

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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**AIRASIA X BERHAD**

(Registration No. 200601014410 (734161-K))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE FOLLOWING:-**

- (I) **PROPOSED CORPORATE RESTRUCTURING COMPRISING:-**
- (A) **PROPOSED REDUCTION OF 99.9% OF THE ISSUED SHARE CAPITAL OF AIRASIA X BERHAD (“AAX” OR THE “COMPANY”) PURSUANT TO SECTION 116 OF THE COMPANIES ACT, 2016 (“PROPOSED SHARE CAPITAL REDUCTION”); AND**
  - (B) **PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN AAX (“AAX SHARES” OR “SHARES”) INTO 1 AAX SHARE (“PROPOSED SHARE CONSOLIDATION”);**
- (II) **PROPOSED FUNDRAISING COMPRISING:-**
- (A) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW AAX SHARES TO RAISE GROSS PROCEEDS OF UP TO RM300.0 MILLION (“PROPOSED RIGHTS ISSUE”); AND**
  - (B) **PROPOSED ISSUANCE AND ALLOTMENT OF NEW AAX SHARES TO RAISE GROSS PROCEEDS OF UP TO RM200.0 MILLION (“PROPOSED SHARE SUBSCRIPTION”);**
- (III) **PROPOSED GRANTING OF THE SUBSCRIPTION OPTION (AS DEFINED HEREIN) TO THE SPV (AS DEFINED HEREIN).**

**IN CONJUNCTION WITH THE PROPOSED DEBT RESTRUCTURING (AS DEFINED HEREIN) PURSUANT TO SECTION 366 OF THE COMPANIES ACT, 2016**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**PRINCIPAL ADVISER**



**MERCURY SECURITIES SDN BHD**

(Registration No. 198401000672 (113193-W))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company (“EGM”) will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at Level 6, RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia on Tuesday, 1 June 2021 at 3.00 p.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on or before the date and time indicated below or at any adjournment thereof. You also have the option to lodge the proxy appointment electronically via TIIH Online website at <https://tjih.online> before the lodgement cut-off time as indicated below. For further information on the electronic lodgement for Form of Proxy, please refer to the enclosed Administrative Guide of the EGM. The lodging of the Form of Proxy will not preclude you from participating and voting at the virtual EGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy for the EGM	: Sunday, 30 May 2021 at 3.00 p.m.
Date and time of the EGM	: Tuesday, 1 June 2021 at 3.00 p.m.
Broadcast Venue of the EGM	: Level 6, RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia

This Circular is dated 10 May 2021

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## DEFINITIONS

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

<b>AAX or Company</b>	: AirAsia X Berhad (200601014410 (734161-K)), incorporated in Malaysia
<b>AAX Group or Group</b>	: Collectively, AAX and its subsidiaries
<b>AAX Shares or Shares</b>	: Ordinary shares in the capital of AAX
<b>Act</b>	: Companies Act, 2016
<b>Additional Subscription Shares</b>	: Such number of new AAX Shares issued and allotted pursuant to any exercise of the Subscription Option
<b>Board</b>	: Board of Directors of the Company
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W)), incorporated in Malaysia
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (200301033577 (635998-W)), incorporated in Malaysia
<b>CCM</b>	: Court convened meetings of the Scheme Creditors under Section 366 of the Act
<b>Circular</b>	: This circular to Shareholders in relation to the Proposals
<b>Consolidated Shares</b>	: AAX Shares following the completion of the Proposed Share Consolidation
<b>COVID-19</b>	: Coronavirus disease 2019
<b>Cut-Off Date</b>	: 30 June 2020, being the cut-off date for the Proposed Debt Restructuring ( <i>which may be subject to further modification and finalisation</i> )
<b>Directors</b>	: Directors of AAX
<b>EGM</b>	: An extraordinary general meeting of the Company to be convened for the Proposals
<b>Entitled Shareholders</b>	: Shareholders whose names appear in the Record of Depositors of the Company at the close of business on the Rights Entitlement Date in order to be entitled to participate in the Proposed Rights Issue
<b>EPS</b>	: Earnings per share
<b>Foreign-Addressed Shareholders</b>	: Shareholders who have not provided to the Company a registered address in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue
<b>FPE</b>	: Financial period ended
<b>FYE</b>	: Financial year ended
<b>High Court</b>	: High Court of Malaya
<b>LAT</b>	: Loss after taxation

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**DEFINITIONS (cont'd)**

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<b>LBT</b>	:	Loss before taxation
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	16 April 2021, being the latest practicable date prior to the printing of this Circular
<b>Market Day</b>	:	Any day on which Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	:	Assuming that:-  (i) all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue; and  (ii) all RM200.0 million of the Subscription Shares are fully subscribed by the Placees ( <i>which may comprise the SPV and/or other investors</i> )
<b>MCO</b>	:	Movement control order issued by the Government of Malaysia from time to time under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 ( <i>including subsequent phases of movement control orders</i> )
<b>Mercury Securities or Principal Adviser</b>	:	Mercury Securities Sdn Bhd (198401000672 (113193-W)), incorporated in Malaysia
<b>Minimum Scenario</b>	:	Assuming that:-  (i) the Proposed Rights Issue is undertaken on the Minimum Subscription Level, i.e. RM100.0 million; and  (ii) the SPV subscribes for RM50.0 million of the Subscription Shares and none of the remaining Subscription Shares are subscribed
<b>Minimum Subscription Level</b>	:	Minimum subscription level of the Proposed Rights Issue to raise minimum proceeds of RM100.0 million, which is intended to be fulfilled in the manner as set out in Section 4.1.2 of this Circular
<b>NA</b>	:	Net assets
<b>PAT</b>	:	Profit after taxation
<b>PBT</b>	:	Profit before taxation
<b>Placee(s)</b>	:	Pursuant to the Proposed Share Subscription, the subscribers of up to RM200.0 million new AAX Shares which may comprise the SPV and/or other investors
<b>Proposals</b>	:	Collectively, Proposed Corporate Restructuring and Proposed Fundraising ( <i>including the proposed granting of the Subscription Option to the SPV</i> )
<b>Proposed Corporate Restructuring</b>	:	Collectively, the Proposed Share Capital Reduction and Proposed Share Consolidation
<b>Proposed Debt Restructuring</b>	:	Collectively, the Proposed Debt Settlement and Proposed Waiver ( <i>which are subject to further modification and finalisation</i> )

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**DEFINITIONS (cont'd)**

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<b>Proposed Debt Settlement</b>	: Proposed debt settlement with Scheme Creditors of up to RM200.0 million in the manner as set out in Section 2.2 of this Circular ( <i>which is subject to further modification and finalisation</i> )
<b>Proposed Fundraising</b>	: Collectively, the Proposed Rights Issue and Proposed Share Subscription
<b>Proposed Rights Issue</b>	: Proposed renounceable rights issue of new AAX Shares to raise gross proceeds of up to RM300.0 million
<b>Proposed Share Capital Reduction</b>	: Proposed reduction of 99.9% ( <i>which was revised from 90% as initially announced on 6 October 2020</i> ) of the issued share capital of AAX pursuant to Section 116 of the Act
<b>Proposed Share Consolidation</b>	: Proposed consolidation of every 10 existing AAX Shares into 1 Consolidated Share
<b>Proposed Share Subscription</b>	: Proposed issuance and allotment of new AAX Shares to raise gross proceeds of up to RM200.0 million ( <i>which includes the commitment of SPV to subscribe for the Subscription Shares of up to RM50.0 million as further described in Section 4.2.1 of this Circular</i> )
<b>Proposed Waiver</b>	: Proposed waiver, in its entirety, of such amount in excess of the Settlement Sum, and all and any other sums incurred or suffered or which may be incurred or suffered by AAX on or after the Cut-Off Date arising from or in connection with these debts and liabilities ( <i>including interest, penalty interest, etc.</i> ) or any sums or amounts due and owing to all or any of the Scheme Creditors on or after the Cut-Off Date howsoever arising ( <i>whether actual, contingent or disputed</i> )
<b>Record of Depositors</b>	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
<b>Revised Business Plan</b>	: The revised business plan of the Group as set out in Section 7.2 of this Circular ( <i>which is subject to modification and finalisation</i> )
<b>Rights Entitlement Basis</b>	: Entitlement basis for the Rights Shares to be determined and announced later by the Board
<b>Rights Entitlement Date</b>	: A date to be determined and announced later by the Board, at the close of business on which the Shareholders must be registered in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Rights Issue
<b>Rights Issue Price</b>	: Issue price of the Rights Shares
<b>Rights Shares</b>	: New AAX Shares to be issued and allotted pursuant to the Proposed Rights Issue to raise gross proceeds of up to RM300.0 million
<b>RM and sen</b>	: Ringgit Malaysia and sen respectively
<b>Rules</b>	: Rules on Take-overs, Mergers and Compulsory Acquisitions
<b>Rules of Bursa Depository</b>	: Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
<b>Scheme Creditors</b>	: Creditors of AAX whose debts are to be dealt with under the Proposed Debt Restructuring

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**DEFINITIONS (cont'd)**

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<b>Settlement Sum</b>	:	Settlement sum of up to RM200.0 million to be paid by AAX to the Scheme Creditors pursuant to the Proposed Debt Settlement
<b>Share Consolidation Entitlement Date</b>	:	A date to be determined and announced later by the Board, at the close of business on which the Shareholders must be registered in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Share Consolidation
<b>Shareholders</b>	:	Registered holders of the Shares
<b>SPV</b>	:	A special purpose vehicle company, in which Dato' Lim Kian Onn ( <i>a director of AAX</i> ) is a shareholder, which will enter into the SPV Share Subscription Agreement with AAX. For the avoidance of doubt, the other shareholders of the SPV may include Dato' Lim Kian Onn's nominees and/or other investors who wish to participate in the Proposed Share Subscription through the SPV
<b>SPV Share Subscription Agreement</b>	:	Conditional share subscription agreement to be entered into between AAX and the SPV in relation to the subscription of the (i) Subscription Shares of up to RM50.0 million ( <i>forming part of the total RM200.0 million of Subscription Shares which may be issued pursuant to the Proposed Share Subscription</i> ) and (ii) Additional Subscription Shares
<b>Subscription Option</b>	:	Option for the SPV to subscribe for such number of new AAX Shares representing up to 15% of the enlarged total number of AAX Shares ( <i>excluding treasury shares, if any</i> ) at any point of time during the Subscription Option Period pursuant to the SPV Share Subscription Agreement
<b>Subscription Option Period</b>	:	A period of 36 months for any exercise of the Subscription Option commencing from the completion of the Proposed Rights Issue
<b>Subscription Shares</b>	:	New AAX Shares to be issued and allotted pursuant to and as part of the Proposed Share Subscription to raise gross proceeds of up to RM200.0 million
<b>TEAP</b>	:	Theoretical ex-all price
<b>USD</b>	:	United States Dollar
<b>VWAP</b>	:	Volume weighted average market price

All references to "you" in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time and date in this Circular shall be a reference to Malaysian time and date, unless otherwise stated. Any discrepancies in the tables between the actual figures, amounts stated and the totals in this Circular are, unless otherwise explained, due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the 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 Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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**AIRASIA X BERHAD**  
(Registration No. 200601014410 (734161-K))  
(Incorporated in Malaysia)

**Registered office:**

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia

10 May 2021

**Board of Directors**

Tan Sri Rafidah Aziz (*Senior Independent Non-Executive Chairman*)  
Dato' Lim Kian Onn (*Non-Independent Non-Executive Deputy Chairman*)  
Datuk Kamarudin Bin Meranun (*Non-Independent Non-Executive Director*)  
Tan Sri Anthony Francis Fernandes (*Non-Independent Non-Executive Director*)  
Dato' Fam Lee Ee (*Non-Independent Non-Executive Director*)  
Dato' Yusli Bin Mohamed Yusoff (*Independent Non-Executive Director*)  
Tan Sri Asmat Bin Kamaludin (*Independent Non-Executive Director*)

**To: The Shareholders**

Dear Sir / Madam,

- (I) **PROPOSED CORPORATE RESTRUCTURING; AND**
- (II) **PROPOSED FUNDRAISING**

**IN CONJUNCTION WITH THE PROPOSED DEBT RESTRUCTURING**

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**1. INTRODUCTION**

The chronology of announcements made by Mercury Securities, on behalf of the Board, in respect of the Proposals and Proposed Debt Restructuring is as set out below:-

<u>Date of announcement</u>	<u>Announcement</u>
6 October 2020	<ul style="list-style-type: none"><li>• AAX proposed to undertake the Proposed Debt Restructuring and Proposed Corporate Restructuring</li></ul>
7 October 2020	<ul style="list-style-type: none"><li>• An application pursuant to Section 366 of the Act was submitted to the High Court to obtain leave to convene a meeting with the scheme creditors in relation to the Proposed Debt Restructuring</li></ul>

<u>Date of announcement</u>	<u>Announcement</u>
4 November 2020	<ul style="list-style-type: none"> <li>AAX had made certain clarifications and revised the Proposed Debt Restructuring by re-categorising all its creditors under 2 separate classes (<i>being secured and unsecured classes of creditors</i>) for the purpose of the intended court convened meetings</li> </ul>
14 December 2020	<ul style="list-style-type: none"> <li>AAX proposed to undertake the Proposed Fundraising and to revise the Proposed Share Capital Reduction to reduce 99.9% (<i>instead of 90%</i>) of the issued share capital of AAX</li> </ul>
22 February 2021	<ul style="list-style-type: none"> <li>The High Court granted an order pursuant to Section 366 of the Act on 19 February 2021 for the convening of the CCM for the purpose of considering and, if thought fit, approving the Proposed Debt Restructuring</li> </ul>
8 March 2021	<ul style="list-style-type: none"> <li>The relevant application in relation to the Proposals had been submitted to Bursa Securities on 5 March 2021</li> </ul>
17 March 2021	<ul style="list-style-type: none"> <li>The High Court granted, amongst others, a restraining order pursuant to Section 368 of the Act for a period of 3 months from 17 March 2021, subject to any application by AAX for any extension of time ("<b>AAX Restraining Order</b>")</li> </ul>
23 April 2021	<ul style="list-style-type: none"> <li>Further information on the Rights Issue Price and issue price of the Additional Subscription Shares was announced, which is also set out in Sections 4.1.3 and 4.2.1 of this Circular</li> </ul>

Further to the above, on 26 April 2021, Mercury Securities, on behalf of the Board, announced that Bursa Securities has, vide its letter dated 26 April 2021, resolved to approve the following:-

- (i) Proposed Share Consolidation; and
- (ii) listing and quotation of up to 3,000,000,000 new AAX Shares to be issued pursuant to the Proposed Rights Issue;
- (iii) listing and quotation of up to 2,000,000,000 new AAX Shares to be issued pursuant to the Proposed Share Subscription; and
- (iv) listing and quotation of new AAX Shares to be issued pursuant to the Subscription Option.

The approval of Bursa Securities is subject to the conditions as set out in Section 9 of this Circular.

