AIRASIA X BERHAD ("AAX" OR THE "COMPANY")

PROPOSED PLACEMENT OF 32,258,066 NEW ORDINARY SHARES IN AAX, REPRESENTING APPROXIMATELY 7.78% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

1. INTRODUCTION

On behalf of the Board of Directors of AAX ("**Board**"), AmInvestment Bank Berhad ("**AmInvestment Bank**") wishes to announce that the Company proposes to undertake a placement of 32,258,066 new ordinary shares in AAX ("**AAX Shares**" or "**Shares**"), representing approximately 7.78% of the total number of issued Shares, to AHAM Asset Management Berhad, AIIMAN Asset Management Sdn Bhd and Lavin Group Sdn Bhd (collectively, the "**Subscribers**") at an issue price of RM1.55 per AAX Share, vide three (3) conditional share subscription agreements entered into between the Company and each of the Subscribers on 22 May 2023 respectively ("**Subscription Agreements**") ("**Proposed Placement**").

Further details of the Proposed Placement are set out in the ensuing sections of this Announcement.

2. DETAILS OF THE PROPOSED PLACEMENT

The Proposed Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("**Act**"). The Company had at its 15th annual general meeting ("**AGM**") convened on 7 December 2021, obtained the general mandate from its shareholders whereby the Board has been authorised to issue and allot new AAX Shares from time to time and upon such terms and conditions and for such purposes and to such persons whomever as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of new Shares issued under this authority does not exceed 10% of the total number of issued Shares (excluding treasury shares, if any) for the time being ("**General Mandate**"). The General Mandate shall continue to be in force until the conclusion of the next AGM of the Company, unless revoked or varied by an ordinary resolution of the Company at a general meeting. In this regard, the Company will seek the approval of its shareholders for the renewal of the General Mandate at its upcoming AGM on 8 June 2023 to facilitate the completion of the Proposed Placement, in the event the implementation of the Proposed Placement goes beyond 8 June 2023.

2.1 Placement size

The Proposed Placement will entail the issuance of 32,258,066 new AAX Shares ("**Placement Shares**"), representing approximately 7.78% of the total number of issued Shares of 414,814,737 AAX Shares as at 19 May 2023, being the latest practicable date prior to the date of this Announcement ("**LPD**"), at an issue price of RM1.55 per Placement Share ("**Subscription Price**").

2.2 Placement arrangement

On 22 May 2023, the Company had entered into the Subscription Agreements with the Subscribers for the Proposed Placement.

Subject to the terms and conditions of the Subscription Agreements, the Subscribers agree to subscribe for and the Company agrees to issue and allot to the Subscribers the Placement Shares free from any encumbrance for a total cash consideration of RM50,000,002.30.

The number of Placement Shares to be subscribed by each of the Subscribers and the corresponding cash consideration to be paid by each of the Subscribers is as follows:

Name	No. of Placement Shares to be subscribed	Cash consideration
		(RM)
AHAM Asset Management Berhad	12,909,033	20,009,001.15
AIIMAN Asset Management Sdn Bhd	3,220,000	4,991,000.00
Lavin Group Sdn Bhd	16,129,033	25,000,001.15
Total	**32,258,066**	**50,000,002.30**

The Placement Shares will be issued in a single tranche. Further information on the Subscribers and the salient terms of the Subscription Agreements are set out in Section 2.3 and Appendix I of this Announcement respectively.

2.3 Information on the Subscribers

2.3.1 AHAM Asset Management Berhad

AHAM Asset Management Berhad ("**AHAM**") was incorporated in Malaysia on 2 May 1997 as a private limited company under the name Hwang-DBS Capital Sdn Bhd, before being converted into a public company on 31 January 2001. Subsequently, the company converted its name to Hwang Investment Management Berhad ("**Hwang IM**") on 18 January 2012 before it changed its name to Affin Hwang Asset Management Berhad on 2 September 2014 following the completion of the merger between Affin Fund Management Berhad and Hwang IM. It then assumed its present name on 10 November 2022.

AHAM commenced its business operations on its date of incorporation. It is a fund management company licensed under the Capital Market and Services Act 2007. The principal activities of AHAM group are the establishment, management and distribution of unit trust funds, exchange traded funds and private retirement schemes, provision of fund management services to private clients, managing corporate private equity investments, as well as providing training and coaching services to AHAM's tied sales consultants.

AHAM has RM77 billion assets under management as at February 2023. Its clients include pension funds, public listed companies, state funds, high net worth individuals and retail investors.

AHAM's major shareholder CVC Capital Partners Asia V Limited ("**CVC**"), which owns 63% equity interest in AHAM through Starlight Asset Sdn Bhd (an investment holding company incorporated by funds managed by CVC), is a private equity fund managed by CVC Capital Partners, a global private equity and investment advisory firm. AHAM is also 27% owned by Nikko Asset Management International Limited, a leading independent Asian investment management franchise.

As at LPD, AHAM and the funds managed by AHAM collectively hold 716,300 AAX Shares, representing approximately 0.17% of the existing issued AAX Shares. Upon completion of the Proposed Placement, AHAM and the said funds will collectively hold 13,625,333 AAX Shares, representing approximately 3.05% of the enlarged issued AAX Shares.

(Sources: Circular to shareholders of Affin Bank Berhad dated 26 April 2022 and AHAM)

2.3.2 AIIMAN Asset Management Sdn Bhd

AIIMAN Asset Management Sdn Bhd ("**AIIMAN**") was incorporated in Malaysia on 19 January 1993 as a private limited company under the name Hwang-DBS Asset Management Sdn Bhd and commenced its business operations on 17 November 2008. Subsequently, the company assumed its present name on 5 December 2016. AIIMAN is the wholly-owned Shariah investment arm of AHAM and it was licensed by the Securities Commission Malaysia to undertake the regulated activities of Islamic fund management on 17 November 2008. AIIMAN is principally involved in Islamic fund management activities and dealing in securities restricted to unit trust. It manages assets for pension funds, institutions, corporates, high net worth and mass affluent individuals.

As at LPD, AIIMAN and the funds managed by AIIMAN do not hold any AAX Shares.

