

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has approved the Proposed Regularisation Plan (as defined herein) contained in this Circular. The approval of Bursa Securities shall not be taken to indicate that Bursa Securities recommends the Proposed Regularisation Plan or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Circular.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. You should rely on your own evaluation to assess the merits and risks of the Proposed Regularisation Plan.



CAPITAL A BERHAD

(Registration No. 201701030323 (1244493-V))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED REGULARISATION PLAN OF CAPITAL A BERHAD COMPRISING THE PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF CAPITAL A BERHAD OF UP TO RM6,000.0 MILLION PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED REGULARISATION PLAN")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad

(Registration No.: 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Proposed Regularisation Plan will be tabled at our Company's Extraordinary General Meeting ("**EGM**") which will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. or at any adjournment thereof. The Notice of EGM with the Form of Proxy are set out in this Circular.

You are entitled to attend and vote at the EGM or appoint proxy(ies) to vote for and on your behalf. In such event, the Form of Proxy should be completed and lodged at our Company's registered office at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia or electronically lodged via the TIH Online website at <https://tiih.online>. Please refer to the Administrative Note for the EGM on the procedures for electronic lodgement of the Form of Proxy. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so but if you do so, your proxy shall be precluded from attending the EGM.

Last date and time for lodgement of the Form of Proxy : Monday, 5 May 2025 at 10.00 a.m.
Date and time for the EGM : Wednesday, 7 May 2025 at 10.00 a.m.

This Circular is dated 15 April 2025

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“AAAGL”	: AirAsia Aviation Group Limited
“AAAGL Completion”	: The completion of the sale and purchase of the AAAGL Equity Interest in accordance with the terms of the AAAGL SSPA
“AAAGL Completion Date”	: The date falling 1 month following the date on or by which all conditions precedent to the AAAGL SSPA have been satisfied, fulfilled and/or waived in accordance with the terms of the AAAGL SSPA other than those conditions precedent that by their nature are to be satisfied on the AAAGL Completion (subject to the satisfaction, fulfilment or waiver of such conditions precedent on the AAAGL Completion) or at such other time as our Company and AAX may mutually agree in writing
“AAAGL Disposal Consideration”	: The disposal consideration for the Proposed AAAGL Disposal of RM3,000.0 million which will be satisfied by way of the Consideration Shares
“AAAGL Equity Interest”	: The entire 100% equity interest (including any forms of capital contribution and any unissued capital) in AAAGL held by our Company
“AAAGL Group”	: Collectively, AAAGL and its subsidiaries
“AAAGL Letter”	: The letter issued by AAAGL to our Company dated 30 October 2024 whereby AAAGL and our Company agreed that the arrangements in the Brand Deferral Letter shall immediately cease upon the successful closing of the AAX Private Placement (whereby independent third party investors shall have subscribed and made full payment for the AAX Private Placement), pursuant to which parties shall continue to honour their obligations under the MBLA, including payment of the Deferred Brand Licence Payments
“AAAGL Second Supplemental SSPA”	: The second supplemental agreement dated 4 September 2024 to the AAAGL SSPA entered into between our Company and AAX for the Proposed AAAGL Disposal
“AAAGL SSPA”	: The conditional share sale and purchase agreement dated 25 April 2024 entered into between our Company and AAG, as supplemented by the AAAGL Supplemental SSPA and AAAGL Second Supplemental SSPA for the Proposed AAAGL Disposal, and includes any amendments, variations and/or supplements thereto from time to time
“AAAGL Supplemental SSPA”	: The supplemental agreement dated 26 July 2024 to the AAAGL SSPA entered into between our Company, AAX and AAG for the Proposed AAAGL Disposal
“AAB”	: AirAsia Berhad
“AAB Completion”	: The completion of the sale and purchase of the AAB Equity Interest in accordance with the terms of the AAB SSPA

DEFINITIONS (CONT'D)

“AAB Completion Date”	: The date falling 1 month following the date on or by which all conditions precedent to the AAB SSPA have been satisfied, fulfilled and/or waived in accordance with the terms of the AAB SSPA other than those conditions precedent that by their nature are to be satisfied on the AAB Completion (subject to the satisfaction, fulfilment or waiver of such conditions precedent on the AAB Completion) or at such other time as our Company and AAX may mutually agree in writing
“AAB Disposal Consideration”	: The disposal consideration for the Proposed AAB Disposal of RM3,800.0 million which will be satisfied by way of assumption by AAX of an amount of RM3,800.0 million owing by our Company to AAB on the AAB Completion Date
“AAB Equity Interest”	: The entire 100% equity interest (including any forms of capital contribution and any unissued capital) in AAB held by our Company
“AAB Group”	: Collectively, AAB and its subsidiaries
“AAB Second Supplemental SSPA”	: The second supplemental agreement dated 4 September 2024 to the AAB SSPA entered into between our Company and AAX for the Proposed AAB Disposal
“AAB SSPA”	: The conditional share sale and purchase agreement dated 25 April 2024 entered into between our Company and AAG, as supplemented by the AAB Supplemental SSPA and AAB Second Supplemental SSPA for the Proposed AAB Disposal, and includes any amendments, variations and/or supplements thereto from time to time
“AAB Supplemental SSPA”	: The supplemental agreement dated 26 July 2024 to the AAB SSPA entered into between our Company, AAX and AAG for the Proposed AAB Disposal
“AAG”	: AirAsia Group Berhad (formerly known as AirAsia Aviation Group Sdn Bhd)
“AAI”	: AirAsia Inc.
“AAID”	: PT AirAsia Indonesia TBK
“AARB1”	: AirAsia RB 1 Ltd
“AAV”	: Asia Aviation Public Company Limited
“AAX”	: AirAsia X Berhad
“AAX Group”	: Collectively, AAX and its subsidiaries
“AAX Private Placement”	: The private placement by AAX of up to 1,000,000,000 new AAX Shares to independent third party investors to be identified later at an issue price to be determined later to raise gross proceeds of RM1,000.0 million
“AAX Shares”	: Ordinary shares in AAX
“Act”	: Companies Act 2016
“ADE”	: Asia Digital Engineering Sdn Bhd
“ADE Group”	: Collectively, ADE and its subsidiaries

DEFINITIONS (CONT'D)

“AirAsia Brand”	: Intellectual property representing the AirAsia brand
“AirAsia MOVE”	: AirAsia Move Sdn Bhd (formerly known as AirAsia SuperApp Sdn Bhd)
“AirAsia MOVE Group”	: Collectively, AirAsia MOVE and its subsidiaries
“AOC”	: Airline operating companies, namely IAA, PAA, TAA, CAA and/or AAB where the context requires
“AOC Holdco”	: Holding company of the respective AOC
“AirAsia Grocer”	: The AirAsia Grocer business operating under Ourfarm Asia Sdn Bhd
“ASK”	: Available seat-kilometres
“Aviation MRO”	: Maintenance, repair and overhaul of aircraft
“Aviation Segment”	: Collectively, the businesses of AAAGL Group and AAB Group
“B2B”	: Business-to-business
“BigPay”	: Big Pay Pte Ltd
“BigPay Group”	: Collectively, BigPay and its subsidiaries
“BigPay MY”	: BigPay Malaysia Sdn Bhd
“BigPay SG”	: BigPay Singapore Pte Ltd
“BigPay Thailand”	: BigPay (Thailand) Ltd
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of our Company
“Brand AA”	: Brand AA Sdn Bhd
“BPL”	: BigPay Later Sdn Bhd
“Brand Deferral Letter”	: The letter issued by AAAGL to our Company dated 22 August 2024 where arrangements were made between AAAGL and our Company such that AAAGL will defer and not make payment of any fees, interests or charges under the MBLA, whether in cash or in kind, to Brand AA from 22 August 2024 until 29 October 2026
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CAA”	: AirAsia (Cambodia) Co. Ltd.
“CAAM”	: Civil Aviation Authority of Malaysia
“CAGR”	: Compounded annual growth rate
“Capital A” or “Company”	: Capital A Berhad

DEFINITIONS (CONT'D)

“Capital A Group” or “Group”	: Collectively, our Company and our subsidiaries
“Capital A Shares” or “Shares”	: Ordinary shares in our Company
“Circular”	: This circular to shareholders dated 15 April 2025 in relation to the Proposed Regularisation Plan
“Consideration Shares”	: 2,307,692,307 new AAX Shares to be issued at RM1.30 for the Proposed AAAGL Disposal
“COVID-19”	: Coronavirus disease 2019
“CWS”	: Component warehouse services
“Debt Settlement”	: Mode of settlement of the AAB Disposal Consideration by which AAX will assume our Company’s debt due to AAB of RM3,800.0 million on the AAB Completion Date pursuant to the terms of the AAB SSPA
“Deferred Brand Licence Payments”	<p>: The deferred brand licence payments pursuant to:</p> <p>(a) the Brand Deferral Letter; or</p> <p>(b) the Financial Institution A Finance Documents,</p> <p>such that AAAGL and/or AAB (as the case may be) will defer and not make payment of any fees, interests or charges under the MBLA and/or the SBLA (as the case may be) to Brand AA.</p> <p>All Deferred Brand Licence Payments shall be recorded and reflected in Brand AA’s financial statements as account receivables (accruals) and in the financial statements of AAAGL and/or AAB (as the case may be) as account payables</p>
“Directors”	: The directors of our Company and shall have the meaning given in Section 2(1) of the Act, Section 2(1) of the Capital Markets and Services Act 2007 and Paragraphs 10.02(c)(i) and (ii) of the Listing Requirements
“DIS”	: Digital and innovation services
“Distribution Shares”	: 1,692,307,692 Consideration Shares to be distributed to the Entitled Shareholders pursuant to the Proposed Distribution
“EGM”	: Extraordinary general meeting
“EMS”	: Engineering maintenance services
“Entitled Shareholders”	: Our shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date
“Entitlement Date”	: A date to be determined by our Board and announced later by our Company, on which the names of our shareholders must appear in our Record of Depositors as at 5:00 p.m. on that date in order to be entitled to the Proposed Distribution
“EPS”	: Earnings per Capital A Share

DEFINITIONS (CONT'D)

“ESOS”	: Employee share option scheme pursuant to our LTIS
“ESOS Options”	: The options granted to selected eligible employees and executive directors of our Group under our ESOS to subscribe for new Capital A Shares, subject to vesting conditions
“ESS”	: Engineering support services
“EY” or “Reporting Accountants”	: Messrs Ernst & Young PLT
“F&B”	: Food and beverage
“Financial Institution A”	: A financial institution based in Thailand which granted term loan facilities to AAAGL and AAB
“Financial Institution A Finance Documents”	<p>: The finance documents executed with the Financial Institution A including but not limited to:</p> <p>(a) the facility agreement dated 13 January 2022 between AAAGL as borrower, our Company as guarantor and Financial Institution A as lender (as supplemented by the supplemental facility agreement dated 3 October 2023 between AAAGL as borrower, our Company as guarantor and Financial Institution A as lender); and</p> <p>(b) the facility agreement dated 3 October 2023 between AAB as borrower, AAAGL and our Company as guarantors and Financial Institution A as lender.</p>
“Financial Institution A Letter”	: The letter issued by Financial Institution A to AAB dated 17 December 2024
“FPE”	: Financial period ended
“FY”	: Financial year
“FYE”	: Financial year ended/ending, as the case may be
“GDP”	: Gross domestic product
“IAA”	: PT Indonesia AirAsia
“IATA”	: International Air Transport Association
“IP Assignment Agreement”	: An intellectual property assignment agreement entered on 27 June 2023 between Capital A and Brand AA for the transfer of the AirAsia Brand from AAB to Brand AA
“ISA”	: International Standards on Auditing
“IT”	: Information technology
“KLIA”	: Kuala Lumpur International Airport
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities

DEFINITIONS (CONT'D)

“LPD”	: 27 March 2025, being the latest practicable date prior to the date of this Circular
“LTIS”	: Long term incentive scheme of our Company comprising the ESOS and Share Grant Scheme, which will be in force for a period of 6 years commencing from 2 August 2021 and may be extended for a further period of up to 4 years immediately from the expiry of the first 6 years
“MAU”	: Monthly active users being the number of unique users who engage with a website or application within the last month
“MAVCOM”	: Malaysian Aviation Commission or its successor-in-title or successor in such capacity
“MBLA”	: Master brand licensing agreement dated 31 May 2023 between AAB and AAAGL as supplemented by the IP Assignment Agreement, and as amended, varied and/or supplemented from time to time, whereby AAAGL was granted exclusive rights to use the trade mark and livery of the AirAsia Brand for its aviation related business, including the right to sub-licence such rights to its affiliates
“MDR”	: Merchant discount rate
“MFRS”	: Malaysian Financial Reporting Standards
“MOVE Digital”	: Move Digital Sdn Bhd
“MRO”	: Maintenance, repair and overhaul
“NA/(NL)”	: Net assets/(Net liabilities)
“PAA”	: Philippines AirAsia, Inc.
“PAT/(LAT)”	: Profit/(Loss) after taxation
“PATAMI/(LATAMI)”	: Profit/ (Loss) after taxation and minority interest
“PBT/(LBT)”	: Profit/(Loss) before taxation
“PN17”	: Practice Note 17 of the Listing Requirements
“PN17 Issuer”	: A listed issuer which triggers any of the prescribed criteria under Paragraph 2.1 of PN17
“Proposed AAAGL Disposal”	: Proposed disposal by our Company of our AAAGL Equity Interest to AAX for the AAAGL Disposal Consideration
“Proposed AAB Disposal”	: Proposed disposal by our Company of our AAB Equity Interest to AAX for the AAB Disposal Consideration

DEFINITIONS (CONT'D)

