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**AIRASIA X BERHAD**

*(Company No. 734161-K)*

*(Incorporated in Malaysia under the Companies Act, 1965)*

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE")**

The Proposed Mandate will be tabled as Special Business at AirAsia X Berhad's Eleventh Annual General Meeting ("**AGM**") which 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. The Notice of the Eleventh AGM together with the Form of Proxy are set out in the Annual Report of AirAsia X Berhad for the year ended 31 December 2016.

You are entitled to attend and vote at our AGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than forty-eight (48) hours before the date and time fixed for our AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 21 May 2017 at 10.00 a.m.

Date and time of AGM : Tuesday, 23 May 2017 at 10.00 a.m.

This Circular is dated 28 April 2017

## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout and for the purposes of this Circular only:

AACOE	: Asian Aviation Centre of Excellence Sdn Bhd (Company No.: 947910-D), incorporated in Malaysia
AAX or our Company	: AirAsia X Berhad (Company No.: 734161-K), incorporated in Malaysia
AAX Group or our Group	: AirAsia X Berhad and our subsidiaries
Act	: Companies Act, 2016 and any statutory modifications or amendments thereto from time to time
AGM	: Annual General Meeting
AGSS	: AirAsia Global Shared Services Sdn Bhd (Company. No.: 1045172-A), incorporated in Malaysia
AirAsia	: AirAsia Berhad (Company No.: 284669-W), incorporated in Malaysia
AirAsia Group	: AirAsia and its subsidiaries
AirAsia, Inc.	: AirAsia Inc. (Registration No.: CS201104662), incorporated in Phillipines
AirAsia Investment	: AirAsia Investment Ltd (Company No.: LL03901), incorporated in Labuan, Malaysia
AAJ	: AirAsia Japan Co. Ltd (Company No.: <u>1800-01-113372</u> ), incorporated in Japan
Board	: Board of Directors of the Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No.: 635998-W)
CJG	: CaterhamJet Global Ltd (British Virgin Islands Company No. 1696997), a company incorporated under the laws of British Virgin Islands
Circular	: This Circular dated 28 April 2017
Dato' Fam	: Dato' Fam Lee Ee
Datuk Kamarudin	: Datuk Kamarudin bin Meranun
Director(s)	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and for the purpose of the Proposed Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or chief executive of our Company, our subsidiary or holding company
EPS	: Earnings per Share
FYE	: Financial year(s) ended/ending 31 December, as the case may be
IAA	: PT Indonesia AirAsia (Company No.: 30.06.1.51.07399), incorporated in Indonesia
Listing	: The Main Market Listing Requirements of Bursa Securities, including any

## DEFINITIONS

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Requirements	amendments thereto from time to time
LPD	: 7 April 2017, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	: A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or  (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.  For the purpose of this definition, “interests in shares” has the meaning given in Section 8 of the Act.  For the purpose of the Proposed Mandate, a Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of our Company or any other corporation which is our Company’s subsidiary or holding company
Share(s)	: Ordinary share(s) in our Company
NA	: Net assets attributable to ordinary equity holders of our Company
PAA	: Philippines AirAsia Inc. (Registration No.: A199707490), incorporated in Philippines
Person(s) Connected	: Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
Plato	: Plato Capital Limited (Company No.: 199907443M), incorporated in Singapore
Proposed Mandate	: Proposed renewal of existing shareholders’ mandate and new shareholders’ mandate for RRPTs as set out in Section 2.3 of this Circular
Record of Depositors	: A record consisting of names of depositors provided by Bursa Depository pursuant to Chapter 24.0 of the rules of Bursa Depository
Related Party(ies)	: Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
Rights Issue with Warrants	: Renounceable rights issue of 1,777,777,790 new Shares together with 888,888,895 warrants which were granted listings and quotations with effect from 9.00 a.m. on Thursday, 11 June 2015
Rokki	: Rokki Sdn Bhd (Company No.: 935105-W), incorporated in Malaysia
RRPT(s)	: Recurrent related party transaction(s) of a revenue or trading nature, which are necessary for the day-to-day operations and are in the ordinary course of business of our Group, entered or to be entered into by our Company which involve the interest, direct or indirect, of a Related Party(ies)
TAA	: Thai AirAsia Company Limited (Company No.: 0105546113684), incorporated in Thailand
Tan Sri Dr. Tony Fernandes	: Tan Sri Dr. Anthony Francis Fernandes

## DEFINITIONS

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Think BIG	: Think BIG Digital Sdn Bhd (Company No.: 924656-U), incorporated in Malaysia
Transacting Party(ies)	: A party with which our Company has entered or may enter into a RRPT under the Proposed Mandate
Tune Air	: Tune Air Sdn Bhd (Company No.: 548526-V), incorporated in Malaysia
Tune Group	: Tune Group Sdn Bhd (Company No.: 798868-P), incorporated in Malaysia
Tune Hotels.com	: Tune Hotels.com Limited (Company No.: LL05129), incorporated in Labuan
Tune Insurance	: Tune Insurance Malaysia Berhad (Company No.: 30686-K), incorporated in Malaysia
Tune Live	: Tune Live Sdn Bhd (Company No.: 948620-U), incorporated in Malaysia
Tune Protect	: Tune Protect Group Berhad (Company No.: 948454-K), incorporated in Malaysia
RM and sen	: Ringgit Malaysia and sen respectively
USD	: United States Dollar
Yummy Kitchen	: Yummy Kitchen Sdn Bhd (Company No.: 1174912-W), incorporated in Malaysia

All references to “**our Company**” in this Circular are to AirAsia X Berhad and references to “**our Group**” are to our Company and subsidiaries collectively and references to “**we**”, “**us**”, “**our**”, and “**ourselves**” are to our Company, and save where the context otherwise requires, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating 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 Circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

All references to “**you**” in this Circular are to the shareholders of our Company who are entitled to attend and vote at our forthcoming AGM and whose names are in our Record of Depositors at 5.00 p.m. on 16 May 2017.