The details of the Proposals and Proposed Debt Restructuring are further set out in the ensuing sections of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.**



## 2. DETAILS OF THE PROPOSED DEBT RESTRUCTURING

**The details of the Proposed Debt Restructuring as set out in this Circular are for information purposes only and are subject to further modification and finalisation. The Proposed Debt Restructuring is not subject to the approval of the Shareholders.**

The Proposed Debt Restructuring involves the Proposed Debt Settlement and Proposed Waiver for the debts owing to the Scheme Creditors pursuant to a scheme of arrangement under Section 366 of the Act.

A scheme of arrangement is a corporate rescue mechanism pursuant to Sections 365 to 369 of the Act. It is an arrangement which allows a company to fulfil its obligations to its creditors by restructuring the company's debts and varying, where appropriate, the rights of its creditors.

A scheme of arrangement becomes effective when:-

- (i) it is agreed by a majority of at least 75% of the total value of each class of creditors (*whose debts are to be dealt with in the scheme of arrangement*) present and voting either in person or by proxy at the meetings which have been ordered by the High Court;
- (ii) the compromise or arrangement is also approved by the High Court, subject to such alterations or conditions as the High Court thinks just; and
- (iii) a sealed copy of the order of the High Court approving the compromise or arrangement is lodged with the Companies Commission of Malaysia or such earlier date as the High Court may determine.

The purpose of a scheme of arrangement is to effect a compromise and arrangement between a company and its scheme creditors which will apply to all its scheme amounts (*i.e. the debts to be dealt with in the scheme of arrangement*). If a scheme of arrangement becomes effective, it will bind the company and all the scheme creditors according to its terms, including those scheme creditors who did not vote on the scheme of arrangement or who voted against it.

### 2.1 Scheme Creditors and Scheme Amounts

#### Scheme Creditors

As at the Cut-Off Date, there are secured and unsecured creditors in AAX, whose debts are to be dealt with under the Proposed Debt Restructuring ("**Scheme Creditors**").

#### Scheme Amounts

As at the Cut-Off Date, the total estimated debts and liabilities of AAX owed to the Scheme Creditors (*i.e. the "Scheme Amounts"*) comprises / includes the following:-

- (i) all outstanding amounts owing by AAX to the Scheme Creditors as at the Cut-Off Date (*including all estimated liabilities that AAX has incurred or to be incurred under guarantees issued in favour of the lessors in relation to the aircraft leased by subsidiaries of AAX (which are, in turn, subleased to AAX)*); and
- (ii) all estimated debts, compensation and/or penalties arising from breaches and defaults on the part of AAX and the early termination of contracts, agreements and/or arrangements as at the Cut-Off Date, including lease rentals and aircraft purchase commitments.

The Scheme Amounts are to be used solely for the purpose of voting in relation to whether the Proposed Debt Restructuring shall be approved and shall be arrived at after taking into consideration the claims submitted by Scheme Creditors (*whether actual, contingent or disputed*) pursuant to a proof of debt exercise.

As at the LPD, based on the best estimates of AAX, the total Scheme Amounts is estimated to be approximately RM64.15 billion (*which may be subject to further modification, finalisation and outcome of the proof of debt exercise*). Upon determination and finalisation of the amount owing to the Scheme Creditors, the said amount will then be restructured and reconstituted into an acknowledgement of indebtedness by AAX for a principal amount of up to RM200.0 million pursuant to the Proposed Debt Restructuring.

## 2.2 Mode of settlement for Scheme Creditors

The amount owing to the Scheme Creditors shall be settled and compromised pursuant to the Proposed Debt Restructuring as follows:-

### (i) Proposed Debt Settlement

AAX shall acknowledge and settle up to RM200.0 million of amount owing to the Scheme Creditors based on the following salient terms:-

<b>Settling party</b>	:	AAX
<b>Settlement Sum</b>	:	Up to RM200.0 million
<b>Repayment tenure</b>	:	Up to 5 years from the date of debt acknowledgement
<b>Principal moratorium</b>	:	No principal will be paid in the first 2 years from the date the High Court order sanctioning the Proposed Debt Restructuring is lodged with the Companies Commission of Malaysia or such earlier date as the High Court may determine ( <i>being the effective date of the Proposed Debt Restructuring ("Effective Date")</i> )
<b>Principal payment interval</b>	:	Payable annually in arrears via 3 equal payments of the Settlement Sum in the following manner:-

Tranches	Timeline of repayment
Tranche 1 Principal	3 <sup>rd</sup> anniversary of the Effective Date
Tranche 2 Principal	4 <sup>th</sup> anniversary of the Effective Date
Tranche 3 Principal	5 <sup>th</sup> anniversary of the Effective Date

<b>Source of funds for repayment</b>	:	Operational cash flows of AAX
<b>Interest rate</b>	:	2.00% per annum on a non-compounded basis
<b>Transferability</b>	:	Non-transferable
<b>Security</b>	:	Unsecured in nature
<b>Guarantee</b>	:	Not guaranteed by any party

Notwithstanding the Proposed Debt Settlement and subject to the Proposed Debt Restructuring being approved and implemented, AAX may in its discretion and in such manner as it deems fit, provide travel credits to the passengers for future travel, purchase of seat inventory or flights. In addition, any passengers who had purchased flights or placed deposits after the Cut-Off Date and up to the date of the explanatory statement in respect of the Proposed Debt Restructuring (*if the flights have been cancelled or have yet to take place*) shall also be provided with travel credits at AAX's discretion and in a such manner as it deems fit.

**(ii) Proposed Waiver**

The amount owing to the Scheme Creditors in excess of the Settlement Sum, and all and any other sums incurred or suffered or which may be incurred or suffered by AAX on or after the Cut-Off Date arising from or in connection with these debts and liabilities (*including interest, penalty interest, etc.*) or any sums or amounts due and owing to all or any of the Scheme Creditors on or after the Cut-Off Date howsoever arising (*whether actual, contingent or disputed*) shall be waived in its entirety.

Upon approval of the Proposed Debt Restructuring, all existing contracts entered into by AAX and/or its subsidiaries with the Scheme Creditors, if not already terminated on or prior to the Cut-Off Date, will be terminated or deemed to be terminated as at the Cut-Off Date and the termination or deemed termination shall be effective upon implementation of the Proposed Debt Restructuring. In this regard and after the Proposed Debt Restructuring has been implemented, the Scheme Creditors shall not be entitled to make any claims against AAX and/or its subsidiaries for any debts or liabilities in relation to any contracts which have been terminated or deemed terminated pursuant to the Proposed Debt Restructuring.

**3. DETAILS OF THE PROPOSED CORPORATE RESTRUCTURING**

**3.1 Proposed Share Capital Reduction**

The Proposed Share Capital Reduction entails the reduction of 99.9% of the issued share capital of the Company by cancelling paid-up share capital which is lost or unrepresented by available assets pursuant to Section 116(1)(b) of the Act.

Pursuant to the Proposed Share Capital Reduction, the issued share capital of AAX will be reduced from approximately RM1,534.04 million as at the LPD to approximately RM1.53 million, resulting in a credit of RM1,532.51 million. The said credit arising from the Proposed Share Capital Reduction will be used to offset the accumulated losses of the Company and any balance will be credited to the retained earnings of the Company, which may be used in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the Listing Requirements as well as the Constitution of the Company.

For the avoidance of doubt, the Proposed Share Capital Reduction:-

- (i) will not result in any adjustment to the reference share price of the Company or the number of AAX Shares held by the Shareholders; and
- (ii) will not give rise to any change in the total number of issued AAX Shares.

An order of the High Court will be sought to confirm the Proposed Share Capital Reduction pursuant to Section 116 of the Act after receipt of relevant approval from the Shareholders at the forthcoming EGM. The Proposed Share Capital Reduction shall become effective upon lodgement of the sealed order of the High Court for the Proposed Share Capital Reduction with the Companies Commission of Malaysia. It is the intention of the Company to implement the Proposed Share Capital Reduction after the High Court sanction of the Proposed Debt Restructuring has been obtained.

The pro forma effects of the Proposed Share Capital Reduction are set out in Section 8 of this Circular.

### 3.2 Proposed Share Consolidation

The Proposed Share Consolidation entails the consolidation of every 10 existing AAX Shares held by Shareholders, whose names appear in the Record of Depositors of the Company at the close of business on the Share Consolidation Entitlement Date, into 1 Consolidated Share. It is the intention of the Company to implement the Proposed Share Consolidation after the implementation of the Proposed Share Capital Reduction.

As at the LPD, the Company has a total number of 4,148,149,102 issued AAX Shares and none of the Shares is held by the Company as treasury shares. The Company does not have any outstanding convertible securities as at the LPD.

For illustration purposes, the 4,148,149,102 AAX Shares in issue will be consolidated into 414,814,910 Consolidated Shares pursuant to the Proposed Share Consolidation.

Fractional entitlements arising from the Proposed Share Consolidation in respect of the Consolidated Shares, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

#### 3.2.1 Theoretical adjusted reference price of the Consolidated Shares

The Proposed Share Consolidation will result in an adjustment to the reference price of AAX Shares, as quoted on the Main Market of Bursa Securities but theoretically shall not have any impact on the total market value of AAX Shares held by the Shareholders.

For illustration purposes, based on the last transacted market price of AAX Shares as at the LPD, the theoretical adjusted reference price of the Consolidated Shares upon completion of the Proposed Share Consolidation will be as follows:-

	<u>No. of Shares</u>	<u>Closing market price / Theoretical adjusted reference price per Share (RM)</u>	<u>Market capitalisation of AAX <sup>(1)</sup> (RM)</u>
As at the LPD	4,148,149,102	0.090 <i>(Last transacted market price as at the LPD)</i>	373,333,419
After the Proposed Share Consolidation	414,814,910	0.900 <sup>(2)</sup> <i>(Theoretical adjusted reference price after the Proposed Share Consolidation)</i>	373,333,419

Notes:-

(1) *The market capitalisation of AAX was arrived at by multiplying the number of Shares in issue with the closing market price / theoretical adjusted reference price per Share.*

(2) *The theoretical adjusted reference price is arrived at based on the following formula:-*

$$\text{Theoretical adjusted reference price} = \text{Market price per Share} \times \frac{\text{Number of Shares before the Proposed Share Consolidation}}{\text{Number of Shares after the Proposed Share Consolidation}}$$

**The Proposed Share Consolidation will result in a reduction in the number of Shares available in the market and the trading price of the Shares will be adjusted accordingly in proportion to the basis of the Proposed Share Consolidation. You are strongly advised to trade cautiously to prevent overselling of your position in respect of your Shares.**

### 3.2.2 Ranking of the Consolidated Shares

The Consolidated Shares shall rank *pari passu* in all respects with each other.

### 3.2.3 Listing and quotation of the Consolidated Shares

The Company had, on 26 April 2021, obtained the approval from Bursa Securities for the Proposed Share Consolidation.

No suspension will be imposed on the trading of AAX Shares on the Main Market of Bursa Securities for the purpose of implementing the Proposed Share Consolidation. The Consolidated Shares shall be listed and quoted on the Main Market of Bursa Securities on the next Market Day following the Share Consolidation Entitlement Date.

The notices of allotment of the Consolidated Shares will be issued and despatched to the entitled shareholders within 4 Market Days after the listing and quotation of the Consolidated Shares on the Main Market of Bursa Securities.

## 4. DETAILS OF THE PROPOSED FUNDRAISING

### 4.1 Proposed Rights Issue

#### 4.1.1 Basis and number of Rights Shares to be issued

The Proposed Rights Issue is intended to raise gross proceeds of up to RM300.0 million. The quantum of gross proceeds has been determined upfront while the Rights Entitlement Basis and Rights Issue Price have not been determined at this juncture in order to provide flexibility to the Board in respect of the pricing of the Rights Shares. Due to potential share price movements, pricing the Rights Shares closer to the implementation of the Proposed Rights Issue will enable the Rights Issue Price to take into consideration the prevailing market price of AAX Shares at that point of time.

It is the intention of the Company to implement the Proposed Rights Issue after the implementation of the Proposed Share Consolidation. For illustration purposes, based on the illustrative Rights Issue Price and the illustrative Rights Entitlement Basis as follows:-

Illustrative Rights Issue Price : RM0.40 per Rights Share<sup>(1)</sup>, representing a discount of approximately 31.25% to the TEAP of AAX Shares of RM0.5818, based on the 5-day VWAP of AAX Shares up to and including the LPD of RM0.9090 (after adjusting for the Proposed Share Consolidation)

Illustrative Rights Entitlement Basis : 9 Rights Shares for every 5 Consolidated Shares

Note:-

(1) *The Rights Issue Price of RM0.40 is shown strictly for illustration purposes only. The Rights Issue Price shall be determined by the Board at a price-fixing date to be determined based on, amongst others, the prevailing market prices of AAX Shares (after adjusting for the Proposed Share Consolidation) at the point of implementation of the Proposed Rights Issue. In any event, the Company has determined that the Proposed Rights Issue will not be undertaken at a Rights Issue Price lower than RM0.10 (after adjusting for the Proposed Share Consolidation).*

the required capital outlay for a shareholder holding 1,000 AAX Shares will be RM72 in order to subscribe for his entitlement in full, as set out below:-

	<b>As at the LPD</b>	<b>After the Proposed Share Consolidation</b>	<b>Number of Rights Shares to be issued and proceeds</b>
Total number of Shares	4,148,149,102	414,814,910	746,666,838 <i>(translating to approximately RM298.67 million of gross proceeds raised)</i>
Assuming a Shareholder holds 1,000 AAX Shares	1,000	100	180 <i>(required capital outlay of RM72 in order to subscribe for his entitlement in full)</i>

The actual outlay required for the Entitled Shareholders to fully subscribe for their entitlements under the Proposed Rights Issue will depend on the Rights Entitlement Basis and the Rights Issue Price to be determined by the Board.

Notwithstanding the illustrative Rights Issue Price of RM0.40 per Rights Share, the Rights Issue Price shall be determined by the Board at a price-fixing date to be determined based on, amongst others, the prevailing market prices of AAX Shares *(after adjusting for the Proposed Share Consolidation)* at the point of implementation of the Proposed Rights Issue.

The Company has determined that the Proposed Rights Issue will not be undertaken at a Rights Issue Price lower than RM0.10 *(after adjusting for the Proposed Share Consolidation)*. Based on the lowest Rights Issue Price of RM0.10 per Rights Share, the Proposed Rights Issue will entail the issuance of up to 3,000,000,000 Rights Shares.

The actual number of Rights Shares to be issued pursuant to the Proposed Rights Issue will depend on the level of subscription, Rights Entitlement Basis and the total number of Shares in issue on the Rights Entitlement Date. The Rights Entitlement Date will be determined by the Board and announced at a later date upon receipt of all relevant approvals prior to the implementation of the Proposed Rights Issue.

The Rights Shares will be provisionally allotted to the Entitled Shareholders who may fully or partially renounce their entitlements under the Proposed Rights Issue.

Any Rights Shares which are not taken up or validly taken up shall be offered to other Entitled Shareholders and/or their renouncee(s) under excess shares applications. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company.

Fractional entitlements arising from the Proposed Rights Issue in respect of the Rights Shares, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

#### 4.1.2 Minimum Subscription Level, underwritings and undertakings

AAX intends to raise a minimum of RM100.0 million from the Proposed Rights Issue to meet the funding requirements of the Group, which will be channelled towards the proposed use as set out in Section 5 of this Circular.