“Proposed Business Combination”	: The proposed business combination transaction as announced by our Company on 28 February 2024 pursuant to a conditional business combination agreement dated 28 February 2024 (“ BCA ”) entered into by our Company with Capital A International (“ CAPI ”), Aether Merger Sub Inc. (“ Merger Subsidiary ”) which is a wholly-owned subsidiary of CAPI incorporated as a Delaware corporation, Brand AA and Aetherium Acquisition Corp (“ GMFI ”) involving:
	(a) the transfer by our Company of its equity interest in Brand AA to CAPI; and
	(b) the merger between the Merger Subsidiary and GMFI,
	for a transaction consideration of USD1.15 billion (equivalent to approximately RM5.44 billion). Upon consummation of the Proposed Business Combination, CAPI is expected to become a publicly listed company on NASDAQ or the New York Stock Exchange.
	On 23 October 2024, RHB Investment Bank had, on behalf of our Board, announced that our Company had issued a Notice of Termination dated 22 October 2024 to GMFI on 23 October 2024 to unilaterally terminate the BCA.
“Proposed Corporate Exercises”	: Collectively, the Proposed Disposals and Proposed Distribution
“Proposed Disposals”	: Collectively, the Proposed AAAGL Disposal and Proposed AAB Disposal
“Proposed Distribution”	: Proposed distribution of the Distribution Shares to the Entitled Shareholders based on their respective shareholdings in our Company on the Entitlement Date by way of a reduction and repayment of our Company’s issued share capital pursuant to Section 116 of the Act
“Proposed Regularisation Plan” or “Proposed Capital Reduction”	: Proposed reduction of the issued share capital of our Company of up to RM6,000.0 million pursuant to Section 116 of the Act to set-off the accumulated losses of our Group
“Providence” or “Independent Market Researcher”	: Providence Strategic Partners Sdn Bhd
“RCUIDS”	: Redeemable convertible unsecured Islamic debt securities 2021/2028 in our Company
“Remaining Businesses”	: Collectively, the remaining businesses of our Group (excluding the AAAGL Group and AAB Group) upon the completion of the Proposed Corporate Exercises comprising mainly of ADE Group, AirAsia MOVE Group, Teleport Group, BigPay Group, Santan and Brand AA
“Rewards”	: AirAsia MOVE Rewards Program
“RHB Investment Bank” or the “Principal Adviser”	: RHB Investment Bank Berhad
“RM” and “sen”	: Ringgit Malaysia and sen, respectively

DEFINITIONS (CONT'D)

“RPK”	: Revenue passenger-kilometres
“Santan”	: Santan Food Services Sdn Bhd (formerly known as Santan Restaurant Sdn Bhd)
“SBLA”	: The brand sub-licensing agreements entered into between AAAGL and the following parties: (a) AAV and TAA on 31 May 2023; (b) AAID and IAA on 15 June 2023; (c) AAI and PAA on 15 June 2023; (d) AAB on 27 June 2023; (e) CAA on 16 April 2024; and (f) TAAX on 10 July 2024, whereby in consideration of sub-licence royalty fee of 1.2% of all the revenue (including fares and ancillary income) of the AOC and TAAX, AAAGL grants to the AOC Holdco and the AOC as well as TAAX, as the case may be, the exclusive right for the AOC and TAAX to reproduce and use the AirAsia Brand in relation to the AOC’s and TAAX’s aviation related business in accordance to the terms and conditions of the respective SBLA
“Share Grant Scheme”	: Share grant scheme pursuant to our LTIS
“TAA”	: Thai AirAsia Co. Ltd
“TAAX”	: Thai AirAsia X Co. Ltd
“Teleport”	: Teleport Everywhere Pte Ltd
“Teleport Group”	: Collectively, Teleport and its subsidiaries
“Unique user”	: A user who has visited a website or application at least once over a given period of time
“USD”	: United States Dollar
“VWAP”	: Volume weighted average market price
“Warrants”	: Warrants 2021/2028 in our Company

References to “our Company” in this Circular are to Capital A and references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to “you” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

DEFINITIONS (CONT'D)

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in its quarterly results or annual reports, is due to rounding differences.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's and/or our Group's plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Regularisation Plan. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Regularisation Plan before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular
Summary of the Proposed Regularisation Plan	Proposed reduction of the issued share capital of our Company of up to RM6,000.0 million pursuant to Section 116 of the Act to set-off the accumulated losses of our Group.	Section 5 of this Circular
Rationale for the Proposed Regularisation Plan	<ul style="list-style-type: none"> The Proposed Regularisation Plan serves to regularise the financial condition of our Group in order to address and uplift the PN17 status of our Company. The purpose of the Proposed Capital Reduction is to reduce the accumulated losses of our Group to the extent possible with a view to rationalise the balance sheet of our Group to reflect more accurately the value of its underlying assets and thus the financial position of our Group. 	Section 6 of this Circular
Risk factors	<p><u>Risk factors relating to our Group's business:</u></p> <ul style="list-style-type: none"> (i) Inherent risks of the airline and travel industries; (ii) Our Group's dependency on Capital A's AOCs, AAX and TAAX to generate revenue; (iii) Operating in a highly regulated industry and requires a series of approvals, licences, permits, registration and certificates to operate the businesses; (iv) Dependent on key management and ability to hire and retain skilled and qualified personnel; (v) Competition from other industry players; (vi) Our Group's success in the future will depend on successful implementation of strategies; (vii) Subject to risk of reputation or brand damage; (viii) Subject to risks associated with security, privacy or data breaches involving private, confidential and/or sensitive information; (ix) May be affected when there are unscheduled system disruptions or failures; 	Section 8 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
	<p>(x) AirAsia MOVE platform and BigPay platform are subject to changes in technology and dependent on market acceptance of their services;</p> <p>(xi) BigPay Group's operations may be adversely affected if there is any failure by it or its customers to comply with applicable anti-money laundering or other related laws and regulations;</p> <p>(xii) Any adverse litigation judgements or settlements resulting from legal proceedings in which our Group may be involved could expose it to monetary damages and adversely affect its business operations; and</p> <p>(xiii) Exposed to fluctuations in foreign currency exchange rates.</p> <p>Risk relating to the Proposed Regularisation Plan:</p> <p>(i) Delays in the implementation or non-completion of the Proposed Corporate Exercises and Proposed Regularisation Plan.</p> <p>Risk relating to the PN17 classification:</p> <p>(i) Risk of removal from the Official List of Bursa Securities.</p>	
Approvals required/obtained	<p>(a) Bursa Securities for the Proposed Regularisation Plan, which was obtained vide its letter dated 7 March 2025, subject to the conditions as set out in Section 10 of this Circular;</p> <p>(b) the sealed order of the High Court of Malaya pursuant to Section 116 of the Act confirming the reduction in share capital of our Company pursuant to the Proposed Capital Reduction;</p> <p>(c) the shareholders of our Company at the forthcoming EGM for the Proposed Regularisation Plan;</p> <p>(d) the RCUIDS holders at an RCUIDS holders meeting to be convened for the Proposed Regularisation Plan; and</p> <p>(e) any other relevant authorities and/or parties, if required.</p>	Section 10 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Conditionality of the Proposed Regularisation Plan	The Proposed Regularisation Plan is conditional upon the completion of the Proposed Corporate Exercises and is not conditional upon any other proposal undertaken or being undertaken by our Company.	Section 11 of this Circular
Interests of Directors, major shareholders and/or persons connected	None of the Directors and major shareholders of our Company, and/or persons connected with them have any interests, direct and/or indirect, in the Proposed Regularisation Plan.	Section 12 of this Circular
Directors' statement and recommendation	<p>Our Board, having considered all aspects of the Proposed Regularisation Plan including but not limited to the rationale, pro forma effects, risk factors, prospects and future plans of our Group, is of the opinion that the Proposed Regularisation Plan is in the best interest of our Company.</p> <p>Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Regularisation Plan to be tabled at the forthcoming EGM.</p>	Section 13 of this Circular

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CAPITAL A BERHAD
(Registration No. 201701030323 (1244493-V))
(Incorporated in Malaysia)

Registered Office:

Wisma Capital A,
19-04-02, 19, Lorong Dungun,
Bukit Damansara,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia

15 April 2025

Board of Directors:

Datuk Kamarudin bin Meranun (*Non-Independent Executive Chairman*)
Tan Sri Anthony Francis Fernandes (*Non-Independent Executive Director and Chief Executive Officer*)
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (*Non-Independent Non-Executive Director*)
Dato' Fam Lee Ee (*Senior Independent Non-Executive Director*)
Dato' Mohamed Khadar bin Merican (*Independent Non-Executive Director*)
Brig Gen (R) Fadzillah binti Abdullah (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED REGULARISATION PLAN

1. INTRODUCTION

On 8 July 2020, our Board announced that Capital A had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(e) of PN17 of the Listing Requirements, where our Company's external auditors, EY, had issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern ("**Going Concern Opinion**") in respect of our Company's audited financial statements for the FYE 31 December 2019 and our Company's shareholders' equity on a consolidated basis was 50% or less of its share capital (excluding treasury shares) ("**Shareholders' Equity Shortfall**").

Subsequently on 27 May 2021, our Board announced that Capital A had also triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of PN17 of the Listing Requirements, where our Company's shareholders' equity on a consolidated basis was 25% or less of its share capital (excluding treasury shares) and such shareholders' equity was less than RM40 million based on the audited financial statements for the FYE 31 December 2020.

Bursa Securities had via its letters dated 16 April 2020 and 17 February 2021 granted affected listed issuers relief from complying with the obligations under Paragraph 8.04 and PN17 of the Listing Requirements for a period of 18 months ("**Relief Period**"). Our company's Relief Period ended on 7 January 2022.

On 7 January 2022, our Board announced that our Company had continued to trigger the prescribed criteria pursuant to Paragraph 8.04 and Paragraphs 2.1(a) and 2.1(e) of PN17 of the Listing Requirements and further, our Company had submitted an appeal to Bursa Securities for the Relief Period to be extended beyond 7 January 2022.

On 13 January 2022, our Board announced that the aforesaid appeal was dismissed by Bursa Securities, and on 14 January 2022, our Board announced that the requirements under PN17 of the Listing Requirements applied to our Company with effect from 7 January 2022.

Our Company has submitted several applications for the extension of time to submit the regularisation plan, in which Bursa Securities had approved the applications for extension of time with the latest being up to 31 December 2024 for our Company to finalise and submit the regularisation plan to regularise our financial condition to the relevant authorities.

On 23 October 2024, RHB Investment Bank, on behalf of our Board, announced that our Company is proposing to undertake the Proposed Regularisation Plan to regularise our financial condition in accordance with Paragraph 8.04(3) of the Listing Requirements.

On 23 December 2024, RHB Investment Bank, on behalf of our Board, announced that the application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities on 23 December 2024.

On 7 March 2025, RHB Investment Bank, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 7 March 2025, granted its approval for the Proposed Regularisation Plan, subject to the conditions as set out in Section 10 of this Circular.

On 27 March 2025, RHB Investment Bank, on behalf of our Board, announced that our Company had on 27 March 2025 submitted an application to Bursa Securities to seek its approval for an extension of time until 15 April 2025 for our Company to issue this Circular.

On 2 April 2025, RHB Investment Bank, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 2 April 2025, granted its approval for an extension of time until 15 April 2025 for our Company to issue this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED REGULARISATION PLAN TOGETHER WITH THE RECOMMENDATION OF OUR BOARD TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED REGULARISATION PLAN TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED REGULARISATION PLAN TO BE TABLED AT THE FORTHCOMING EGM.

2. EVENTS AND FACTORS LEADING TO PN17

Prior to the COVID-19 pandemic, our Group's business was mainly focused on the provision of AirAsia short-haul low-cost air transportation services, with domestic flights and international flights from Malaysia, Thailand, the Philippines and Indonesia to numerous destination countries.

Our Group's consolidated revenue grew by 11.5% to RM11.9 billion for the FYE 31 December 2019 from RM10.6 billion for the FYE 31 December 2018 primarily due to an approximately 16% increase in capacity and number of guests flown, an approximately 3% increase in average fare and an approximately 6% increase in our Group's revenue per ASK. In contrast to the revenue growth, our Group recorded a LATAMI of RM315.8 million in the FYE 31 December 2019 as opposed to a PATAMI of RM2.0 billion in the FYE 31 December 2018, mainly due to the following:

- (i) Depreciation of right-of-use assets of RM1.2 million for the FYE 31 December 2019 and interest expense from the lease liabilities of RM503.1 million following the adoption of MFRS 16 Leases effective 1 January 2019. The application of the new standard for the FYE 31 December 2019 gives rise to a right-of-use asset of RM11,216 million, finance lease receivables of RM1,221 million and a corresponding increase in lease liabilities of RM12,460 million as at 31 December 2019;
- (ii) for the FYE 31 December 2018, our Group recorded gain on remeasurement of retained interest in a former subsidiary of RM534.7 million and gain on disposal of investment in an associate of RM181.9 million; and
- (iii) our Group's share of losses from associates increased by RM333.3 million for the FYE 31 December 2019 from the preceding financial year.

On 8 July 2020, our Board announced that our Company's external auditor, EY, had issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern in respect of Capital A's audited financial statements for the FYE 31 December 2019 in their report dated 6 July 2020. According to the Independent Auditors' Report in respect of the FYE 31 December 2019, our Group reported a net loss of RM283.2 million for the FYE 31 December 2019 and the current liabilities exceeded its current assets by RM1,843.1 million as at 31 December 2019. The spread of the COVID-19 pandemic after the 2019 year end has significantly affected our Group's operations. Travel and border restrictions implemented by countries around the world, such as the Movement Control Order implemented by the Malaysian government, Enhanced Community Quarantined in Philippines, Government Regulation No. 21/2020 on large scale social distancing in Indonesia, have led to a significant fall in demand for air travel which impacted our Group's financial performance and cash flows. These conditions indicated existence of material uncertainties that may cast significant doubt on our Group's and our Company's ability to continue as a going concern.

Subsequently, Capital A's shareholders' equity on a consolidated basis was 37% of its share capital (excluding treasury shares) as at 31 March 2020 in the unaudited consolidated financial statements of Capital A for the 3-month FPE 31 March 2020 issued on 6 July 2020.

