

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

- I. PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW ORDINARY SHARES OF RM0.15 EACH IN AAX (“AAX SHARES”) (“RIGHTS SHARES”) TOGETHER WITH FREE DETACHABLE WARRANTS (“WARRANTS”) TO RAISE GROSS PROCEEDS OF UP TO RM395.00 MILLION (“PROPOSED RIGHTS ISSUE WITH WARRANTS”); AND
- II. PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF AAX FROM RM500.00 MILLION COMPRISING 3,333,333,333 AAX SHARES TO RM1,000.00 MILLION COMPRISING 6,666,666,667 AAX SHARES (“PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL”) AND THE CORRESPONDING PROPOSED AMENDMENT TO THE COMPANY’S MEMORANDUM AND ARTICLES OF ASSOCIATION AS A CONSEQUENCE OF THE PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL (“PROPOSED AMENDMENT”)

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

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### 1. INTRODUCTION

On behalf of the Board of Directors of AAX (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that AAX proposes to implement the Proposals.

### 2. DETAILS OF THE PROPOSALS

#### 2.1 Proposed Rights Issue with Warrants

##### 2.1.1 Basis and quantum

AAX proposes to undertake a renounceable rights issue of new AAX Shares together with free Warrants to the shareholders of AAX as at an entitlement date to be determined later (“**Entitled Shareholders**”) to raise gross proceeds of up to RM395.00 million before the full exercise of the Warrants (“**Rights Issue Proceeds**”).

The entitlement basis for the Rights Shares and Warrants (“**Entitlement Basis**”) and the issue price for the Rights Shares (“**Issue Price**”) have not been fixed at this juncture to provide flexibility to the Board in respect of the pricing of the Rights Shares and the number of Rights Shares to be issued.

Notwithstanding the above, the Rights Issue Proceeds have been determined upfront to provide clarity to AAX’s shareholders with respect to the capital outlay required to fully subscribe for their respective entitlements. This can be approximated by multiplying the Rights Issue Proceeds with their respective percentage shareholdings in AAX.

For illustration purposes only, based on the 2,370,370,387 AAX Shares in issue as at 28 January 2015, being the latest practicable date prior to the date of this Announcement (“**LPD**”), the capital outlay required from an Entitled Shareholder holding 1,000 AAX Shares who wishes to fully subscribe for his entitlement is up to approximately RM166.64. The actual capital outlay required by the Entitled Shareholders to fully subscribe for their entitlements under the Proposed Rights Issue with Warrants will depend on the Entitlement Basis and the Issue Price.

The Issue Price will be fixed and the Entitlement Basis will be determined by the Board and announced closer to the implementation of the Proposed Rights Issue with Warrants (“**Price-fixing Date**”). The Issue Price and the Entitlement Basis will be determined after taking into consideration, among others, the then prevailing market conditions and market price of AAX Shares, AAX’s issued and paid-up share capital as at the entitlement date as well as the resultant theoretical ex-rights price (“**TERP**”) based on the 5-day volume weighted average market price (“**VWAMP**”) of AAX Shares immediately preceding the Price-fixing Date.

The Issue Price is expected to be fixed at a discount to the TERP of AAX Shares immediately preceding the Price-fixing Date but shall, in no event, be lower than the par value of AAX Shares of RM0.15 each.

The Entitlement Basis and the corresponding number of Rights Shares to be issued can only be determined in conjunction with the fixing of the Issue Price such that the Rights Issue Proceeds will be raised. It is also the intention of the Board to fix an Entitlement Basis which will minimise the occurrence of odd lots and fractional entitlements.

The Warrants are attached to the Rights Shares without cost and will be issued only to shareholders of AAX who subscribe for the Rights Shares. The exercise price of the Warrants and the number of Warrants to be issued will be determined on a later date by the Board after taking into account, among others, the funding requirements of AAX and the expected timing of such requirements over the next 5 years. The exercise price of the Warrants will be fixed at a premium over the TERP of AAX Shares immediately before the Price-fixing Date, but shall, in no event, be lower than the par value of AAX Shares of RM0.15 each.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Warrants will have a tenure of 5 years from the date of issuance. The Warrants will be issued in registered form and constituted by a deed poll to be executed by AAX ("**Deed Poll**"). The indicative principal terms of Warrants are set out in the enclosed Appendix.