*For illustration purposes only, the exchange rate of USD1=RM4.40 have been used throughout this Circular, unless otherwise stated.*

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**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED MANDATE CONTAINING:**

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**EXTRACT OF RESOLUTION**

**ENCLOSED**



## **AIRASIA X BERHAD**

*(Company No. 734161-K)*

*(Incorporated in Malaysia under the Companies Act, 1965)*

### **Registered Office:**

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

28 April 2017

### **Board of Directors:**

Tan Sri Rafidah Aziz (*Senior Independent Non-Executive Chairman*)

Datuk Kamarudin Bin Meranun (*Non-Independent Executive Director and Group Chief Executive Officer*)

Tan Sri Dr. Anthony Francis Fernandes (*Non-Independent Non-Executive Director*)

Dato' Fam Lee Ee (*Non-Independent Non-Executive Director*)

Lim Kian Onn (*Non-Independent Non-Executive Director*)

Tan Sri Asmat Bin Kamaludin (*Independent Non-Executive Director*)

Dato' Yusli Bin Mohamed Yusoff (*Independent Non-Executive Director*)

**To: Our shareholders**

### **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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#### **1. INTRODUCTION**

At the AGM of our Company held on 31 May 2016, you had inter-alia, granted the mandate for our Group to enter into RRPTs as stipulated in the Circular to Shareholders dated 29 April 2016.

The authority conferred by the shareholders' mandate, in accordance with the Listing Requirements, shall lapse at the conclusion of our Eleventh AGM unless authority for its renewal is obtained from you at our forthcoming AGM.

Your Board had on 5 April 2017 announced our intention to seek your approval for the Proposed Mandate at our forthcoming AGM which 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.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT OUR FORTHCOMING AGM. THE NOTICE OF AGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THE ANNUAL REPORT OF THE COMPANY FOR THE FYE 31 DECEMBER 2016.**

**YOU ARE ADVISED TO READ THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED MANDATE.**

## **2. PROPOSED MANDATE**

### **2.1 Details of the Proposed Mandate**

As provided in Paragraph 10.09(2) of the Listing Requirements, our Company proposes to seek a general mandate from you for the RRPTs subject to, *inter-alia*, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public;
- (b) your mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to your mandate during the financial year where the aggregated value is equal to or more than the following threshold:
  - (i) the consideration, value of the assets, capital outlay or costs of the transactions is RM1 million or more; or
  - (ii) the percentage ratio of such transaction is 1% or more,whichever is the higher;
- (c) this Circular includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain your mandate, the relevant interested Related Party(ies) with any interest, direct or indirect must not vote on the resolution in respect of the transaction(s). An interested Director or interested Major Shareholder must ensure that Person(s) Connected to them abstain from voting on the resolution(s) in respect of the transaction(s); and
- (e) our Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by our Company, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in our announcement.

Where your mandate has been procured pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements in relation to related party transactions will not apply save for Paragraph 10.08(7).

## 2.2 Principal activities of our Group

Our Company is principally providing long haul air transportation services and is an investment holding company while the principal activities of our subsidiaries include the provision of management, logistical, and marketing services in Australia, investment holding, leasing business and the provision of aircraft leasing facilities.

## 2.3 Details of RRPTs and the Related Parties

The details of the RRPTs entered or to be entered into by our Company with the Transacting Parties under the Proposed Mandate are as follows:

### EXISTING RRPTS

#### EXPENSE

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 23 May 2017 to the next AGM
1.	AirAsia	Rights granted by AirAsia to our Company to operate air services under the "AIRASIA" trade name and livery in respect of our low-cost, long-haul air services.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup></p> <p><b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup></p>	RM8,600,000
2.	AirAsia	<p>Provision of the following range of services by AirAsia to our Company:</p> <p>(a) Commercial</p> <ul style="list-style-type: none"> <li>- Sales and distribution</li> <li>- Sales support</li> <li>- Direct channel</li> <li>- Branding and Creative <ul style="list-style-type: none"> <li>• Protection of brand to ensure proper public perception is built</li> <li>• Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding</li> <li>• Creative includes graphic designs supporting branding activities</li> </ul> </li> <li>- Web team: Manage, plan, build and develop</li> </ul>	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup></p> <p><b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup></p>	RM19,500,000



No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 23 May 2017 to the next AGM
		airasia.com website - Marketing - Ancillary (b) Treasury - Fuel procurement - Fuel hedging (c) Quality Assurance - Credit card fraud unit (d) Cargo (e) Manpower cost (affiliate of companies in China) (f) IT Internal Audits (g) Ground Operations (h) Group Inflight Ancillary (i) Engineering (j) Legal (k) Operations Control Centre (l) Corporate Quality (m) Flight Attendant Department (n) Innovation, Commercial and Technology - Involves all services related to information technology		
3.	Rokki	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD900,000 (RM3,960,000)
4.	AACOE	Provision of commercial training services and non-pilot training services by AACOE.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup>  <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM12,600,000
5.	Think BIG	Purchase of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup> Lim Kian Onn <sup>(6)</sup>	RM5,500,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 23 May 2017 to the next AGM
			<b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	
6.	Tune Insurance	Payment to Tune Insurance of insurance premiums collected on its behalf pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM24,400,000
7.	AGSS	Provision of the following shared services by AGSS to our Company:  (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) Sourcing and procurement operation support services.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup>  <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM2,695,000

## REVENUE / INCOME

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 23 May 2017 to the next AGM
1.	AirAsia	Provision of charter services to Beirut, Lebanon by our Company for the Malbatt contingent. The carried passenger services for a long-haul destination is provided to AirAsia on an ad-hoc basis, whereby the passengers are procured by AirAsia but are carried by our Company.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup></p> <p><b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup></p>	RM279,000
2.	Tune Insurance	Receipt of commission income of 25% on all insurance premiums received by Tune Insurance pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup></p> <p><b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup></p>	RM6,100,000
3.	AACOE	Provision of instructor training services by AAX.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup></p> <p><b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup></p>	RM94,000