(Sources: Circular to shareholders of Affin Bank Berhad dated 26 April 2022 and AIIMAN)

2.3.3 Lavin Group Sdn Bhd

Lavin Group Sdn Bhd ("**Lavin Group**") was incorporated on 13 January 2015 in Malaysia under the Companies Act 1965 as a private company limited by shares, and is deemed registered under the Act. The principal activity of Lavin Group is investment holding and it has a wide range of business interest in various sectors including property, stock trading, vessel chartering, fishery and aviation.

As at LPD, the directors and substantial shareholders of Lavin Group, and their respective shareholdings in Lavin Group, are as follows:

	Direct		**Indirect**	
Name	**No. of shares in Lavin Group**	**%**	**No. of shares in Lavin Group**	**%**
<u>Director</u>				
Ong Yock Lian	20	*	-	-
<u>Director and substantial shareholders</u>				
Calvin Lau Chuen Yien	1,999,980	99.99	-	-

Note:

* *Less than 0.01%.*

As at LPD, Lavin Group does not hold any AAX Shares and does not have any relationship with any director and/or substantial shareholder of AAX.

2.4 Basis and justification for the Subscription Price of the Placement Shares

The Subscription Price was arrived at on a willing buyer-willing seller basis between the Company and the Subscribers after taking into consideration the following:

(i) historical trading prices of AAX Shares for the past 12 months preceding the date of the Subscription Agreements; and

(ii) recent financial performance and prospects of AAX and its subsidiaries ("**AAX Group**" or "**Group**").

The Subscription Price represents a discount of approximately RM0.1596 or 9.34% to the five (5)-day volume weighted average market price ("**VWAP**") of AAX Shares up to and including LPD of RM1.7096 per AAX Share.

In addition, the Subscription Price represents the following premium over/discount to the last trading price and VWAP of AAX Shares up to and including LPD:

	Price	Premium/(discount)	
	(RM)	(RM)	(%)
Last trading price as at LPD	1.8000	(0.2500)	(13.89)
<u>Up to and including LPD/LTD:</u>			
▪ One (1)-month VWAP	1.5532	(0.0032)	(0.21)
▪ Three (3)-month VWAP	1.3286	0.2214	16.66
▪ Six (6)-month VWAP	1.2642	0.2858	22.61

(Source: Bloomberg)

2.5 Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment, rank equally in all respects with the then existing AAX Shares, save and except that the Placement Shares will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to or on the date of issuance and allotment of the Placement Shares.

2.6 Listing and quotation of the Placement Shares

An application will be made to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities.

2.7 Use of proceeds

Based on the Subscription Price, the Company will raise gross proceeds of approximately RM50.00 million from the Proposed Placement. The gross proceeds raised from the Proposed Placement are expected to be used in the following manner:

Purpose	Note	RM'000	Estimated timeframe for use of proceeds*
General working capital	(i)	49,400	Within 12 months
Estimated expenses in relation to the Proposed Placement	(ii)	600	Within one (1) month
Total		**50,000**	

Notes:

* *From the date of listing of the Placement Shares.*

(i) *The proceeds amounting to approximately RM49.45 million will be used to fund the working capital requirements of the Group as follows:*

Purpose	***RM'000***
Aircraft activation costs	*23,000*
Aircraft maintenance costs	*18,500*
Other operating expenses (such as leases and insurance)	*7,900*
Total	***49,400***

For information purpose, the proceeds to be utilised for each component of working capital as set out in the table above is subject to change as it is dependent on the operating and funding requirements of the Group at that point of utilisation.

(ii) *The estimated expenses consist of professional fees, regulatory fees, placement fees and other incidental expenses to be incurred for the Proposed Placement. Any variation in the actual amount of expenses will be adjusted to or from the gross proceeds allocated for general working capital of the Group.*

Pending the use of the proceeds to be raised from the Proposed Placement for the purposes as set out above, such proceeds will be placed in deposits with licensed Islamic bank(s)/Islamic financial institution(s) and/or Islamic short-term money market instrument(s), as the Board may deem fit. Any profit derived from such deposit(s) and/or any gain arising from such market instrument(s) will be used to fund the working capital requirements of the Group.

3. RATIONALE FOR THE PROPOSED PLACEMENT

The Proposed Placement will allow the Company to raise funds expeditiously to fund the working capital requirements of the Group, further details of which are set out in Section 2.7 of this Announcement.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Placement is the most appropriate avenue for the Company to raise funds at this juncture as:

(i) it enables the Company to raise funds in a cost effective and expeditious manner as opposed to other forms of equity fund raising such as a rights issue since the General Mandate has been obtained;

(ii) it provides an avenue for the Group to raise funds without having to incur interest costs or service principal repayments as opposed to bank borrowings or the issuance of debt securities, thereby allowing the Group to preserve its cash flows for operational purposes;

(iii) it enables the Company to strengthen its financial position and capital base by increasing its share capital; and

(iv) it allows the Company to onboard sophisticated/institutional investors (i.e. the Subscribers) as shareholders vide the Subscription Agreements, amidst the Group's continued recovery after the COVID-19 pandemic and potentially improve the liquidity of AAX Shares.

In addition to the rationale for the Proposed Placement, the Board has also considered the following factors before embarking on the Proposed Placement:

(a) Steps taken/to be taken to address the Group's financial concerns and adequacy of proceeds raised from the Proposed Placement

On 29 October 2021, the Board announced that AAX was classified as an affected listed issuer under Practice Note 17 ("**PN17**") of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") as AAX had triggered the criteria prescribed under Paragraph 8.04 of the Listing Requirements and Paragraph 2.1(d) of PN17 of the Listing Requirements.

The PN17 prescribed criteria was triggered as AAX's external auditors, Messrs. Ernst & Young PLT ("**EY**"), had expressed a disclaimer of opinion in the Company's audited financial statements for the 18-month financial period ended ("**FPE**") 30 June 2021, which was announced on 29 October 2021.