#### **2.1.2 Ranking of the Rights Shares and new AAX Shares arising from the exercise of the Warrants (collectively, "Rights and Exercised Shares")**

The Rights and Exercised Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing AAX Shares, except that the Rights and Exercised Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the allotment date of the Rights and Exercised Shares.

#### **2.1.3 Listing of and quotation for the Rights and Exercised Shares and Warrants**

The Rights and Exercised Shares and Warrants will be listed on the Main Market of Bursa Securities. An application will be made to Bursa Securities for the listing of and quotation for the Rights and Exercised Shares and Warrants on the Main Market of Bursa Securities.

#### **2.1.4 Renunciation of the Proposed Rights Issue with Warrants**

The Rights Shares and Warrants will be provisionally allotted to the Entitled Shareholders. The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlement to the Rights Shares and Warrants in full or in part.

The renunciation of the Rights Shares by the Entitled Shareholders will entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Proposed Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Shares entitlements. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

Any fractional entitlements of the Rights Shares and Warrants under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and in the best interest of AAX.

The Rights Shares which are not taken up or validly taken up by the Entitled Shareholders shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s). It is the intention of the Board to allocate the excess Rights Shares on a pro-rata basis to the Entitled Shareholders and/or their renounee(s) who have applied for the excess Rights Shares and Warrants, based on their respective shareholdings in AAX on the entitlement date to be announced later.

### 2.1.5 Subscription basis and shareholders' undertaking

The Proposed Rights Issue with Warrants is intended to be undertaken on a full subscription basis.

AAX intends to seek undertaking from certain shareholders of AAX ("**Undertaking Shareholders**") to subscribe in full and/or procure the subscription in full of their entitlement under the Proposed Rights Issue with Warrants.

It is the intention to procure underwriting for the remaining portion of the Rights Shares and Warrants for which no undertaking will be sought from the Undertaking Shareholders.

### 2.1.6 Proposed utilisation of Rights Issue Proceeds

The Rights Issue Proceeds is proposed to be utilised as set out below:

<b>Details of utilization</b>	<b>Amount</b>
	<b>RM million</b>
Repayment of borrowings <sup>(1)</sup>	119
General working capital of AAX and its subsidiaries (" <b>AAX Group</b> " or " <b>Group</b> ") <sup>(2)</sup>	270
Estimated expenses in relation to the Proposals	6
<b>Total gross proceeds<sup>(3)</sup></b>	<b>395</b>

**Notes:**

- (1) *The Company intends to use part of the proceeds raised from the Proposed Rights Issue to pare down some of their existing short-term borrowings (including interest payable) of up to approximately RM119 million. Based on the prevailing interest rate incurred by AAX of approximately 6.50% to 7.50% per annum, such repayment is expected to result in an interest saving of about approximately RM8 million per annum.*
- (2) *Represents funds allocated for the AAX Group's general working capital requirements, including financing the AAX Group's daily operations and operating expenses, which includes but is not limited to sales and marketing expenses; general administrative and other operating expenses, as well as for general corporate purposes.*
- (3) *The actual gross proceeds to be raised cannot be determined at this juncture as it would depend on the final Issue Price and Entitlement Basis. However, the amount to be raised is expected to approximate the Rights Issue Proceeds.*

*Any difference between the actual gross proceeds to be raised and the Rights Issue Proceeds or any deviation of the actual expenses in relation to the Proposals will be correspondingly adjusted to the amount allocated for the general working capital of the AAX Group.*

The gross proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. The gross proceeds to be raised from the exercise of Warrants will be utilised for working capital as and when required, whenever the Warrants are exercised over the 5-year tenure of the Warrants.

## 2.2 Proposed Increase in the Authorised Share Capital and Proposed Amendment

As at the LPD, the authorised share capital of AAX is RM500.00 million comprising 3,333,333,333 AAX Shares, of which approximately RM355.56 million comprising 2,370,370,387 AAX Shares have been issued and fully paid-up.