**ADDITIONAL RRPT****EXPENSE**

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 23 May 2017 to the next AGM
1.	Yummy Kitchen	Provision of food catering services at the AAX airport lounge located at Kuala Lumpur International Airport 2 (klia2)	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Lim Kian Onn <sup>(6)</sup>  <b>Interested Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Lim Kian Onn <sup>(6)</sup>	RM1,350,000
2.	IAA	Provision of ground handling services for AAX flights in and out of Indonesia	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup>  <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM780,000

**REVENUE / INCOME**

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 23 May 2017 to the next AGM
1.	AirAsia	Services provided by AAX to AirAsia for AAX airport lounge usage by AirAsia's passengers.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup>  <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM3,100,000

2.	AAJ	Provision of the following commercial services by AAX to AAJ, including but not limited to: 1. Line Operations Department; and 2. People Department	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup> <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM395,000
3	PAA	Provision of the following commercial services by AAX to PAA, including but not limited to: 1. Airport management and group handling; and 2. Government and regulatory liaison	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup> <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD314,300 (RM1,383,000)
4.	TAA	Provision of the following commercial services by AAX to TAA, including but not limited to: 1. Airport management and group handling; and 2. Government and regulatory liaison	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup> <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM580,000
5.	IAA	Provision of the following commercial services by AAX and AAX Service Pty. Ltd. (Company No. 141 326 463) to IAA, including but not limited to: 1. Airport management and group handling; and 2. Government and regulatory liaison	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup> <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM1,675,000

6.	Think BIG	Revenue from ticket sales and/or other ancillary sales arising from redemption of loyalty points from Think BIG which operates and manages a loyalty program branded as the BIG Loyalty Program.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Dato' Fam <sup>(3)</sup> Lim Kian Onn <sup>(6)</sup>  <b>Interested Major Shareholders</b> AirAsia <sup>(4)</sup> Tune Group <sup>(5)</sup> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM2,645,000
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**Notes:**

- (1) *Tan Sri Dr. Tony Fernandes is an interested Director and interested Major Shareholder by virtue of his directorships, direct and indirect shareholdings in our Company, and the Transacting Parties. Please refer to Section 7 of this Circular for details of his shareholdings in our Company.*

*As at the LPD, the directorship and direct and indirect shareholdings of Tan Sri Dr. Tony Fernandes in the Transacting Parties are as follows:*

	<----- Direct ----->		<----- Indirect ----->		Directorship
	No. of Shares	%	No. of Shares	%	
AirAsia	1,600,000	0.05	1,075,485,082	32.18*	√
Rokki	-	-	876,000	73.00@	-
Tune Insurance	-	-	83,273,097	83.26@@	-
AACOE	-	-	82,780,000	50.00+	-
Think BIG	-	-	5,772,001	69.33^^	√
AGSS	-	-	100,000	100.00>>	-
Yummy Kitchen	-	-	10	100.00#	-
AAJ	-	-	56,000,000	49.00###	√
PAA	-	-	81,828,428	49.00###	-
TAA	-	-	19,600,000	45.00###	√
IAA	-	-	88,200	49.00###	-

\* *Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia pursuant to Section 8 of the Act.*

@ *Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is a Major Shareholder of Rokki pursuant to Section 8 of the Act.*

@@ *Deemed interested via his interest in Tune Group and AirAsia Berhad, being the Major Shareholders of Tune Protect, which is the major shareholder of Tune Insurance pursuant to Section 8 of the Act.*

+ *Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is a Major Shareholder of AACOE pursuant to Section 8 of the Act.*

^^ *Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is the holding company of Think BIG pursuant to Section 8 of the Act.*

>> *Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AGSS pursuant to Section 8 of the Act.*

# *Deemed interested via his interest in Tune Hotels.com and Plato being the ultimate shareholders of TP Real Estate Holdings Pte. Ltd., which wholly owns Yummy Kitchen pursuant to Section 8 of the Act.*

### *Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AirAsia Investment, being a Major Shareholder of AAJ, TAA and IAA pursuant to Section 8 of the Act.*

### Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AirAsia Investment, being a Major Shareholder of AirAsia, Inc, which is a Major Shareholder of PAA pursuant to Section 8 of the Act.

- (2) Datuk Kamarudin is an interested Director and interested Major Shareholder by virtue of his directorships, direct and indirect shareholdings in our Company, and the Transacting Parties. Please refer to Section 7 of this Circular for details of his shareholdings in our Company.

As at the LPD, the directorship and direct and indirect shareholdings of Datuk Kamarudin in the Transacting Parties are as follows:

	<----- Direct ----->		<-----Indirect----->		Directorship
	No. of Shares	%	No. of Shares	%	
AirAsia	2,000,000	0.06	1,075,485,082	32.18*	√
Rokki	-	-	876,000	73.00@	-
Tune Insurance	-	-	83,273,097	83.26@@	-
AACOE	-	-	82,780,000	50.00+	-
Think BIG	-	-	5,772,001	69.33^^	√
AGSS	-	-	100,000	100.00>>	√
Yummy Kitchen	-	-	10	100.00#	-
AAJ	-	-	56,000,000	49.00###	√
PAA	-	-	81,828,428	49.00####	-
TAA	-	-	19,600,000	45.00###	√
IAA	-	-	88,200	49.00###	-

\* Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia pursuant to Section 8 of the Act.

@ Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is a Major Shareholder of Rokki pursuant to Section 8 of the Act.

@@ Deemed interested via his interest in Tune Group and AirAsia Berhad, being the Major Shareholders of Tune Protect which is the Major Shareholder of Tune Insurance pursuant to Section 8 of the Act.

+ Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is a Major Shareholder of AACOE pursuant to Section 8 of the Act.

^^ Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is the holding company of Think BIG pursuant to Section 8 of the Act.

>> Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AGSS pursuant to Section 8 of the Act.