Prior to being classified as an affected listed issuer under PN17 of the Listing Requirements, the Company had on 30 July 2020 announced that it had triggered the criteria prescribed under Paragraph 8.04 of the Listing Requirements and the following prescribed criteria set out in PN17 of the Listing Requirements:

(aa) Paragraph 2.1(a) – the shareholders' equity of the listed issuer on a consolidated basis is 25% or less of the share capital (excluding treasury shares) of the listed issuer and such shareholders' equity is less than RM40 million; and

(bb) Paragraph 2.1(e) – the auditors have highlighted a material uncertainty related to going concern or expressed a qualification on the listed issuer's ability to continue as a going concern in the listed issuer's latest audited financial statements and the shareholders' equity of the listed issuer on a consolidated basis is 50% or less of share capital (excluding treasury shares) of the listed issuer.

Nevertheless, Bursa Securities had, vide its letter dated 16 April 2020, granted a relief from complying with the obligations under Paragraph 8.04 and PN17 of the Listing Requirements to any listed issuer which trigger certain criteria set out in PN17 of the Listing Requirements (including Paragraphs 2.1(a) and 2.1(e) of PN17 of the Listing Requirements set out above) between 17 April 2020 and 30 June 2021.

Notwithstanding that the Company was granted the aforementioned relief, the Company had actively undertaken various efforts and corporate exercises to regularise and improve its financial condition during the said relief period. These include the following:

(A) ***debt restructuring scheme*** which involved a debt settlement and waiver for the debts owing by the Company to its creditors amounting to RM33.65 billion pursuant to Section 366 of the Act, which was completed on 16 March 2022;

(B) ***corporate restructuring exercise*** which involved the following:

    (i) share capital reduction of 99.9% of the issued share capital of the Company pursuant to Section 116 of the Act (i.e. wherein the issued share capital of the Company was reduced from approximately RM1,534.04 million to approximately RM1.53 million) resulting in a credit of approximately RM1,532.51 million that was used to offset the accumulated losses of the Company, which was completed on 26 January 2022; and

    (ii) share consolidation of every 10 then existing AAX Shares into one (1) AAX Share which was completed on 14 February 2022; and

(C) ***major cost containment exercises*** which include rationalising its network plan which included the suspension and termination of unprofitable and/or immature routes and focusing on routes that have proven load and yield performance, reviewing/restructuring all forms of contracts, agreements and/or arrangements in relation to fleet and overall operations to better align the Group's future size and requirements for cost efficiency, as well as undertaking manpower consolidation and optimisation.

With the continued efforts taken by the Company to regularise and improve its financial condition coupled with the Group's scaling up of its operations after the reopening of regional borders across the world since early 2022, the Company had turned around its financial performance from loss-making to registering two (2) consecutive quarters of profit of approximately RM25.09 million and RM153.48 million as announced vide its unaudited quarterly results for the last two (2) quarters ended 30 September 2022 and 31 December 2022 respectively.

For information purpose, AAX's external auditors, EY, had on 28 April 2023, issued an unqualified audit opinion in respect of the Company's audited financial statements for the 18-month FPE 31 December 2022. As such, the Company no longer triggers the criteria prescribed under Paragraphs 2.1(d) and (e) of PN17 of the Listing Requirements.

While the Company continues to evaluate the Group's financial performance as well as the viability of its PN17 regularisation plan, the Company proposes to undertake the Proposed Placement as an interim fund raising measure to bolster its short-term working capital requirements alongside the Group's resumption of operations back to normalcy.

Given the continued recovery of demand for international air travel across the region and the improvement in the Group's financial condition, the Board is of the view that the proceeds to be raised from the Proposed Placement are adequate to meet the Group's short to medium term financial requirements at this juncture. Notwithstanding this, the Group will continuously assess its operations, as well as financial position and condition moving forward. The Proposed Placement is also expected to provide a better footing for the Group to continue to focus on revitalising its existing business.

For information purpose, the Company has not undertaken any equity fund raising exercise in the past 12 months preceding the date of this Announcement.

(b) Value expected to be created from the Proposed Placement to the Company and the shareholders of the Company as well as the impact of the Proposed Placement

The Proposed Placement is timely and beneficial to the Company's financial position, given its current classification as an affected listed issuer under PN17 of the Listing Requirements. While the Company continues to evaluate the Group's financial performance and the viability of its PN17 regularisation plan, the proceeds raised from the Proposed Placement will provide the Group with an interim financing solution to address its working capital requirements, whilst allowing the Group to further scale up its operations in line with the aviation industry's return to normalcy with the reopening of regional borders across the world.

The Proposed Placement is also expected to further steer the Group in the right trajectory towards strengthening the Company's financial position by increasing its share capital, which has since been reduced to approximately RM1.53 million as a result of the share capital reduction exercise undertaken in January 2022 as well as improving its shareholders' funds. This will allow the Company to gradually re-establish a firm equity base to support future financing needs including to secure the working capital required for the Groups' operations in the future. The Proposed Placement is undertaken in parallel with the Group's ongoing efforts to turn around its financial position, as evidenced by the two (2) recent consecutive quarters of profits recorded by the Group as mentioned earlier.

The Proposed Placement also allows the Company to onboard institutional investors (i.e. the Subscribers) as shareholders vide the Subscription Agreements, amidst the Group's continued recovery after the COVID-19 pandemic and potentially improve the liquidity of AAX Shares.

4. OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Asia Pacific economy

Asia and Pacific will be the most dynamic of the world's major regions in 2023, predominantly driven by the buoyant outlook for The People's Republic of China ("**China**") and India. The two (2) largest emerging market economies of the region are expected to contribute around half of global growth this year, with the rest of Asia and Pacific contributing an additional fifth.

The reopening of the Chinese economy will be pivotal for the region. It is expected to result in a pickup in private consumption that will drive China's growth rebound. Spillovers to the rest of Asia from higher consumption in China are estimated to be larger than spillovers from other growth drivers, such as investment. The near-term impact will likely vary across countries, with those more heavily reliant on tourism likely reaping the most benefit, given that the expected rise in China's imports will be strongest for services.

As in the rest of the world, domestic demand is expected to remain the largest growth driver across Asia in 2023. The rebound in private consumption supported by the drawdown of excess savings built up during the pandemic – reflecting a combination of lockdown-related spending cuts, desire for higher precautionary savings, and exceptional government transfers – is expected to continue this year as household savings ratios have not yet normalised. The pace of the rebound should moderate in the economies in which the drawdown is most advanced. Moreover, improved prospects and still accommodative financial conditions in many Asian economies are likely to support credit flows for household consumption and corporate investment.