In order to accommodate the issuance of the Rights Shares as well as any further increase in the share capital of the Company pursuant to the exercise of the Warrants and any future increase in the issued and paid-up share capital of the Company, AAX proposes to increase its authorised share capital to RM1,000.00 million comprising 6,666,666,667 AAX Shares.

The Proposed Amendment entails the corresponding amendments to be made to the Memorandum and Articles of Association of AAX (“**M&A**”) as a consequence of the Proposed Increased in the Authorised Share Capital.

The amendments to be made to the M&A are as follows:

<b>Existing Clause 6 of the Memorandum of Association</b>	<b>Proposed Clause 6 of the Memorandum of Association</b>
The capital of the Company is RM500,000,000.00 divided into 3,333,333,333 ordinary shares of RM0.15 each.	The capital of the Company is RM1,000,000,000.05 divided into 6,666,666,667 ordinary shares of RM0.15 each.

  

<b>Existing Article 12 of the Articles of Association</b>	<b>Proposed Article 12 of the Articles of Association</b>
The share capital of the Company is RM500,000,000.00 divided into 3,333,333,333 ordinary shares of RM0.15 each.	The authorised share capital of the Company is RM1,000,000,000.05 divided into 6,666,666,667 ordinary shares of RM0.15 each.

## 3. RATIONALE FOR THE PROPOSALS

### 3.1 Proposed Rights Issue with Warrants

The Proposed Rights Issue will enable the Company to raise funds for working capital requirements and reduce its short-term borrowings thus resulting in interest savings, both of which are expected to contribute positively to the Group in future.

Furthermore, AAX’s shareholders are provided an opportunity to participate in an equity offering on a pro-rata basis and acquire new AAX Shares at a discount to prevailing market prices. This serves to reward them for their continuous support and loyalty to AAX and avoid dilution of their interests (assuming all shareholders fully subscribe for their respective entitlements).

The enlarged share base is also expected to enhance the liquidity and marketability of AAX Shares on the Main Market of Bursa Securities.

The free Warrants to be issued pursuant to the Proposed Rights Issue with Warrants allows the Entitled Shareholders to increase their equity participation in AAX at a pre-determined price over the tenure of the Warrants. The Entitled Shareholders may also benefit from any potential capital appreciation of the Warrants. In addition, AAX would be able to raise further proceeds as and when any of the Warrants are exercised.

Based on the above and after taking into consideration the various funding options available, the Board is of the view that at this juncture, fund-raising by way of the Proposed Rights Issue with Warrants is in the best interest of AAX and its shareholders.

### 3.2 Proposed Increase in the Authorised Share Capital and Proposed Amendment

The Proposed Increase in the Authorised Share Capital is to accommodate the issuance of new AAX Shares resulting from the Proposed Rights Issue with Warrants as well as any future issuance of new AAX Shares arising from the exercise of the Warrants and any future increase in the issued and paid up share capital of the Company.

The Proposed Amendment is undertaken to facilitate and to reflect the Proposed Increase in the Authorised Share Capital.

## 4. EFFECTS OF THE PROPOSALS

The Proposed Increase in the Authorised Share Capital and Proposed Amendment will not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, earnings, net assets ("**NA**") and gearing of AAX.

Where applicable, the proforma effects of the Proposed Rights Issue with Warrants in this Section 4 are presented purely for illustration purposes based on the following assumptions ("**Assumptions**"):

As at the LPD, AAX has the following outstanding securities:

- (a) 2,370,370,387 AAX Shares; and
- (b) 6,150,000 options at an exercise price of RM1.25 per option under the Employees' Share Option Scheme ("**ESOS**").

The Proposed Rights Issue with Warrants is illustrated in the following scenarios, wherever applicable:

- Scenario 1: Assuming all of the outstanding ESOS options as at the LPD are exercised prior to the Proposed Rights Issue with Warrants; and
- Scenario 2\*: Assuming all of the outstanding ESOS options are exercised after the Proposed Rights Issue with Warrants.