In view of the above, the Board has determined to undertake the Proposed Rights Issue based on the Minimum Subscription Level of RM100.0 million. The Minimum Subscription Level was determined after taking into consideration the funding requirements of the Group to support its future financing needs as well to restart its flights. In the event that the Minimum Subscription Level is not achieved, the Company will not proceed with the implementation of the Proposed Rights Issue. Any subscription monies received pursuant to the Proposed Rights Issue will be returned without interest as soon as practicable to the Entitled Shareholders and/or their renounee(s) who have subscribed for their entitlements. This will adversely impact the implementation of the Revised Business Plan and consequently the future operational cash flows of AAX to support the payment of the Settlement Sum. Save for the Proposed Fundraising, AAX does not have any alternative equity fund raising exercise being contemplated at this juncture.

To meet the Minimum Subscription Level, the Board intends to procure underwriting arrangement(s) of RM100.0 million ("**Underwritings**"). The Underwritings will be arranged at a later date, which is after the EGM to be convened to approve the Proposed Rights Issue but prior to despatch of the abridged prospectus. The terms of the Underwritings have therefore not been finalised and no underwriting agreement has been entered into at this juncture.

In the event that any Shareholder(s) is identified to apply and undertake to subscribe for their entitlement of Rights Shares and/or excess Rights Shares ("**Undertaking Shareholder(s)**") ("**Undertakings**"), then the total amount to be underwritten may be reduced accordingly. The Undertakings shall be subject to the Company and Mercury Securities being satisfied with the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing for their entitlement of Rights Shares and/or excess Rights Shares.

The Company will ensure that any Underwritings and Undertakings will not result in the following:-

- (i) any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (*excluding treasury shares*) are in the hands of public shareholders; and
- (ii) any consequences of mandatory general offer obligations pursuant to the provisions of the Malaysian Code on Take-overs and Mergers, 2016 ("**Code**") and the Rules immediately after completion of the Proposed Rights Issue.

Further, the underwriter(s) and/or Undertaking Shareholder(s) shall ensure that they will at all times observe and ensure compliance with the provisions of the Code and the Rules and will seek from the Securities Commission Malaysia the necessary exemptions from undertaking mandatory general offer, if required.

#### **4.1.3 Basis and justification of determining the Rights Issue Price**

The Rights Issue Price shall be determined by the Board at a price-fixing date to be determined later after obtaining all relevant approvals for the Proposed Rights Issue but before the announcement of the Rights Entitlement Date, after taking into consideration, amongst others, the following:-

- (i) the funding requirements of the Group;
- (ii) the prevailing market prices of AAX Shares (*after adjusting for the Proposed Share Consolidation*) at the point of implementation of the Proposed Rights Issue;
- (iii) the TEAP of AAX Shares based on the 5-day VWAP of AAX Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the Rights Issue Price at a discount of between 30% and 55% to the TEAP of AAX Shares, after taking into consideration the range of discount implied by various possible Rights Issue Price and Rights Entitlement Basis which may be considered for the Proposed Rights Issue. The intended range of discount was determined by the Board after taking into consideration the need to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to raise the necessary funds required for the proposed use as set out in Section 5 of this Circular; and

- (iv) the rationale for the Proposed Rights Issue, as set out in Section 6 of this Circular.

#### **4.1.4 Ranking of the Rights Shares**

The Rights Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing issued AAX Shares.

#### **4.1.5 Foreign-Addressed Shareholders**

The abridged prospectus together with its accompanying documents or any other documents to be issued in connection with the Proposed Rights Issue are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents or any other documents relating to the Proposed Rights Issue will only be sent to Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in the Record of Depositors on the Rights Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the Rights Entitlement Date.

Foreign-Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers as well as the share registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, to effect the change of address prior to the Rights Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from the Company's share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.



The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Record of Depositors as at the Rights Entitlement Date and will not accept or deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so and the Company and/or any of its advisers would not, in connection with the Proposed Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholders may be subject to.

Foreign-Addressed Shareholders will be responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in such jurisdiction and the Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such persons may be required to pay. Foreign-Addressed Shareholders will have no claims whatsoever against the Company, its share registrar and/or any of its advisers in respect of their rights or entitlements under the Proposed Rights Issue. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

The Foreign-Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the applicants in the Proposed Rights Issue shall be on the basis of a warranty by the applicants that they are allowed to do so lawfully without the Company and/or the advisers being in breach of the laws of any jurisdiction.

Neither the Company nor any of its advisers to the Proposed Rights Issue shall accept any responsibility or liability in the event that any acceptance by a Foreign-Addressed Shareholder of his rights in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject, will have no claims whatsoever against the Company and/or any of its advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue.

The Company reserves the right in its absolute discretion to treat any subscription of the Rights Shares as being invalid if it believes or has reason to believe that such subscription for the Rights Shares may violate applicable legal or regulatory requirements.

## **4.2 Proposed Share Subscription**

### **4.2.1 Basis and number of Subscription Shares to be issued**

The issuance and allotment of new AAX Shares by way of subscription of the Subscription Shares by Placees of up to RM200.0 million shall be based on the following salient terms:-

- (i) the subscription of the Subscription Shares is conditional upon the completion of the Proposed Rights Issue. The subscription period is for a period of 3 months from the completion of the Proposed Rights Issue ("**Subscription Period**") and shall lapse thereafter;

- (ii) the issue price of the Subscription Shares will be the same as the Rights Issue Price<sup>(1)</sup>; and
- (iii) no Placee shall emerge as a new controlling shareholder<sup>(2)</sup> of AAX pursuant to the Proposed Share Subscription to ensure that mandatory general offer obligations pursuant to the Rules will not be triggered.

Notes:-

- (1) *Based on the lowest issue price of RM0.10 (as set out in Section 4.1.1 of this Circular), the issuance and allotment of Subscription Shares of up to RM200.0 million will entail the issuance of up to 2,000,000,000 Subscription Shares.*
- (2) *Controlling shareholder means any person who is or a group of persons who together are entitled to exercise or control the exercise of more than 33% of the voting shares in the Company.*

The SPV will commit to subscribe for the Subscription Shares of up to RM50.0 million (*during the Subscription Period*) as and when such subscription is called upon by the Company or by the SPV. In this regard, the SPV will enter into the SPV Share Subscription Agreement with AAX at a later date after the receipt of the Shareholders' approval for the Proposed Share Subscription. In addition to the salient terms of the Proposed Share Subscription above, the salient terms of the SPV Share Subscription Agreement shall also include the following:-

- (i) the Subscription Option will be granted to the SPV to subscribe for such number of Additional Subscription Shares representing up to 15% of the enlarged total number of issued Shares (*excluding treasury shares, if any*) at any point of time during the Subscription Option Period, which shall be for a period of 36 months commencing from the completion of the Proposed Rights Issue;
- (ii) the issue price of the Additional Subscription Shares will be based on the higher of the (a) Rights Issue Price or (b) 25% of the 5-day VWAP of AAX Shares up to and including the date immediately preceding any exercise of the Subscription Option, subject to adjustment if any alteration is made to the share capital at any time during the Subscription Option Period such as by way of rights issue, bonus issue, consolidation of shares, subdivision of shares, reduction of capital or capital distribution<sup>(1)(2)</sup>;

Notes:-

- (1) *Accordingly, the Additional Subscription Shares will be issued based on an issue price which is not less than the Rights Issue Price, subject to any abovementioned adjustment.*
- (2) *For each subscription of Additional Subscription Shares pursuant to any exercise of the Subscription Option by the SPV, the Company will make an announcement on the number of Additional Subscription Shares subscribed, the issue price and the basis of the issue price as well as any other relevant information, where applicable to Bursa Securities.*
- (iii) the right of the SPV to exercise the Subscription Option is not conditional upon any level of subscription of the Subscription Shares by any Placee; and
- (iv) the Additional Subscription Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing issued AAX Shares.

The 36-month Subscription Option is proposed to be granted to the SPV for its support and participation, after taking into consideration the abovementioned commitment by the SPV to subscribe for up to RM50.0 million of the Subscription Shares (*as and when such subscription is called upon*). In addition, any proceeds arising from the issuance of the Additional Subscription Shares will provide additional funds to the Group.

Taking into consideration the abovementioned rationale for the proposed granting of the Subscription Option to the SPV and the requirements for determination of issue price of the Additional Subscription Shares based on prevailing market prices of AAX Shares at the point of issuance, the issue price of the Additional Subscription Shares will be based on the higher of the (a) Rights Issue Price or (b) 25% of the 5-day VWAP of AAX Shares up to and including the date immediately preceding any exercise of the Subscription Option, subject to adjustment if any alteration is made to the share capital at any time during the Subscription Option Period. Accordingly, the Additional Subscription Shares will be issued based on an issue price which is not less than the Rights Issue Price, subject to any adjustment, i.e. the issue price of the Additional Subscription Shares is at least the price to be paid by the Entitled Shareholders and/or their renounee(s) for each Rights Share and the Placee(s) for each Subscription Share pursuant to the Proposed Fundraising.

The proceeds raised from the Proposed Share Subscription will be channelled towards the proposed use as set out in Section 5 of this Circular. It is the intention of the Company to implement the Proposed Share Subscription after the completion of the Proposed Rights Issue.

#### **4.2.2 Issuance of securities with specific shareholder approval**

Pursuant to Paragraph 6.06 of the Listing Requirements, a listed issuer must not issue shares or other convertible securities to the following persons unless Shareholders in general meeting have approved the specific allotment to be made to such persons:-

- (i) a director, major shareholder or chief executive of the listed issuer or a holding company of the listed issuer ("**Interested Person**"); or
- (ii) a person connected with the Interested Person.

Accordingly, in view of the interests of Dato' Lim Kian Onn and/or persons connected with him, if any in the Proposed Share Subscription and the Subscription Option through the SPV, the Company will seek Shareholders' approval for the Proposed Share Subscription and the granting of the Subscription Option pursuant to Paragraph 6.06 of the Listing Requirements at the forthcoming EGM to be convened.

#### **4.2.3 Basis and justification of determining the issue prices of the Subscription Shares**

The issue price of the Subscription Shares shall be fixed at the same price as the Rights Issue Price. This is on the basis that all funds to be raised from issuance of the Rights Shares and Subscription Shares constitute fresh capital to restart the Group's flights.

#### **4.2.4 Ranking of the Subscription Shares**

The Subscription Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing issued AAX Shares.

#### 4.3 Details of equity fundraising exercises undertaken by the Company in the past 12 months

AAX has not undertaken any equity fundraising exercises in the past 12 months before the announcement of the Proposed Fundraising on 14 December 2020.

#### 5. USE OF PROCEEDS

The exact amount of proceeds to be raised from the Proposed Fundraising cannot be determined at this juncture as the amount would depend on the issue prices and number of the Rights Shares and Subscription Shares to be issued.

The gross proceeds to be raised from the Proposed Fundraising will be used in the following manner based on the scenarios described below:-

Proposed use of proceeds	Expected timeframe for use from receipt of funds pursuant to the Proposed Fundraising	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
(i) Working capital	Within 24 months	140,564	489,524
(ii) Estimated expenses for the Proposals and Proposed Debt Restructuring	Immediate	9,436	10,476
<b>Total</b>		<b>150,000</b>	<b>500,000</b>

##### (i) Working capital

The gross proceeds from the Proposed Fundraising are intended to be used mainly to finance the working capital requirements of the Group for the next 24 months from the completion of the Proposed Fundraising in order for the Group to implement its Revised Business Plan.

The Group's working capital requirements include aircraft activation costs, payment of trade and other payables, salaries and other staff-related costs as well as other operating expenses incurred in the Group's day-to-day operations. Based on the management's best estimate, the indicative allocation of the proceeds for the Group's working capital requirements are as follows:-

	Indicative allocation (%)
Aircraft activation costs	25 – 35
Payment of trade and other payables	5 – 15
Salaries and other staff-related costs	30 – 40
Other operating expenses	20 – 30

Notwithstanding the above, the allocation as disclosed above is indicative and based on the management's best estimate only. The exact breakdown of the proceeds to be used for each component of working capital is subject to change as it is dependent on the terms of new contracts, agreements and/or arrangements with relevant parties to be agreed upon.

Based on the Revised Business Plan, there will not be any funding shortfall expected. Nevertheless, should there be any shortfall between the actual working capital requirements and proceeds raised from the Proposed Fundraising, it will be funded via bank borrowings and/or future fundraising exercises, where necessary.

(ii) **Estimated expenses for the Proposals and Proposed Debt Restructuring**

The breakdown of the estimated expenses for the Proposals and Proposed Debt Restructuring is illustrated below:-

<b>Estimated expenses</b>	<b>Minimum Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>
Professional fees <sup>(1)</sup>	7,816	8,856
Fees to the relevant authorities in relation to the Proposals	278	278
Printing, despatch, advertising and meeting expenses	1,042	1,042
Miscellaneous expenses and contingencies	300	300
<b>Total</b>	<b>9,436</b>	<b>10,476</b>

Note:-

(1) *The breakdown of the professional fees for the Proposals and Proposed Debt Restructuring is estimated to be as shown below:-*

<b>Professional fees</b>	<b>Minimum Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>
<i>Principal Adviser, solicitors, reporting accountant, company secretaries and share registrar fees</i>	4,901	5,146
<i>Underwriting, management and placement fees</i>	2,915	3,710
<b>Total</b>	<b>7,816</b>	<b>8,856</b>

If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from the gross proceeds allocated for working capital of the Group. Conversely, any surplus funds following the payment of expenses will be used to fund the working capital requirements of the Group.

In the event the actual gross proceeds to be raised from the Proposed Fundraising is higher or lower than the estimated gross proceeds set out above, such variance shall be adjusted to / from the gross proceeds allocated for working capital of the Group.

Pending the use of the proceeds from the Proposed Fundraising, the unused proceeds shall be placed in interest-bearing deposits and/or invested in money market financial instruments. The interests earned from such deposits and/or gains derived from the money market financial instruments will be used as additional working capital for the Group.

The exact quantum of proceeds that may be raised by the Company pursuant to the Subscription Option will depend on the actual number and issue price of the Additional Subscription Shares issued following any exercise of the Subscription Option (*if any*). The proceeds from the issuance of the Additional Subscription Shares will be received on an "as and when basis" over the tenure of the Subscription Option, if exercised.

Strictly for illustrative purposes, based on an illustrative exercise price of RM0.40 per Additional Subscription Share, the Company will raise gross proceeds of up to approximately RM99.7 million upon the issuance of Additional Subscription Shares under the Maximum Scenario. Any proceeds arising from the issuance of the Additional Subscription Shares in the future will be used to finance future working capital requirements and other funding requirements for the Group's business and/or other investments and/or as the Board may deem fit. The exact breakdown cannot be determined at this juncture and would depend on the actual requirements at the relevant time.