However, several external and domestic factors will weigh on the outlook. Monetary conditions in the eurozone and the United States in 2022 were tighter than previously expected, which, together with the continued rotation from goods to services demand, has contributed to a downgrade in the projected import demand for Asia from outside the region. This downgrade will offset some of the benefits from higher import demand from China and weigh on growth momentum in Asia's manufacturing exporters. In addition, the downturn in the technology cycle – visible in the sagging price of electronics imported by the United States from Asia and in falling book-to-bill ratios of semiconductors – will be an additional drag on the region's tech exports. Within the region, the impact of restrictive monetary policy has started to be felt, with housing markets cooling off and weakening demand for investment in residential and business construction.

Reflecting these global and regional forces, gross domestic product (GDP) growth in the region is expected to reach 4.6% in 2023, up from 3.8% in 2022, and an upgrade of 0.3 percentage points from the October 2022 *World Economic Outlook*. Asia's dynamism will be driven primarily by the recovery in China and resilient growth in India, while growth in the rest of Asia is expected to bottom out in 2023, in line with other regions.

Stronger external demand from China will provide some respite to advanced economies in the region, but is expected to be largely outweighed by the drag from other domestic and external factors. In Japan, growth is expected to tick up slightly to 1.3% in 2023, supported by expansionary monetary and fiscal stances; this forecast represents a 0.3 percentage point downgrade relative to last October, reflecting weaker external demand and investment and carryover from disappointing growth in the last quarter of 2022. In Australia and New Zealand, weakening domestic demand linked to monetary tightening, rising mortgage payments, and lower real disposable income is expected to dampen growth prospects to 1.6% and 1.1% in 2023, respectively. The downturn in the technology cycle is expected to erode growth momentum further in Korea and Taiwan Province of China, where outturns in the last quarter of 2022 were disappointing.

In China, the economy is expected to expand by 5.2% in 2023, as the rapid economic reopening generates a strong recovery in private consumption. In India, growth momentum will begin to slow as softening domestic demand offsets strong external services demand; growth is expected to moderate slightly from 6.8% in 2022 to 5.9% this year. Economies belonging to the Association of Southeast Asian Nations (ASEAN) are also expected to see growth decreasing from 5.7% in 2022 to 4.6% in 2023, due to a slight moderation in domestic demand momentum (Malaysia, Thailand), monetary tightening (Philippines), commodity prices easing (Indonesia, Malaysia), and weaker external demand from the United States and Europe. In Bangladesh, growth will slow to 5.5% in 2023 because of demand management measures; the recently approved Extended Fund Facility will help address economic challenges caused by Russia's war in Ukraine, while the concurrent Resilience and Sustainability Facility arrangement will help expand fiscal space to finance climate investment priorities and build resilience against long-term climate risks. In Sri Lanka, the recently approved Extended Fund Facility Arrangement will provide much needed financing and help stabilise the economy.

The full reopening of borders both domestically and in China will help boost tourism across Pacific Island countries, with growth expected to accelerate to 3.9% this year. However, output remains below pre-pandemic levels, and policy space is shrinking as debt pressures remain elevated.

Over the medium term, structural shifts in China's economic model – most notably the declining population and slowing productivity growth – will lead China's growth to fall below 4%, and thus well below historic averages. In addition, as a result of structural rebalancing over time, China's growth is expected to be increasingly consumption driven. This shift may reduce Asia's growth momentum significantly given strong trade and supply chain linkages within the region.

Headline inflation is expected to decline this year at a gradual pace, reflecting subsiding food and energy price pressures and the effects of monetary tightening. Output is expected to return to potential in Asia's emerging market economies by 2023, somewhat behind the trend in advanced economies, suggesting continued near-term pressure on core inflation. Inflationary pressures in Asia's advanced economies are expected to be more persistent than envisioned in the October 2022 *World Economic Outlook*, as wage growth has recently become more apparent in Australia, Japan and New Zealand.

(Source: Regional Economic Outlook for Asia and Pacific May 2023, International Monetary Fund (IMF))

4.2 Overview and outlook of the aviation industry

Tourist arrivals have picked up and pace steadily since Malaysia reopened its borders on 1 April 2022. Based on the latest data from the Ministry of Tourism, Arts and Culture ("**MOTAC**"), Malaysia recorded 2.03 million tourist arrivals in the second quarter ("**2Q**") of 2022, an increase of 7,921.9% year-on-year ("**YoY**") (2Q 2021: 0.03 million). On a quarter-on-quarter ("**QoQ**") basis, tourist arrivals in 2Q 2022 recorded an increase of 1,974.5% QoQ (2Q 2021: 0.4% QoQ).

The gradual rise in tourist arrivals from 2Q 2022 onwards was further driven by initiatives and campaigns by the MOTAC. For instance, a Memorandum of Cooperation (MOC) was signed between Tourism Malaysia with Emirates as part of the recovery of traffic to Malaysia from key markets across the airline's network. Furthermore, the relaxation of travel restrictions around the world has boosted tourism, including in Malaysia. The MOTAC is also targeting the entry of about 9.2 million inbound tourists in 2022, with an estimated tourism expenditure of RM26.8 billion.

In the third quarter ("**3Q**") of 2022, total passenger traffic in Malaysia was 15.6 million, the highest since the start of the COVID-19 pandemic. Passenger traffic grew by 1,434.3% YoY (3Q 2021: -78.2% YoY) due to the low base effect. On a QoQ basis, passenger traffic recorded an increase of 26.1% QoQ in 3Q 2022 (3Q 2021: -22.1% QoQ). This improvement brings the 10-month 2022 passenger traffic number to 42.2 million and the steady rise in passenger traffic numbers bodes well for further recovery in the aviation industry.

Meanwhile, international passenger traffic, from both ASEAN and non-ASEAN countries had recovered steadily from 2Q 2022 onwards and recorded an improvement of 79.6% QoQ in 3Q 2022 (3Q 2021: -55.8% QoQ).

Global passenger traffic as measured by revenue passenger kilometres (RPKs) has recovered steadily in 2022, rising from 50.4% of the 2019 level in January to 73.8% of the 2019 level in September. The seat capacity has also recovered at a similar pace, with industry-wide available seat kilometres (ASKs) at 74.1% of the 2019 level in September.