**Note:**

\* Pursuant to the Proposed Rights Issue with Warrants, the exercise price and/or number of the ESOS options will be adjusted in accordance with the terms of the ESOS By Laws.

*The actual adjustment factor cannot be determined at this juncture as it is dependent on, among others, the Entitlement Basis and Issue Price of the Rights Shares and the prevailing market price on the date falling prior to the Price-fixing Date.*

*Nonetheless, for the purpose of this illustration, and based on the Assumptions and the ESOS By Laws, the exercise price and total number of ESOS options will be adjusted to RM0.83 and 7.42 million respectively.*

The assumed parameters are as follows:

### Scenario 1

#### Proposed Rights Issue with Warrants:

Issue price:	RM0.33, representing a 51.47% discount to the 5-day VWAMP of AAX Shares up to the LPD of RM0.68 or a 41.07% discount to the TERP of RM0.56
Entitlement basis:	(a) 1 Rights Shares for every 2 AAX Shares held; and (b) 1 Warrants for every 2 Rights Shares subscribed for
Securities issued:	(a) 1,188.26 million Rights Shares based on the 2,370.37 million AAX Shares in issue and the 6.15 million outstanding ESOS options having been exercised; and (b) 594.13 million Warrants
Proceeds raised:	Approximately RM392.13 million
Warrants exercise price:	RM0.70, representing a 25.00% premium to the TERP

### Scenario 2

#### Proposed Rights Issue with Warrants:

Issue price:	RM0.33, representing a 51.47% discount to the 5-day VWAMP of AAX Shares up to the LPD of RM0.68 or a 41.07% discount to the TERP of RM0.56
Entitlement basis:	(a) 1 Rights Shares for every 2 AAX Shares held; and (b) 1 Warrants for every 2 Rights Shares subscribed for
Securities issued:	(a) 1,185.19 million Rights Shares based on the 2,370.37 million AAX Shares in issue; and (b) 592.59 million Warrants
Proceeds raised:	Approximately RM391.11 million
Warrants exercise price:	RM0.70, representing a 25.00% premium to the TERP

**On behalf of the Board, we wish to emphasise that the proforma effects in this Section 4 are presented purely for illustration purposes based on the Assumptions and should not be regarded as an indication or reference to the final Issue Price or the Entitlement Basis of the Proposed Rights Issue with Warrants which will be determined by the Board and announced closer to the implementation of the Proposed Rights Issue with Warrants.**

#### 4.1 Issued and paid-up share capital

Based on the Assumptions, the effects of the Proposed Rights Issue with Warrants on the issued and paid-up share capital of AAX as at the LPD are as follows:

##### Scenario 1

	<b>No. of AAX Shares</b>	<b>Amount</b>
	<b>'000</b>	<b>RM'000</b>
Issued and paid-up share capital as at the LPD	2,370,370	355,556
To be issued pursuant to the exercise of the ESOS options	6,150	923
	<hr/> 2,376,520	<hr/> 356,479
To be issued pursuant to the Proposed Rights Issue with Warrants	1,188,260	178,239
	<hr/> 3,564,780	<hr/> 534,718
To be issued pursuant to the exercise of Warrants	594,130	89,120
<b>Enlarged issued and paid-up share capital</b>	<hr/> <b>4,158,910</b>	<hr/> <b>623,838</b>

##### Scenario 2

	<b>No. of AAX Shares</b>	<b>Amount</b>
	<b>'000</b>	<b>RM'000</b>
Issued and paid-up share capital as at the LPD	2,370,370	355,556
To be issued pursuant to the Proposed Rights Issue with Warrants	1,185,185	177,778
	<hr/> 3,555,555	<hr/> 533,334
To be issued pursuant to the exercise of the ESOS options	7,422	1,113
	<hr/> 3,562,977	<hr/> 534,447
To be issued pursuant to the exercise of Warrants	592,593	88,889
<b>Enlarged issued and paid-up share capital</b>	<hr/> <b>4,155,570</b>	<hr/> <b>623,336</b>

## 4.2 Substantial shareholders' shareholdings

In the event that the substantial shareholders of AAX subscribe for their full entitlements under the Proposed Rights Issue with Warrants, there will be no effect on the shareholdings of the substantial shareholders of AAX save for the proportionate increase in the total number of AAX Shares held by each substantial shareholder of AAX following the Proposed Rights Issue with Warrants.