For the FYE 31 December 2020, our Group recorded total revenue of RM3.3 billion, which was 72.3% less than the FYE 31 December 2019 of RM11.9 billion. This was primarily due to a 73.7% decrease in airline revenue as our Group operated at approximately 29% of its capacity in FYE 31 December 2019 following the impact of the COVID-19 pandemic on our Group's operations. Meanwhile, LATAMI further deteriorated to RM5.1 billion in FYE 31 December 2020 from LATAMI of RM315.8 million in FYE 31 December 2019, mainly due to the revenue shortfall and other expenses, including a fuel swap loss of RM972 million as well as the impairment of right-of-use assets, receivables, amount due from an associate and related parties, investment in an associate, and finance lease receivables totaling RM1.9 billion.

Our Group's continued losses for the FYE 31 December 2020 had resulted in negative shareholders' funds of RM1,214.3 million as at 31 December 2020. Subsequently on 27 May 2021, our Board had announced that Capital A had also triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of PN17 of the Listing Requirements, where our Company's shareholders' equity on a consolidated basis was 25% or less of our share capital (excluding treasury shares) and such shareholders' equity was less than RM40 million based on the audited financial statements for the FYE 31 December 2020.

3. PRE-REGULARISATION MEASURES UNDERTAKEN BY CAPITAL A GROUP

Our Company has taken active steps to regularise and improve our financial condition. Our Company has completed the following exercises in an attempt to regularise our business:

- (a) Since the pandemic, our Group has undertaken major cost control measures including right sizing of manpower, salary cuts for management, staff and directors, re-negotiation of contracts with aircraft lessors, suppliers and partners, and restructuring of fuel hedging positions, which had significantly reduced the cash burn rate;
- (b) implemented continuous improvements to flight capacity and network revenue management in response to the progressive uplifting of travel restrictions by the respective countries coupled with active fleet management, consistent monitoring of routes profitability and optimisation of load factors of our flights. As at the LPD, our Group has successfully taken 206 aircraft out of storage; out of which our Group is operating 188 aircraft. Our Group was operating 196 aircraft immediately prior to the pandemic;
- (c) On 21 August 2024, AARB1, the wholly-owned subsidiary of AAB, entered into definitive agreements with aircraft lessors and private credit funds for the issuance by AARB1, of Regulation S secured bonds of up to USD443.0 million, due in September 2026 and August 2028, with AAB as a third party security provider, and both AAB and our Company as corporate guarantors ("**Revenue Bond**"). The Revenue Bond was issued on 23 August 2024 to raise proceeds which shall be on-lent by AARB1 to AAB, for AAB to refinance its lease liabilities, aircraft and engine maintenance costs, and to support the working capital requirements of AAB. It is a term of the Revenue Bond that our Company will be released as a corporate guarantor upon fulfilment of the conditions for release under the trust deed dated 21 August 2024 constituting the Revenue Bond, which includes the replacement of AAX as a corporate guarantor for the Revenue Bond upon completion of the Proposed Disposals. Our Company will ensure that the conditions for such release will be fulfilled before or on the AAB Completion Date. Pursuant thereto, there are no liabilities, including contingent liabilities and guarantees, in relation to AAB Group arising from the Revenue Bond which will remain with our Group after the completion of the Proposed Disposals; and
- (d) Capital A has been continuously improving and growing our Group's other core verticals namely, the Capital A aviation services (which mainly comprise Aviation MRO as well as in-flight catering and on-the-ground food services), logistics services under "Teleport", digital businesses namely, online travel agency under the name "AirAsia MOVE" and digital financial services under the name "BigPay" and intellectual property company under Brand AA; the details of which are set out in Appendix II of this Circular.

As highlighted in Section 1 of this Circular, EY had in previous FYs issued the Going Concern Opinion, which coupled with the Shareholders' Equity Shortfall, had resulted in our Company triggering the PN17 criteria. EY had since issued unqualified opinions in our Company's audited consolidated financial statements for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023.

Proposed Corporate Exercises

On 8 January 2024, RHB Investment Bank, on behalf of our Board, announced that our Company had entered into a non-binding letter of offer with AAX for the proposed disposals of its 100% equity interest in AAAGL and AAB for a disposal consideration to be agreed upon by our Company and AAX at a later date and the transaction is subject to our Company and AAX entering into definitive share sale and purchase agreements.

On 25 April 2024, RHB Investment Bank, on behalf of our Board, announced that our Company proposes to undertake the Proposed Corporate Exercises.

On 26 July 2024, RHB Investment Bank, on behalf of our Board, announced that our Company had entered into the AAAGL Supplemental SSPA and AAB Supplemental SSPA to amend, vary and supplement certain terms and conditions of the AAAGL SSPA and AAB SSPA. Pursuant to the AAAGL Supplemental SSPA and AAB Supplemental SSPA, AAX had assumed the rights, benefits, titles, interests, obligations and liabilities of AAG to the AAAGL SSPA and AAB SSPA as the purchaser in respect of the Proposed AAAGL Disposal and Proposed AAB Disposal respectively, with effect from 26 July 2024.

On 4 September 2024, RHB Investment Bank, on behalf of our Board, announced that our Company had entered into the AAAGL Second Supplemental SSPA and AAB Second Supplemental SSPA to amend, vary and supplement certain terms and conditions of the AAAGL SSPA and AAB SSPA, with effect from 4 September 2024. Pursuant to the AAAGL Second Supplemental SSPA and AAB Second Supplemental SSPA, our Company shall, before the AAAGL Completion Date and AAB Completion Date, obtain the approvals and/or consents for the release and/or discharge of any corporate guarantee and/or security provided by our Group (excluding AAAGL Group and AAB Group) in favour of lenders/financiers of the AAAGL Group and AAB Group.

On 14 October 2024, our Company obtained the approvals from our non-interested shareholders and the non-interested holders of the RCUIDS at our EGM and RCUIDS holders meeting in respect of the Proposed Corporate Exercises.

On 21 March 2025, RHB Investment Bank, on behalf of our Board, announced that the High Court of Malaya has confirmed our Company's issued share capital reduction and repayment under Section 116 of the Companies Act 2016 pursuant to the Proposed Distribution, and that the exact amount of the issued share capital of our Company to be reduced to facilitate the Proposed Distribution will depend on the application by our Company to the High Court of Malaya after the Entitlement Date based on the prevailing market price of AAX Shares. For clarity, further to the aforementioned confirmation granted by the High Court of Malaya, the Proposed Corporate Exercises are still subject to the fulfilment and/or waiver (as the case may be) of certain conditions precedent of the SSPAs. The Entitlement Date will be determined and announced later by our Company after all the conditions precedent of the SSPAs have been fulfilled and/or waived (as the case may be).

Barring any unforeseen circumstances and subject to all relevant approvals being obtained and the fulfilment and/or waiver (as the case may be) of all the conditions precedent of the AAAGL SSPA and AAB SSPA, the Proposed Corporate Exercises are expected to be completed by end of the 2nd quarter of 2025.

Based on the latest audited consolidated financial statements of our Company for the FYE 31 December 2023, the aggregate revenue generated by AAAGL Group and AAB Group constitute more than 70% of our Group's total revenue. As such, the Proposed Disposals are regarded as major disposals pursuant to Paragraph 10.02(eA) of the Listing Requirements as the Proposed Disposals entail the disposal by our Company of its major business which may result in our Company not having a level of operations that is adequate to warrant continued trading or listing on the Official List of Bursa Securities.

Proposed Regularisation Plan

Paragraph 8.03A(3) of the Listing Requirements states that an affected listed issuer that triggers Paragraph 8.03A(2)(a) of the Listing Requirements must, amongst others, regularise its condition within 12 months, failing which Bursa Securities may suspend the trading of listed securities of such listed issuer or de-list the listed issuer, or both. As our Company is a PN17 Issuer, our Company is required to undertake a regularisation plan in accordance with Paragraph 8.03 and PN17 of the Listing Requirements. Notwithstanding the 12-month period to regularise our Group's condition pursuant to Paragraph 8.03A(3) of the Listing Requirements, since our Company is also a PN17 Issuer, our Company will adhere to the PN17 timeline to regularise our Group's condition.

Pursuant to Paragraph 8.04(3) of the Listing Requirements, our Company as a PN17 Issuer must, amongst others, regularise our condition within 12 months from the date we announce that we are a PN17 Issuer, submit a regularisation plan to Bursa Securities and obtain Bursa Securities' approval to implement the plan. Our Company has submitted several applications for the extension of time to submit the regularisation plan, in which Bursa Securities had approved the applications for extension of time with the latest being up to 31 December 2024 for our Company to finalise and submit the regularisation plan to regularise our financial condition to the relevant authorities. On 23 December 2024, RHB Investment Bank, on behalf of our Board, announced that the application in relation to the Proposed Regularisation Plan had been submitted to Bursa Securities on 23 December 2024. On 7 March 2025, RHB Investment Bank, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 7 March 2025, granted its approval for the Proposed Regularisation Plan, subject to the conditions as set out in Section 10 of this Circular.

Upon completion of the Proposed Corporate Exercises, our Group's core businesses are principally in the following:

(i) Capital A Aviation Services

(a) ADE

ADE provides aviation MRO services comprising the following services:

- (i) EMS** – comprises line maintenance, base maintenance and workshop services. Line maintenance refers to maintenance activities carried out before a flight to ensure the flight is fit for the intended flight and it does not require hangar space. On the other hand, base maintenance refers to routine hangar maintenance checks or ad hoc defect investigations, rectification or refurbishment activities. ADE's workshop services include the repair of wheels, brakes, oxygen bottles, batteries, composites, sheet metal and nacelle, and quick engine change.
- (ii) CWS** – comprises the provision of consumables, parts, equipment and tools inventory access and repair management. Provision of consumables entails the provision of consumables such as aircraft spares and components that are required in carrying out line maintenance and base maintenance services. Parts, equipment and tools inventory access allow airlines to have access to an inventory pool of parts, equipment and/or tools as and when it is required. Repair management entails the management by ADE Group of the repair of aircraft parts including engine, auxiliary power unit, landing gear and components carried out by external workshop;

- (iii) **ESS** – comprises fleet and technical asset management and technical and design support. Fleet and technical asset management entails the management of maintenance activities for all aircraft owned by the airlines as well as organisation and management of aircraft technical records which includes aircraft maintenance documents and lease agreements. Technical and design support entails the validation of technical design changes and issuance of the Design Organisation Approval for minor changes and repairs via Engineering Instruction. In the event of minor changes and repairs are performed on aircraft structures, cabin interiors, environmental system, hydro mechanical system, galleys or other interior equipment as well as powerplant or fuel system; and
- (iv) **DIS** – comprises AEROTRADE™ and ELEVADE™. AEROTRADE™ is a B2B online marketplace to facilitate the buying and selling of new and used aircraft parts, predictive and preventive maintenance system. ELEVADE™ is a comprehensive aircraft health and resource management system to systematically track aircraft defect and maintenance activities.

A summary of the key financial performance of ADE based on the audited financial statements of ADE for the past 3 financial years up to the FYE 31 December 2023 is set out below:

	Audited		
	FYE 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Revenue	101,333	^(a) 285,772	573,996
PBT/(LBT)	6,254	46,325	88,398
PAT/(LAT)	(6,509)	32,500	115,325

Note:

- (a) *The audited revenue of ADE as shown above for the FYE 31 December 2022 is based on the audited financial statements of ADE. This figure differs from the revenue segmentation of ADE within our Group's audited consolidated revenue for the FYE 31 December 2022 as shown in the management's discussion and analysis of the financial condition and results of operation of the Remaining Businesses of our Group (excluding the aviation segment) in Appendix IV(A) of this Circular due to the difference in the materiality threshold adopted at the subsidiary level and our Group level. At the subsidiary level, the audited financial statements of ADE adopted a lower materiality threshold which resulted in certain adjustments made that are not reflected at our Group level.*

(b) Santan

Santan is principally involved in the provision of in-flight catering services as well as the operation and management of a F&B service chain, and the preparation and sale of frozen ready-to-eat food products.

As at the LPD, Santan's customer base for its in-flight catering business are AAB, AAX, IAA and PAA. Meanwhile, its customers for its F&B service chain are consumers while its customers for its frozen ready-to-eat food products are F&B service providers, retailers (such as convenience stores and cafes) and hotel operators.

A summary of the key financial performance of Santan based on the audited financial statements of Santan for the past 3 financial years up to the FYE 31 December 2023 is set out below:

	Audited		
	FYE 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Revenue	^(a) 2,828	34,986	133,600
PBT/(LBT)	(4,703)	(4,989)	19,790
PAT/(LAT)	(4,703)	(4,989)	15,814

Note:

- (a) The audited revenue of Santan as shown above for the FYE 31 December 2021 is based on the audited financial statements of Santan. This figure differs from the revenue segmentation of Santan within our Group's audited consolidated revenue for the FYE 31 December 2021 as shown in the management's discussion and analysis of the financial condition and results of operation of the Remaining Businesses of our Group (excluding the aviation segment) in Appendix IV(A) of this Circular due to the difference in the materiality threshold adopted at the subsidiary level and our Group level. At the subsidiary level, the audited financial statements of Santan adopted a lower materiality threshold which resulted in certain adjustments made that are not reflected at our Group level.

(ii) Digital Businesses under MOVE Digital

(a) AirAsia MOVE Group

AirAsia MOVE Group is principally involved in the operations and management of the AirAsia MOVE platform. AirAsia MOVE offers a comprehensive suite of travel-related services, including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides. As at the LPD, the AirAsia MOVE platform enables its users to book flights across more than 150 destinations globally. It is accessible through a mobile app and web platform.

AirAsia MOVE aims to fulfil the needs of value-conscious travellers, leading to the creation of travel-related service bundles such as "SNAP! Flight + Hotel" and Asean Pass. These travel-related service bundles not only benefit travellers, but also airlines and hotels as they can fill their capacity early.

The AirAsia MOVE platform is also integrated with its loyalty program, Rewards where every AirAsia MOVE platform user will automatically become a Rewards member. Thus, this allows its users to earn Rewards points from every transaction made on the AirAsia MOVE platform, and they can redeem their Rewards points through the Points Exchange feature. Thus, this enriches users' experience and encourage loyal users.