In 2023, the global passenger traffic is expected to continue its steady upward trend and reach close to 90% of the 2019 levels, before making a full recovery in 2024. However, the rate of recovery will continue to differ across regions and markets. While Europe, Latin America, and the Middle East are forecasted to recover to their 2019 levels by 2024, North America is poised to return to its 2019 level earlier in 2023, with Asia Pacific and Africa continuing to trail behind and only recover by 2025.

China's zero-COVID policy had caused serious repercussions on global traffic numbers given the importance of this large market in the aviation industry. The Chinese domestic passenger market accounted for 18.9% of global passengers in 2021. With the resumption of international travel expected in China by mid-2023, this may accelerate the rate of recovery for the Asia Pacific region in 2023 and beyond.

Despite significant inflationary pressures, rising geopolitical tensions and expectations of a potential recession in developed economies, willingness to travel remains strong, and passenger traffic growth will likely withstand these macroeconomic headwinds. While growth in 2022 is fueled by the domestic sector, international travel is set to rise significantly in 2023, with the domestic growth moderating as it approaches the pre-pandemic levels.

The Malaysian Aviation Commission ("**MAVCOM**") forecasts Malaysia's air passenger traffic in 2023 to increase by between 40% and 52% YoY, translating to 74.6 million to 80.8 million passengers, with a base case scenario of 76.7 million to 78.6 million passengers. While growth prospects remain strong, MAVCOM adopts a conservative forecast of 68% to 74% of 2019 levels, slightly below the International Air Transport Association's (IATA) forecast of 80% for the Asia Pacific region in 2023.

The international passenger traffic is also expected to experience significant recovery in 2023, with routes to key markets gradually being restored beginning in fourth quarter of 2022. Based on the schedule data as of October 2022, planned capacity for domestic routes makes up 41.5% of total planned capacity for 2023, followed by 33.3% for the ASEAN routes, and 25.2% for the non-ASEAN international routes.

(Source: Waypoint Report: Malaysian Aviation Industry Outlook (December 2022), MAVCOM)

4.3 Prospects of the AAX Group

From the onset of the Company's triggering of the criteria prescribed under Paragraph 8.04 of the Listing Requirements and the prescribed criteria set out in PN17 of the Listing Requirements on 30 July 2020 as detailed in Section 3(a) of this Announcement, the Company had embarked on an array of measures and corporate exercises to regularise and improve its financial condition amidst the negative impact arising from the COVID-19 pandemic which had disrupted the Group's operation as well as the worldwide aviation industry as a whole.

Through the Group's continued efforts to return its operations back to normalcy, the Group was able to restart its operations on a business-as-usual basis during the second half of 2022 as it launched more scheduled flights operations in June 2022. Since then, the financial results of the Group have been improving in tandem with the increasing demand that the Group is observing across all markets that the Group has in its network strategy, as evidenced by the two (2) consecutive quarters of profit for the 3-month FPEs 30 September 2022 and 31 December 2022.

The recovery of the Group is further evidenced by the improvements charted across all of its key operating metrics for the 3-month FPEs 30 September 2022 and 31 December 2022. For the said two (2) financial quarters, the Group recorded healthy passenger load factor ("**PLF**") of 73% and 79% respectively, both of which are close to emulating the pre-pandemic level PLFs. The Group maximised the recovery of its revenue segments with only approximately half of its fleet activated during the aforementioned periods and its revenue had gradually improved from RM107.18 million for the 3-month FPE 30 June 2022, to RM339.30 million for the 3-month FPE 31 December 2022, representing an increase in revenue of approximately RM232.12 million or 216.57% QoQ. This came as the Group observed an uptrend in average base fare and ancillary revenue per passenger over the past quarters on the back of strong demand for travel and ancillary services, attributable to the rebound in personal consumption buoyed by the drawdown of excess savings built up during the pandemic. For information purpose, for the 3-month FPE 30 September 2022, average base fare was RM625 with ancillary revenue per passenger resilient at RM142, while for the 3-month FPE 31 December 2022, average base fare surged to RM866 with higher ancillary revenue per passenger of RM196.

As the Group continues to capitalise on the continued demand for air travels, the Group is committed to ensure that all aircraft within its fleet are operational within the targeted reactivation timeline. The Group had previously reduced its fleet size from 24 aircraft to nine (9) aircraft over the course of its operational hibernation. In ensuring that the Group's fleet size aligns with the network requirements and business plan of the Company, the Group has been engaging with third-party aircraft lessors for induction of additional aircraft to its fleet. Between March 2022 to May 2023, the Group has added eight (8) aircraft to its fleet, bringing its total fleet size to 17 aircraft, with 11 fully activated and operational to-date, and it is working towards having more aircrafts fully activated and operational by the end of the year.

In addition to the above, the Group expects to relaunch more of its popular routes this year, in particular those involving China following the announcement of the reopening of the country's border for all travelers in March 2023. In the first quarter of 2023, the Group has relaunched Osaka, Busan, Shanghai and Hangzhou to its network. In April 2023, the Group added Beijing to its network, marking the Group's commitment to return to its core profitable markets. The Company is also optimistic of airfare trend in the near future as demand for international air travel remains strong. While the Group expects airfare levels to rationalise in the future, the Group will continue to closely monitor movements in airfare across the industry and recalibrate its business strategies as and when necessary. Overall, the Group is optimistic of the recovery track observed in the aviation industry as a whole.

(Source: Management of the Group)

5. EFFECTS OF THE PROPOSED PLACEMENT

5.1 Issued share capital

The pro forma effects of the Proposed Placement on the issued share capital of the Company are as follows:

	No. of Shares	RM'000
Issued share capital as at LPD	414,814,737	1,534
Add: To be issued pursuant to the Proposed Placement	32,258,066	(1)49,452
Enlarged issued share capital after the Proposed Placement	**447,072,803**	**50,986**

Note:

(1) Calculated based on the Subscription Price of RM1.55 per Placement Share and after deducting the estimated expenses of approximately RM548,500 which is directly attributable to the Proposed Placement and allowed to be debited against the share capital of the Company.

