

Description: **AIRASIA GROUP BERHAD ("AAGB" or "THE COMPANY") - Issuance of Unqualified Audit Opinion with Emphasis of Matter on material uncertainty relating to going concern in respect of AAGB's audited financial statements for the financial year ended 31 December 2019**

Pursuant to paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, kindly note that the Company's external auditors, Messrs Ernst & Young PLT, have issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern, in view of the current economic condition and Covid-19 Pandemic, in respect of AAGB's audited financial statements for the financial year ended 31 December 2019.

Emphasis of Matter by Independent Auditors

“We draw attention to Note 2.1 and Note 48 to the financial statements, which indicate that the Group has a net loss of RM283 million for the financial year ended 31 December 2019 and the current liabilities exceeded its current assets by RM1,843 million. Further, in early 2020, the global economy, in particular the commercial airlines industry, faces uncertainty as a result of the unprecedented COVID-19 pandemic. The travel and border restrictions implemented by countries around the world has led to a significant fall in demand for air travel which impacted the Group’s financial performance and cash flows. These events or conditions, along with other matters as set forth in Note 2.1 and Note 48 to the financial statements, indicate existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Nevertheless, with the recent progressive uplifting of restriction on interstate travel and domestic tourism activities within the operating countries, the Group has seen positive developments on its business operations as passenger seat booking trends, flight frequencies and load factors are gradually improving to cater for the increasing demand. The financial statements of the Group and the Company have been prepared on a going concern basis, the validity of which is dependent on successful recovery from the COVID-19 pandemic in conjunction with the actions undertaken by the government of the respective countries, favorable outcome of the ongoing discussions with the financial institutions and investors to obtain required funding and successful implementation of the management’s plans for future actions in responding to the conditions above as disclosed in Note 2.1 and Note 48 to the financial statements.

Our opinion is not modified in respect of this matter.”

None of the Key Audit Matters Disclosed in the Independent Auditors’ Report relates to the above Emphasis of Matter.

This announcement is dated 7 July 2020.