A summary of the key financial performance of AirAsia MOVE Group^(a) for the past 3 financial years up to the FYE 31 December 2023 is set out below:

	Unaudited^(a)		
	FYE 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Revenue	150,016	^(b) 377,745	^(b) 668,893
PBT/(LBT)	(140,996)	(110,403)	64,385
PAT/(LAT)	(141,177)	(112,990)	55,075

Notes:

- (a) *For the avoidance of doubt, there are no audited consolidated financial statements prepared for AirAsia MOVE Group for all the past 3 financial years up to and including FYE 31 December 2023. The financial results of AirAsia MOVE Group shown above is based on the compilation of the audited financial results of AirAsia MOVE Group prepared by the management of our Company. In accordance with Paragraph 4(a) of MFRS 10 Consolidated Financial Statements, no consolidated financial statements have been prepared for AirAsia MOVE Group as its parent company, Capital A has prepared MFRS consolidated financial statements.*
- (b) *The unaudited revenue of AirAsia MOVE Group as shown above for the FYE 31 December 2022 and FYE 31 December 2023 are based on the compilation of the audited financial results of AirAsia MOVE Group prepared by the management of our Company. These figures differ from the revenue segmentation of AirAsia MOVE Group within our Group's audited consolidated revenue as shown for the FYE 31 December 2022 and FYE 31 December 2023 in the management's discussion and analysis of the financial condition and results of operation of the Remaining Businesses of our Group (excluding the aviation segment) in Appendix IV(A) of this Circular due to the difference in the materiality threshold adopted at the subsidiary level and our Group level. At the subsidiary level, the audited financial statements of AirAsia MOVE Group adopted a lower materiality threshold which resulted in certain adjustments made that are not reflected at our Group level.*

(b) BigPay Group

BigPay Group is principally involved in the provision of digital financial services through the BigPay platform which comprises a mobile app, an e-wallet, a virtual prepaid card and a physical prepaid card. As at the LPD, BigPay platform users can sign up for a virtual BigPay account in Malaysia, Singapore and Thailand to immediately begin using its digital financial services.

BigPay Group's services are primarily as follows:

- (i) **Payment** – payments from BigPay e-wallet to merchants via the physical/virtual prepaid card, DuitNow QR feature (available in Malaysia only as at the LPD which is a cashless payment method using QR code scanning function), split bill feature (which allows BigPay platform users to split bill payments with other BigPay platform users), cross-border QR (where BigPay platform users in Malaysia will be able to pay by scanning QR codes provided when they are travelling overseas in Thailand, Singapore and Indonesia) and Alipay+ (where BigPay platform users are able to make payments at overseas merchants supporting Alipay+);
- (ii) **International remittance and domestic transfer**– transfer of available funds directly from BigPay e-wallet to other BigPay platform users (via Friends feature) or to other e-wallets or banks, DuitNow Transfer and DuitNow QR (to any local bank account or any e-wallet account that is part of the DuitNow ecosystem), local bank transfer feature (to local bank accounts via bank details) and international remittance feature (to international bank accounts and e-wallets);
- (iii) **Utilities** – enable BigPay platform users to purchase insurance plans for personal accident and travel insurance (underwritten by licenced insurers) via the BigPay platform as well as payments for utilities, mobile postpaid bills and satellite television subscriptions and top-up services for pre-paid mobile plans;

- (iv) **Analytics and Stash** – Analytics feature allows BigPay platform users to track their financial well-being and spending on the BigPay platform as well as to maintain multiple pots (Stashes) in their BigPay account. Stash feature allows BigPay platform users to set aside their funds from their main BigPay e-wallet to separate Stash(es) in their BigPay account to help them budget and manage their money or spending; and
- (v) **Lending** – allows BigPay platform users in Malaysia to apply for, obtain approval and receive personal loans of up to RM10,000 for a tenure of up to 12 months as at the LPD.

A summary of the key financial performance of BigPay Group based on the audited consolidated financial statements of BigPay for the past 3 financial years up to the FYE 31 December 2023 is set out below:

	Audited		
	FYE 31 December		
	(a)2021	(a)2022	(a)2023
	RM'000	RM'000	RM'000
Revenue	(b)20,879	(b)30,036	(b)46,010
PBT/(LBT)	(138,807)	(133,741)	(103,881)
PAT/(LAT)	(138,807)	(133,763)	(103,881)

Notes:

- (a) *The consolidated financial statements of BigPay Group for the past 3 financial years up to and including the FYE 31 December 2023 has been prepared using USD. The following exchange rates are used to derive at the historical financial information shown above:*

*FYE 31 December 2021 – USD1.00:RM4.1650;
FYE 31 December 2022 – USD1.00:RM4.3900; and
FYE 31 December 2023 – USD1.00:RM4.5900.*

- (b) *The audited revenue of BigPay Group as shown above for the past 3 financial years up to the FYE 31 December 2023 are based on the audited consolidated financial statements of BigPay. These figures differ from the revenue segmentation of BigPay Group within our Group's audited consolidated revenue as shown for the past 3 financial years up to the FYE 31 December 2023 in the management's discussion and analysis of the financial condition and results of operation of the Remaining Businesses of our Group (excluding the aviation segment) in Appendix IV(A) of this Circular due to the difference in the materiality threshold adopted at the subsidiary level and our Group level. At the subsidiary level, the audited financial statements of BigPay Group adopted a lower materiality threshold which resulted in certain adjustments made that are not reflected at our Group level.*

(iii) Logistics

Teleport Group

Teleport Group provides logistics services and solutions under the name “Teleport” and is involved in the provision of the following services:

- (a) **Teleport Air Cargo** – Airport-to-airport logistics services

Teleport Air Cargo involves the delivery of parcels (generally small parcels weighing less than approximately 35 kg or have a total dimension of 140cm in height and 70 cm in width and depth), loose cargo (which are goods that are carried in bulk) and palletised cargo (which are goods carried in bulk using palletised equipment).

Teleport Group has the exclusive commercial rights on AirAsia aircraft, where it utilises the unused cargo belly spaces in AirAsia passenger aircraft to transport parcels, loose cargos and palletised cargo. Teleport Group also leverages on third-party airlines to transport parcels, loose cargos and palletised cargos. Additionally, Teleport Group charters 3 Airbus 321 Freighters from AAB since 2023.

- (b) Teleport eCommerce – Customisable first- to last-mile cross-border delivery services

Teleport Group offers Teleport eCommerce, which is customisable first-to-last mile cross-border delivery services, where it offers customers a combination of:

- First-mile pick up services – where parcels and cargos are picked up from the merchant's premises and sent to the hub, and includes custom clearance processes; and/or
- Mid-mile delivery services – where the parcels and cargos are picked up from the hub and delivered to the airport where it is transported via air to the destination airport; and/or
- Last-mile delivery services – where the parcels and cargos undergo custom clearance and are dropped off at the hub, and delivered to the customers' premises.

- (c) Teleport Next Day – Cross-border door-to-door parcel delivery services

Teleport Next Day is a cross-border door-to-door parcel delivery service. It allows conglomerates, companies as well as consumers to transport small parcels between Malaysia, Singapore and Bangkok within the next day, subject to the orders being placed before 12.00 p.m. on the day before, regardless of weekends and public holiday.

Customers of Teleport Next Day will transport parcels with a weight limit of 15kg and a maximum cumulative dimension parameter of 130cm in height, width and length, and maximum 100cm in length (on its longest end).

A summary of the key financial performance of Teleport Group based on the audited consolidated financial statements of Teleport Group for the past 3 financial years up to the FYE 31 December 2023 is set out below:

	Audited		
	FYE 31 December		
	^(a)2021	^(a)2022	^(a)2023
	RM'000	RM'000	RM'000
Revenue	^(b) 533,653	^(b) 478,716	^(b) 744,718
PBT/(LBT)	(50,955)	(63,370)	(4,971)
PAT/(LAT)	(51,534)	(66,166)	(3,130)

Notes:

- (a) The audited consolidated financial statements of Teleport Group for the past 3 financial years up to and including the FYE 31 December 2023 has been prepared using USD. The following exchange rates are used to derive at the historical financial information shown above:

FYE 31 December 2021 – USD1.00:RM4.1650;
FYE 31 December 2022 – USD1.00:RM4.3900; and
FYE 31 December 2023 – USD1.00:RM4.5900.

- (b) *The audited revenue of Teleport Group as shown above for the past 3 financial years up to the FYE 31 December 2023 are based on the audited consolidated financial statements of Teleport. These figures differ from the revenue segmentation of Teleport Group within our Group's audited consolidated revenue as shown for the past 3 financial years up to the FYE 31 December 2023 in the management's discussion and analysis of the financial condition and results of operation of the Remaining Businesses of our Group (excluding the aviation segment) in Appendix IV(A) of this Circular due to the difference in the materiality threshold adopted at the subsidiary level and our Group level. At the subsidiary level, the audited financial statements of Teleport Group adopted a lower materiality threshold which resulted in certain adjustments made that are not reflected at our Group level.*

(iv) AirAsia Brand

Brand AA

Brand AA is a brand and intellectual property company which is principally involved in brand and intellectual property development, licensing and management business as exclusive licensor for the AirAsia Brand.

Brand AA is the sole proprietor of the intellectual property representing the AirAsia Brand. Prior to 27 June 2023, AAB was the registered proprietor for all the rights in the AirAsia Brand. On 27 June 2023, AAB entered into the IP Assignment Agreement with Capital A and Brand AA for the transfer of the AirAsia Brand from AAB to Brand AA. Subsequently, Brand AA now holds the right to grant licences in relation to the intellectual property rights to use the trade name and livery of the AirAsia Brand.

Pursuant to the MBLA, AAB is entitled to collect a royalty fee from AAAGL. AAAGL as the exclusive licensee, in turn had executed a tripartite SBLA with each of the AOCs and the holding companies of the AOCs (where relevant) as well as TAAX, where AAAGL is entitled to collect a sub-licence royalty fee. Upon completion of the transfer of the AirAsia Brand from AAB to Brand AA, Brand AA assumes AAB's right under the MBLA to collect the royalty fee from AAAGL who in turn collects the sub-licence royalty fees from the AOCs and TAAX. Brand AA charges a royalty fee rate of 1% on all revenues (including fares and ancillary income) of the AOCs and TAAX whereas AAX pays a royalty fee of 0.5%.

Subject to negotiation with AAX, Capital A intends to procure AAX to execute a brand sub-licensing agreement upon completion of the Proposed Corporate Exercises to streamline the control of the licensing of the AirAsia Brand and the royalty fee rate charged on the AOCs, TAAX and AAX.

A summary of the key financial performance of Brand AA based on the audited financial statements of Brand AA for the past 3 financial years up to the FYE 31 December 2023 is set out below:

	Audited		
	FYE 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Revenue	-	-	44,685
PBT/(LBT)	(35)	(47)	16,122
PAT/(LAT)	(35)	(47)	12,199

Further details of ADE, AirAsia MOVE, BigPay, Teleport, Brand AA and Santan are set out in Appendix II of this Circular.

4. PROFITABILITY OF CAPITAL A GROUP

For illustration purposes only, after the completion of the Proposed Corporate Exercises and Proposed Regularisation Plan, Capital A Group is expected to return to profitability based on the adjusted pro forma consolidated PAT of Capital A (excluding AAAGL Group and AAB Group) as at 31 December 2023 as shown below:

(A) Pro forma consolidated statements of comprehensive income

The summary of the pro forma consolidated statements of comprehensive income of Capital A Group (excluding AAAGL Group and AAB Group) as at 31 December 2023 are set out below:

	Capital A		AirAsia MOVE		BigPay		Teleport		(a) Others		Consolidation adjustments		Consolidated statements of comprehensive income		(b) Pro forma adjustment 1		(c) Pro forma adjustment 2		Consolidated pro forma statements of comprehensive income	
	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil	
																				Group
Revenue	5	574	669	46	740	346	(43)	2,337	-	-	-	-	-	-	-	-	-	-	-	2,337
PBT/(LBT)	(1,960)	88	64	(103)	(5)	25	(5)	(1,896)	(74)	1,853										(117)
PAT/(LAT)	(1,960)	115	55	(103)	(3)	12	(5)	(1,889)	(74)	1,853										(110)

Notes:

- Comprising other subsidiaries within Capital A Group including Santan and Brand AA.
- Capital A had previously advanced a portion of the proceeds from its issuance of RCUIDS to AAB Group and charges interest on the outstanding balances. Pursuant to the Proposed AAB Disposal and the subsequent proposed debt settlement between Capital A and AAB Group, no further interest income would be derivable from AAB Group.
- For the FYE 31 December 2023, Capital A recognised impairment loss of RM1,853.0 million on its investment in AAB. This impairment was excluded from the pro forma consolidated statements of comprehensive income of Capital A (excluding AAAGL and the AAB Group) as Capital A Group will no longer hold an investment in AAB following the Proposed AAB Disposal. Consequently, this impairment is not expected to recur in the future.