5.2 Net assets ("NA") per Share and gearing

For illustrative purposes only, based on the audited consolidated statements of financial position of the Company as at 31 December 2022 and on the assumption that the Proposed Placement had been effected on that date, the pro forma effects of the Proposed Placement on the consolidated NA per Share and gearing of the Company are as follows:

	Audited as at 31 December 2022	**After the Proposed Placement**[3]
	(RM'000)	**(RM'000)**
Share capital	1,534	50,986
Currency translation reserve	14	14
Accumulated losses	(286,751)	(286,803)
Shareholders' equity / NA	**(285,203)**	**(235,803)**
Non-controlling interests	-	-
Total equity	**(285,203)**	**(235,803)**
No. of AAX Shares in issue ('000)	414,815	447,073
NA per Share (RM)[1]	(0.69)	(0.53)
Cash and cash equivalents (RM'000)	176,710	226,110
Total borrowings (RM'000)	1,062,482	1,062,482
Gearing (times)[2]	1.47	1.39

Notes:

(1) Calculated based on NA over number of AAX Shares in issue.

(2) Calculated based on net debt (i.e. total borrowings less cash and cash equivalents) over total capital (i.e. sum of NA attributable to the owners of the parent and net debt).

(3) Calculated based on the Subscription Price of RM1.55 per Placement Share and after deducting estimated expenses to be incurred in relation to the Proposed Placement of RM600,000 of which RM548,500 will be debited against the share capital of the Company and the remaining RM51,500 will be charged to the accumulated losses of the Company.

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5.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Placement on the shareholdings of the substantial shareholders of the Company based on the register of substantial shareholders of the Company as at LPD are as follows:

	As at LPD				After the Proposed Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%(1)	No. of Shares	%	No. of Shares	%(2)	No. of Shares	%
Tune Group Sdn Bhd	73,960,286	17.83	-	-	73,960,286	16.54	-	-
AirAsia Berhad	57,072,850	13.76	-	-	57,072,850	12.77	-	-
Tan Sri Anthony Francis Fernandes	11,158,722	2.69	(3)131,033,136	31.59	11,158,722	2.50	(3)131,033,136	29.31
Datuk Kamarudin bin Meranun	37,070,993	8.94	(3)131,033,136	31.59	37,070,993	8.29	(3)131,033,136	29.31

Note:

(1) Based on the total number of 414,814,737 Shares as at LPD.

(2) Based on the enlarged total number of 447,072,803 Shares after the Proposed Placement.

(3) Deemed interested by virtue of his interest in Tune Group Sdn Bhd and AirAsia Berhad pursuant to Section 8 of the Act.

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5.4 Earnings per Share ("EPS")

The Proposed Placement is not expected to have any material effect on the EPS of the Group, save for the dilution to EPS as a result of the increase in the number of Shares pursuant to the issuance of the Placement Shares.

Although the EPS will be diluted as a result of the increase in the number of Shares, the Proposed Placement is expected to contribute positively to the future earnings of the Group as and when the benefits arising from the proposed use of proceeds as detailed in Section 2.7 of this Announcement are realised.

5.5 Convertible securities

The Company does not have any convertible security in issue as at LPD.

6. APPROVALS REQUIRED

The Proposed Placement is subject to and conditional upon the following approvals being obtained:

(i) Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and

(ii) the approvals/consents of any other relevant authorities and/or parties, if required.

The Board intends to issue and allot the Placement Shares under a General Mandate validly approved by the shareholders of the Company. For information purpose, the Company will seek the approval of its shareholders for the renewal of the General Mandate at its upcoming AGM on 8 June 2023 to facilitate the completion of the Proposed Placement, in the event the implementation of the Proposed Placement goes beyond 8 June 2023. However, in the event the General Mandate is not renewed at the Company's upcoming AGM, the Proposed Placement, if not completed, shall be subject to specific shareholders' approval at an extraordinary general meeting to be convened.

The Proposed Placement is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company. The Subscription Agreements are not inter-conditional with/upon one another.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, and/or chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Placement.

8. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Placement including the rationale and pro forma effects of the Proposed Placement as well as the terms and conditions of the Subscription Agreements, is of the opinion that the Proposed Placement is in the best interest of the Company.

9. ADVISER AND PLACEMENT AGENT

AmInvestment Bank has been appointed as the Principal Adviser and Placement Agent to the Company for the Proposed Placement.

10. APPLICATION TO THE RELEVANT AUTHORITIES

The application to the relevant authorities in relation to the Proposed Placement is expected to be made within two (2) weeks from the date of this Announcement.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposed Placement is expected to be completed in 3Q 2023.

12. DOCUMENT FOR INSPECTION

A copy of each of the Subscription Agreements is available for inspection during normal office hours at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 22 May 2023.

SALIENT TERMS OF THE SUBSCRIPTION AGREEMENTS

The Subscription Agreements are not inter-conditional with/upon one another. However, the terms of the Subscription Agreements are the same and will be completed simultaneously.

The salient terms of the Subscription Agreements are as follows:

1. Conditions precedent

(i) The Subscription Agreements shall be conditional upon the following conditions precedent being fulfilled/obtained or waived (as the case may be) within three (3) months from the date of the Subscription Agreements or at such later date as may be mutually agreed in writing by the Company and the respective Subscribers ("**Long Stop Date**"):

(a) the approval of Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities;

(b) if required/applicable, the approval of the shareholders of the Company to waive their pre-emptive rights pursuant to Section 85 of the Act, read together with the Company's Constitution, to allow and/or facilitate the issuance and allotment of Shares to each of the Subscribers under the Subscription Agreements; and

(c) the necessary authorisation, consents or approval(s) for the transaction contemplated by the Subscription Agreements (including that of the financier(s)/creditor(s) of the Company in accordance with the terms of the financing arrangements or facilities granted to the Company), if required,

(collectively, the "**Conditions Precedent**").