## **6. RATIONALE FOR THE PROPOSALS AND PROPOSED DEBT RESTRUCTURING**

The Group aims to rebound as a low-cost medium haul airline with a leaner and more sustainable cost base as envisaged by its Revised Business Plan. However, the Group is facing severe liquidity constraints and will not be able to meet its immediate debt and other financial commitments. For the Group's survival, fresh capital from existing and new investors and/or financiers is required and any injection of such capital will first require the Group to undertake a right-sizing of its financial obligations (*i.e. to restructure and reconstitute the Group's debt obligations in an orderly manner and to arrive at a debt structure which is sustainable*). The Proposals and Proposed Debt Restructuring serve to achieve the following objectives:-

### **6.1 Proposed Debt Restructuring**

The Proposed Debt Restructuring is aimed at enabling the Group to address its debt obligations in an orderly manner and to arrive at a debt structure which is sustainable. This is key to the survival and going concern of the Group, with the Settlement Sum being supported by the Group's Revised Business Plan which focuses on amongst others, mature profitable routes, reduced fleet size and restructuring of fixed cost to variable cost to support a gradual recovery of flight operations.

### **6.2 Proposed Corporate Restructuring**

The Proposed Corporate Restructuring would serve to rationalise the financial position and capital base of the Group which will be more reflective of its level of operations moving forward whereby:-

- (i) the credit arising from the Proposed Share Capital Reduction will significantly reduce AAX's accumulated losses. This will facilitate AAX's objective to rebuild its financial position which would then enhance the credibility of the Group with various stakeholders; and
- (ii) the Proposed Share Consolidation will reduce the number of AAX Shares in issue and correspondingly, increase the reference / trading prices of AAX Shares. This may reduce the volatility of the trading price for the AAX Shares. In addition, the higher share price resulting from the Proposed Share Consolidation would enable AAX to have more flexibility in fixing the issue prices of the Rights Shares and Subscription Shares.

### **6.3 Proposed Fundraising**

The Proposed Fundraising is undertaken to enable the Group to raise the required funds. This will allow AAX to re-establish a firm equity base to support future financing needs as well as to secure the working capital required to restart its flights.

## **7. INDUSTRY OVERVIEW AND PROSPECTS**

### **7.1 Overview and outlook of the aviation industry**

The COVID-19 pandemic has had a huge negative impact on tourist arrivals into Malaysia. The MCO restricted all international and domestic travels, in particular for tourism purposes. This had caused an unprecedented decline in tourist arrivals in 2<sup>nd</sup> quarter of 2020. Malaysia's tourist arrivals contracted by 99.7% year-on-year in 2<sup>nd</sup> quarter of 2020.

Passenger traffic recovered slightly in 3<sup>rd</sup> quarter of 2020, showing a smaller decline of 83.3% year-on-year or 4.7 million passengers. This compares to 2<sup>nd</sup> quarter of 2020, when Malaysia's passenger traffic dropped to only 802,525, recording a 97.0% year-on-year decline (2<sup>nd</sup> quarter of 2019: 26.7 million). Passenger traffic had recovered slightly in 3<sup>rd</sup> quarter of 2020 as domestic flights are allowed to operate following the ease of domestic travel restrictions on 10 June 2020.

International passenger movements were the most affected by the MCO. The passenger traffic for the ASEAN region and non-ASEAN region had shown steep declines of 98.8% and 97.4% in 3<sup>rd</sup> quarter of 2020 respectively (2<sup>nd</sup> quarter of 2020: -99.5%; -98.7%).

In September 2020, the International Air Transport Association revised its global passenger traffic growth forecast to -66.0% year-on-year. Passenger traffic growth for the Asia Pacific is forecasted to be at -69.2% year-on-year.

For the base case scenario, the Malaysian Aviation Commission ("**MAVCOM**") revises downward its 2020 passenger traffic forecast to contract by between 72.8% year-on-year and 75.7% year-on-year, which translates to 26.6 million to 29.7 million passengers.

For 2021, passenger traffic is estimated to grow by between 94.2% year-on-year and 100.3% year-on-year, translating to 51.7 million to 53.3 million passengers (*base case*). This increase is due to the low base effect in 2020. MAVCOM's estimation assumes airlines to gradually deploy more seat capacity as international travel restrictions are lifted, presumably in 2021. Given the rapidly changing circumstances, MAVCOM's forecast will depend on several factors, namely the development of vaccines, imposition of public health measures such as the MCO, development of air travel bubbles and consumer behaviour towards travelling by air.

*(Source: Malaysian Aviation Industry Outlook December 2020, MAVCOM)*

## **7.2 Prospects and future plans of the Group**

Globally, the commercial airline industry continues to face uncertainty as a result of the unprecedented COVID-19 pandemic. Travel and border restrictions have been enforced and prolonged in many countries which virtually eliminate demand for international air travel, adversely impacting the financial performance of the AAX Group. This is more evident in AAX because it has no domestic travel to support its business. Even when the travel restrictions ease and international borders re-open, these will be done progressively and cautiously. Hence, any recovery of demand is also expected to be gradual.

Based on its current financial position and the industry outlook, the Group will not be able to meet its immediate debt and other financial commitments. An imminent default of such commitments will result in early termination of arrangements with suppliers, creditors and financiers that will precipitate a potential liquidation of the airline.

To avoid a liquidation and to allow the airline to fly again, the Group has proposed to undertake the Proposed Debt Restructuring and Proposed Corporate Restructuring as well as update its business model to survive and thrive in the long term. The right-sizing of the Group's level of operations and its financial obligations as well as the Revised Business Plan will provide new opportunities for the Group to transform and reset its business and to emerge in a stronger financial position capable of attracting new equity and/or debt investments that are critical to the long-term viability of the Group. In addition, the Group has also proposed to undertake the Proposed Fundraising in order to raise the required funds to support the Revised Business Plan.

AAX has been operating for 13 years and has built a significant market presence in the Asia Pacific region. Previously, AAX focused on a growth and expansion strategy to capture growing traffic in the region by expanding fleet size and investing in new routes, achieving market leadership in China, Australia, Japan, South Korea and India with about 50% market share. Going forward, AAX will strive to rebound as a low-cost medium haul airline with a leaner and more sustainable cost base while focusing on building business sustainability, growing yield instead of market share and competing in a more rational pricing environment.

The Revised Business Plan has the following important elements:-

**(i) Rationalisation of network**

AAX will rationalise its network plan (*by suspension and/or termination of unprofitable and/or immature routes*), shifting its focus from market share to that of sustainability and yield and driving profitability, focusing on routes that have proven load and yield performance. The initial phase of the network recovery plan involves operation resumption to selected markets with historically proven performance. During the first 6 months of network resumption, the Group will gradually resume flights to destinations such as primary cities in Australia, China, Taiwan, Japan, Korea, United States (*via Japan*) and India. The Group plans to resume operation to all destinations in selected markets by end of 2022. The key criteria of the market selection are driven by historical profitability and demand forecast as the Group will focus on business sustainability and profitability moving forward.

In order to support the above, the gross proceeds from the Proposed Fundraising of up to RM500.0 million under the Maximum Scenario (Minimum Scenario: RM150.0 million) are intended to be used mainly to finance the working capital requirements of the Group for the next 24 months from the completion of the Proposed Fundraising. The actual working capital requirements cannot be determined at this juncture as it is dependent on the terms of new contracts, agreements and/or arrangements with relevant parties to be agreed upon as well as taking into consideration, amongst others, the market demand for air travel in the selected markets at that point of time. Should there be any shortfall between the actual working capital requirements and proceeds raised from the Proposed Fundraising, it will be funded via bank borrowings and/or future fundraising exercises, where necessary.

Upon full resumption of all targeted routes in the Revised Business Plan, AAX will focus on rebuilding flight frequency to optimal levels and avoid deploying excess capacity in its markets. In view of the current uncertainty of COVID-19 situation, AAX will continuously review its network resumption timeline, while adhering to the most recent travel restrictions, travel bubbles and border policies of individual countries. AAX also continues to engage with tourism and airport authorities, governments and other industry stakeholders to pave the way for prospects of travel bubbles in green zone countries and reinstate the public's confidence to travel. AAX hopes to begin operating with 2 aircraft in selected markets when situation allows and to gradually resume flights to all destinations.



**(ii) Leaner and more sustainable cost structure**

AAX will continue its focus on medium haul flight operations within the 5 to 8-hour range and defer investment in new or immature routes while reopening, defending and building load and yield in its core routes. To streamline the Group's cost base, it will aim to review and restructure all contracts, agreements and/or arrangements to better align with the Group's future size and requirements and lowering costs significantly. In addition, the Group will undertake manpower consolidation and optimisation in tandem with the rationalised network ramp up plan. By overhauling the cost base, the Group seeks to achieve a revised cost structure that matches the revenue generation trajectory and business recovery during / post COVID-19.

**(iii) Optimisation of fleet**

The Group remains engaged with all key business partners in respect of contracts, agreements and/or arrangements which are required to ensure the survival of the Group. These contracts, agreements and/or arrangements will be based on terms to be agreed upon that are reflective and supportive of the Revised Business Plan. The Group will need the support and understanding of its business partners to execute the Revised Business Plan.

## 8. EFFECTS OF THE PROPOSALS AND PROPOSED DEBT RESTRUCTURING

For illustrative purposes, the pro forma effects of the Proposals and Proposed Debt Restructuring are set out based on the following assumptions:-

- (i) the illustrative Rights Issue Price and the illustrative Rights Entitlement Basis are assumed to be as follows:-

Illustrative Rights Issue Price : RM0.40 per Rights Share, representing a discount of approximately 31.25% to the TEAP of AAX Shares of RM0.5818, based on the 5-day VWAP of AAX Shares up to and including the LPD of RM0.9090 (*after adjusting for the Proposed Share Consolidation*)

Illustrative Rights Entitlement Basis : 9 Rights Shares for every 5 Consolidated Shares

- (ii) the illustrative issue prices of the Subscription Shares and Additional Subscription Shares are assumed to be same as the illustrative Rights Issue Price of RM0.40 per Share.

Based on the illustrative issue prices and entitlement basis above, the total number of Rights Shares, Subscription Shares and Additional Subscription Shares (*assuming full exercise of the Subscription Option*) to be issued under the Minimum Scenario and Maximum Scenario are as follows:-

	<u>Rights Shares</u>	<u>Subscription Shares</u>	<u>Total pursuant to Proposed Fundraising</u>	<u>Additional Subscription Shares</u>
<b>Minimum Scenario</b>				
- number of Shares to be issued	250,000,000	125,000,000	375,000,000	118,472,236
- gross proceeds to be raised (RM'mil)	100.00	50.00	150.00	47.39
<b>Maximum Scenario</b>				
- number of Shares to be issued	746,666,838	500,000,000	1,246,666,838	249,222,262
- gross proceeds to be raised (RM'mil)	298.67	200.00	498.67	99.69

The pro forma effects in this section are illustrated based on the assumptions and scenarios as mentioned above and should not be regarded as an indication or reference to the final issue prices, final entitlement basis and final issue size of the Proposed Fundraising, which will be determined by the Board and announced closer to the implementation of the Proposed Fundraising.

#### 8.1 Share capital

The Proposed Debt Restructuring will not have any effect on the share capital of AAX. The pro forma effects of the Proposed Corporate Restructuring and Proposed Fundraising on the issued share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM'000)	No. of Shares	Share capital (RM'000)
Issued share capital as at the LPD	4,148,149,102	1,534,044	4,148,149,102	1,534,044
Reduction of issued share capital pursuant to the Proposed Share Capital Reduction	-	(1,532,510)	-	(1,532,510)
	4,148,149,102	1,534	4,148,149,102	1,534
After the Proposed Share Consolidation	414,814,910	1,534	414,814,910	1,534
Rights Shares to be issued pursuant to the Proposed Rights Issue	250,000,000	100,000	746,666,838	298,667
Enlarged issued share capital after the Proposed Rights Issue	664,814,910	101,534	1,161,481,748	300,201
Subscription Shares to be issued pursuant to the Proposed Share Subscription	125,000,000	50,000	500,000,000	200,000
Enlarged issued share capital after the issuance of Subscription Shares	789,814,910	151,534	1,661,481,748	500,201
Additional Subscription Shares to be issued assuming full exercise of the Subscription Option	118,472,236	47,389	249,222,262	99,689
<b>Enlarged issued share capital</b>	<b>908,287,146</b>	<b>198,923</b>	<b>1,910,704,010</b>	<b>599,890</b>

## 8.2 NA and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group are as follows:-

### Minimum Scenario

Group level	Audited as at 31 December 2019 (RM'000)	(I) After adjusting for subsequent events <sup>(1)</sup> (RM'000)	(II) After (I) and the Proposed Debt Restructuring (RM'000)	(III) After (II) and the Proposed Share Capital Reduction (RM'000)	(IV) After (III) and the Proposed Share Consolidation (RM'000)	(V) After (IV) and the Proposed Rights Issue (RM'000)	(VI) After (V) and the issuance of Subscription Shares (RM'000)	(VII) After (VI) and assuming full exercise of the Subscription Option (RM'000)
Share capital	1,534,043	1,534,044	1,534,044	1,534	1,534	101,534	151,534	198,923
Warrant reserve	62,222	-	-	-	-	-	-	-
Cash flow hedge reserve	30,452	(22,841)	-	-	-	-	-	-
Currency translation reserve	89	470	654	654	654	654	654	654
Accumulated losses	(1,488,877)	(8,242,392)	(1,588,211) <sup>(2)</sup>	(55,701)	(55,701)	(61,980) <sup>(3)</sup>	(61,980)	(61,980)
<b>Total equity / NA</b>	<b>137,929</b>	<b>(6,730,719)</b>	<b>(53,513)</b>	<b>(53,513)</b>	<b>(53,513)</b>	<b>40,208</b>	<b>90,208</b>	<b>137,597</b>
No. of Shares in issue ('000)	4,148,149	4,148,149	4,148,149	4,148,149	4,148,149	664,815	789,815	908,287
NA per Share (RM)	0.03	(1.62)	(0.01)	(0.01)	(0.13)	0.06	0.11	0.15
Total borrowings (RM'000)	6,265,611	6,137,456	-	-	-	-	-	-
Gearing ratio (times)	45.43	(0.91)	-	-	-	-	-	-

#### Notes:-

- (1) After accounting for transactions up to 31 December 2020 which are as follows:-
  - (i) recognition of total comprehensive loss for the 12-month FPE 31 December 2020;
  - (ii) recognition of impairment losses on the Group's assets amounting to approximately RM5.48 billion;
  - (iii) issuance of 550 new Shares pursuant to the exercise of Warrants at the exercise price of RM0.46 each in June 2020; and
  - (iv) expiry of all unexercised Warrants on 5 June 2020.
- (2) After deducting estimated expenses in respect of the Proposed Debt Restructuring of RM3.16 million.
- (3) After deducting estimated expenses in respect of the Proposals of RM6.28 million.