(B)**After excluding non-recurring items**

The consolidated pro forma statements of comprehensive income of Capital A Group (excluding AAAGL Group and AAB Group) as at 31 December 2023 as shown in item (A) above is further adjusted to exclude non-recurring items that are unusual and infrequent in nature, which are not reasonably anticipated to be incurred in any subsequent period due to its nature, size or both, as set out below:

	From item (A)	(a)Pro forma adjustment 1	(b)Pro forma adjustment 2	(c)Pro forma adjustment 3	Consolidated adjusted pro forma statements of comprehensive income
		Reversal of impairment of goodwill for AirAsia Superapp (Thailand) Company Limited	Reversal of restructuring costs	RCUIDS re-alignment adjustment not taken up in prior year	
	RM'mil	RM'mil	RM'mil	RM'mil	RM'mil
Revenue	2,337	-	-	-	2,337
PBT/(LBT)	(117)	32	9	42	(34)
PAT/(LAT)	(110)	32	9	41	(28)

Notes:

- (a) Reversal of impairment of goodwill for AirAsia Superapp (Thailand) Company Limited as impairment of goodwill is an infrequent item. Under Paragraph 96 of MFRS 136 Impairment of Assets, goodwill is required to be assessed for impairment annually. While the standard mandates an annual review, this does not necessarily mean that goodwill will be impaired every year as impairment depends on the ability of the cash-generating unit to generate positive cash flows. In the case of AirAsia Superapp (Thailand) Company Limited, our management has assessed the nature of the impairment of goodwill and concluded, based on a 5-year cash flow projection from 31 December 2023 that it is expected to generate sufficient cash flows to support the carrying value of the goodwill annually, that the impairment of goodwill recorded in the current period is not expected to recur in subsequent periods. As such, the impairment of goodwill meets the definition of "infrequent" due to its non-recurring and unusual nature.
- (b) Reversal of restructuring costs incurred in the FYE 31 December 2023 which is an infrequent item. The restructuring costs comprise the professional fees and transaction cost for the Proposed Corporate Exercises and the Proposed Business Combination, which was terminated and announced by our Company on 23 October 2024.
- (c) Re-alignment of the valuation of derivative asset from RCUIDS not taken up in prior year which is an infrequent item. The re-alignment of the valuation of derivative assets related to RCUIDS pertains to a prior year unadjusted difference that was not corrected by our management at that time as the unadjusted difference was not deemed material to the overall financial statements. Since this adjustment is a one-off occurrence and is not expected to recur in future periods, it aligns with the definition of "infrequent" as established above.

(C) After the assumption that Brand AA has fully charged the royalty fees for the FYE 31 December 2023

The consolidated adjusted pro forma statements of comprehensive income of Capital A Group (excluding AAAGL Group and AAB Group) as at 31 December 2023 as shown in item (B) above is further adjusted assuming Brand AA has fully charged the royalty fees for the FYE 31 December 2023 as set out below:

	From item (B)	(a) Pro forma adjustment	Consolidated adjusted pro forma statements of comprehensive income
	Consolidated adjusted pro forma statements of comprehensive income	Assuming Brand AA has fully charged the royalty fees for the FYE 31 December 2023	RM'mil
	RM'mil	RM'mil	RM'mil
Revenue	2,337	119	2,456
PBT/(LBT)	(34)	110	76
PAT/(LAT)	(28)	110	82

Note:

(a) Brand AA is the sole proprietor of the AirAsia Brand. Prior to 27 June 2023, AAB was the registered proprietor for all the rights in the AirAsia Brand. On 27 June 2023, AAB entered into the IP Assignment Agreement with Capital A and Brand AA for the transfer of the AirAsia Brand from AAB to Brand AA. Subsequently, Brand AA now holds the right to grant licences in relation to the intellectual property rights to use the trade name and livery of the AirAsia Brand.

Pursuant to the MBLA, AAB is entitled to collect a royalty fee from AAAGL. AAAGL as the exclusive licensee, in turn had executed a tripartite SBLA with each of the AOCs and the AOC Holdco, as well as TAAX, where AAAGL is entitled to collect a sub-licence royalty fee. Upon completion of the transfer of the AirAsia Brand from AAB to Brand AA, Brand AA assumes AAB's right under the MBLA to collect the royalty fee from AAAGL who in turn collects the sub-licence royalty fees from the AOCs and TAAX. Brand AA charges a royalty fee rate of 1% on all revenue (including fares and ancillary income) of the AOCs and TAAX whereas AAX pays a royalty fee of 0.5%. Subject to negotiation with AAX, Capital A intends to procure AAX to execute a brand sub-licensing agreement upon completion of the Proposed Corporate Exercises to streamline the control of the licensing of the AirAsia Brand and the royalty fee rate charged on the AOCs, TAAX and AAX. Brand AA intends to charge a royalty fee rate of 1% on all revenue (including fares and ancillary income) of AAX upon execution of a brand sub-licensing agreement with AAX. For information purposes, a royalty fee rate of 1% on all revenue (including fares and ancillary income) of AAX for the FYE 31 December 2023 amounts to RM23.8 million.

From 1 July 2023 (being after the transfer of the AirAsia Brand to Brand AA) to 31 December 2023, Brand AA charged AAAGL royalty fees amounted to RM44.7 million which was at a discount of RM33.4 million from the pre-discount amount of RM78.1 million attributable to royalty fees collectable from AAB, IAA, TAA and PAA for the period from 1 July 2023 until 31 December 2023 to ease the cash flow of the AOCs, being subsidiaries within our Group. For clarity, Brand AA has not given any discount for the royalty fees charged to AAAGL attributable to royalty fees collectable from the AOCs since 1 January 2024.

Furthermore, Brand AA has not charged AAAGL for the royalty fees collectable from TAAAX for the FYE 31 December 2023 as the SBLA with TAAAX was only executed on 10 July 2024 (effectively from 1 January 2024); which is after TAAAX obtained the order of the Central Bankruptcy Court of Thailand on 30 August 2023 approving TAAAX's rehabilitation plan for a period of 5 years from the date of approval and comprising, amongst others, repayment to creditors and capital restructuring. As at the LPD, TAAAX's rehabilitation plan is still ongoing. For clarity, Brand AA has begun charging royalty fees to AAAGL attributable to royalty fees collectable from TAAAX since 1 January 2024.

In addition, CAA has not started to generate revenue during the FYE 31 December 2023 and hence, no royalty fees were collectable from CAA for the FYE 31 December 2023. The SBLA with CAA was only signed on 16 April 2024 and hence, there is potential royalty fee attributable from CAA to be charged by Brand AA post completion of the Proposed Corporate Exercises. For clarity, Brand AA has begun charging royalty fees to AAAGL attributable to royalty fees collectable from CAA since the commencement of its operations in May 2024.

For purposes of illustrating the potential income to be earned by Brand AA for the full financial year ended 31 December 2024, we have assumed that Brand AA fully charges the royalty fees from 1 January 2023 in accordance with the royalty fee chargeable pursuant to the MBLA. Accordingly, the additional revenue to be earned by Brand AA is set out below:

	<u>RM'million</u>
Reversal of discount on royalty fees charged to AAAGL attributable to royalty fees collectable from AAB, IAA, TAA and PAA for the period from July 2023 until December 2023.	33.4
Royalty fees chargeable to AAAGL attributable to royalty fees collectable from AAB, IAA, TAA and PAA for the period from 1 January 2023 until 30 June 2023. The basis of computation of the aforementioned royalty fees is based on 1% of all revenues (including fares and ancillary income) of the AOCs on a monthly basis for the period from 1 January 2023 until 30 June 2023.	71.2
Royalty fees to be charged to AAAGL attributable to royalty fees collectable from TAAAX for the period from 1 January 2023 until 31 December 2023 as TAAAX was undergoing rehabilitation plan in the FYE 31 December 2023 and the SBLA with TAAAX was executed on 10 July 2024. The basis of computation of the aforementioned royalty fees is based on 1% of all revenues (including fares and ancillary income) of TAAAX on a monthly basis for the period from 1 January 2023 until 31 December 2023.	13.9
Total	<u>118.5</u>

Further to the above, additional adjustments have been assumed for the operating costs and expenses for Brand AA for the FYE 31 December 2023 as set out below:

	<u>RM'million</u>
Assuming additional staff costs and general and administrative expenses for the FYE 31 December 2023. The basis of computation of the aforementioned additional costs and expenses is based on the differential amount after comparing with the costs and expenses incurred for the FYE 31 December 2024.	1.1
Assuming additional sponsorship and marketing fees to promote AirAsia Brand for the FYE 31 December 2023. The basis of computation of the aforementioned additional sponsorship and marketing fees is based on the differential amount after comparing with the sponsorship and marketing fees incurred for the FYE 31 December 2024.	7.8
Total	<u>8.9</u>

In addition, Brand AA acquired AirAsia Brand from AAB in the FYE 31 December 2023 for business purposes and received corresponding brand related income which would entitle a capital allowance claim of RM4.5 billion. The capital allowance of RM4.5 billion may be utilised against the adjusted income of Brand AA which may provide a tax shield of RM1.08 billion (assuming the tax rate is 24%).

Emphasis of Matter

(i) Pursuant to the Brand Deferral Letter issued by AAAGL to our Company dated 22 August 2024, arrangements were made between AAAGL and our Company such that AAAGL will defer and not make payment of any fees, interests or charges under the MBLA, whether in cash or in kind, to Brand AA from 22 August 2024 until 29 October 2026, in order to ease the cash flow of the AOCs. All Deferred Brand Licence Payments shall be recorded and reflected in Brand AA's financial statements as account receivables (accruals) and in AAAGL's financial statements as account payables. As at the LPD, the Deferred Brand Licence Payments recorded and reflected in Brand AA's financial statements as account receivables (accruals) and in AAAGL's financial statements as account payables amounted to RM290.2 million. Nevertheless, the Deferred Brand Licence Payments shall be collectable from AAAGL upon completion of the Proposed Corporate Exercises as described further below. We do not foresee any risk in the collection of the Deferred Brand Licence Payments taking into consideration the financial position of AAAGL under AAX Group upon completion of the Proposed Corporate Exercises and AAX Private Placement.

Subsequently, pursuant to the AAAGL Letter to our Company dated 30 October 2024, AAAGL and our Company agreed that the arrangements in the Brand Deferral Letter shall immediately cease upon the successful closing of the AAX Private Placement whereby independent third party investors shall have subscribed and made full payment for the AAX Private Placement, pursuant to which parties shall continue to honour their obligations under the MBLA, including payment of the Deferred Brand Licence Payments.

(ii)

It is a term in each of the Financial Institution A Finance Documents that each of AAAGL and AAB shall undertake the Deferred Brand Licence Payments wherein AAAGL and AAB shall defer and not make payment of any fees, interests or charges under the MBLA and/or the SBLA (as the case may be). All Deferred Brand Licence Payments shall be recorded and reflected in Brand AA's financial statements as account receivables (accruals) and in the financial statements of AAAGL and/or AAB (as the case may be) as account payables. As at the LPD, the Deferred Brand Licence Payments recorded and reflected in Brand AA's financial statements as account receivables (accruals) and in AAAGL's financial statements as account payables amounted to RM290.2 million. Nevertheless, the Deferred Brand Licence Payments shall be collectable from AAAGL upon completion of the Proposed Corporate Exercises as described further below.

Subsequently, pursuant to the Financial Institution A Letter, Financial Institution A consented to the payment of the Deferred Brand Licence Payments, subject to the following conditions being met:

- (a) AAB signing a commitment letter by 31 January 2025 in relation to a new term loan facility to be granted by Financial Institution A to AAB ("**New Financial Institution A Facility**") for AAB to on-lend to AAAGL to prepay in full the existing term loan facility granted by Financial Institution A to AAAGL ("**Existing AAAGL Facility**"). AAB had signed the aforementioned commitment letter on 28 January 2025. It is a term under the New Financial Institution A Facility that our Company shall be a guarantor for the facility, as with the Existing AAAGL Facility whereby our Company is also a guarantor. For the avoidance of doubt, our Company will ensure that no guarantee given in relation to AAB and/or AAAGL remains with our Company after the Proposed Disposals and, in the event the approval and/or consent for the release and/or discharge of all the corporate guarantee and/or security provided by our Group in favour of lenders/financiers of AAB Group and AAAGL Group, which includes the New Financial Institution A Facility, are not obtained, the Proposed AAB Disposal and Proposed AAAGL Disposal will not be completed; and
- (b) the successful closing of the AAX Private Placement whereby independent third party investors shall have subscribed and made full payment for the AAX Private Placement.

Pursuant to the above, it is pertinent to note that the sufficiency of working capital of our Group post completion of the Proposed Corporate Exercises is subject to the resumption of the collection of the Deferred Brand Licence Payments from AAAGL no later than an estimated date of 30 September 2025. For the avoidance of doubt, the resumption of collection of the Deferred Brand Licence Payments from AAAGL no later than an estimated date of 30 September 2025 is not a condition precedent in the AAAGL SSPA but is based on a sensitivity analysis on the sufficiency of working capital for our Group's existing and foreseeable requirements for a period of at least 12 months from the date of this Circular after taking into consideration, amongst others, the expected cash inflows and outflows, future working capital requirements, future capital expenditure requirements and the interest expenses of our Group (excluding AAB Group and AAAGL Group). A prolonged inability to collect the royalty fee income may also result in the royalty fee being classified as provision of doubtful debt at the year end of FYE 31 December 2025, subject to its impairment test.

In relation to the condition imposed in the AAAGL Letter and the Financial Institution A Letter relating to the successful closing of the AAX Private Placement (whereby independent third party investors shall have subscribed and made full payment for the AAX Private Placement), it is noted that it is a condition precedent in the AAAGL SSPA and AAB SSPA that AAX shall raise RM1,000.0 million pursuant to the placement letter(s) or commitment letter(s) or agreement(s) (as the case may be) executed by AAX and the identified investors. As such, the Proposed Regularisation Plan could only be implemented after the completion of the Proposed Corporate Exercises which is in turn subject to the completion of the AAX Private Placement. For the avoidance of doubt, the completion of the Proposed Corporate Exercises will be concurrent with the completion of the AAX Private Placement upon the listing and quotation of the Consideration Shares and AAX placement shares. Capital A endeavours to complete the Proposed Corporate Exercises by end of the 2nd quarter of 2025. Accordingly, the payment of the Deferred Brand Licence Payments shall be collectable from AAAGL upon completion of the Proposed Corporate Exercises. We do not foresee any risk in the collection of the Deferred Brand Licence Payments taking into consideration the financial position of AAAGL under AAX Group upon completion of the Proposed Corporate Exercises and AAX Private Placement.

Going Concern Assessment

According to our Company's external auditors, EY, going concern assessment is conducted in accordance with ISA 570 (Revised), Going Concern, which requires considering all relevant information about the entity's future, which includes but is not limited to our Group's current and expected profitability, timing of repayment of existing financing liabilities and potential sources of replacement financing, extending to at least 12 months from the end of the reporting period. Additionally, ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements guides EY in evaluating our management's use of the going concern basis of accounting and in expressing EY's opinion on the financial statements as a whole. In line with these standards, EY's assessment considers, amongst others, our Group's overall financial position, including cash flow projections, operating results, relevant external factors and events and conditions that may cast significant doubt on our Group's ability to continue as a going concern. The above will include, but is not limited to, an assessment of the effects of the emphasis of matter as highlighted above.