(ii) In the event that any of the Conditions Precedent have not been fulfilled or obtained or waived by the Long Stop Date, either party to the respective Subscription Agreements will be entitled to terminate their respective Subscription Agreements by giving a written notice of termination to the other party. The parties to the affected Subscription Agreements shall within 15 business days from the date of the notice of termination return to each other all documents delivered to them or their respective solicitors and thereafter, the relevant Subscription Agreements shall cease to have any effect (save and except for the confidentiality and announcements clause as referred to in the Subscription Agreements) and none of the parties to the affected Subscription Agreements shall have any claim whatsoever against each other save in respect of any antecedent breach of the terms in the Subscription Agreements.

(iii) In the event any of the Subscription Agreements is terminated pursuant to Section 1(ii) above and the total subscription monies (being the number of Placement Shares to be subscribed by the respective Subscribers pursuant to their respective Subscription Agreements multiplied by the Subscription Price) ("**Subscription Monies**") have been deposited with the stakeholder, then all the Subscription Monies held by the stakeholder shall be returned to the affected Subscriber within five (5) business days from the date the stakeholder received the notice of termination in writing by either party to the affected Subscription Agreements of the termination of the said Subscription Agreements.

(iv) Upon all the Conditions Precedent being obtained/fulfilled or waived (as the case may be), the Subscription Agreements shall become unconditional (the date on which the Subscription Agreements become unconditional being the "**Unconditional Date**").

2. Subscription Price

(i) The Subscribers shall deposit their respective total Subscription Monies with the stakeholder, to be held and dealt with as a stakeholder in accordance with the terms of the Subscription Agreements, by way of telegraphic transfer to a bank account nominated by the stakeholder upon execution of the Subscription Agreements.

(ii) Upon receipt of the Subscription Monies, the stakeholder shall release the total Subscription Monies to the Company on the Subscription Date (as defined herein) following receipt by the stakeholder of a confirmation issued by the Company no later than 3.00 p.m. on the Subscription Date that it is ready and able to issue and allot the Placement Shares to the Subscribers.

3. Completion

(i) The subscription of the Placement Shares shall take place within five (5) business days from the Unconditional Date or such other date as may be determined by the Board ("**Subscription Date**"), whereupon, in exchange for the performance of the actions referred to in Section 3(ii) below, the parties agree that the stakeholder shall release the Subscription Monies to the Company and the stakeholder shall immediately do so.

(ii) On the Subscription Date, the Company shall upon receipt of the Subscription Monies from the stakeholder simultaneously:

(a) issue and allot the Placement Shares to the respective Subscribers; and

(b) deliver such other duly executed documents as may be required under the law to give effect to the issuance and allotment of the Placement Shares to the respective Subscribers.

(iii) The Company undertakes to do the following on the Subscription Date:

(a) allot and credit the relevant number of Placement Shares to the respective securities account of the Subscribers or such other securities or sub-account as the Subscribers may from time to time notify the Company in writing ("**Subscriber's Accounts**");

(b) instruct Bursa Malaysia Depository Sdn Bhd to credit the respective Subscriber's Accounts with the relevant number of Placement Shares;

(c) procure the crediting of the relevant number of Placement Shares to the respective Subscriber's Accounts;

(d) enter the name of the Subscribers into the records of depositors of the Company; and

(e) procure the listing and quotation of the Placement Shares on the Main Market of Bursa Securities within five (5) business days from the Subscription Date.

4. Termination

(i) If on or before the Subscription Date,

(a) either party materially breaches any of the representations or warranties or any provisions of the respective Subscription Agreements and if such breach is remediable, the same has not been remedied to the satisfaction of the other party within three (3) business days from the date of receipt of a notice in writing of the occurrence of such breach by the other party; or

(b) in relation to the Company, a Material Adverse Effect shall have occurred. For the purpose of the Subscription Agreements, a Material Adverse Effect means any event, circumstance, change, development, condition or effect (each, an "**Effect**") that has had, or would reasonably be expected to have, either alone or in combination with all other Effects, a material adverse effect on:

(aa) the business, earnings, assets (including intangible assets), regulatory status or financial condition of the Company and the Group taken as a whole;

(bb) the ability of the Company to perform any of its material obligations under the Subscription Agreements; or

(cc) the validity or enforceability of the Subscription Agreements; or

(dd) the validity or enforceability of the rights and remedies of any holder of the AAX Shares; or

(c) in relation to the Subscriber, the Subscriber shall either:

(aa) suffer execution or any similar action in consequence of a debt;

(bb) commit an act of bankruptcy or winding-up;

(cc) become or is declared insolvent;

(dd) have a receiver appointed in respect of the whole or any part of his assets or undertaking; or

(ee) enter into or propose to enter into a moratorium on the payment of indebtedness,

the non-defaulting party shall then be entitled to elect to rescind or terminate their respective Subscription Agreement with immediate effect by giving notice in writing to such effect to the other party.

(ii) If the listing and quotation of the Placement Shares on the Main Market of Bursa Securities does not occur by the fifth (5^{th}) business day after the Subscription Date, the relevant Subscriber shall then be entitled to elect to rescind or terminate its Subscription Agreement.

In the event that either party exercises their rights pursuant to Section 4(i) above or the Subscriber exercises its rights pursuant to Section 4(ii) above, in each case to rescind or terminate the respective Subscription Agreement, the said Subscription Agreement shall terminate and the stakeholder/the Company shall return the Subscription Monies paid by the affected Subscriber within five (5) business days from the date of such termination and thereafter the said Subscription Agreement shall, be of no further effect save in respect of any antecedent breach of the terms in the Subscription Agreement.