### Maximum Scenario

Group level	Audited as at 31 December 2019 (RM'000)	(I) After adjusting for subsequent events <sup>(1)</sup> (RM'000)	(II) After (I) and the Proposed Debt Restructuring (RM'000)	(III) After (II) and the Proposed Share Capital Reduction (RM'000)	(IV) After (III) and the Proposed Share Consolidation (RM'000)	(V) After (IV) and the Proposed Rights Issue (RM'000)	(VI) After (V) and the issuance of Subscription Shares (RM'000)	(VII) After (VI) and assuming full exercise of the Subscription Option (RM'000)
Share capital	1,534,043	1,534,044	1,534,044	1,534	1,534	300,201	500,201	599,890
Warrant reserve	62,222	-	-	-	-	-	-	-
Cash flow hedge reserve	30,452	(22,841)	-	-	-	-	-	-
Currency translation reserve	89	470	654	654	654	654	654	654
Accumulated losses	(1,488,877)	(8,242,392)	(1,588,211) <sup>(2)</sup>	(55,701)	(55,701)	(63,020) <sup>(2)</sup>	(63,020)	(63,020)
<b>Total equity / NA</b>	<b>137,929</b>	<b>(6,730,719)</b>	<b>(53,513)</b>	<b>(53,513)</b>	<b>(53,513)</b>	<b>237,835</b>	<b>437,835</b>	<b>537,524</b>
No. of Shares in issue ('000)	4,148,149	4,148,149	4,148,149	4,148,149	414,815	1,161,482	1,661,482	1,910,704
NA per Share (RM)	0.03	(1.62)	(0.01)	(0.01)	(0.13)	0.20	0.26	0.28
Total borrowings (RM'000)	6,265,611	6,137,456	-	-	-	-	-	-
Gearing ratio (times)	45.43	(0.91)	-	-	-	-	-	-

#### Notes:-

- (1) After accounting for transactions up to 31 December 2020 which are as follows:-  
(i) recognition of total comprehensive loss for the 12-month FPE 31 December 2020;  
(ii) recognition of impairment losses on the Group's assets amounting to approximately RM5.48 billion;  
(iii) issuance of 550 new Shares pursuant to the exercise of Warrants at the exercise price of RM0.46 each in June 2020; and  
(iv) expiry of all unexercised Warrants on 5 June 2020.
- (2) After deducting estimated expenses in respect of the Proposed Debt Restructuring of RM3.16 million.
- (3) After deducting estimated expenses in respect of the Proposals of RM7.32 million.

The pro forma effects above have not taken into consideration any new contracts, agreements and/or arrangements, of which the terms are to be agreed upon, with relevant parties for necessary services and supplies to support AAX's Revised Business Plan as well as any returns which may be generated from the use of proceeds to be raised from the Proposed Fundraising.

### 8.3

#### Substantial Shareholders' shareholdings

The Proposed Debt Restructuring and Proposed Share Capital Reduction will not have any effects on the substantial Shareholders' shareholdings in the Company. For illustration purposes, the pro forma effects of the Proposed Share Consolidation and Proposed Fundraising on the substantial Shareholders' shareholdings in the Company are as follows:-

#### Minimum Scenario

Substantial Shareholders	(I)							
	As at the LPD		After the Proposed Share Consolidation					
	Direct	Indirect	Direct	Indirect				
No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	
Tune Group Sdn Bhd	739,602,874	17.83	-	-	73,960,287	17.83	-	
AirAsia Berhad	570,728,502	13.76	-	-	57,072,850	13.76	-	
Tan Sri Anthony Francis Fernandes	111,587,228	2.69	1,310,331,376 <sup>(3)</sup>	31.59	11,158,722	2.69	131,033,137 <sup>(3)</sup>	31.59
Datuk Kamarudin bin Meranun	370,709,939	8.94	1,310,331,376 <sup>(3)</sup>	31.59	37,070,993	8.94	131,033,137 <sup>(3)</sup>	31.59
Dato' Lim Kian Onn	-	-	175,833,356 <sup>(4)</sup>	4.24	-	-	17,583,335 <sup>(4)</sup>	4.24

  

Substantial Shareholders	(II)				(III)				
	After (I) and the Proposed Rights Issue		After (II) and the issuance of Subscription Shares		After (II) and the issuance of Subscription Shares		After (II) and the issuance of Subscription Shares		
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
No. of Shares	% <sup>(5)</sup>	No. of Shares	% <sup>(5)</sup>	No. of Shares	% <sup>(6)</sup>	No. of Shares	% <sup>(6)</sup>	No. of Shares	% <sup>(6)</sup>
Tune Group Sdn Bhd	73,960,287	11.12	-	-	73,960,287	9.36	-	-	-
AirAsia Berhad	57,072,850	8.58	-	-	57,072,850	7.23	-	-	-
Tan Sri Anthony Francis Fernandes	11,158,722	1.68	131,033,137 <sup>(3)</sup>	19.71	11,158,722	1.41	131,033,137 <sup>(3)</sup>	16.59	16.59
Datuk Kamarudin bin Meranun	37,070,993	5.58	131,033,137 <sup>(3)</sup>	19.71	37,070,993	4.69	131,033,137 <sup>(3)</sup>	16.59	16.59
Dato' Lim Kian Onn	-	-	17,583,335 <sup>(4)</sup>	2.64	-	-	142,583,335 <sup>(7)</sup>	18.05	18.05

Substantial Shareholders	(IV) After (III) and assuming full exercise of the Subscription Option		
	Direct		Indirect
	No. of Shares	% <sup>(6)</sup>	No. of Shares % <sup>(6)</sup>
Tune Group Sdn Bhd	73,960,287	8.14	-
AirAsia Berhad	57,072,850	6.28	-
Tan Sri Anthony Francis Fernandes	11,158,722	1.23	131,033,137 <sup>(3)</sup>
Datuk Kamarudin bin Meranun	37,070,993	4.08	131,033,137 <sup>(3)</sup>
Dato' Lim Kian Onn	-	-	261,055,571 <sup>(7)</sup>

Notes:-

- (1) Computed based on the total number of 4,148,149,102 AAX Shares as at the LPD.
- (2) Computed based on the total number of 414,814,910 Consolidated Shares after the Proposed Share Consolidation.
- (3) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Tune Group Sdn Bhd and AirAsia Berhad.
- (4) Deemed interested by virtue of Section 59(1)(c) of the Act through the shareholdings held by his spouse and children.
- (5) Computed based on the enlarged total number of 664,814,910 Shares after the Proposed Rights Issue, assuming the Minimum Subscription Level of RM100.0 million is fulfilled by Underwriting.
- (6) Computed based on the enlarged total number of 789,814,910 Shares after the issuance of Subscription Shares, assuming that the SPV subscribes for the entire RM50.0 million of the Subscription Shares under the Minimum Scenario.
- (7) Deemed interested by virtue of Section 59(1)(c) of the Act through the shareholdings held by his spouse and children as well as the SPV.
- (8) Computed based on the enlarged total number of 908,287,146 Shares assuming full exercise of the Subscription Option by the SPV.

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## Maximum Scenario

Substantial Shareholders	(I)					
	As at the LPD		After the Proposed Share Consolidation			
	Direct	Indirect	Direct	Indirect		
No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	
Tune Group Sdn Bhd	739,602,874	17.83	-	73,960,287	17.83	-
AirAsia Berhad	570,728,502	13.76	-	57,072,850	13.76	-
Tan Sri Anthony Francis Fernandes	111,587,228	2.69	1,310,331,376 <sup>(3)</sup>	11,158,722	2.69	131,033,137 <sup>(3)</sup>
Datuk Kamarudin bin Meranun	370,709,939	8.94	1,310,331,376 <sup>(3)</sup>	37,070,993	8.94	131,033,137 <sup>(3)</sup>
Dato' Lim Kian Onn	-	-	175,833,356 <sup>(4)</sup>	-	-	17,583,335 <sup>(4)</sup>

Substantial Shareholders	(II)				(III)			
	After (I) and the Proposed Rights Issue		After (II) and the issuance of Subscription Shares		Direct		Indirect	
	No. of Shares	% <sup>(5)</sup>	No. of Shares	% <sup>(5)</sup>	No. of Shares	% <sup>(6)</sup>	No. of Shares	% <sup>(6)</sup>
Tune Group Sdn Bhd	207,088,803	17.83	-	-	207,088,803	12.46	-	-
AirAsia Berhad	159,803,980	13.76	-	-	159,803,980	9.62	-	-
Tan Sri Anthony Francis Fernandes	31,244,421	2.69	366,892,783 <sup>(3)</sup>	31.59	31,244,421	1.88	366,892,783 <sup>(3)</sup>	22.08
Datuk Kamarudin bin Meranun	103,798,780	8.94	366,892,783 <sup>(3)</sup>	31.59	103,798,780	6.25	366,892,783 <sup>(3)</sup>	22.08
Dato' Lim Kian Onn	-	-	49,233,338 <sup>(4)</sup>	4.24	-	-	49,233,338 <sup>(7)</sup>	2.96

Substantial Shareholders	(IV)			
	After (III) and assuming full exercise of the Subscription Option			
	Direct	Indirect	No. of Shares	% <sup>(8)</sup>
Tune Group Sdn Bhd	207,088,803	-	10.84	-
AirAsia Berhad	159,803,980	-	8.36	-
Tan Sri Anthony Francis Fernandes	31,244,421	366,892,783 <sup>(3)</sup>	1.64	19.20
Datuk Kamarudin bin Meranun	103,798,780	366,892,783 <sup>(3)</sup>	5.43	19.20
Dato' Lim Kian Onn	-	298,455,600 <sup>(7)</sup>	-	15.62

### Notes:-

- (1) Computed based on the total number of 4,148,149,102 AAX Shares as at the LPD.
- (2) Computed based on the total number of 414,814,910 Consolidated Shares after the Proposed Share Consolidation.
- (3) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Tune Group Sdn Bhd and AirAsia Berhad.
- (4) Deemed interested by virtue of Section 59(1)(c) of the Act through the shareholdings held by his spouse and children.
- (5) Computed based on the enlarged total number of 1,161,481,748 Shares after the Proposed Rights Issue.
- (6) Computed based on the enlarged total number of 1,661,481,748 Shares after the issuance of Subscription Shares, assuming that the Placées (other than the SPV) subscribe for the entire RM200.0 million of the Subscription Shares under the Maximum Scenario.
- (7) Deemed interested by virtue of Section 59(1)(c) of the Act through the shareholdings held by his spouse and children as well as the SPV.
- (8) Computed based on the enlarged total number of 1,910,704,010 Shares assuming full exercise of the Subscription Option by the SPV.

#### **8.4 Earnings and EPS**

The Proposed Share Capital Reduction will not have any effect on the consolidated earnings and EPS of the Company for the 18-month financial period ending 30 June 2021.

The Proposed Share Consolidation will not have any effect on the consolidated earnings of the Company for the 18-month financial period ending 30 June 2021. Upon completion of the Proposed Share Consolidation, there will be a proportionate reduction in the number of Shares held by the Shareholders and a corresponding effect in the EPS of the Company.

Upon the completion of the Proposed Debt Restructuring and the Proposed Fundraising, the Group will be able to restart its flights with a leaner and more sustainable cost base as envisaged by its Revised Business Plan and thereafter, improve its financial performance.

The effects of the Proposed Debt Restructuring and the Proposed Fundraising on the consolidated earnings and EPS of the Company for the 18-month financial period ending 30 June 2021 will depend on, amongst others, the finalisation of the amount owing to the Scheme Creditors, the number of Rights Shares, Subscription Shares and Additional Subscription Shares to be issued and the level of returns generated from the use of the proceeds to be raised from the issuance of these securities. The increase in the number of Shares in issue arising from the issuance of the Rights Shares, Subscription Shares and Additional Subscription Shares will dilute the EPS of the Company.

#### **8.5 Convertible securities**

As at the LPD, the Company does not have any outstanding convertible securities.

### **9. APPROVALS REQUIRED AND CONDITIONALITY**

The Proposals are subject to the following being obtained:-

- (i) confirmation by the High Court for the Proposed Share Capital Reduction pursuant to Section 116 of the Act. The Proposed Share Capital Reduction shall become effective upon lodgement of the sealed order of the High Court for the Proposed Share Capital Reduction with the Companies Commission of Malaysia;
- (ii) approval from Bursa Securities for the following:-
  - (a) Proposed Share Consolidation;
  - (b) listing and quotation of up to 3,000,000,000 new AAX Shares to be issued pursuant to the Proposed Rights Issue;
  - (c) listing and quotation of up to 2,000,000,000 new AAX Shares to be issued pursuant to the Proposed Share Subscription; and
  - (d) listing and quotation of new AAX Shares to be issued pursuant to the Subscription Option.



The approval of Bursa Securities, which has been obtained via its letter dated 26 April 2021, is subject to the following conditions:-

Conditions imposed by Bursa Securities	Status of compliance
1. AAX and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Share Consolidation, Proposed Rights Issue, Proposed Share Subscription and Subscription Option;	To be complied
2. AAX or Mercury Securities is required to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders in general meeting approving the Proposed Share Consolidation, Proposed Rights Issue, Proposed Share Subscription and Subscription Option;	To be complied
3. AAX and Mercury Securities are required to make the relevant announcement pursuant to Paragraph 13.20(2) of the Listing Requirements pertaining to the Proposed Share Consolidation;	To be complied
4. AAX and Mercury Securities are required to inform Bursa Securities upon completion of the Proposed Share Consolidation, Proposed Rights Issue, Proposed Share Subscription and Subscription Option; and	To be complied
5. AAX and Mercury Securities are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Share Consolidation, Proposed Rights Issue, Proposed Share Subscription and Subscription Option are completed.	To be complied

- (iii) approval from the Shareholders for the Proposals at the forthcoming EGM to be convened; and
- (iv) approvals, waivers and/or consents from any other relevant authorities and/or parties, if required.

The Proposals are conditional upon the Proposed Debt Restructuring but not *vice versa*.

The Proposed Share Capital Reduction and Proposed Share Consolidation are inter-conditional.

The Proposed Rights Issue and Proposed Share Subscription are inter-conditional. The Proposed Fundraising is conditional upon the Proposed Corporate Restructuring but not *vice versa*.

Save for the above, the Proposals are not conditional upon any other corporate exercise / scheme undertaken or proposed to be undertaken by the Company.

## 10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major Shareholders, chief executive and/or persons connected with them have any interest (*direct and indirect*) in the Proposals save for:-

- (i) their respective entitlements under the Proposed Share Consolidation and Proposed Rights Issue (*including the right to apply for additional Rights Shares via excess Rights Shares applications*), of which all other Shareholders are similarly entitled to; and
- (ii) Dato' Lim Kian Onn, the Non-Independent Non-Executive Deputy Chairman of the Company, is deemed interested in the Proposed Share Subscription and Subscription Option through the SPV. As at the LPD, he has an indirect interest in AAX of approximately 4.24% (175,833,356 AAX Shares) held through his spouse and children.

Dato' Lim Kian Onn has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Share Subscription and Subscription Option. In addition, he will also abstain from voting and undertake to ensure that persons connected with him to abstain from voting in respect of their direct and/or indirect shareholdings in AAX, if any, on the resolutions pertaining to the Proposed Share Subscription and Subscription Option to be tabled at the EGM to be convened.

