting. **Faxed copies of the duly executed form of proxy are not accepted.***
- (h) *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.*

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary
AIRASIA BERHAD (Company No. 284669-W)

B-13-15, Level 13
Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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