# Deemed interested via his interest in Tune Hotels.com and Plato being the ultimate shareholders of TP Real Estate Holdings Pte. Ltd., which wholly owns Yummy Kitchen pursuant to Section 8 of the Act.

### Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AirAsia Investment, being a Major Shareholder of AAJ, TAA and IAA pursuant to Section 8 of the Act.

#### Deemed interested via his interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AirAsia Investment, being a Major Shareholder of AirAsia, Inc., which is a Major Shareholder of PAA pursuant to Section 8 of the Act.

- (3) Dato' Fam is an interested Director by virtue of his directorships in our Company and AirAsia, a Major Shareholder of our Company.

- (4) AirAsia is an interested Major Shareholder by virtue of its direct shareholdings in our Company, and direct and indirect shareholdings in the Transacting Parties. Please refer to Section 7 of this Circular for details of its shareholdings in our Company.

As at the LPD, the direct and indirect shareholdings of AirAsia in the Transacting Parties are as follows:

	<----- Direct ----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Rokki	876,000	73.00		
Tune Insurance	-	-	83,273,097	83.26 <sup>#</sup>
AACOE	82,780,000	50.00	-	-
Think BIG	5,772,001	69.33	-	-
AGSS	100,000	100.00	-	-
AAJ	-	-	56,000,000	49.00 <sup>##</sup>
PAA	-	-	81,828,428	49.00 <sup>###</sup>
TAA	-	-	19,600,000	45.00 <sup>###</sup>
IAA	-	-	88,200	49.00 <sup>###</sup>

<sup>#</sup> Deemed interested via its interest in Tune Protect, being the Major Shareholder of Tune Insurance pursuant to Section 8 of the Act.

<sup>##</sup> Deemed interested as it wholly owns AirAsia Investment, which is a Major Shareholder of AAJ, TAA and IAA pursuant to Section 8 of the Act.

<sup>###</sup> Deemed interested as it wholly owns AirAsia Investment, which is a Major Shareholder of AirAsia, Inc, being a Major Shareholder of PAA pursuant to Section 8 of the Act.

- (5) Tune Group is an interested Major Shareholder by virtue of its direct shareholdings in our Company, and direct and indirect shareholdings in the Transacting Parties. Please refer to Section 7 of this Circular for details of its shareholdings in our Company.

As at the LPD, the direct and indirect shareholdings of Tune Group in the Transacting Parties are as follows:

	<----- Direct ----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
AirAsia			1,075,485,082	32.18 <sup>*</sup>
Rokki	-	-	876,000	73.00 <sup>@</sup>
AACOE	-	-	82,780,000	50.00 <sup>+</sup>
Think BIG	-	-	5,772,001	69.33 <sup>^^</sup>
AGSS	-	-	100,000	100.00 <sup>&gt;&gt;</sup>
Tune Insurance	-	-	83,273,097	83.26 <sup>#</sup>
AAJ	-	-	56,000,000	49.00 <sup>##</sup>
PAA	-	-	81,828,428	49.00 <sup>###</sup>
TAA	-	-	19,600,000	45.00 <sup>###</sup>
IAA	-	-	88,200	49.00 <sup>###</sup>

<sup>\*</sup> Deemed interested via its interest in Tune Air and Tune Live, being Major Shareholders of AirAsia

<sup>@</sup> Deemed interested via its interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is a Major Shareholder of Rokki pursuant to Section 8 of the Act.

<sup>+</sup> Deemed interested via its interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is a Major Shareholder of AACOE pursuant to Section 8 of the Act.

<sup>^^</sup> Deemed interested via its interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which is the holding company of Think BIG pursuant to Section 8 of the Act.

<sup>>></sup> Deemed interested via its interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AGSS pursuant to Section 8 of the Act.

<sup>#</sup> Deemed interested via its interest in Tune Protect, being the Major Shareholder of Tune Insurance pursuant to Section 8 of the Act.

<sup>##</sup> Deemed interested via its interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AirAsia Investment, being a Major Shareholder of AAJ, TAA and IAA pursuant to Section 8 of the Act.

<sup>###</sup> Deemed interested via its interest in Tune Air and Tune Live, being Major Shareholders of AirAsia, which wholly owns AirAsia Investment, being a Major Shareholder of AirAsia, Inc, which is a Major Shareholder of PAA pursuant to Section 8 of the Act.



- (6) *Lim Kian Onn is an interested Director by virtue of his directorships and indirect shareholdings in our Company, and the Transacting Parties. Please refer to Section 7 of this Circular for details of his shareholdings in our Company.*

*As at the LPD, the directorship and indirect shareholding of Lim Kian Onn in the Transacting Parties respectively are as follows:*

	<----- Direct ----->		<-----Indirect----->		Directorship
	No. of Shares	%	No. of Shares	%	
Think BIG	-	-	888,001	10.67 <sup>*</sup>	√
Yummy Kitchen			10	100.00 <sup>**</sup>	-

\* *Deemed interested via his interest in Yickal Holdings Limited, being the Major Shareholder of Think BIG pursuant to Section 8 of the Act.*

\*\* *Deemed interested via his interest in Tune Hotels.com and Plato being the ultimate shareholders of TP Real Estate Holdings Pte. Ltd., which wholly owns Yummy Kitchen pursuant to Section 8 of the Act.*

*[The rest of this page has been intentionally left blank]*

## 2.4 Existing mandate of RRPTs obtained at the last AGM

2.4.1 The details of the estimated value and actual value of the RRPTs transacted from the date of which the existing shareholders' mandate was obtained at the last AGM held on 31 May 2016 up to the LPD are set out in table below:

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 29 April 2016	Actual value from 31 May 2016 to LPD
1.	AirAsia	Rights granted by AirAsia to our Company to operate air services under the "AIRASIA" trade name and livery in respect of our low-cost, long-haul air services.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin Dato' Fam  <b>Interested Major Shareholders</b> AirAsia Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin	RM8,600,000	RM6,899,238
2.	AirAsia	Provision of services by AirAsia to our Company in respect of commercial, treasury, quality assurance, cargo, manpower, IT internal audits, ground operations, group inflights ancillary, engineering, legal, operations control centre, corporate quality, flight attendants and innovation, commercial and technology services.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin Dato' Fam  <b>Interested Major Shareholders</b> AirAsia Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin	RM12,000,000	RM11,671,422