FINANCIAL INFORMATION OF THE GROUP

A summary of the financial information of the Group for the 12-month FPE 31 December 2019, 18-month FPE 30 June 2021[(1)] and 18-month FPE 31 December 2022[(2)] are as follows:

	Audited		
	12-month FPE 31 December 2019 (Restated)	**18-month FPE 30 June 2021 (Restated)**	**18-month FPE 31 December 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**
Revenue	4,233,344	1,132,624	825,860
Operating profit/(loss)	(120,436)	(32,691,157)	33,464,229
Profit/(loss) before taxation	(306,008)	(33,675,165)	32,670,370
Profit/(loss) for the financial period	(650,317)	(33,675,158)	33,282,611
Profit/(loss) attributable to:			
- Equity holders of the Company	(650,317)	(33,675,158)	33,282,611
- Non-controlling interests	-	-	-
Net profit/(loss) for the financial period	**(650,317)**	**(33,675,158)**	**33,282,611**
Weighted average number of Shares in issue ('000)	4,148,148	4,148,149	[(8)]414,815
Basic earnings/(loss) per Share (sen)[(3)]	(15.68)	(811.81)	8,023.48
Current assets	1,501,293	350,016	550,146
Current liabilities	2,581,640	34,408,912	899,471
Equity attributable to equity holders of the Company/ NA	137,870	(33,567,101)	(285,203)
No. of Shares in issue ('000)	4,148,149	4,148,149	[(8)]414,815
NA per Share (RM)[(4)]	0.03	(8.09)	(0.69)
Cash and cash equivalents	357,961	74,110	176,710
Total borrowings	6,265,611	6,766,609	1,062,482
Current ratio (times)[(5)]	0.58	0.01	0.61
Gearing (times)[(6)]	0.98	n.a.[(7)]	1.47

Notes:

(1) The Company had on 2 December 2020 announced that it has changed its financial year end from 31 December to 30 June. Accordingly, this financial period covers a period of 18 months, from 1 January 2020 to 30 June 2021.

(2) The Company had then on 18 August 2022 announced that it has changed its financial year end from 30 June to 31 December. Accordingly, this financial period covers a period of 18 months, from 1 July 2021 to 31 December 2022.

(3) Calculated based on profit/(loss) attributable to the equity holders of the Company over weighted average number of Shares in issue.

(4) Calculated based on NA over number of Shares in issue.

(5) Calculated based on current assets over current liabilities.

(6) Calculated based on net debt (i.e. total borrowings less cash and cash equivalents) over total capital (i.e. sum of NA attributable to the owners of the parent and net debt).

(7) This was not presented as the Group recorded negative total capital as at 30 June 2021.

(8) On 26 January 2022, the Company completed its share capital reduction exercise which involved a reduction of 99.9% of the issued share capital of the Company pursuant to Section 116 of the Act (i.e. the issued share capital of the Company was reduced from approximately RM1,534.04 million to approximately RM1.53 million) which resulted in a credit of approximately RM1,532.51 million that was used to offset the accumulated losses of the Company.

Commentary on financial performance

(i) 18-month FPE 30 June 2021 compared to 12-month FPE 31 December 2019

Notwithstanding the 18-month reporting period for the FPE 30 June 2021, the Group recorded lower revenue of approximately RM1.13 billion for the said period as opposed to approximately RM4.23 billion for the 12-month FPE 31 December 2019. This was mainly attributable to the outbreak of COVID-19 pandemic at the beginning of 2020 and the subsequent implementation of the travel and border restrictions, which resulted in suspension of the Group's scheduled flight operations.

During the 18-month FPE 30 June 2021, the Company and the Group had triggered events of default for the various contracts entered, and the Group had made a provision for termination of such contracts/claim of approximately RM25.16 billion during the said period. The Group had also made allowances for impairment losses on its assets amounting to approximately RM5.85 billion as there was a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of any expected recovery.

As a result of the above and higher interest expenses on lease liabilities, the Group recorded higher loss after taxation ("**LAT**") of approximately RM33.68 billion for the 18-month FPE 30 June 2021 as compared to a LAT of approximately RM0.65 billion for the 12-month FPE 31 December 2019.

The Group's NA decreased from approximately RM137.87 million as at 31 December 2019 to a record of net liabilities of approximately RM33.57 billion as at 30 June 2021 as a result of the huge LAT recorded during the 18-month FPE 30 June 2021. As at 31 December 2019, the Group's gearing ratio stood at 0.98 times. However, due to the huge net liabilities of approximately RM33.57 billion recorded as at 30 June 2021, the Group recorded negative total capital which the gearing of the Group cannot be presented.

The Group also recorded lower current ratio of 0.01 times as at 30 June 2021 (as at 31 December 2019: 0.58 times) mainly due to higher current liabilities recorded as at 30 June 2021 which were attributable to the provision for termination of contracts of approximately RM25.16 billion as mentioned earlier, reclassification of long-term lease liabilities and terms loans to current lease liabilities and term loans arising from the restructuring of its lease agreements, as well as higher trade payables of RM1.33 billion as at 30 June 2021 (as at 31 December 2019: RM0.24 billion) as a result of the restructuring of the Group's debt pursuant to the scheme of arrangement under Section 366 of the Act.

(ii) 18-month FPE 31 December 2022 compared to 18-month FPE 30 June 2021

For the 18-month FPE 31 December 2022, the Group's revenue decreased by approximately RM306.76 million or 27.08% to approximately RM825.86 million (18-month FPE 30 June 2021: RM1.13 billion) primarily attributable to the reactivation of its scheduled passenger flight operations particularly in the period between June 2022 to December 2022 as travel restrictions in Malaysia and the regions the Group operates in eased up. The Group began operating its scheduled flight services to Seoul and Delhi in April 2022. By the quarter ended December 2022, the Group had relaunched even more flights, introducing Melbourne, Perth, Sydney-Auckland, Tokyo Sapporo, Taipei, Jeddah and Bali-Denpasar into its network, ending the year with a 14-route strong network with only seven (7) aircraft activated and operational amidst fuel price fluctuations.

Notwithstanding the lower revenue recorded, the Group recorded profit after taxation of approximately RM33.28 billion on the back of reversal of provisions, supported by the recovery of the air transport industry following a protracted period of hibernation of its scheduled flights operations since March 2020.

As a result of the PAT recorded during the 18-month FPE 31 December 2022, the Group's net liabilities reduced from approximately RM33.57 billion to RM285.20 million. In term of current ratio, the Group recorded higher current ratio of 0.61 times (as at 30 June 2021: 0.01 times) due to lower current liabilities recorded of approximately RM899.47 million (as at 30 June 2021: RM34.41 billion) which were mainly attributable to the reversal of provisions as mentioned earlier and a close to 85% reduction in the Group's borrowings. With the 85% reduction in the Group's borrowings arising from the Group's debt restructuring exercise which was completed on 16 March 2022, the Group also recorded lower borrowings of approximately RM1.06 billion (as at 30 June 2021: RM6.77 billion) with a gearing of 1.47 times (as at 30 June 2021: n.a.).

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