Nonetheless, based on the Assumptions, the effects of the Proposed Rights Issue with Warrants on the shareholdings of the substantial shareholders in AAX as at the LPD as a result of the exercise of ESOS are as follows:

### Scenario 1

	I				II				III							
	As at the LPD				After exercise of ESOS				After I and the Proposed Rights Issue with Warrants				After II and the full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%
Tune Group Sdn. Bhd. ("TGSB")	422,630	17.83	-	-	422,630	17.78	-	-	633,945	17.78	-	-	739,603	17.78	-	-
AirAsia Berhad ("AAB")	326,131	13.76	-	-	326,131	13.72	-	-	489,196	13.72	-	-	570,729	13.72	-	-
Tan Sri Dr. Anthony Francis Fernandes	49,888 <sup>(1)</sup>	2.10	748,761 <sup>(3)</sup>	31.59	49,888 <sup>(1)</sup>	2.10	748,761 <sup>(3)</sup>	31.50	74,832 <sup>(1)</sup>	2.10	1,123,141 <sup>(3)</sup>	31.50	87,304 <sup>(1)</sup>	2.10	1,310,332 <sup>(3)</sup>	31.50
Datuk Kamarudin bin Meranun	192,973 <sup>(2)</sup>	8.14	748,761 <sup>(3)</sup>	31.59	192,973 <sup>(2)</sup>	8.12	748,761 <sup>(3)</sup>	31.50	289,459 <sup>(2)</sup>	8.11	1,123,141 <sup>(3)</sup>	31.50	337,703 <sup>(2)</sup>	8.11	1,310,332 <sup>(3)</sup>	31.50
Orix Airline Holdings Limited ("Orix")	124,078	5.23	-	-	124,078	5.22	-	-	186,117	5.22	-	-	217,136	5.22	-	-
Orix Corporation	-	-	124,078 <sup>(4)</sup>	5.23	-	-	124,078 <sup>(4)</sup>	5.22	-	-	186,117 <sup>(4)</sup>	5.22	-	-	217,136 <sup>(4)</sup>	5.22
Orix Aviation Systems Limited	-	-	124,078 <sup>(4)</sup>	5.23	-	-	124,078 <sup>(4)</sup>	5.22	-	-	186,117 <sup>(4)</sup>	5.22	-	-	217,136 <sup>(4)</sup>	5.22

#### Notes:

<sup>(1)</sup> Shares held through own name and HSBC Nominees (Tempatan) Sdn. Bhd.

<sup>(2)</sup> Shares held through own name, HSBC Nominees (Tempatan) Sdn. Bhd. and Cimsec Nominees (Tempatan) Sdn. Bhd.

<sup>(3)</sup> Deemed interested by virtue of Section 6A of the Companies Act, 1965 ("Act") through a shareholding of more than 15% in TGSB and AAB.

<sup>(4)</sup> Deemed interested by virtue of their shareholding interests in Orix pursuant to Section 6A of the Act.