## 11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (*save for Dato' Lim Kian Onn in respect of the Proposed Share Subscription and Subscription Option*), after having considered all aspects of the Proposals including the use of proceeds to be raised from the Proposed Fundraising, rationale for the Proposals and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board (*save for Dato' Lim Kian Onn in respect of the Proposed Share Subscription and Subscription Option*) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

## 12. ESTIMATED TIMEFRAME FOR COMPLETION

The EGM will be held on 1 June 2021. The implementation of the Proposals is subject to the High Court's sanction for the Proposed Debt Restructuring. Subject to all relevant approvals and the High Court's sanction being obtained, the Board expects the estimated timeframe for the Proposals is as follows:-

Date	Events
T <sup>(1)</sup>	<ul style="list-style-type: none"><li>• High Court's sanction obtained for the Proposed Debt Restructuring</li></ul>
By T + 3 weeks	<ul style="list-style-type: none"><li>• Order of the High Court obtained for the Proposed Share Capital Reduction</li><li>• Lodgement of the sealed order of the High Court for the Proposed Share Capital Reduction with the Companies Commission of Malaysia</li><li>• Effective date of the Proposed Share Capital Reduction</li><li>• Announcement of the Share Consolidation Entitlement Date</li><li>• Announcement of the Rights Entitlement Date</li></ul>
By T + 5 weeks	<ul style="list-style-type: none"><li>• Share Consolidation Entitlement Date</li><li>• Completion of the Proposed Share Consolidation upon listing and quotation of the Consolidated Shares on the Main Market of Bursa Securities</li><li>• Rights Entitlement Date</li><li>• Despatch of the abridged prospectus, notice of provisional allotment and rights subscription forms</li></ul>

Date	Events
T + 7 weeks	<ul style="list-style-type: none"> <li>Closing date of application for the Rights Shares</li> </ul>
T + 9 weeks ("RI")	<ul style="list-style-type: none"> <li>Listing and quotation of the Rights Shares</li> <li>Completion of the Proposed Rights Issue upon listing and quotation of the Rights Shares on the Main Market of Bursa Securities</li> </ul>
RI + 3 months	<ul style="list-style-type: none"> <li>Last day for issuance of the Subscription Shares</li> </ul>
RI + 36 months	<ul style="list-style-type: none"> <li>Last day to exercise the Subscription Option in respect of the Additional Subscription Shares</li> </ul>

**Note:-**

(1) *The timeline for the implementation of the Proposals will commence from the High Court's sanction for the Proposed Debt Restructuring, indicated as T in the table above.*

### 13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and Proposed Debt Restructuring, there are no other corporate exercises / schemes which have been announced by the Company but pending completion as at the LPD.

### 14. EGM

The EGM, the notice of which is enclosed with this Circular, will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at Level 6, RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia on Tuesday, 1 June 2021 at 3.00 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions, with or without any modifications, to give effect to the Proposals.

If you are unable to participate and vote in person at the EGM, you may appoint a proxy or proxies to participate and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, and deposit it at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. Your proxy appointment may also be lodged electronically via TIIH Online website at <https://tiih.online>. The completion and lodgement of the Form of Proxy shall not preclude you from participating and voting in person at the virtual EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

### 15. FURTHER INFORMATION

Please refer to Appendix I for further information.

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

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

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**APPENDIX I – FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND CONFLICT OF INTEREST**

Mercury Securities, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Mercury Securities confirms that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals.

**3. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of the Shares as transacted for the past 12 months preceding the date of this Circular as well as the last transacted market price of the Shares on the last Market Day immediately prior to the announcement of the Proposed Corporate Restructuring and Proposed Fundraising and on the LPD are as follows:-

	<b>High RM</b>	<b>Low RM</b>
<b>2020</b>		
May	0.120	0.095
June	0.135	0.095
July	0.115	0.070
August	0.085	0.050
September	0.070	0.050
October	0.055	0.035
November	0.080	0.035
December	0.120	0.060
<b>2021</b>		
January	0.080	0.060
February	0.105	0.065
March	0.115	0.085
April	0.105	0.080
Last transacted market price of the Shares on 5 October 2020, being the last Market Day immediately prior to the announcement of the Proposed Corporate Restructuring on 6 October 2020	0.055	
Last transacted market price of the Shares on 11 December 2020, being the last Market Day immediately prior to the announcement of the Proposed Fundraising on 14 December 2020	0.090	
Last transacted market price of the Shares on the LPD	0.090	

(Source: Bloomberg)

**APPENDIX I – FURTHER INFORMATION (cont'd)**

**4. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

A summary of the historical financial information of the Group is as follows:-

	Unaudited	Audited		
	12-month FPE 31 December 2020	FYE 31 December 2019	FYE 31 December 2018	FYE 31 December 2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	1,130,093	4,233,344	4,571,376	4,578,674
(LBT) / PBT Tax expense	(1,337,061) (663)	(306,008) (344,309)	(226,661) (74,821)	186,804 (87,918)
(LAT) / PAT	<b>(1,337,724)</b>	<b>(650,317)</b>	<b>(301,482)</b>	<b>98,886</b>
(LBT) / PBT margin (%)	(118.31)	(7.23)	(4.96)	4.08
(LAT) / PAT margin (%)	(118.37)	(15.36)	(6.59)	2.16
Weighted average number of Shares ('000)	4,148,149	4,148,148	4,148,148	4,148,148
Loss per Share				
- Basic	(32.2)	(15.7)	(7.3)	2.4
- Diluted	(32.2)	(15.7)	(7.3)	2.4

**(i) 12-month FPE 31 December 2020 vs FYE 31 December 2019**

For the 12-month FPE 31 December 2020, the Group recorded revenue of approximately RM1.13 billion, a decrease of RM3.10 billion or 73.3% from approximately RM4.23 billion for the FYE 31 December 2019. This was mainly contributed by the outbreak of COVID-19 pandemic at the beginning of 2020 and the subsequent implementation of the travel and border restrictions, which have resulted in suspension of the Group's scheduled flight operations.

In line with the decrease in revenue, the Group recorded a higher LAT of approximately RM1.34 billion for the 12-month FPE 31 December 2020 as compared to a LAT of approximately RM0.65 billion for the FYE 31 December 2019, representing an increase in losses of RM0.69 billion or 106.15%. However, it was partially offset mainly by a decrease of RM1.12 billion in the aircraft fuel expenses to RM0.56 billion or 66.7% for the 12-month FPE 31 December 2020 (FYE 31 December 2019: RM1.68 billion).

**(ii) FYE 31 December 2019 vs FYE 31 December 2018**

For the FYE 31 December 2019, the Group recorded revenue of approximately RM4.23 billion, a decrease of RM0.34 billion or 7.4% from approximately RM4.57 billion for the previous financial year. This was mainly due to the following:-

- (a) lower revenue from scheduled flights of RM2.89 billion (FYE 31 December 2018: RM2.94 billion) on the back of a decline in number of guests carried (6.07 million) compared to the previous financial year (6.17 million) as well as decrease in ancillary revenue to RM0.82 billion for the FYE 31 December 2019 from RM0.85 billion for the previous financial year; and
- (b) decrease in aircraft operating lease income to RM0.22 billion for the FYE 31 December 2019 from RM0.45 billion for the previous financial year due to a change in the accounting treatment of sub-leased aircraft under Malaysian Financial Reporting Standard 16 *Leases*.

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**APPENDIX I – FURTHER INFORMATION (cont'd)**

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The Group recorded a higher LAT of approximately RM0.65 billion for the FYE 31 December 2019 as compared to a LAT of approximately RM0.30 billion for the previous financial year, representing an increase of RM0.35 billion or 116.7%. This was mainly due to the following:-

- (a) lower revenue as mentioned above;
- (b) increase in maintenance and overhaul costs by RM0.21 billion or 42.9% to RM0.70 billion for the FYE 31 December 2019 (FYE 31 December 2018: RM0.49 billion) mainly due to an increase in number of aircraft operated and expense of costs associated with the sale and leaseback of 5 aircrafts in 2019; and
- (c) increase in tax expense by RM0.27 billion or 385.7% to RM0.34 billion for the FYE 31 December 2019 (FYE 31 December 2018: RM0.07 billion).

**(iii) FYE 31 December 2018 vs FYE 31 December 2017**

For the FYE 31 December 2018, the Group recorded revenue of approximately RM4.57 billion, a slight decrease of RM0.01 billion or 0.2% from approximately RM4.58 billion for the previous financial year. The Group's revenue was largely unchanged except for the revenue from charter flights which declined to RM0.14 billion (FYE 31 December 2017: RM0.17 billion) in line with the Group's decision to reduce charter activities.

The Group recorded a LAT of approximately RM0.30 billion for the FYE 31 December 2018 as compared to a PAT of approximately RM0.10 billion for the previous financial year, representing a decrease of RM0.40 billion or 400.0%. This was mainly due to higher aircraft fuel expenses amounting to RM1.88 billion (FYE 31 December 2017: RM1.47 billion) arising from the significant increase in average fuel price by 34.8% from USD66 per barrel in 2017 to USD89 per barrel in 2018 as well as higher allowance for impairment of trade and other receivables of RM0.15 billion (FYE 31 December 2017: RM0.06 billion).

**(iv) FYE 31 December 2017 vs FYE 31 December 2016**

For the FYE 31 December 2017, the Group recorded revenue of approximately RM4.58 billion, an increase of RM0.68 billion or 17.4% from approximately RM3.90 billion for the previous financial year. This was mainly due to an increase in sales of scheduled flights resulting from an increase in the number of guest carried to 5.84 million (FYE 31 December 2016: 4.69 million) on the back of an increase in seat capacity from 5.94 million in 2016 to 7.15 million in 2017.

The Group recorded a PAT of approximately RM0.10 billion for the FYE 31 December 2017 as compared to a PAT of approximately RM0.04 billion for the previous financial year, representing an increase of RM0.06 billion or 150.0%. This was mainly due to the higher revenue as mentioned above, partly offset by the increase in the aircraft fuel expenses by RM0.35 billion or 31.3% to RM1.47 billion for the FYE 31 December 2017 (FYE 31 December 2016: RM1.12 billion). The higher aircraft fuel expenses were due to the increase in fuel consumption from 4.42 billion barrels for the FYE 31 December 2016 to 5.15 billion barrels for the FYE 31 December 2017 resulting from the growth in the number of sectors flown as well as the increase in average fuel price from USD61 per barrel for the FYE 31 December 2016 to USD66 per barrel for the FYE 31 December 2017.

**5. MEASURES TAKEN BY THE GROUP TO IMPROVE ITS FINANCIAL CONDITION**

As a result of the unprecedented COVID-19 pandemic, travel and border restrictions have been enforced and prolonged in many countries and this virtually eliminates demand for international air travel, adversely impacting the financial performance of the AAX Group.

Although the Group has embarked on a cost containment exercise that included grounding all scheduled flights, salary cuts and retrenchment across the Group to help withstand the adverse impact arising from the pandemic, more drastic measures are required for the Group's survival.

To avoid a liquidation and to allow the airline to fly again, the Group has proposed to undertake the Proposed Debt Restructuring and Proposed Corporate Restructuring as well as update its business model to survive and thrive in the long term. The right-sizing of the Group's level of operations and its financial obligations as well as the Revised Business Plan will provide new opportunities for the Group to transform and reset its business and to emerge in a stronger financial position capable of attracting new equity and/or debt investments that are critical to the long-term viability of the Group. In addition, the Group has also proposed to undertake the Proposed Fundraising in order to raise the required funds to support the Revised Business Plan.

The Revised Business Plan will include the rationalisation of its network plan by suspension and/or termination of unprofitable and/or immature routes, having a leaner and more sustainable cost structure as well as optimisation of its fleet. All these serve to enable the Group to rebound as a low-cost medium haul airline with a leaner and more sustainable cost base.

**6. IMPLICATION AND EFFECTS OF THE PROPOSALS AND PROPOSED DEBT RESTRUCTURING AND VALUE CREATION TO THE GROUP AND SHAREHOLDERS**

The Proposed Debt Restructuring enables the Group to address its debt obligations in an orderly manner and to arrive at a debt structure which is sustainable as the amount owing to the Scheme Creditors will be restructured and reconstituted into an acknowledgement of indebtedness by AAX for a principal amount of up to RM200.0 million, which is intended to be paid out of the operational cash flows of AAX over a period of 5 years from the effective date of the Proposed Debt Restructuring.

As set out in Section 8 of this Circular, the Proposed Debt Restructuring is expected to result in the Group's gearing level reducing to an insignificant level. In addition, the right-sizing of the Group's financial obligations pursuant to the Proposed Debt Restructuring will allow the Group to thereafter engage with existing and new investors and/or financiers to obtain fresh capital to support its future operations.

The Proposed Fundraising is undertaken to enable the Group to raise the required funds. This will allow AAX to re-establish a firm equity base to support future financing needs as well as to secure the working capital required for the Groups' operation.

Upon the completion of the Proposed Debt Restructuring and the Proposed Fundraising, the Group will be able to restart its flights with a leaner and more sustainable cost base as envisaged by its Revised Business Plan and thereafter, improve its financial performance.

The Proposed Corporate Restructuring would serve to rationalise the financial position and capital base of the Group which will be more reflective of its level of operations moving forward whereby:-

- (i) the credit arising from the Proposed Share Capital Reduction will significantly reduce AAX's accumulated losses. This will facilitate AAX's objective to rebuild its financial position which would then enhance the credibility of the Group with various stakeholders; and

- (ii) the Proposed Share Consolidation will reduce the number of AAX Shares in issue and correspondingly, increase the reference / trading prices of AAX Shares. This may reduce the volatility of the trading price for the AAX Shares. In addition, the higher share price resulting from the Proposed Share Consolidation would enable AAX to have more flexibility in fixing the issue prices of the Rights Shares and Subscription Shares.

The pro forma effects of the Proposals and Proposed Debt Restructuring are set out in Section 8 of this Circular.

## **7. ADEQUACY IN MEETING THE GROUP'S FINANCIAL REQUIREMENTS**

Premised on the successful implementation of the Proposals and Proposed Debt Restructuring, the Revised Business Plan of the Group as well as the recovery of demand for international air travel as and when travel restrictions ease and international borders re-open, the Board is of the view that the Proposals and Proposed Debt Restructuring are adequate to meet the Group's financial requirements at this juncture. The Group will continuously assess its financial position and condition moving forward and meet any financial requirements as required.

## **8. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at the LPD, based on the best estimates of AAX, the total Scheme Amounts is estimated to be approximately RM64.15 billion (*which may be subject to further modification, finalisation and outcome of the proof of debt exercise*). Upon determination and finalisation of the amount owing to the Scheme Creditors, the said amount will then be restructured and reconstituted into an acknowledgement of indebtedness by AAX for a principal amount of up to RM200.0 million pursuant to the Proposed Debt Restructuring.

Save for the above, the Board confirmed that there are no other material commitments or contingent liabilities incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

## **9. MATERIAL LITIGATION**

As at the LPD, save as disclosed below, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or financial performance of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or financial performance of the Group:-

### **(i) Claim filed by BOC Aviation Limited ("BOCA")**

AAX and AAX Leasing Two Ltd ("**AAX Leasing Two**"), an indirect wholly-owned subsidiary of AAX, had on 25 August 2020, received a letter dated 19 August 2020 issued by Morgan, Lewis & Bockius UK LLP ("**Morgan Lewis**") enclosing, amongst others, a particulars of claim dated 19 August 2020 ("**Particulars of Claim**") filed by Morgan Lewis on behalf of BOCA against AAX and AAX Leasing Two in the High Court of Justice - Business and Property Courts of England and Wales ("**High Court of England and Wales**") ("**said Claim**").