According to ISA 570 (Revised), Going Concern, management's assessment of the entity's ability to continue as a going concern is a key part of the auditor's consideration of management's use of the going concern basis of accounting. EY understands that our management's assessment of the going concern assumption is still ongoing. Circumstances affecting our management's assessment of our Group's ability to continue as a going concern might change, which require our management to update assessments of the going concern basis to reflect the effect of events occurring after the end of the reporting period up to the date that the financial statements are authorised for issue. Therefore, EY is currently not able to provide its view on our Group's going concern until the abovementioned process is completed.

Based on the above, after the completion of the Proposed Corporate Exercises and Proposed Regularisation Plan, Capital A Group is expected to return to profitability based on the adjusted pro forma consolidated PAT of Capital A (excluding AAAGL Group and AAB Group) as at 31 December 2023 as shown above and the prospects of the Remaining Businesses of Capital A as set out in Section 7.8 of this Circular.

Despite our Group's Remaining Businesses having recorded LBT and LAT before the adjustment relating to royalty fees charged by Brand AA on the assumption that Brand AA has fully charged the royalty fees for the FYE 31 December 2023, our Group recorded an unaudited PATAMI (after excluding AAAGL Group and AAB Group, and restructuring costs of RM21.5 million which is a non-recurring item) of RM185.6 million for the FYE 31 December 2024. Therefore, our Group's Remaining Businesses are expected to continue to be viable based on the profitability recorded for the FYE 31 December 2024 and the prospects of and business strategies to be undertaken for the Remaining Businesses of Capital A as set out in Section 7.8 of this Circular.

5. DETAILS OF THE PROPOSED REGULARISATION PLAN

Pursuant to our Company's plan to regularise our financial condition, our Company proposes to reduce the issued share capital of our Company of up to RM6,000.0 million pursuant to Section 116 of the Act to set-off the accumulated losses of our Group. The Proposed Capital Reduction shall be undertaken after the completion of the Proposed Corporate Exercises. The exact quantum of share capital to be reduced is dependent on (1) the accumulated losses of our Group; and (2) the resultant issued share capital of our Company, on the Entitlement Date of the Proposed Distribution under the Proposed Corporate Exercises. The accumulated losses of our Group are subject to, amongst others, the fair value of Consideration Shares and the net liabilities of the AAAGL Group and AAB Group at the point of completion of the Proposed Disposals, whilst the resultant issued share capital of our Company is subject to the fair value of Distribution Shares on the Entitlement Date of the Proposed Distribution.

For illustration, based on the latest audited consolidated statements of financial position of our Company as at 31 December 2023 and assuming that the Proposed Corporate Exercises had been effected on that date, the pro forma effects of the Proposed Corporate Exercises on the NA of our Group are as follows:

	Audited as at 31 December 2023 RM'million	(I) After the Proposed AAAGL Disposal and Proposed Distribution RM'million	(II) After (I) and the Proposed AAB Disposal RM'million
Share capital	8,711.7	⁽¹⁾ 6,088.7	6,088.7
Merger deficit	(5,507.6)	(5,507.6)	⁽³⁾ -
Other reserves	138.7	⁽²⁾ 141.5	⁽³⁾ 110.1
Foreign exchange reserve	217.1	⁽²⁾ 163.2	⁽³⁾ (59.9)
Accumulated losses	(12,322.0)	⁽²⁾ (7,816.6)	⁽³⁾⁽⁴⁾ (5,394.8)
Shareholders' equity/NA	(8,762.1)	(6,930.8)	744.1

Notes:

- (1) For illustration purposes, the reduction in the issued share capital of approximately RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD;
- (2) Adjusted to incorporate the following effects of the Proposed AAAGL Disposal:
 - (a) the fair value of the purchase consideration was illustrated at approximately RM3.6 billion which was based on the market price of each Consideration Share of RM1.55, being the 5-day VWAP of AAX Shares up to and including the LPD;
 - (b) the deconsolidation of AAAGL from our Group; and
 - (c) the decrease in accumulated losses due to the pro forma effect arising from the remeasurement of remaining interest of our Company in AAAGL of RM6.3 billion and the transfer of AAAGL's other reserves and non-controlling interest of RM1.8 billion;
- (3) Adjusted to incorporate the following effects of the Proposed AAB Disposal:
 - (a) the Debt Settlement of RM3.8 billion;
 - (b) the deconsolidation of AAB from our Group;
 - (c) the deconsolidation of merger deficit arising from the acquisition of AAB by our Company previously; and
 - (d) the decrease in accumulated losses due to the pro forma gain arising from the Proposed AAB Disposal of RM7.7 billion and transfer of AAB's other reserves to accumulated losses of RM14.9 million, which is offset by the reclassification of merger deficit of RM5.5 billion;
- (4) The estimated transaction costs for the Proposed Corporate Exercises amounted to RM15.52 million comprising professional fees of RM15.25 million, fees to authorities of RM0.05 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.02 million.

For further details on the pro forma effects on the Proposed Corporate Exercises and Proposed Capital Reduction on the NA of our Group, please refer to Section 9.2 of this Circular.

The resultant accumulated losses of our Group upon completion of the Proposed Corporate Exercises may be higher or lower depending on, amongst others, the following:

- (i) the market price of AAX Shares on the Entitlement Date of the Proposed Distribution, which would determine the fair value of the Consideration Shares and in turn, the pro forma gain arising from the remeasurement of remaining interest of our Company in AAAGL pursuant to the Proposed AAAGL Disposal; and
- (ii) the net liabilities of AAB Group and AAAGL Group on the completion date of the Proposed AAAGL Disposal and Proposed AAB Disposal.

Based on the NA illustration above, in the event that the market price of AAX Shares falls below the illustrated RM1.55 on the Entitlement Date of the Proposed Distribution, the net reduction in value would reduce the gain arising from the Proposed AAAGL Disposal and hence, would result in higher accumulated losses than that illustrated above. The amount of share capital to be reduced to facilitate the Proposed Distribution would also be lower in the event that the market value of the Distribution Share on the Entitlement Date of the Proposed Distribution is lower than the illustrated market price of RM1.55 per AAX Share.

On the contrary, should the market price of AAX Shares trade above RM1.55 on the Entitlement Date of the Proposed Distribution, the net increase in value would contribute to an increase in the gain arising from the Proposed AAAGL Disposal and hence, a reduction in accumulated losses of our Group. The amount of share capital to be reduced to facilitate the Proposed Distribution would also be higher in the event that the market value of the Distribution Share on the Entitlement Date of the Proposed Distribution is higher than the illustrated market price of RM1.55 per AAX Share.

As such, the accumulated losses of our Group and the resultant share capital of our Company on the Entitlement Date of the Proposed Distribution could be materially different from the illustration above.

For example, assuming the fair value of the Consideration Shares on the Entitlement Date of the Proposed Distribution and the market value of the Distribution Shares on the Entitlement Date of the Proposed Distribution is RM1.32 per AAX Share (based on the 5-day VWAP up to and including 30 August 2024), the pro forma effects of our Group's accumulated losses and issued share capital of Capital A as at 31 December 2023 assuming the completion of the Proposed Corporate Exercises had been effected on that date, would be as follows:

	Audited as at 31 December 2023	After the Proposed Corporate Exercises
	RM'million	RM'million
Share capital	8,711.7	6,477.9
Accumulated losses of our Group	(12,322.0)	⁽¹⁾ (5,878.7)

Note:

- (1) *The decrease in accumulated losses is due to the pro forma effect arising from the remeasurement of remaining interest of our Company in AAAGL of RM3.6 billion based on fair value of AAX Shares of RM1.32 each and the transfer of AAAGL's other reserves and non-controlling interest of RM428.7 million, as well as the pro forma gain arising from the Proposed AAB Disposal of RM7.7 billion and transfer of AAB's other reserves to accumulated losses of RM241.3 million, which is offset by the reclassification of merger deficit of RM5.5 billion.*

Accordingly, the exact quantum of share capital to be reduced is dependent on the accumulated losses of our Group and the resultant issued share capital of our Company on the Entitlement Date of the Proposed Distribution.

The corresponding credit arising from such reduction and cancellation will be used to eliminate our Group's accumulated losses while the surplus credit that is in excess of what is required towards offsetting our Group's accumulated losses, if any, will be credited into a capital reserve account of our Company.

For the avoidance of doubt, the Proposed Capital Reduction will not result in:

- (a) any change in the total number of Capital A Shares, the RCUIDS or the Warrants;
- (b) any payment to our shareholders of our Company; and
- (c) any adjustment to the reference price of Capital A Shares, the RCUIDS or the Warrants.

Each shareholder will hold the same number of Capital A Shares representing the same percentage shareholding in our Company before and immediately after the completion of the Proposed Capital Reduction.

For illustration purposes, the effect of the Proposed Capital Reduction on our Company and our Group are as follows:

	Based on 5-day VWAP of AAX Shares up to and including LPD of RM1.55		Based on 5-day VWAP of AAX Shares up to and including 30 August 2024 of RM1.32	
	Company	Group	Company	Group
	RM'million	RM'million	RM'million	RM'million
Audited accumulated losses as at 31 December 2023	(1,389.2)	(12,322.0)	(1,389.2)	(12,322.0)
Accumulated losses as at 31 December 2023 assuming completion of the Proposed Corporate Exercises	⁽¹⁾ (1,389.2)	(5,394.8)	⁽¹⁾ (1,389.2)	(5,878.7)
<u>Add:</u> Credit arising from the Proposed Capital Reduction	5,396.8	5,396.8	5,880.7	5,880.7
<u>Less:</u> Transaction costs in relation to the Proposed Capital Reduction	(2.0)	(2.0)	(2.0)	(2.0)
Surplus credit in capital reserve account	4,005.6	-	4,489.5	-

Note:

- (1) For the avoidance of doubt, the pro forma effects of the Proposed Corporate Exercises on the accumulated losses of our Company as at 31 December 2023 have been disregarded in this illustration as there was no pro forma statement of financial position prepared for our Company level in relation to the Proposed Corporate Exercises and Proposed Regularisation Plan.

The Proposed Capital Reduction will take effect from the date of lodgement of the sealed court order of the High Court of Malaya confirming the cancellation of share capital with the Registrar of Companies.

6. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

The Proposed Regularisation Plan serves to regularise the financial condition of our Group in order to address and uplift the PN17 status of our Company. The purpose of the Proposed Capital Reduction is to reduce the accumulated losses of our Group to the extent possible with a view to rationalise the balance sheet of our Group to reflect more accurately the value of its underlying assets and thus the financial position of our Group.

The reduced accumulated losses of our Group will also facilitate the enhancement of the credibility of our Group with its bankers, customers, suppliers, investors and other stakeholders as well as to provide a stronger platform for the future growth of Capital A Group.

Post completion of the Proposed Corporate Exercises, our Group would no longer be required to consolidate the consolidated net liabilities of AAAGL and AAB, allowing Capital A to be in better financial footing. The disposal of the entire equity of AAAGL and AAB is in line with our Company's strategic direction to focus on business activities that our Company identified as viable, profitable and/or having growth potential, namely Capital A Aviation Services (comprising Aviation MRO service under ADE and in-flight catering and on-the-ground food services under Santan), logistic service under Teleport, digital business under MOVE Digital (primarily comprising online travel agency platform under AirAsia MOVE and digital financial services under BigPay) as well as brand and intellectual property company under Brand AA. Please refer to Section 7.8 of this Circular for further details on the prospects, future plans and business strategies of Capital A Group.

Status of Capital A Group pursuant to Paragraph 2.1 of PN17

The status of Capital A Group pursuant to Paragraph 2.1 of PN17 upon completion of the Proposed Regularisation Plan is as follows:

Criteria	Status
(a) our 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;	<p>For illustration purposes, based on the pro forma consolidated NA of Capital A as at 31 December 2023 as set out in Section 9.2 of this Circular, upon completion of the Proposed Regularisation Plan, Capital A's shareholders' equity on a consolidated basis shall be approximately RM742.1 million, representing 107.3% of our share capital of RM691.9 million under the Minimum Scenario, and approximately RM2,091.2 million, representing 102.1% of Capital A's share capital of RM2,048.7 million under the Maximum Scenario.</p> <p>Hence, Capital A would no longer trigger this criterion upon the completion of the Proposed Regularisation Plan.</p>
(b) receivers or managers, or judicial managers have been appointed over the asset of the listed issuer, its subsidiary or associated company which asset accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;	<p>Not applicable. As at the LPD, there are no receivers or managers that have been appointed over the assets of our Group or associated company which asset accounts for at least 50% of the total assets employed by our Company on a consolidated basis.</p>

Criteria	Status
(c) a winding up of a listed issuer's subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;	Not applicable. As at the LPD, there are no winding up proceedings being instituted against our subsidiary or associated company which accounts for at least 50% of the total assets of our Company on a consolidated basis.
(d) the auditors have expressed an adverse or disclaimer opinion in the listed issuer's latest audited financial statements;	Not applicable as the auditors of our Company have not expressed any adverse or disclaimer opinion in our Company's latest audited consolidated financial statements for the FYE 31 December 2023.
(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 our shareholders' equity of the listed issuer on a consolidated basis is 50% or less of share capital (excluding treasury shares) of the listed issuer; or	<p>The auditors have not highlighted any material uncertainty related to going concern or expressed a qualification on our ability to continue as a going concern in Capital A's latest audited consolidated financial statements for the FYE 31 December 2023.</p> <p>For illustration purposes, based on the pro forma consolidated NA of Capital A as at 31 December 2023 as set out in Section 9.2 of this Circular, upon completion of the Proposed Regularisation Plan, Capital A's shareholders' equity on a consolidated basis is expected to be approximately RM742.1 million, representing 107.3% of our share capital of RM691.9 million under the Minimum Scenario, and approximately RM2,091.2 million, representing 102.1% of Capital A's share capital of RM2,048.7 million under the Maximum Scenario.</p> <p>Accordingly, our Company would no longer trigger this criterion upon the completion of the Proposed Regularisation Plan</p>
(f) a default in payment by a listed issuer, its major subsidiary or major associated company, as the case may be, as announced by a listed issuer pursuant to paragraph 9.19A of the Listing Requirements and the listed issuer is unable to provide a solvency declaration to the Exchange.	Not applicable as there is no default in payment by our Company, its major subsidiaries or major associated companies pursuant to paragraph 9.19A of the Listing Requirements as at the LPD.