## Scenario 2

	As at the LPD		I After the Proposed Rights Issue with Warrants						II After I and the exercise of ESOS				III After II and the full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%	No. of AAX Shares	%
	'000		'000		'000		'000		'000		'000		'000		'000	
TGSB	422,630	17.83	-	-	633,945	17.83	-	-	633,945	17.79	-	-	739,603	17.79	-	-
AAB	326,131	13.76	-	-	489,196	13.76	-	-	489,196	13.73	-	-	570,729	13.73	-	-
Tan Sri Dr. Anthony Francis Fernandes	49,888 <sup>(1)</sup>	2.10	748,761 <sup>(3)</sup>	31.59	74,832 <sup>(1)</sup>	2.10	1,123,141 <sup>(3)</sup>	31.59	74,832 <sup>(1)</sup>	2.10	1,123,141 <sup>(3)</sup>	31.52	87,304 <sup>(1)</sup>	2.10	1,310,332 <sup>(3)</sup>	31.52
Datuk Kamarudin bin Meranun	192,973 <sup>(2)</sup>	8.14	748,761 <sup>(3)</sup>	31.59	289,459 <sup>(2)</sup>	8.14	1,123,141 <sup>(3)</sup>	31.59	289,459 <sup>(2)</sup>	8.12	1,123,141 <sup>(3)</sup>	31.52	337,703 <sup>(2)</sup>	8.12	1,310,332 <sup>(3)</sup>	31.52
Orix	124,078	5.23	-	-	186,117	5.23	-	-	186,117	5.22	-	-	217,136	5.22	-	-
Orix Corporation	-	-	124,078 <sup>(4)</sup>	5.23	-	-	186,117 <sup>(4)</sup>	5.23	-	-	186,117 <sup>(4)</sup>	5.22	-	-	217,136 <sup>(4)</sup>	5.22
Orix Aviation Systems Limited	-	-	124,078 <sup>(4)</sup>	5.23	-	-	186,117 <sup>(4)</sup>	5.23	-	-	186,117 <sup>(4)</sup>	5.22	-	-	217,136 <sup>(4)</sup>	5.22

### Notes:

<sup>(1)</sup> Shares held through own name and HSBC Nominees (Tempatan) Sdn. Bhd.

<sup>(2)</sup> Shares held through own name, HSBC Nominees (Tempatan) Sdn. Bhd. and Cimsec Nominees (Tempatan) Sdn. Bhd.

<sup>(3)</sup> Deemed interested by virtue of Section 6A of the Act through a shareholding of more than 15% in TGSB and AAB.

<sup>(4)</sup> Deemed interested by virtue of their shareholding interests in Orix pursuant to Section 6A of the Act.

### 4.3 NA per share and gearing

Based on the Assumptions, AAX's latest audited consolidated balance sheet as at 31 December 2013 and the assumption that the Proposed Rights Issue with Warrants has been completed and all Warrants are fully exercised as at 31 December 2013, the proforma effects of the Proposed Rights Issue with Warrants on AAX's consolidated NA per share and gearing are set out below:

#### Scenario 1

	I	II	III	
Audited as at 31 December 2013	Exercise of ESOS	After I and the Proposed Rights Issue with Warrants	After II and assuming the full exercise of Warrants	
RM million	RM million	RM million	RM million	
Share capital	355.6	356.5	534.7	623.8
Reserves <sup>(1)</sup>	880.6	887.3	1,101.3	1,428.0
<b>Total Equity/ NA</b>	<b>1,236.2</b>	<b>1,243.8</b>	<b>1,636.0</b>	<b>2,051.8</b>
Number of AAX Shares in issue (million)	2,370.4	2,376.5	3,564.8	4,158.9
Total deposits, cash and bank balances (RM million)	263.0	270.7	662.8	1,078.7
Total borrowings (RM million)	1,996.3	1,996.3	1,996.3	1,996.3
NA per share (RM)	0.52	0.52	0.46	0.49
Gross gearing (times) <sup>(2)</sup>	1.61	1.60	1.22	0.97
Net gearing (times) <sup>(3)</sup>	1.40	1.39	0.82	0.45

#### Notes:

<sup>(1)</sup> The proforma effects above have not taken into consideration any expenses in relation to the Proposed Rights Issue with Warrants, which may be deducted against the share premium account arising from the issuance of the Rights Shares.

<sup>(2)</sup> Calculated based on total borrowings divided by total equity.

<sup>(3)</sup> Calculated based on total borrowings net of cash divided by total equity.

