

AIRASIA X BERHAD (“AAX” OR THE “COMPANY”)

- **PROPOSED DEBT RESTRUCTURING**
- **PROPOSED CORPORATE RESTRUCTURING COMPRISING:-**
 - (I) **PROPOSED SHARE CAPITAL REDUCTION; AND**
 - (II) **PROPOSED SHARE CONSOLIDATION**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

Further to the announcement made on 6 October 2020 in respect of the Proposals (“**Initial Announcement**”) and the letter of enquiry from Bursa Securities dated 8 October 2020, the Company wishes to provide additional information in respect of the following:-

- 1) To provide the details of the Proposed Debt Restructuring in particular on items 2.1(i), (ii) and (iv).**

The details of the Proposed Debt Restructuring have already been set out in Section 2.1 of the Initial Announcement, which are as per the details set out in the application pursuant to Section 366 of the Companies Act, 2016 submitted to the High Court of Malaya in Kuala Lumpur on 7 October 2020 to obtain leave to convene a meeting with the Scheme Creditors in relation to the Proposed Debt Restructuring.

- 2) To incorporate the salient terms and conditions of the Proposed Debt Restructuring.**

The salient terms and conditions of the Proposed Debt Restructuring have already been set out in Section 2.1 of the Initial Announcement.

The Proposed Debt Restructuring involves a scheme with the entire class of unsecured creditors of AAX pursuant to Section 366 of the Companies Act, 2016 (*instead of entering into various settlement agreement(s) with each respective Scheme Creditors*).

The scheme mainly serves to achieve the following:-

- (a) AAX shall acknowledge and settle up to RM200.00 million of debt owing to the Scheme Creditors on a *pari passu* basis based on the amounts owing to the Scheme Creditors as at the Cut-Off Date.

Notwithstanding the above, subject to the Proposed Debt Restructuring being approved and implemented, AAX proposes that airline customers and travel agents receive travel credits for future travel or purchase of seat inventory; and

- (b) The Scheme Amounts (approximately RM63.5 billion) in excess of the Debt Settlement Amount (RM200.0 million) and all other sums 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 shall be waived in its entirety.

3) To incorporate the effects of the Proposals on the earnings per share, net assets per share, gearing, share capital, substantial shareholders' direct and/or indirect shareholding, and if relevant, the Group's structure.

(a) Proposed Debt Restructuring

The Proposed Debt Restructuring is not expected to have any effects on the share capital, substantial shareholders' shareholdings in AAX as well as the Group's structure.

The Proposed Debt Restructuring will impact the earnings per share, net assets per share and gearing of the Group resulting from one-off accounting reversals due to the waiver of all sums owing to the Scheme Creditors in excess of the Debt Settlement Amount and the termination of all existing contracts with the Scheme Creditors. However, the detailed pro forma effects of the Proposed Debt Restructuring are being finalised at this juncture and will be presented to the shareholders of AAX in the Circular to the shareholders.

(b) Proposed Share Capital Reduction

The Proposed Share Capital Reduction is not expected to have any effects on the earnings per share, net assets per share, gearing, substantial shareholders' shareholdings in AAX as well as the Group's structure.

The Proposed Share Capital Reduction will entail the reduction of the issued share capital of approximately RM1.38 billion (*from an audited amount of RM1.53 billion as at 31 December 2019 to approximately RM0.15 billion*). The credit arising from the Proposed Share Capital Reduction of RM1.38 billion will be used to offset the accumulated losses of AAX.

(c) Proposed Share Consolidation

The Proposed Share Consolidation is not expected to have any effects on the gearing as well as the Group's structure.

The Proposed Share Consolidation involves the consolidation of every 10 existing AAX Shares held by the Entitled Shareholders into 1 Consolidated Share. Accordingly, the total number of 4,148,149,102 AAX Shares in issue will be consolidated into 414,814,910 Consolidated Shares. Accordingly, the Proposed Share Consolidation will result in a proportionate reduction in the number of shares held by the Entitled Shareholders (*including substantial shareholders*) and a corresponding increase in earnings per share and net assets per share.

This announcement is dated 9 October 2020.