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 29 April 2016	Actual value from 31 May 2016 to LPD
3.	AirAsia	Provision of charter services to Beirut, Lebanon by our Company for the Malbatt contingent. The carried passenger services for a long-haul destination to AirAsia on an ad-hoc basis, whereby the passengers are procured by AirAsia but are carried by our Company.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin Dato' Fam</p> <p><b>Interested Major Shareholders</b> AirAsia Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	RM280,000	RM279,000
4.	CJG	<p>Annual payment in respect of chartered air travel services to be provided by CJG for members of our Board and key management for corporate and strategic development activities of our Company to explore, assess and implement our growth strategies and future plans.</p> <p>Such services allow for more flexibility in managing their travel requirements.</p> <p>Examples of such travel requirements include governmental or ministerial meetings as well as meetings with civil aviation and airport authorities, including flights to Europe for meetings with our aircraft supplier or financiers.</p>	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p> <p><b>Interested Major Shareholders</b> Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	USD1,500,000 (RM6,300,000)	USD1,500,000 (RM6,605,775)

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 29 April 2016	Actual value from 31 May 2016 to LPD
5.	Rokki	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p> <p><b>Interested Major Shareholders</b> Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	RM3,696,000	RM3,517,063
6.	Rokki Avionics	Sale and maintenance of an IFEC solution.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p> <p><b>Interested Major Shareholders</b> Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	RM14,617,000	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 29 April 2016	Actual value from 31 May 2016 to LPD
7.	Tune Insurance	Receipt of commission income of 25% on all insurance premiums received by Tune Insurance pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p> <p><b>Interested Major Shareholders</b> AirAsia Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	RM12,900,000	RM 3,195,277
8.	AACOE	Provision of commercial training services and non-pilot training services by AACOE.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin Dato' Fam</p> <p><b>Interested Major Shareholders</b> AirAsia Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	RM13,000,000	RM8,218,572

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 29 April 2016	Actual value from 31 May 2016 to LPD
9.	Think BIG	Purchase of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin Dato' Fam Lim Kian Onn</p> <p><b>Interested Major Shareholders</b> AirAsia Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	RM2,600,000	RM2,600,000
10.	Tune Insurance	Payment to Tune Insurance of insurance premiums collected on its behalf pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	<p><b>Interested Directors</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p> <p><b>Interested Major Shareholders</b> AirAsia Tune Group Tan Sri Dr. Tony Fernandes Datuk Kamarudin</p>	RM51,700,000	RM12,781,107

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 29 April 2016	Actual value from 31 May 2016 to LPD
11.	AGSS	Provision of the following shared services by AGSS to our Company: (e) Finance and accounting support operation services; (f) People department support operation services; (g) Information and technology operation support services; and (h) Sourcing and procurement operation support services.	<p><b>Interested Directors</b>            Tan Sri Dr. Tony Fernandes            Datuk Kamarudin            Dato' Fam</p> <p><b>Interested Major Shareholders</b>            AirAsia            Tune Group            Tan Sri Dr. Tony Fernandes            Datuk Kamarudin</p>	RM3,770,000	RM3,049,810
12.	AACOE	Provision of instructor training services by AAX.	<p><b>Interested Directors</b>            Tan Sri Dr. Tony Fernandes            Datuk Kamarudin            Dato' Fam</p> <p><b>Interested Major Shareholders</b>            AirAsia            Tune Group            Tan Sri Dr. Tony Fernandes            Datuk Kamarudin</p>	RM130,000	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 29 April 2016	Actual value from 31 May 2016 to LPD
13.	AirAsia	Provision of charter and/or wet lease of A330 aircraft by AAX.	<p><b>Interested Directors</b>  Tan Sri Dr. Tony Fernandes  Datuk Kamarudin  Dato' Fam</p> <p><b>Interested Major Shareholders</b>  AirAsia  Tune Group  Tan Sri Dr. Tony Fernandes  Datuk Kamarudin</p>	USD15,000,000 (RM63,000,000)	USD2,617,552 (RM10,533,080)

2.4.2 There is no amount due and owing to our Group by its Related Parties pursuant to the RRPTs disclosed herein which has exceeded the credit term granted. As such, the disclosures as required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

*[The rest of this page has been intentionally left blank]*



## 2.5 Basis of estimates

The estimated transaction values for the RRPTs referred to in Section 2.3 of this Circular are based on (i) estimated prevailing prices, which are reasonably market-competitive; and (ii) the sums incurred or received over the past years for similar transactions. The estimated transaction values were also projected based on the assumption that (i) our Group's usual levels of transaction; (ii) our Group's projected business volume; and (iii) our current level of operations would be maintained, from the date of our forthcoming AGM to our next AGM.

## 2.6 Review procedures for RRPTs

We have established the following policies and procedures to ensure that all RRPTs will be entered into on normal commercial terms and on arm's length basis, on terms which will be not more favourable to our Related Parties than those generally available to the public, and will not be detrimental to our non-interested shareholders:

- (i) Directors are required to make full disclosure at once, of the nature and extent of any direct or indirect interests they may have in any business enterprise with an existing or proposed relationship with our Group, including all matters in relation to the proposed RRPT that he is aware or should be reasonably be aware of, whether or not they believe it is a material event or agreement. Upon such disclosure, the interested Director(s) are required to abstain from board deliberation and voting on any resolution relating to such related party transaction(s);
- (ii) There are no specific thresholds for disclosure of related party transactions in our Company for internal deliberation. All existing or potential related party transactions have to be disclosed by the interested parties for management reporting by the relevant head of department in which the transaction falls under ("**Management**"). The Management will propose the transaction by providing a transaction paper and other relevant documents including a draft announcement to be submitted to Bursa Securities to the Legal Department, at least 2 weeks prior to the Audit Committee meeting to ensure the regulatory requirements have been met. Upon obtaining clearance from the Legal Department, Management will sign off on the transaction papers and the matter shall be tabled to our Audit Committee for evaluation and assessment. The Audit Committee will in turn make the necessary recommendation to our Board;
- (iii) With the information provided in the RRPT papers, our Board ascertains that at least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to or by the Related Parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products or services and/or quantities. In the event that a quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms and not more favourable to the Related Party than those generally available to the public and are not to the detriment of our Company or our Group or our non-interested shareholders;
- (iv) In reviewing and evaluating the RRPTs, the following are considered: the rationale and the cost/benefit to our Company; and where possible, comparative quotes, including sources, methods and procedures through which transaction prices are determined to justify the transaction being undertaken are also taken into consideration to determine whether the price and terms offered to or by the related party(ies) are fair and reasonable, in the best interests of our Company and not detrimental to our non-interested shareholders and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products, services or quantities; and

- (v) Our Audit Committee shall review the procedures set out by our Company to ensure that such procedures are adequate to monitor, track and identify related party transactions in a timely and orderly manner and that procedures are reviewed on an annual basis or whenever the need arises.

## **2.7 Audit Committee's Statement**

The Audit Committee has seen and reviewed the procedures set out in Section 2.6 of this Circular and is of the view that the procedures are:

- (i) sufficient to ensure that the RRPTs are not more favourable to the Transacting Parties than those generally available to the public and are not to the detriment of our Company's minority shareholders; and
- (ii) adequate to monitor, track and identify RRPTs in a timely and orderly manner and that such procedures are reviewed on an annual basis or whenever the need arises.

## **2.8 Disclosure of RRPTs**

If the Proposed Mandate is approved, disclosure will be made in our Annual Report and in the Annual Reports for the subsequent years that the Proposed Mandate continues to be in force in accordance with the Listing Requirements which requires, in addition to what is set out in Section 2.1(b) of this Circular, a breakdown of the aggregated value of the RRPTs made during the financial year, among others, based on the following information:

- (a) the type of RRPT made; and
- (b) the names of the Related Parties involved in each type of RRPT made and their relationship with our Company.

If the actual value of an RRPT exceeds the estimated value of the RRPT disclosed in Section 2.3 of this Circular by 10% or more, our Company will make an immediate announcement to Bursa Securities which will include information as may be prescribed by Bursa Securities.

## **3. RATIONALE AND BENEFITS OF THE PROPOSED MANDATE**

The RRPTs that have been entered into and will be entered into by our Group are necessary for our business and are intended to meet business needs at the best possible terms. Our Group should be able to have access to all available markets, products and services provided by all vendors including Related Parties and to provide products and services to all persons including our Related Parties. This will enhance the ability of our Group to explore beneficial business opportunities as well as to promote cross-selling which will be beneficial to our Group.

The Proposed Mandate will eliminate the need to announce and convene separate general meetings on each occasion to seek your prior approval for the entry by our Group into such transactions. This will reduce the associated expenses, improve administrative efficiency and allow manpower, resource and time to be better channelled towards achieving other corporate objectives.

The RRPTs are likely to continue in the future on a frequent and recurrent basis from time to time. In addition, these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek your prior approval on a case-by-case basis before entering into such transactions.

The RRPTs are transactions in the ordinary course of our business, made on commercial terms on an arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

The benefits of transacting with the Related Parties are as follows:

- (a) The brand license agreement entered into with AirAsia will provide service to guests beyond the four (4)-hour flight radius (i.e. long-haul routes). This agreement will allow AAX to operate and be visually recognisable within the AirAsia Group of airlines.
- (b) AirAsia has the capacity to provide the range of services to our Company as detailed in Section 2.3 of this Circular. The provision of these services will extend and sustain our Company's existing operations. This will also rationalize and standardize the services provided across the associate companies.
- (c) The provision of charter services to Beirut, Lebanon by our Company for the Malbatt contingent promotes continuous brand elevation as AirAsia will continue to be a major service provider to the Ministry of Defence. This will attract others among young enthusiasts in the country to join the Malaysian Armed Forces and it will also promote the AirAsia brand.
- (d) The chartered air travel services and key management provided by CJG for members of our Board are vital as Tan Sri Dr. Tony Fernandes, our Non-Independent Non-Executive Director and Datuk Kamarudin, our Non-Independent Executive Director and Group Chief Executive Officer frequently travel for corporate matters and strategic development activities of our Company. The AirAsia brand has steadily grown and is now spread out across Asia Pacific, necessitating increased travelling to explore, assess and implement our growth strategies and future plans. Further, Tan Sri Dr. Tony Fernandes and Datuk Kamarudin are heavily involved in setting up joint ventures and negotiating new business opportunities on behalf of our Company. This may require them to travel to destinations not covered in the AirAsia network, forcing them to rely on commercial flights operated by other carriers and charter flights which may not be cost-efficient in the long term. Commercial flight times can be infrequent or ill-timed, especially on low-traffic routes, and may not sync with Tan Sri Dr Tony Fernandes and Datuk Kamarudin's busy schedules, resulting in productivity loss due to waiting.
- (e) The sale and supply agreement entered into with Rokki will offer an in-flight entertainment system on AAX's flights to all its long-haul destinations. The passengers on AAX's flights will be able to enjoy in-flight entertainment such as movies, TV shows, music and games. It is our Company's commitment in driving innovation while enhancing passengers' in-flight experience.
- (f) While our Company values the importance of travel insurance as part of our business, the insurance business is not our core business. As such it would be more efficient and cost effective if Tune Insurance undertakes the sourcing of insurance for our Company. This will enable our Company to monetise and leverage on our Company's large customer base for additional revenue without any additional investment outlay whilst improving performance of our travel insurance business and reducing the cost of dealing with multiple parties through the central management by Tune Insurance. Tune Insurance has proven to be reliable in its delivery of services and fulfils the quality expectations of our Company, hence, any risk of interruption to our Company's day-to-day operations would be minimised. Tune Insurance is also familiar with our Company's operations and therefore, is able to meet the business needs and requirements of our Company. Further, this would enable our Company to concentrate on our core business while maximising business opportunities.