## Scenario 2

	I	II	III
Audited as at 31 December 2013	Proposed Rights Issue with Warrants	After I and the Exercise of ESOS	After II and assuming the full exercise of Warrants
RM million	RM million	RM million	RM million
Share capital	355.6	533.3	623.3
Reserves <sup>(1)</sup>	880.6	1,093.9	1,424.9
<b>Total Equity/ NA</b>	<b>1,236.2</b>	<b>1,627.2</b>	<b>2,048.2</b>
Number of AAX Shares in issue (million)	2,370.4	3,555.6	4,155.6
Total deposits, cash and bank balances (RM million)	263.0	654.1	1,075.1
Total borrowings (RM million)	1,996.3	1,996.3	1,996.3
NA per share (RM)	0.52	0.46	0.49
Gross gearing (times) <sup>(2)</sup>	1.61	1.23	0.97
Net gearing (times) <sup>(3)</sup>	1.40	0.82	0.45

### Notes:

<sup>(1)</sup> The proforma effects above have not taken into consideration any expenses in relation to the Proposed Rights Issue with Warrants, which may be deducted against the share premium account arising from the issuance of the Rights Shares.

<sup>(2)</sup> Calculated based on total borrowings divided by total equity.

<sup>(3)</sup> Calculated based on total borrowings net of cash divided by total equity.

#### **4.4 Earnings and earnings per share (“EPS”)**

The Proposed Rights Issue with Warrants is expected to generate interest savings of approximately RM4 million for the financial year ending 31 December 2015 arising from the repayment of short-term borrowings of up to approximately RM119 million assuming that the exercise is completed by the second quarter of 2015.

Moving forward, the Proposed Rights Issue with Warrants is expected to contribute positively to the consolidated earnings of AAX for the ensuing financial years, when the benefits of the proposed utilisation of proceeds are realised.

The Proposed Rights Issue with Warrants will dilute AAX’s consolidated EPS as a result of the increase in the number of AAX Shares in issue upon completion of the Proposed Rights Issue with Warrants and as and when the Warrants are exercised into new AAX Shares.

Moreover, the actual impact on AAX’s future earnings and consolidated EPS will also depend on, among others, the actual number of Rights Shares and Warrants to be issued, the exercise rate of the Warrants as well as the level of returns generated from the utilisation of proceeds raised from the Proposed Rights Issue with Warrants and the exercise of Warrants.

#### **4.5 Convertible securities**

As at the LPD, save for the outstanding 6,150,000 ESOS options granted which are exercisable between the period from 1 July 2014 to 30 July 2018, AAX does not have any other convertible securities.

The Proposed Rights Issue with Warrants will give rise to the adjustments to the exercise price and/or number of the ESOS options pursuant to the ESOS By Laws. The adjustments will be made in accordance with the provisions of the ESOS By Laws to mitigate any potential equity dilution resulting from the Proposed Rights Issue with Warrants to ensure that the status of the existing ESOS options holders are not prejudiced after the Proposed Rights Issue with Warrants.

Any necessary adjustment to the existing exercise price and the number of ESOS options as a result of the Proposed Rights Issue with Warrants will be finalised on the day immediately following the entitlement date of the Proposed Rights Issue with Warrants.

The details of the actual adjustments to the exercise price and number of ESOS options shall be notified by the Company to the holders of ESOS options at a later date and shall be set out in a letter of adjustments to the holders of ESOS options.

### **5. APPROVALS REQUIRED**

The Proposals are subject to the following approvals being obtained:

- (a) Bursa Securities for the following:
  - (i) admission of the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
  - (ii) listing of and quotation for the new AAX Shares and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants and the new AAX Shares arising from the exercise of the Warrants.
- (b) shareholders of AAX at an Extraordinary General Meeting to be convened; and
- (c) any other relevant authorities and/or parties, where required.

The Proposed Rights Issue with Warrants is conditional upon the Proposed Increase in the Authorised Share Capital and the Proposed Amendment but not vice-versa. The Proposed Amendment is to give effect to the Proposed Increase in the Authorised Share Capital.

Save as stated above, the Proposals are not conditional upon any other corporate exercise/scheme of AAX.

Barring any unforeseen circumstances, the applications to the relevant regulatory authorities in relation to the Proposals will be made within two (2) months from the date of this announcement.

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

None of the Directors and major shareholders of AAX and/or persons connected to them have any interest, direct or indirect, in the Proposals, other than their respective entitlements under the Proposed Rights Issue with Warrants and their right to apply for excess Rights Shares and Warrants as shareholders of AAX (where applicable), which shall also be made available to all other shareholders of AAX.