Further, Capital A Group does not have insignificant business or operations upon completion of the Proposed Regularisation Plan pursuant to Paragraph 8.03A(2)(b) of the Listing Requirements as the unaudited pro forma consolidated revenue of Capital A (excluding AAAGL Group and AAB Group) for the FYE 31 December 2023 of RM2.34 billion (as shown in Section 4(A) of this Circular) is more than 5% of our share capital of RM691.9 million under the Minimum Scenario and RM2,048.7 million under the Maximum Scenario.

7. INDUSTRY OUTLOOK AND PROSPECTS

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5% in the fourth quarter of 2024 (3Q 2024: 5.4%), driven mainly by domestic demand. For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024, Bank Negara Malaysia)

The growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for electrical and electronic goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fueled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives.

A pertinent initiative which is GEAR-uP, will synergise efforts across government-linked entities to catalyse growth in high-growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of 5 years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

7.2 Overview and outlook of the aviation MRO segment

The industry size of the aviation MRO service industry in Southeast Asia increased from USD7.2 billion (RM31.0 billion) in 2017 to USD7.8 billion (RM32.3 billion) in 2019 at a CAGR of 4.1%. In 2020, the airline industry was adversely impacted by the outbreak of the COVID-19 pandemic which resulted in the implementation of border closures and nationwide lockdowns. This led to a fall in demand for certain types of aviation MRO services in Southeast Asia such as line maintenance services. As such, the industry size decreased by approximately 34.6% to USD5.1 billion (RM21.4 billion) in 2020, before increasing by approximately 3.9% to USD5.3 billion (RM22.0 billion) in 2021. In 2022, the aviation MRO services industry size in Southeast Asia improved further by approximately 20.8% to USD6.4 billion (RM28.2 billion). The aviation MRO services industry size in Southeast Asia grew to USD7.0 billion (RM32.0 billion) in 2023 and to an estimated USD7.3 billion (RM33.4 billion) in 2024.

Moving forward, Providence forecasts the aviation MRO service industry to grow by a CAGR of 5.0%, from an estimated USD7.7 billion (RM35.2 billion) in 2025 to USD8.5 billion (RM38.9 billion) in 2027.

The growth of the aviation MRO service industry is expected to be driven by the emergence of new airlines in Southeast Asia, which would increase the total number of flights and aircraft in service, thus leading to increased demand for aircraft MRO services. Several new airlines in Southeast Asia have begun operations in the past 5 years, or are in the process of starting operations, such as MJets Air (formerly known as "Kargo Xpress") in Malaysia, Super Air Jet, BBN Airlines and Indonesia Airlines in Indonesia, Vietravel Airlines and Sun Air in Vietnam as well as Pattaya Airways and Really Cool Airlines in Thailand.

Further, as airlines in Southeast Asia expand their fleets of aircraft, the number of aircraft in service is expected to grow. As such, the expansion of fleets would lead to an increased demand for MRO services as the number of aircraft to carry out aviation MRO services (such as base and line maintenance) for increases.

The aviation MRO service industry is also expected to grow in line with airline passenger and cargo volume as the airline industry is the end-user industry of the aircraft MRO service industry.

The introduction of digital tools can improve and enhance the operational processes of an aviation MRO service provider. For example, through the use of predictive analysis algorithms, aviation MRO service providers are able to identify potential problems in advance and perform preventive maintenance. This thus enables aviation MRO service providers and the airlines to better monitor the aircraft and reduce incidences of unscheduled maintenance and unplanned downtimes of aircraft. In turn, this would allow aviation MRO service providers to better manage their maintenance schedules and improve their operational efficiency.

Aircraft components, parts and components are critical to replace and repair as well as maintain aircraft. Aircraft components and parts are typically purchased from aircraft manufacturers while consumables can be purchased from various suppliers.

A critical element of being able to provide aviation MRO services include the availability of trained and experienced engineers and technicians. It is essential that an aviation MRO service provider is able to hire, train and retain talented employees with the required technical skills and engineering capabilities, and experience. Generally, there is no shortage of skilled resources in the fields of engineering, manufacturing and construction in Malaysia accounted for 19.5% out of total graduates in 2023.

(Source: Independent Market Research Report by Providence)

7.3 Overview and outlook of the travel app segment

The mobile app industry size, as measured by revenue, increased from USD1.8 billion (RM7.7 billion) in 2017 to an estimated USD12.0 billion (RM54.8 billion) in 2024 at a CAGR of 30.9%. Specifically, the travel and hospitality mobile app segment grew from USD110.7 million (RM476.1 million) in 2017 to an estimated USD1.3 billion (RM6.1 billion) in 2024, registering a CAGR of 42.2%. Moving forward, the mobile app industry size is forecast to grow by a CAGR of 24.7 %, from USD15.0 billion (RM68.6 billion) million in 2025 to USD23.2 billion (RM106.0 billion) in 2027.

The mobile app industry in Southeast Asia is expected to be driven by the proliferation of mobile devices, including smartphones, as well as increased mobile broadband penetration. In Southeast Asia, the number of mobile cellular subscriptions grew from approximately 919.8 million in 2017 to approximately 936.0 million in 2021. Meanwhile, the total number of mobile broadband subscriptions in the region grew from 531.6 million subscriptions in 2017 to 745.4 million subscriptions in 2023. Various Governments in countries in Southeast Asia have also introduced initiatives to encourage the use of smartphones and the Internet. Therefore, the affordability of smartphones and mobile devices as well as incentives implemented by the Governments across Southeast Asia will support the proliferation of smartphones and mobile devices with Internet access in the region. This in turn will result in the growth of the mobile app industry, as the rise in number of mobile device users and increased mobile broadband penetration rate will lead to a wider target market for mobile apps in Southeast Asia.

In addition, as the economies in the region develop and disposable incomes of the population in Southeast Asia grow, the mobile app industry is expected to grow in tandem as there would be a growing demand for products and services offered through mobile apps including booking travel-related services such as flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides.

The total GDP of Southeast Asia rose from approximately USD2.8 trillion (RM12.0 trillion) in 2017 to USD3.4 trillion (RM15.6 trillion) in 2023, registering a CAGR of 3.3% over the period. Meanwhile, the average GDP per capita in Southeast Asia has also been growing from approximately USD11,058 (RM47,558) in 2017 to USD11,919 (RM54,708) in 2023, at a CAGR of 1.3%.

Further, the growing economy and disposable income in the region also signifies growth in urbanisation in the region. This is expected to lead to lifestyle changes which will result in a growing need for convenience. As such, this will subsequently lead to an increase in usage of mobile apps, primarily due to the convenience offered. By utilising mobile apps, users can conduct day-to-day activities with ease through their mobile devices whenever and wherever as long as they have access to Internet. Since working consumers have limited amount of spare time in their daily lives, they will opt for the convenience of using mobile apps to save time over money. This in turn, will lead to the growth in the utilisation rate of mobile apps, which will drive the mobile app industry across Southeast Asia.

(Source: Independent Market Research Report by Providence)

7.4 Overview and outlook of the logistics segment

The air freight industry size in Southeast Asia grew at a CAGR of 8.6% between 2017 and 2024, from USD5.6 billion (RM24.1 billion) to an estimated USD10.0 billion (RM45.7 billion). Moving forward, the air freight industry size is forecast to grow by a CAGR of 11.6%, from USD11.0 billion (RM50.3 billion) in 2025 to USD13.7 billion (RM62.6 billion) in 2027.

The first- to last-mile and express parcel delivery industry size in Southeast Asia grew at a CAGR of 9.1% between 2017 and 2024, from USD5.8 billion (RM24.9 billion) to an estimated USD10.7 billion (RM48.9 billion) in 2024. Moving forward, the first- to last-mile and express parcel delivery industry size in Southeast Asia is forecast to grow by a CAGR of 10.1%, from USD11.8 billion (RM53.9 billion) in 2025 to USD14.3 billion (RM65.4 billion) in 2027.

The growth of the logistics service industry, including the air freight and first- to last-mile and express parcel delivery industry size in Southeast Asia is expected to be driven by the growth of the e-commerce industry. E-commerce in Southeast Asia has been largely driven by growing disposable income, growing number of Internet users as well as the proliferation of mobile devices.

The average GDP per capita in Southeast Asia grew from USD11,058 (RM47,558) in 2017 to USD11,919 (RM54,708) in 2023. This signifies a steady increase in disposable income amongst the population in Southeast Asia which will lead to higher consumer spending, thus benefitting the e-commerce industry.

Meanwhile, the number of Internet users across the region has also been growing. The Internet adoption in Southeast Asia, as represented by the percentage of individuals using the Internet, increased from 50.1% in 2017 to an estimated 73.5% in 2023. There is also a proliferation of mobile devices such as smartphones and tablets in Southeast Asia, with mobile cellular subscriptions growing from 919.8 million subscriptions in 2017 to an estimated 928.3 million subscriptions in 2023, registering a CAGR of 0.2%. This indicates that a growing number of persons with access to the Internet and mobile devices, thereby increasing accessibility to shopping online.

In addition, with the availability of e-commerce marketplaces in Southeast Asia (such as Shopee, Lazada, Zalora, AliExpress and Tokopedia), consumers have more options, greater access to a wider range of products, and are unrestricted to geographical locations.

The logistics service industry is also driven by global trade as it is essential in facilitating the movement of goods between countries. In Southeast Asia, the total value of imports and exports grew from USD2.6 trillion (RM12.0 trillion) in 2017 to USD3.8 trillion (RM16.7 trillion) in 2022, registering a CAGR of 7.9%. While global trade was impacted early in 2023 by challenging economic conditions, it began to recover towards the end of 2023.

In addition, the improvement and development of infrastructure, such as airports, highways, roads, seaports and railway tracks, across the region will improve connectivity. This will enable faster deliveries of parcels and cargos as travel time is reduced, ease traffic congestion allowing for faster and more predictable transportation timing, and reduce transit time for parcels and cargos as they can be delivered directly to the city with an airport or seaport. Therefore, as infrastructure connectivity across Southeast Asia continues to improve, logistics service providers will have the opportunity to optimise costs, shorten their delivery times and expand their geographical coverage.

Further, increasingly hectic lifestyles as urbanisation rate grows in the region have led to a growth in demand for parcels to be delivered within the next-day or on-demand. The express parcel delivery industry in Southeast Asia grew from USD3.7 billion (RM15.9 billion) in 2017 to an estimated USD6.8 billion (RM31.1 billion) in 2024, registering a CAGR of 9.1%. Express parcel delivery services create new opportunities for logistics service providers, thus contributing to the growth of the overall logistics service industry.

(Source: Independent Market Research Report by Providence)

7.5 Overview and outlook of the digital financial services platform segment

The digital financial services industry in Southeast Asia, as measured by revenue, grew from USD1.9 billion (RM8.2 billion) in 2017 to an estimated USD13.1 billion (RM59.9 billion) in 2024, registering a CAGR of 32.0%. Moving forward, the digital financial services industry in Southeast Asia is forecast to grow by a CAGR of 19.5%, from an estimated USD15.6 billion (RM71.3 billion) in 2024 to USD22.3 billion (RM101.9 billion) in 2027.

Specifically, the digital financial services industry in Malaysia increased from USD191.2 million (RM822.3 million) in 2017 to USD1.3 billion (RM6.0 billion) in 2023 at a CAGR of 36.8%, whereas the digital financial services industry in Singapore grew from USD417.9 million (RM1.8 billion) in 2017 to USD4.0 billion (RM18.4 billion) in 2023 at a CAGR of 45.7%. Meanwhile the digital financial services industry in Thailand increased from USD279.2 million (RM1.2 billion) in 2016 to USD1.5 billion (RM6.9 billion) at a CAGR of 31.8%.

The digital financial service platform in Southeast Asia is expected to be driven by the developing economies and growing disposable incomes in the region. As the economies in the region develops and disposable incomes of the population in Southeast Asia, the population is expected to spend more frequently and make more payments and purchases. This in turn will create more demand for payments using digital financial services, primarily due to its convenience and accessibility.

Further, the growing economy and disposable income in the region also signifies growth in urbanisation in the region. This is expected to lead to lifestyle changes which will result in a growing need for convenience. As such, this will subsequently lead to an increase in usage of digital financial service platforms, primarily due to the convenience offered. This in turn, will drive the digital financial service industry across Southeast Asia.

The total GDP of Southeast Asia rose from approximately USD2.8 trillion (RM12.0 trillion) in 2017 to USD3.4 trillion (RM15.6 trillion) in 2023, registering a CAGR of 3.3% over the period. Meanwhile, the average GDP per capita in Southeast Asia has also been growing from approximately USD11,058 (RM47,558) in 2017 to USD11,919 (RM54,708) in 2023, at a CAGR of 1.3%.

Apart from the above, the underbanked and unbanked population in Southeast Asia also indicates potential for the growth of the digital financial service industry. In Southeast Asia, the rate of underbanked or unbanked people among the Southeast Asian population stood at over 37.0% in 2021. The unbanked population comprises adult population who do not own any bank account to deposit or withdraw money. Typically, this constitutes adults who either do not have any income, or do not believe in the need to use the financial system, and more than half of them are not from the urban areas in Southeast Asia. Digital financial platforms are widely accessible to underbanked or unbanked people as compared to banks and financial institutions as digital financial service platforms do not require pre-requisites compared to a bank or financial institution. As such, lending services offered through digital financial service platforms and virtual cards are more accessible as long as the customer can undergo the know-your-customer (KYC) process imposed by the digital financial service platform provider as proof of identity.