- (g) AACOE has the capacity and necessary expertise to provide commercial training services and non-pilot training services to our Company. This would enable our Company to concentrate on our core business and existing operations.
- (h) Think BIG operates and manages the BIG Loyalty Program. It plans to accelerate the growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. Our Company will purchase loyalty points from Think BIG and issue the loyalty points to our customers when they purchase flights or duty free items. The purchase of loyalty points is an expense incurred by our Company. The BIG Loyalty Program is beneficial to our Company as it has a large membership base of over 1 million as at the LPD. Participation by our Company in the BIG Loyalty Program has contributed to an increase of our passenger load.
- (i) AGSS has the capacity to provide the range of services to our Company as detailed in Section 2.3 of this Circular. The provision of these services will assist and complement our Company's existing operations. This will also rationalize and standardize the services provided across the associate companies.
- (j) The Company having sufficient number of instructors (ratio of 1 instructor: 6 pilots) is able to provide or supply its instructors for simulator and ground training services to AACOE and its customers. In order to support the growth of AACOE's clientele, the Company will gain mutual benefit through this transaction as the training rates were derived through mutual agreement with AACOE and based on the current market rate for pilot training. As the training provided by the Company's instructors are similar to the training conducted within the Company, there will be no additional qualifications or requirements that will need to be satisfied to cope with AACOE's additional training demand.
- (k) The Company has the capacity to provide carriage support to its sister company, AirAsia for its passengers through various routes during its peak travelling period. Such support will also maximize the Company's aircraft utilization hours and generate positive returns.
- (l) The Company has launched an airport lounge at the Kuala Lumpur International Airport (klia2) providing lounge services to passengers, which includes provision of food and beverages. Yummy Kitchen provides food catering services to the said airport lounge five times daily at a competitive price, hence complementing our Company's commitment to provide a holistic flying experience to our passengers.
- (m) Think BIG operates and manages the BIG Loyalty Program. It plans to accelerate growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. Our Company participates in a loyalty programme where our customers accumulate points for purchases made which entitle them for free flights, discounts on future purchases or other AirAsia add-ons such as baggage and Hot Seats. Award points are recognised as a cost of sale at the time of issue while revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed and the redemption value of each point.
- (n) In order to facilitate the Company's operational requirements in the Indonesian stations it flies to or intends to fly to, the Company requires operational assistance from IAA to provide ground handling services in the said stations.
- (o) In line with the Company's commitment to provide a holistic flying experience to its passengers, the Company has granted accessibility of the airport lounge at the Kuala Lumpur International Airport (klia2) to the passengers of AirAsia Group under the agreement with AirAsia.
- (p) In order to facilitate AAJ's operational requirements in the AAX stations that it flies to or plans to fly to, AAJ will require operational assistance from the Company through the Company's employees, sharing of office premise(s) and other applicable facilities

(as the case may be) to be provided by AAX in the said stations. The arrangement between AAX and AAJ will allow AAJ to procure such commercial services from AAX in all the AAX stations or countries that our Company operates in on the basis of sharing of resources and costs, which will in turn allow the Company to reduce its operations cost at each of its own stations.

- (q) In order to facilitate PAA's operational requirements in the AAX stations that it flies to or plans to fly to, PAA will require operational assistance from the Company through the Company's employees, sharing of office premise(s) and other applicable facilities (as the case may be) to be provided by AAX in the said stations. The arrangement between AAX and PAA will allow PAA to procure such commercial services from AAX in all the AAX stations or countries that our Company operates in on the basis of sharing of resources and costs, which will in turn allow the Company to reduce its operations cost at each of its own stations.
- (r) In order to facilitate TAA's operational requirements in the AAX stations that it flies to or plans to fly to, TAA will require operational assistance from the Company through the Company's employees, sharing of office premise(s) and other applicable facilities (as the case may be) to be provided by AAX in the said stations. The arrangement between AAX and TAA will allow TAA to procure such commercial services from AAX in all the AAX stations or countries that our Company operates in on the basis of sharing of resources and costs, which will in turn allow the Company to reduce its operations cost at each of its own stations.
- (s) In order to facilitate IAA's operational requirements in the AAX stations that it flies to or plans to fly to, IAA will require operational assistance from the Company through the Company's employees, sharing of office premise(s) and other applicable facilities (as the case may be) to be provided by AAX in the said stations. The arrangement between AAX and IAA will allow IAA to procure such commercial services from AAX in all the AAX stations or countries that our Company operates in on the basis of sharing of resources and costs, which will in turn allow the Company to reduce its operations cost at each of its own stations.

Our Group has had long-standing business relationships with the Related Parties and the close co-operation has reaped mutual benefits which are expected to continue to be beneficial to the business of our Group.

#### **4. VALIDITY PERIOD FOR THE PROPOSED MANDATE**

The Proposed Mandate, if approved at our forthcoming AGM, shall take effect from the date of the passing of the ordinary resolution proposed at our forthcoming AGM to approve the Proposed Mandate and is subject to annual renewal. In this respect, the Proposed Mandate shall only continue to be in force until:

- (a) the conclusion of our next AGM following our forthcoming AGM at which such ordinary resolution is passed to effect the Proposed Mandate, at which time it will lapse, unless renewed by a resolution passed at a meeting or the authority is renewed;
- (b) the expiration of the period within which our next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) the Proposed Mandate is revoked or varied by resolution passed by you in a general meeting,

whichever is the earliest.

## **5. EFFECTS OF THE PROPOSED MANDATE**

The Proposed Mandate will not have any effect on the issued and paid-up share capital of our Company and our substantial shareholders' shareholdings and is not expected to have a material effect on the NA per Share and gearing of our Group.