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**APPENDIX I – FURTHER INFORMATION (cont'd)**

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For information, BOCA is an aircraft operating leasing company and AAX Leasing Two has leased 4 aircraft from BOCA pursuant to 4 individual aircraft lease agreements, all dated 24 November 2014 as novated, amended and restated on 28 December 2018 and as amended and supplemented from time to time, between BOCA and AAX Leasing Two ("**BOCA Lease Agreements**").

In the Particulars of Claim, BOCA claimed that the said Claim is in relation to:-

- (a) the alleged breach of AAX Leasing Two's obligations under the BOCA Lease Agreements; and
- (b) the alleged breach of AAX's obligations under 4 guarantees, all dated 28 December 2018 issued by AAX in favour of BOCA pursuant to the BOCA Lease Agreements ("**Guarantees**").

In connection to the said Claim, BOCA had in the Particulars of Claim claimed for, amongst others, the sum of USD22,975,392.17 from AAX and AAX Leasing Two, representing the outstanding amounts due as a debt under the BOCA Lease Agreements and the Guarantees.

On 20 November 2020, AAX announced that AAX and AAX Leasing Two had respectively been served with a sealed copy of the order dated 6 November 2020 made by the High Court of England and Wales in respect of the said Claim ("**Said Order**").

The High Court of England and Wales has in the Said Order ordered, amongst others, the following:-

- (a) BOCA is granted summary judgement against the Company and AAX Leasing Two on the said Claim;
- (b) AAX and AAX Leasing Two shall pay:-
  - (1) a sum of USD23,376,779.02, comprising the sum of (aa) USD22,975,392.17 (*inclusive of interest to 30 June 2020*) claimed in the said Claim and (bb) USD401,386.85 in respect of interest between 1 July 2020 and 6 November 2020;
  - (2) post-judgement interest on the above sum at the Default Rate (*as defined in the BOCA Lease Agreements*); and
  - (3) a sum of £75,000.00, being BOCA's cost of the said Claim (*summarily assessed*).

AAX and AAX Leasing Two had respectively been served with the Notice to Judgment Debtors of Registration of Foreign Judgment dated 7 December 2020 filed in the High Court at Kuala Lumpur in respect of the registration of the Said Order by BOCA as a Judgment of the High Court.

AAX had on 14 December 2020 filed and served on the solicitors of BOCA an application to set aside the registration of the Said Order as a Judgment of the High Court and the matter is fixed for hearing on 17 June 2021.

The solicitors of AAX and AAX Leasing Two are of the view that AAX and AAX Leasing Two have a fair chance of success in setting aside the registration of the Said Order as a Judgment of the High Court.

**(ii) Claim filed by Malaysia Airports (Sepang) Sdn Bhd (“MASSB”)**

AAX had on 23 October 2020, been served with an unsealed copy of the Writ of Summons and Statement of Claim, both dated 22 October 2020, filed by MASSB against AAX in the High Court of Kuala Lumpur (“**MASSB Claim**”).

In the Statement of Claim, MASSB claimed that the MASSB Claim is in respect of the sum of RM78,162,964.90, being the outstanding amount for various aeronautical charges which comprised of passenger service charges, passenger service security charges, aerobridge charges, aircraft parking charges, check-in counter charges, landing charges and late payment charges pursuant to the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and/or the conditions of use for Kuala Lumpur International Airport (“**Condition of Use**”).

In connection to the MASSB Claim, MASSB had also sought for, amongst others, an order that MASSB’s contractual and continual lien over any aircraft, parts, accessories, vehicles, equipment and/or any other property belonging to and/or under AAX’s control or any ground handler appointed by the Company under the Condition of Use shall only be discharged upon full settlement by AAX of the full sum owing to MASSB. The matter is fixed for hearing on 12 July 2021.

The solicitors of AAX are of the view that AAX has a fair chance of success in defending the MASSB Claim.

**(iii) Claim filed by International Lease Finance Corporation (“ILFC”)**

AAX and its subsidiaries, AAX Mauritius One Limited (“**AAX Mauritius**”) and AAX Leasing Four Ltd. (“**AAX Leasing Four**”) had on 19 November 2020, each been served with a Judgement for claimant (*in default*) dated 13 November 2020 (*and sealed on 18 November 2020*) (“**Judgement**”) obtained by ILFC (*as trustee*) (“**Claimant**”) against AAX, AAX Mauritius and AAX Leasing Four respectively, in the High Court of Justice, Queens Bench Division, Commercial Court.

The High Court of Justice, Queens Bench Division, Commercial Court has pursuant to the Judgement, ordered each of AAX, AAX Mauritius and AAX Leasing Four to pay the sum of £6,581,868.05 (*inclusive of costs and interests to the date of the judgement*) to the Claimant.

As at the LPD, AAX has not received any notice in relation to the registration of the Judgment by ILFC with the High Court.

The solicitors of AAX Mauritius and AAX Leasing Four are not able to provide an opinion as to the probable outcome of this matter as no cause papers have been filed in view of the AAX Restraining Order.

**(iv) Claim filed by MASSB**

On 10 December 2018, MASSB initiated a civil suit against AAX for outstanding passenger service charges and late payment charges.

On 18 July 2019, the High Court allowed summary judgment against AAX for the sum of RM26,718,142.00 in outstanding passenger service charges and RM661,748.77 in outstanding late payment charges.

The claim by MASSB is currently pending appeal to the Court of Appeal, which is fixed for hearing on 27 January 2022.

The solicitors of AAX are of the view that AAX has a fair chance of success in the appeal.

**(v) Claim filed by AAX against MASSB**

On 2 October 2019, AAX together with AirAsia Berhad (*affiliate company of AAX*) filed a Writ of Summons at the High Court against MASSB for the sum of RM479,781,285.00, being loss and damage caused by negligence and breaches of contract on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at klia2.

The matter is presently pending the decision on AAX and AirAsia Berhad's joint application to expunge an affidavit filed by MASSB which contains without prejudice communications and the expungement application is fixed for hearing on 27 July 2021.

Further, there are 2 other pending applications in the suit, being MASSB's application to strike out the claim, and secondly, MASSB's application for further and better particulars of the claim, both of which are fixed for case management on 27 July 2021.

The solicitors of AAX are of the view that AAX has a fair chance in opposing the striking out application and in succeeding in the claim.

**(vi) Claim filed by Trip4Asia Sdn Bhd ("Trip4Asia") and MBI Marketing Sdn Bhd ("MBI Marketing") against AAX**

On 5 July 2018, Trip4Asia together with MBI Marketing have initiated a civil suit against, amongst others, AAX for alleged breach of contract, fraud, misrepresentation and conspiracy to injure pertaining to a proposed charter flight to Gold Coast, Australia, of which the flight did not materialise, for an amount of RM1,353,550.00 in deposit refund and RM3,993,000.00 in loss of revenue. On 5 July 2019, the High Court had allowed the application made by AAX to strike out the claim made by Trip4Asia and MBI Marketing.

On 1 August 2019, Trip4Asia and MBI Marketing had appealed against the decision of the High Court to allow the striking out of the application by AAX.

The solicitors of AAX have confirmed that on 13 April 2021, Trip4Asia and MBI Marketing had discontinued their appeal with no order as to costs, and accordingly the matter has come to an end.

**(vii) Claim filed by POS Aviation Sdn Bhd ("PASB")**

On 16 March 2021, PASB commenced an action against AAX to recover the sum of RM5,249,914.98 in respect of the aircraft maintenance and engineering services it had provided to AAX pursuant to an agreement dated 1 March 2017.

The matter is presently fixed for case management on 21 June 2021 and the solicitors of AAX are not able to provide an opinion as to the probable outcome of this matter as no cause papers have been filed in view of the AAX Restraining Order.

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**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Monday to Friday (*except public holidays*) following the date of this Circular up to and including the date of the EGM:-

- (i) Constitution of AAX;
- (ii) audited consolidated financial statements of AAX for the FYE 31 December 2018 and FYE 31 December 2019 as well as the unaudited consolidated financial statements of the Company for the 12-month FPE 31 December 2020;
- (iii) letter of consent referred to in Section 2 of this Appendix I; and
- (iv) relevant cause papers for the material litigations referred to in Section 9 of this Appendix I.

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**AIRASIA X BERHAD**  
(Registration No. 200601014410 (734161-K))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of AirAsia X Berhad (“**AAX**” or the “**Company**”) will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at Level 6, RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia on Tuesday, 1 June 2021 at 3.00 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:-

### **SPECIAL RESOLUTION**

#### **PROPOSED REDUCTION OF 99.9% OF THE ISSUED SHARE CAPITAL OF AAX PURSUANT TO SECTION 116 OF THE COMPANIES ACT, 2016 (“**ACT**”) (“**PROPOSED SHARE CAPITAL REDUCTION**”)**

“**THAT** subject to the passing of the Ordinary Resolution 1 and the approvals, waivers and/or consents of all relevant authorities and/or parties (*where applicable*) for the Proposed Share Capital Reduction and the scheme of arrangement with the creditors of AAX under Section 366 of the Act (“**Proposed Debt Restructuring**”), including but not limited to the confirmation of the Proposed Share Capital Reduction by the High Court of Malaya pursuant to Section 116 of the Act, the Board of Directors of the Company (“**Board**”) be and is hereby given the authority and approval to reduce 99.9% of the issued share capital of the Company by cancelling paid-up share capital which is lost or unrepresented by available assets of RM1,532.51 million pursuant to Section 116(1)(b) of the Act. The credit arising from the Proposed Share Capital Reduction will be used to offset the accumulated losses of the Company and any balance will be credited to the retained earnings of the Company, which may be used in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) as well as the Constitution of the Company;

**AND THAT** the Board be and is hereby authorised to approve, sign and execute all documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Capital Reduction in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board.”

### **ORDINARY RESOLUTION 1**

#### **PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN AAX (“**AAX SHARES**”) INTO 1 AAX SHARE (“**PROPOSED SHARE CONSOLIDATION**”)**

“**THAT** subject to the passing of the Special Resolution and the approvals, waivers and/or consents of all relevant authorities and/or parties (*where applicable*) for the Proposed Share Consolidation and the Proposed Debt Restructuring, including but not limited to the approval of Bursa Securities for the Proposed Share Consolidation, approval be and is hereby given to the Company to give effect to the consolidation of every 10 existing AAX Shares held by the shareholders of the Company, whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board, into 1 AAX Share (“**Consolidated Share**”);

**THAT** fractional entitlements arising from the Proposed Share Consolidation in respect of the Consolidated Shares, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company;

**THAT** the Consolidated Shares shall rank *pari passu* in all respects with each other;

**AND THAT** the Board be and is hereby authorised to approve, sign and execute all documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Consolidation in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board.”

## **ORDINARY RESOLUTION 2**

### **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW AAX SHARES (“RIGHTS SHARES”) TO RAISE GROSS PROCEEDS OF UP TO RM300.0 MILLION (“PROPOSED RIGHTS ISSUE”)**

“**THAT** subject to the passing of the Special Resolution, Ordinary Resolution 1, Ordinary Resolution 3 and Ordinary Resolution 4, as well as the approvals, waivers and/or consents of all relevant authorities and/or parties (*where applicable*) for the Proposed Rights Issue and the Proposed Debt Restructuring, including but not limited to the approval of Bursa Securities for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities, the Board be and is hereby authorised to undertake the Proposed Rights Issue to provisionally issue and allot by way of a renounceable rights issue of such number of Rights Shares, based on an entitlement basis and at an issue price to be determined and announced later by the Board, to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board (“**Entitled Shareholders**”) to raise gross proceeds of up to RM300.0 million, and on such terms and conditions and in such manner as the Board may determine;

**THAT** the Board be and is hereby authorised to determine and vary, if deemed fit, necessary and/or expedient, the entitlement basis and issue price of the Rights Shares to be issued in connection with the Proposed Rights Issue;

**THAT** any Rights Shares which are not taken up or validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounee(s) shall be made available for excess shares applications in such manner and to such persons as the Board shall determine at its absolute discretion;

**THAT** fractional entitlements arising from the Proposed Rights Issue in respect of the Rights Shares, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company;

**THAT** the Rights Shares shall, upon issuance, allotment and full payment of the issue price of the Rights Shares, rank *pari passu* in all respects with the then existing issued AAX Shares;

**THAT** the Rights Shares shall be listed on the Main Market of Bursa Securities;

**THAT** the proceeds from the Proposed Rights Issue shall be used for the purposes as set out in Section 5 of the circular to shareholders of the Company dated 10 May 2021 (“**Circular**”) and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approval of the relevant authorities (*where required*);

**THAT** the Board be and is hereby authorised to approve, sign and execute all documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board;

**AND THAT** this Ordinary Resolution 2 constitutes a specific approval for the issuance and allotment of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly issued and allotted in accordance with the terms of the Proposed Rights Issue.”

### **ORDINARY RESOLUTION 3**

#### **PROPOSED ISSUANCE AND ALLOTMENT OF NEW AAX SHARES TO RAISE GROSS PROCEEDS OF UP TO RM200.0 MILLION BY WAY OF SUBSCRIPTION BY PLACEES (AS DEFINED HEREIN) (“PROPOSED SHARE SUBSCRIPTION”)**

“**THAT** subject to the passing of the Special Resolution, Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 4, as well as the approvals, waivers and/or consents of all relevant authorities and/or parties (*where applicable*) for the Proposed Share Subscription and the Proposed Debt Restructuring, including but not limited to the approval of Bursa Securities for the listing and quotation of new AAX Shares to be issued pursuant to the Proposed Share Subscription on the Main Market of Bursa Securities, approval be and is hereby given to the Company to undertake the Proposed Share Subscription;

**THAT** the Board be and is hereby authorised to issue and allot new AAX Shares to the SPV<sup>(1)</sup> and/or other investors (“**Placees**”) to raise gross proceeds of up to RM200.0 million (“**Subscription Shares**”) at the same issue price as the Rights Shares;

Note:-

(1) *The SPV means the special purpose vehicle company, in which Dato’ Lim Kian Onn (a director of AAX) is a shareholder, which will enter into a conditional share subscription agreement with AAX for the subscription of the (i) Subscription Shares of up to RM50.0 million and (ii) Additional Subscription Shares (“**SPV Share Subscription Agreement**”). For the avoidance of doubt, the other shareholders of the SPV may include Dato’ Lim Kian Onn’s nominees and/or other investors who wish to participate in the Proposed Share Subscription through the SPV.*

**THAT** the Subscription Shares shall, upon issuance, allotment and full payment of the issue price of the Subscription Shares, rank *pari passu* in all respects with the then existing issued AAX Shares;

**THAT** the Subscription Shares shall be listed on the Main Market of Bursa Securities;

**THAT** the proceeds from the issuance of Subscription Shares shall be used for the purposes as set out in Section 5 of the Circular and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interests of the Company, subject to the approval of the relevant authorities (*where required*);

**THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Subscription in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board;

**AND THAT** this Ordinary Resolution 3 constitutes a specific approval for the issuance and allotment of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Subscription Shares to be issued pursuant to or in connection with the Proposed Share Subscription have been duly issued and allotted in accordance with the terms of the Proposed Share Subscription.”