**7. DIRECTORS' STATEMENT**

The Board, having considered the current and prospective financial position of AAX and all aspects of the Proposals including the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of AAX and its shareholders.

**8. ADVISER**

CIMB has been appointed by AAX as the Principal Adviser for the Proposals.

**9. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to complete by the second quarter of 2015.

**This announcement is dated 30 January 2015.**

**PRINCIPAL TERMS OF THE WARRANTS**

- Form : The Warrants, which are issued with the Rights Shares will be immediately detached upon issue and separately traded. The Warrants will be issued in registered form and constituted by the Deed Poll
- Tenure : 5 years from and inclusive of the date of issue of the Warrants
- Exercise rights : Each Warrant entitles the holder to subscribe for 1 new AAX Share at the Exercise Price satisfied in cash. The number of Warrants may from time to time be adjusted in accordance with the provisions of the Deed Poll
- Exercise Price : The exercise price of the Warrants will be determined at a date to be determined and announced later by the Board, after taking into consideration the funding requirements of AAX and the timing of such requirements. The exercise price of the Warrants will be fixed at a premium based on the TERP of AAX Shares immediately before the Price-fixing Date and shall, in no event, be lower than the par value of AAX Shares of RM0.15. The Exercise Price may from time to time be adjusted in accordance with the provisions of the Deed Poll
- Exercise period : The Warrants shall be exercisable into new AAX Shares on any market day within a period from the date of issue of the Warrants up to and including the close of the market day on the date falling 5 years from the date of issue of the Warrants. Any Warrants not exercised during the aforesaid exercise period will thereafter lapse and become void
- Distribution rights of the Warrants : The Warrants are not entitled to any dividends, rights, allotments and/or other distributions to any existing AAX Shares until such Warrants are exercised and new AAX Shares are issued and allotted to such Warrant holders
- Status of new AAX Shares arising from the exercise of the Warrants : The new AAX Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing AAX Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the allotment date of the new AAX Shares
- Adjustments to the Exercise Price and/or number of Warrants : The Exercise Price or any additional Warrant which a Warrant holder may be entitled to be issued with from time to time shall be adjusted, calculated or determined by the Directors of AAX in consultation with the approved investment bank and/or the auditors in accordance with the provisions as contained in the Deed Poll
- Ranking in event of winding-up, compromise and/or arrangements : If a resolution is passed for a members' voluntary winding-up of the Company or if a court order approving a scheme of compromise or arrangement made pursuant to Section 176 of the Companies Act, 1965 is granted, then:
- (i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrant holders or some person designated by them for such purpose by special resolution shall be a party, the terms of such scheme of arrangement shall be binding on all the Warrant holders;

- (ii) in any other case, every Warrant holder shall, within 6 weeks after the passing of such resolution for a members' voluntary winding-up or within 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the exercise period for the Warrants), by delivery to the Company of a duly completed subscription form together with the relevant Exercise Price in the manner described in the Deed Poll, be entitled to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the rights represented by such Warrants to the extent specified in the subscription form and had on such date been the holder of AAX Shares to which he would have become entitled pursuant to such exercise, and the liquidator of the Company shall give effect to such election accordingly; and

subject to conditions (i) and (ii) above, if the Company is wound up (other than by way of a members' voluntary winding up), all exercise rights which have not been exercised prior to the date of commencement of the winding up shall lapse and the Warrants will cease to be valid for any purpose

- Modification to terms and conditions of the Warrants : AAX may make any modification to the Deed Poll if, in the opinion of the approved investment bank, such modification, addition or deletion will not be materially prejudicial to the interests of the Warrant holders, or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia or any requirements of the relevant regulatory authority upon consultation with legal advisers
- Listing : Application will be made to Bursa Securities for the listing of and quotation for the Warrants and the new AAX Shares to be issued upon exercise of the Warrants
- Board lot : The Warrants shall be tradable upon listing in board lots of 100 Warrants, or such denomination as may be determined by Bursa Securities
- Constitution : The Warrants will be constituted by the Deed Poll
- Governing law : Laws and regulations of Malaysia