The Proposed Mandate is in relation to the transactions which are of revenue or trading nature which forms part of our Group's day-to-day operations. Thus, those transactions will contribute positively to our Group's financial performance and EPS.

## **6. APPROVALS REQUIRED**

The Proposed Mandate is subject to and conditional upon obtaining your approval at our forthcoming AGM.

## **7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Save as disclosed below, none of our Directors, Major Shareholders, and/or Persons Connected to them, have any interests, direct or indirect in the Proposed Mandate:

- (i) Tan Sri Dr. Tony Fernandes, by virtue of his directorship in our Company and a Major Shareholder of our Company and by virtue of his directorships and shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular;
- (ii) Datuk Kamarudin, by virtue of his directorship in our Company and a Major Shareholder of our Company and by virtue of his directorships and shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular;
- (iii) Dato' Fam, by virtue of his directorship in our Company and by virtue of his directorship in the Related Party as detailed in the notes of Section 2.3 of this Circular;
- (iv) AirAsia, by virtue of it being our Major Shareholder and by virtue of its shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular;
- (v) Tune Group, by virtue of it being our Major Shareholder and by virtue of its shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular; and
- (vi) Lim Kian Onn, by virtue of his directorship in our Company and by virtue of his directorship and shareholdings in the Transacting Parties respectively as detailed in the notes of Section 2.3 of this Circular.

The shareholdings of the interested Directors and interested Major Shareholders in our Company as at the LPD are as follows:

	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%
<b><u>Interested Directors</u></b>				
Tan Sri Dr. Tony Fernandes	87,303,728	2.11	1,163,602,394 <sup>(1)</sup>	28.05
Datuk Kamarudin	337,702,739	8.14	1,163,602,394 <sup>(1)</sup>	28.05
Dato' Fam	-	-	-	-
Lim Kian Onn	-	-	197,833,356 <sup>(2)</sup>	4.769
<b><u>Interested Major Shareholders</u></b>				
AirAsia	570,728,502	13.76	-	-
Tune Group	592,873,892	14.29	-	-
Tan Sri Dr. Tony Fernandes	87,303,728	2.11	1,163,602,394 <sup>(1)</sup>	28.05
Datuk Kamarudin	337,702,739	8.14	1,163,602,394 <sup>(1)</sup>	28.05

**Notes:**

<sup>(1)</sup> Deemed interested via their interests in AirAsia and Tune Group, being Major Shareholders of our Company pursuant to Section 8 of the Act.

<sup>(2)</sup> Deemed interest via shareholdings of his spouse and children.

Accordingly, the interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed Mandate at all your Board's meetings. Further, the interested Directors and interested Major Shareholders will abstain from voting in respect of their direct and indirect interests, if any, on the resolution pertaining to the Proposed Mandate at our forthcoming AGM.

In addition, the interested Directors and interested Major Shareholders have undertaken to ensure that Persons Connected to them shall abstain from voting, deliberating or approving the resolution pertaining to the Proposed Mandate at our forthcoming AGM in respect of their direct and indirect interests in our Company.

## 8. DIRECTORS' RECOMMENDATION

Your Board (save for the interested Directors), having considered all aspects of the Proposed Mandate, is of the opinion that the Proposed Mandate is in our Company's best and long term interests.

Accordingly, your Board (save for the interested Directors), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Mandate to be tabled at our forthcoming AGM.

## 9. AGM

The Eleventh AGM, the extract of the notice of which is set out in this 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 Tuesday, 23 May 2017 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Mandate.

You are entitled to attend and vote at our forthcoming AGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than forty-eight (48) hours before the time fixed for our forthcoming AGM or any adjournment thereof. The last date and time for you to lodge the Form of Proxy is on Sunday, 21 May 2017 at 10.00 a.m. The lodging of the Form of

Proxy will not preclude you from attending and voting in person at our forthcoming AGM should you subsequently wish to do so.

**10. FURTHER INFORMATION**

You are advised to refer to the attached appendix for further information.

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

**TAN SRI RAFIDAH AZIZ**  
Senior Independent Non-Executive Chairman



**FURTHER INFORMATION****1. RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information in this Circular. They confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make a statement in this Circular false or misleading.

**2. MATERIAL CONTRACT**

Save as disclosed below, there is no material contract, not being a contract entered into in the ordinary course of business, which has been entered into by our Group within the past two (2) years immediately preceding the date of this Circular.

- (i) On 29 April 2015, our Company executed the deed poll constituting up to 889,535,770 warrants to be issued pursuant to the Rights Issue with Warrants.
- (ii) On 29 April 2015, our Company entered into an underwriting agreement relating to the Rights Issue with Warrants with CIMB Investment Bank Berhad, MIDF Amanah Investment Bank Berhad and Kenanga Investment Bank Berhad for the underwriting of an aggregate of 872,524,264 right shares, representing approximately 49.08% of the total issue size of the Rights Issue with Warrants.
- (iii) On 30 December 2015, our Company entered into a sale and purchase agreement for the sale, assignment and transfer of the Airbus DPE Kits which comprises of data package, simulation software and kit of genuine aircraft parts for aircraft simulation training with AACOE for a consideration of USD2,380,947.54 (RM9,999,979.67).

**3. MATERIAL LITIGATION**

As at the date of this Circular, neither we nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect our financial position or business.

**4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming AGM:

- (i) our Memorandum and Articles of Association;
- (ii) our audited consolidated financial statements for the past two (2) FYE 31 December 2015 and 2016; and
- (iii) the material contracts referred to in Section 2 of this Appendix.

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## **AIRASIA X BERHAD**

(Company No. 734161-K)

(Incorporated in Malaysia under the Companies Act, 1965)

### **EXTRACT OF RESOLUTION TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING ELEVENTH ANNUAL GENERAL MEETING**

#### **ORDINARY RESOLUTION 9**

#### **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.”

**Personal data privacy notice:**

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