### **ORDINARY RESOLUTION 4**

#### **PROPOSED ISSUANCE AND ALLOTMENT OF NEW AAX SHARES TO THE SPV PURSUANT TO THE PROPOSED SHARE SUBSCRIPTION AND ANY EXERCISE OF THE SUBSCRIPTION OPTION (AS DEFINED HEREIN) TO BE GRANTED TO THE SPV (“PROPOSED ISSUANCE AND ALLOTMENT OF SHARES TO SPV”)**

“**THAT** subject to the passing of the Special Resolution, Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3, as well as the approvals, waivers and/or consents of all relevant authorities and/or parties (*where applicable*) for the Proposed Issuance and Allotment of Shares to SPV and the Proposed Debt Restructuring, including but not limited to the approval of Bursa Securities for the listing and quotation of new AAX Shares to be issued pursuant to the Proposed Share Subscription and any exercise of the Subscription Option on the Main Market of Bursa Securities, approval be and is hereby given to the Company to undertake the Proposed Issuance and Allotment of Shares to SPV;

**THAT** in accordance with the terms and conditions in the SPV Share Subscription Agreement to be entered into between the Company and the SPV, the Board be and is hereby authorised to issue and allot to the SPV:-

- (a) the Subscription Shares at the same issue price as the Rights Shares (*forming part or all of the total RM200.0 million of Subscription Shares which may be issued pursuant to the Proposed Share Subscription*); and
- (b) such number of new AAX Shares representing up to 15% of the enlarged total number of AAX Shares (*excluding treasury shares, if any*) at any point of time ("**Additional Subscription Shares**") to be issued and allotted to the SPV pursuant to any exercise by the SPV of the option to be granted by the Company to subscribe for such Additional Subscription Shares ("**Subscription Option**"). The Subscription Option is exercisable by the SPV over a period of 36 months commencing from the completion of the Proposed Rights Issue ("**Subscription Option Period**") and the right of the SPV to exercise the Subscription Option is not conditional upon any level of subscription of the Subscription Shares by any Placee.

The issue price of the Additional Subscription Shares shall be based on the higher of the (a) issue price of the Rights Shares or (b) 25% of the 5-day volume weighted average market price of AAX Shares up to and including the date immediately preceding any exercise of the Subscription Option, subject to adjustment if any alteration is made to the share capital at any time during the Subscription Option Period such as by way of rights issue, bonus issue, consolidation of shares, subdivision of shares, reduction of capital or capital distribution.

**THAT** the Subscription Shares and Additional Subscription Shares shall, upon issuance, allotment and full payment of the issue price of the Subscription Shares and Additional Subscription Shares respectively, rank *pari passu* in all respects with the then existing issued AAX Shares;

**THAT** the Subscription Shares and Additional Subscription Shares shall be listed on the Main Market of Bursa Securities;

**THAT** the proceeds from the issuance of Subscription Shares and Additional Subscription Shares shall be used for the purposes as set out in Section 5 of the Circular and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interests of the Company, subject to the approval of the relevant authorities (*where required*);

**THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Issuance and Allotment of Shares to SPV in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board;

**AND THAT** this Ordinary Resolution 4 constitutes a specific approval for the specific allotment of securities in the Company to the SPV in accordance with Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time."

By Order of the Board  
**AIRASIA X BERHAD**

**REBECCA KONG SAY TSUI** (MAICSA 7039304)  
(SSM PC No. 202008001003)

**THAM WAI YING** (MAICSA 7016123)  
(SSM PC No. 202008001181)

Company Secretaries  
Kuala Lumpur  
10 May 2021



### Virtual EGM

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the EGM of the Company will be held as a fully virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") via its **TIIH Online website at <https://tiih.online>**. This is also in line with the revised Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 5 March 2021 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the Administrative Guide which is available at the Company's website at [www.airasiac.com/agm\\_eqm.html](http://www.airasiac.com/agm_eqm.html).
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM, instead are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the RPV provided by TIIH.

### Notes:-

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) 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 number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM, 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 EGM.
2. A member must be registered in the **Record of Depositors at 5.00 p.m. on 21 May 2021 ("General Meeting Record of Depositors")** in order to attend and vote at the EGM. A depositor shall not be regarded as a member entitled to attend the EGM 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 EGM.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Act) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. The Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
  - (ii) By electronic means

The Form of Proxy can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of form of proxy via TIIH Online.
8. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly. Last date and time for lodging the Form of Proxy is **Sunday, 30 May 2021 at 3.00 p.m.**
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL / DULY CERTIFIED** certificate of appointment of authorised representative at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in this Notice will be put to vote by way of poll.
12. By submitting an instrument appointing a proxy(ies) and/or representative(s) and/or attorney(s) to attend, speak and vote at the EGM 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, representatives and attorneys appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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) and/or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) and/or attorney(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) and/or attorney(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.



**AIRASIA X BERHAD**  
(Registration No. 200601014410 (734161-K))  
(Incorporated in Malaysia)

## **EXTRAORDINARY GENERAL MEETING**

### **ADMINISTRATIVE GUIDE**

**Date** : **Tuesday, 1 June 2021**  
**Time** : **3.00 p.m.**  
**Broadcast Venue** : **Level 6, RedQ, Jalan Pekeliling 5**  
**Lapangan Terbang Antarabangsa Kuala Lumpur (klia2)**  
**64000 KLIA**  
**Selangor Darul Ehsan, Malaysia**  
**Meeting Platform** : **<https://tiih.online>**

### **MODE OF MEETING**

As part of the measures taken by AirAsia X Berhad (“**AirAsia X**” or the “**Company**”) to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the Extraordinary General Meeting (“**EGM**”) of the Company will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue above. This is also in line with the revised Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 5 March 2021 (including any amendments that may be made from time to time) (“**Guidance Note**”).

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM. Members are instead invited and encouraged to participate in the upcoming virtual EGM from the comfort of your home or office.

### **REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)**

Members are to attend, speak (including posing questions to the Board of Directors of the Company (the “**Board**”) via real time submission of typed texts) and vote (collectively, “**participate**”) remotely at the EGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“**TIIH**”) via its **TIIH Online** website at <https://tiih.online>.

Members who appoint proxies to participate via RPV in the EGM must ensure that the duly executed form of proxy are deposited in a hard copy form at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia (“**Registered Office**”) or by electronic lodgement via **TIIH Online** website at <https://tiih.online> not later than **3.00 p.m. on Sunday, 30 May 2021**. **Faxed copies of the duly executed form of proxy are not acceptable.**

Authorised representatives of corporate members must deposit their original or duly certified certificate of appointment of authorised representative at the Registered Office not later than **3.00 p.m. on Sunday, 30 May 2021** to participate via RPV in the EGM.

Attorneys appointed by power of attorney are to deposit their power of attorney at the Registered Office not later than **3.00 p.m. on Sunday, 30 May 2021** to participate via RPV in the EGM.

**A member who has appointed a proxy or authorised representative or attorney to participate in the EGM via RPV must request his/her proxy or authorised representative or attorney to register himself/herself for RPV at the TIIH Online website at <https://tiih.online>.**

As the EGM of AirAsia X is a fully virtual meeting, members who are unable to participate in this EGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy.

## **PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV**

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the EGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	<b>Procedure</b>	<b>Action</b>
<b>BEFORE THE DAY OF EGM</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under “<b>e-Services</b>” and select “<b>Create Account by Individual Holder</b>”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your request to attend EGM remotely	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. Monday, 10 May 2021 until the day of EGM on Tuesday, 1 June 2021.</b> Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate the EGM using the RPV.</li> <li>Login with your user ID and password and select the corporate event: “<b>(REGISTRATION) AAX EGM 2021</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “<b>Register for Remote Participation and Voting</b>”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>21 May 2021</b>, the system will send you an <b>e-mail after 30 May 2021 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
<b>ON THE DAY OF THE EGM (TUESDAY, 1 JUNE 2021)</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the EGM at any time from <b>2.00 p.m.</b>, i.e. one (1) hour before the commencement of the EGM on <b>Tuesday, 1 June 2021 at 3.00 p.m.</b></li> </ul>

(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>• Select the corporate event: “<b>(LIVE STREAM MEETING) AAX EGM 2021</b>” to engage in the proceedings of the EGM remotely.</li> <li>• If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>• Voting session commences <b>from 3.00 p.m. on Tuesday, 1 June 2021</b> until a time when the Chairman announces the completion of the voting session of the EGM.</li> <li>• Select the corporate event: “<b>(REMOTE VOTING) AAX EGM 2021</b>” or if you are on the live stream meeting page, you can select “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select the CDS account that represents your shareholdings.</li> <li>• Indicate your votes for the resolutions that are tabled for voting.</li> <li>• Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>• Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.</li> </ul>

**Note to users of the RPV:**

1. Should your application to join the EGM be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of the EGM will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

**NO DOOR GIFT/FOOD VOUCHER**

There will be **no distribution of door gifts or food vouchers** for the EGM as the meeting is conducted on a fully virtual basis.

We would like to thank our members for your kind cooperation and understanding during these challenging times.

**GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)**

- Only a depositor whose name appears on the **ROD as at 21 May 2021** shall be entitled to attend, speak and vote at the EGM or appoint proxies to attend and/or vote on his/her behalf.

## APPOINTMENT OF PROXY / CORPORATE REPRESENTATIVES / ATTORNEYS

- The EGM will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue, if you are unable to attend the meeting via RPV on Tuesday, 1 June 2021, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Form of Proxy.
- Accordingly, the Form of Proxy and/or document relating to the appointment of proxy/corporate representative/attorney for the EGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **3.00 p.m. on Sunday, 30 May 2021**.

### (i) In Hard Copy:

By hand or post to the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid.

### (ii) By Electronic Form:

All members can have the option to submit Form of Proxy electronically via TIIH Online and the steps to submit are summarised below:-

	Procedure	Action
<b>i. Steps for Individual Members</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under “e-Services” and select “<b>Create Account by Individual Holder</b>”. Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>• Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>• If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: “<b>AAX EGM 2021 – Submission of Proxy Form</b>”.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print Form of Proxy for your record.</li> </ul>

ii. <b><u>Steps for Corporation or Institutional Members</u></b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional member selects “<b>Create Account by Representative of Corporate Holder</b>”.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate event: “<b>AAX EGM 2021 – Submission of Proxy Form</b>”.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select “Submit” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

## **POLL VOTING**

- The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- Members can proceed to vote on the resolutions at any time from the commencement of the EGM at **3.00 p.m. on Tuesday, 1 June 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to the note above, “Procedures for RPV” for guidance on how to vote remotely from the **TIIH Online** website at <https://tiih.online>.
- Upon completion of the voting session for the EGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

## **CIRCULAR TO SHAREHOLDERS**

- Circular to Shareholders in relation to the Proposals dated 10 May 2021 (“**Circular**”), Notice of the EGM, Form of Proxy and this Administrative Guide are available at the Company’s Investor Relations website at [www.airasiac.com/agm\\_egm.html](http://www.airasiac.com/agm_egm.html)
- You may request for a printed copy of the Circular at <https://tiih.online> by selecting “Request for Annual Report/Circular” under the “Investor Services”. Alternatively, you may also make your request through telephone/email to our Share Registrar at the number/email addresses given below. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

## **PRE-MEETING SUBMISSION OF QUESTION(S) TO THE BOARD**

Members may submit questions for the Board prior to the EGM via TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **3.00 p.m. on Sunday, 30 May 2021**. The Board will endeavour to answer the questions received at the EGM.

## **RECORDING OR PHOTOGRAPHY**

Strictly **NO** unauthorised recording or photography of the proceedings of the EGM is allowed.

## **ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

Contact Persons : Mr. Jake Too : +603-2783 9285 / Email: [Chee.Onn.Too@my.tricorglobal.com](mailto:Chee.Onn.Too@my.tricorglobal.com)

: Ms. Vivien Khoh : +603-2783 9091 / Email: [Vivien.Khoh@my.tricorglobal.com](mailto:Vivien.Khoh@my.tricorglobal.com)

: Mr. Alven Lai : +603-2783 9283 / Email: [Siew.Wai.Lai@my.tricorglobal.com](mailto:Siew.Wai.Lai@my.tricorglobal.com)



**AIRASIA X BERHAD**  
 (Registration No. 200601014410 (734161-K))  
 (Incorporated in Malaysia)

**FORM OF PROXY**

\*I/We, \_\_\_\_\_, NRIC No./ Passport No. / Co. No.  
 (FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

\_\_\_\_\_ of \_\_\_\_\_  
 (FULL ADDRESS)

Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

being a member of the Company, hereby appoint \_\_\_\_\_,  
 (FULL NAME IN BLOCK LETTERS)

NRIC No. / Passport No. \_\_\_\_\_ of \_\_\_\_\_  
 (FULL ADDRESS)

\_\_\_\_\_ Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

or failing him/her, \_\_\_\_\_, NRIC No. / Passport No. \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
 (FULL ADDRESS)

Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

\*or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote in my/our name and on my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company to be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at Level 6, RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia on Tuesday, 1 June 2021 at 3.00 p.m. or any adjournment thereof, and to vote as indicated below:-

Resolution	Agenda	FOR	AGAINST
Special Resolution	Proposed Share Capital Reduction		
Ordinary Resolution 1	Proposed Share Consolidation		
Ordinary Resolution 2	Proposed Rights Issue		
Ordinary Resolution 3	Proposed Share Subscription		
Ordinary Resolution 4	Proposed Issuance and Allotment of Shares to SPV		

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

\*Delete the words “or failing him/her, the Chairman of the Meeting” if not applicable.

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	No. of Shares	Percentage
	Second Proxy		
Date:			

\_\_\_\_\_  
 Signature(s) / Common Seal of Member(s)





#### Virtual EGM

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the EGM of the Company will be held as a fully virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") via its TIIH Online website at <https://tiih.online>. This is also in line with the revised Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 5 March 2021 (including any amendments that may be made from time to time) ("Guidance Note"). Please follow the procedures as set out in the Administrative Guide which is available at the Company's website at [www.airasiac.com/agm\\_egm.html](http://www.airasiac.com/agm_egm.html).
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 ("Act") and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM, instead are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the RPV provided by TIIH.

#### Notes:-

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) 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 number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM, 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 EGM.
2. A member must be registered in the **Record of Depositors at 5.00 p.m. on 21 May 2021** ("**General Meeting Record of Depositors**") in order to attend and vote at the EGM. A depositor shall not be regarded as a member entitled to attend the EGM 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 EGM.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Act) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. This Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
  - (ii) By electronic means  
This Form of Proxy can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of form of proxy via TIIH Online.
8. Please ensure ALL the particulars as required in this Form of Proxy are completed, signed and dated accordingly. Last date and time for lodging this Form of Proxy is **Sunday, 30 May 2021 at 3.00 p.m.**
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL / DULY CERTIFIED** certificate of appointment of authorised representative at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of EGM will be put to vote by way of poll.
12. By submitting an instrument appointing a proxy(ies) and/or representative(s) and/or attorney(s) to attend, speak and vote at the EGM 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, representatives and attorneys appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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) and/or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) and/or attorney(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) and/or attorney(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.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**The Company Secretaries**  
AIRASIA X BERHAD  
Registration No. 200601014410 (734161-K)

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia

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