The proliferation of mobile devices and increasing mobile broadband penetration will also drive the digital financial service industry in Southeast Asia. This signifies an increasing number of mobile devices with Internet access, which will improve the accessibility of the population in Southeast Asia to digital financial services and pose as a larger potential market for these services.

Further, the digital financial service industry is also expected to be driven by the adoption of e-wallets due to the convenience it provides. E-wallets are safe and convenient for consumers as they offer contactless payments without the need for physical cash. Further, e-wallets can also be utilised for conducting various other activities including paying for utilities or parking, and purchasing products and services.

(Source: Independent Market Research Report by Providence)

7.6 Overview and outlook of the in-flight catering segment

The in-flight catering service market size in Southeast Asia grew from USD279.6 million (RM1.2 billion) in 2017 to an estimated USD439.3 million (RM2.0 billion) in 2024, registering a CAGR of 6.7%. In 2023, in-flight catering service market for low-cost carriers made up 40.1% of the total in-flight catering service market in Southeast Asia. Between 2017 and 2023, the in-flight catering service market in Southeast Asia for low-cost carriers increased from USD106.2 million (RM456.7 million) to USD165.0 million (RM757.4 million) at a CAGR of 7.6%.

Moving forward, the in-flight catering service market size in Southeast Asia is forecast to reach USD520.0 million (RM2.4 billion) in 2027, growing from USD469.3 million (RM2.1 billion) in 2025 at a CAGR of 5.3%.

The in-flight catering service market in Southeast Asia is mainly driven by the growth of the airline industry, being the end-user industry which it serves. In particular, growing airline passenger volumes are expected to lead to increased demand for airline catering as passengers consume or purchase in-flight F&B.

The ready-to-eat food product market in Malaysia grew from RM257.7 million in 2017 to an estimated RM319.1 million in 2024, registering a CAGR of 3.1%. Moving forward, the ready-to-eat food product market size in Malaysia is forecast to reach RM354.1 million in 2027, growing from an estimated RM331.2 million in 2025 at a CAGR of 3.4%.

The ready-to-eat food product market in Malaysia is expected to be driven by growing disposable income levels which will lead to greater spending power for dining out and/or consuming ready-to-eat food products. Further, the ready-to-eat food product market in Malaysia will lead to greater demand for dining out and/or consuming ready-to-eat food products.

(Source: Independent Market Research Report by Providence)

7.7 Overview and outlook of the airline industry

Industry-wide air passenger traffic, measured in RPK, grew by 2.6% year-on-year in February 2025, versus a 2.0% year-on-year growth in ASK. International passenger traffic grew by 5.6% while domestic passenger traffic reduced by 1.9% over the same period. Passenger load factor reached 81.1% for the month of February 2025, increased by 0.4 percentage points compared to the previous year.

Air Passenger Market in Detail

	World share (% of industry RPKs in 2024)	RPK (% year-on-year)	ASK (% year-on-year)	Passenger load factor (%)
Total market	100.0	2.6	2.0	81.1
Africa	2.2	6.8	4.7	75.4
Asia Pacific	33.5	4.2	2.7	85.4
Europe	26.7	4.3	3.9	76.7
Latin America	5.3	4.6	5.6	81.6
Middle East	9.4	3.3	1.3	82.0
North America	22.9	-3.2	-1.9	79.0

(Source: Air Passenger Market Analysis February 2025 and press release dated 31 March 2025, International Air Transport Association)

Over the next two decades, the number of global passengers is projected to increase at an average annual rate of 3.8%, leading to a net addition of over 4.1 billion passenger journeys by 2043 compared to 2023. This would bring the total global number of passenger journeys to 7.9 billion in 2043. The European and North American markets are expected to see a more modest increases in demand, with CAGR of 2.3% and 3.0%, respectively. In contrast, the Asia Pacific region is forecasted to record the most significant rise in passenger numbers, contributing more than half of the net increase in global passenger numbers by 2043, with an average yearly growth rate of 5.1%. Economic expansion, improved living standards, and favorable demographic trends are expected to contribute to the region's increase in passenger traffic. In 2023, slightly over one-third of total passenger trips originated or ended in Asia Pacific. This share will rise to 46% by 2043. The Middle East's share will increase by a modest 0.1 percentage point, reaching 5.7% in 2043. This region is expected to remain a key hub for global traffic and continue to develop as a popular tourist destination. The remaining regions' respective shares will diminish as Asia Pacific grows more rapidly.

The forecast includes an upside potential if a positive surprise were to occur, such as peace in Ukraine and the Middle East. The downside risks include a deteriorating geopolitical environment and greater policy instability. The balance of risks remains skewed to the downside, both in the near term and over the longer horizon, influenced by unfavorable long-term trends.

(Source: Global Outlook for Air Transport December 2024, International Air Transport Association)

In the first half of 2024, total air passenger traffic reached 46.6 million, marking a 15.3% increase year-on-year. International passenger traffic was particularly strong, standing at 24.0 million, up by 35.9%. However, domestic passenger traffic decreased marginally by 0.7% year-on-year to 22.6 million passengers. International traffic comprised 51.4% of the total, with domestic traffic accounting for the remaining 48.6%.

Based on the latest passenger traffic performance and available seat capacity data, MAVCOM narrows the range of its 2024 air passenger traffic forecast to between 95.4 million and 97.6 million passengers (previously 93.9 million to 107.1 million) due to lower-than-expected expansion in seat capacity. This forecast now translates to a 12.2% to 14.9% year-on-year growth and a recovery of up to 89% of 2019 levels in 2024. As of August 2024, Malaysia's passenger traffic has reached 64.1 million.

MAVCOM's Air Connectivity Index shows that Kuala Lumpur International Airport ranked third amongst major airports in ASEAN in the first half of 2024 with a connectivity score of 64.7, improving from the fourth place with a score of 47.5 in 2022. At country level, Malaysia maintains its performance from 2022 and 2023, ranking fifth in ASEAN with a connectivity score of 84.0 in the first half of 2024. All ASEAN countries saw improvement in 2023 compared to 2022, especially Thailand with an increase of 37.1% year-on-year.

In the second quarter of 2024, it was reported that AAB continued to have the largest local airline market share of 37.7% with AAX at 5.0%. Malaysia Airlines, Batik Air and Firefly reported market shares of 18.3%, 7.4% and 2.8%, respectively.

(Source: Waypoint Report: Malaysian Aviation Industry Outlook (October 2024))

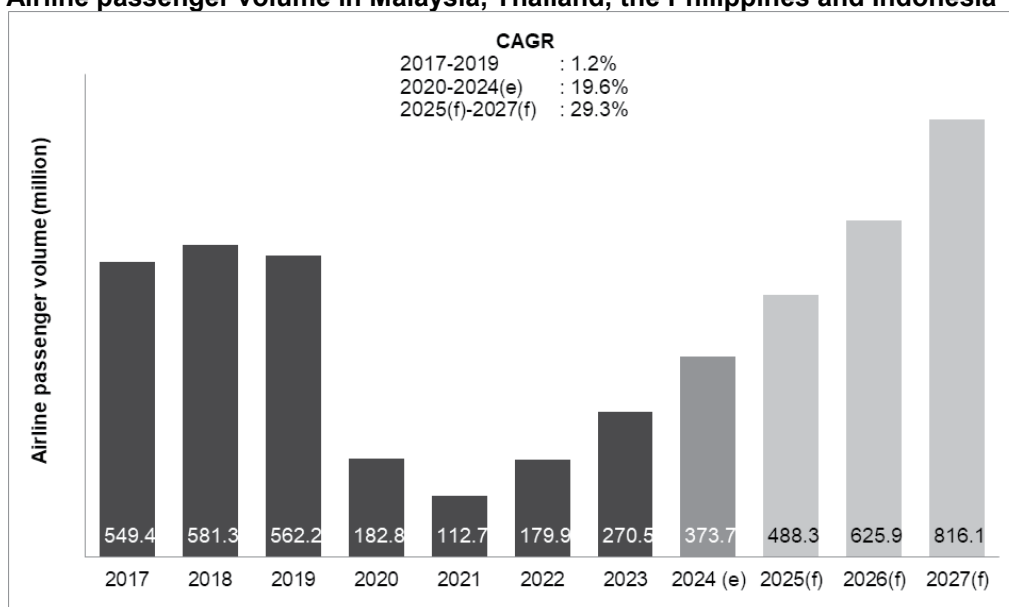
The industry size of the airline industry can be measured by passenger and cargo volumes.

The airline passenger volume in Malaysia, Thailand, the Philippines and Indonesia grew from 549.4 million in 2017 to 562.2 million in 2019, registering a CAGR of 1.2%. In 2020, the COVID-19 pandemic led to restrictions on movement locally and globally, and various physical business activities except for essential services were temporarily suspended. International borders were closed and flight activities were halted as governments took steps to curb the spread of the COVID-19. Throughout 2020 and 2021, the COVID-19 pandemic continued to have a negative impact on air travel, causing passenger volume to drop drastically to 182.8 million in 2020, and further down to 112.7 million in 2021.

As travel restrictions relaxed and vaccination rates increased, international travel began to pick up in conjunction with the resumption of economic activities and stabilisation of employment. As such, passenger volume recovered and grew to 179.9 million in 2022 and subsequently to 270.5 million in 2023. In 2024, passenger volume continued to grow to reach an estimated 373.7 million.

Moving forward, the airline passenger volume is forecast to grow by a CAGR of 29.3%, from 488.3 million in 2025 to 816.1 million in 2027.

Airline passenger volume in Malaysia, Thailand, the Philippines and Indonesia



Notes:

(e) – Estimate

(f) – Forecast

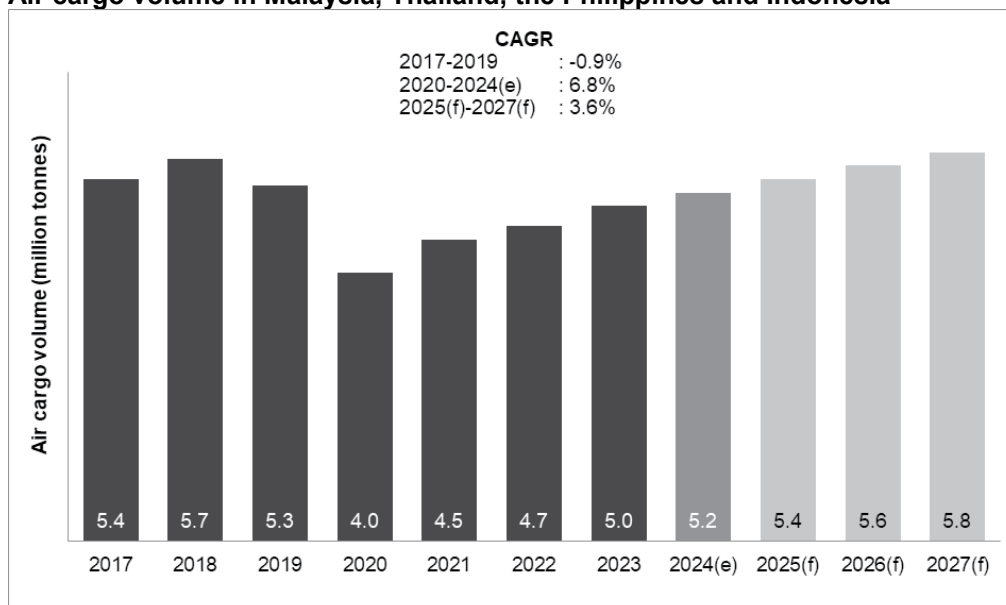
(Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand)

The air cargo volume in Malaysia, Thailand, the Philippines and Indonesia grew from 5.4 million tonnes in 2017 to 5.7 million in 2018. In the following year, air cargo volume declined slightly to 5.3 million tonnes. Factors such as the United States-PRC trade war and weak growth in global trade had contributed to the slowdown in demand for air freight in the year.

When the COVID-19 pandemic began in 2020, air cargo volume continued to decline to 4.0 million tonnes. This was largely due to lower availability of unused cargo belly spaces of passenger aircraft which were grounded at the time. Air cargo volume began to improve in 2021 with 4.5 million tonnes of cargo in 2021 in the year, growing to an estimated volume of 5.2 million tonnes in 2024.

Moving forward, the air cargo volume is forecast to grow by a CAGR of 3.6%, from an estimated 5.4 million tonnes in 2025 to 5.8 million tonnes in 2027.

Air cargo volume in Malaysia, Thailand, the Philippines and Indonesia



Notes:

(e) – Estimate

(f) – Forecast

(Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand)

(Source: Independent Market Research Report by Providence)

7.8 Prospects, future plans and business strategies of Capital A Group

After the completion of the Proposed Corporate Exercises, our Group will strategically diversify from being one of the major low-cost carriers in Southeast Asia into a diversified ecosystem of aviation and digital services. This shift is designed to capture opportunities beyond traditional airline operations, directly responding to evolving consumer demands and technological advancements. After the completion of the Proposed Corporate Exercises, our Group's core verticals shall comprise Capital A Aviation Services (which primarily includes ADE and Santan), Teleport, MOVE Digital (which includes AirAsia MOVE and BigPay), as well as AirAsia Brand. Further details of the future direction, outlook and prospects of our Group's core verticals are set out as follows:

(i) Capital A Aviation Services

ADE – ADE is one of the main income contributors to our Group with an audited revenue of RM574.0 million and PAT of RM115.3 million for the FYE 31 December 2023 and is poised to expand its capacity to cater for increased aviation MRO activities and extend its presence regionally. For information purposes, ADE Group recorded an unaudited revenue of RM727.2 million and PAT of RM72.1 million for the FYE 31 December 2024.

As at the LPD, ADE Group owns 14 hangar lines in KLIA and leases 2 hangar lines in Senai International Airport in Malaysia. Out of ADE Group's 14 hangar lines in KLIA, 6 hangar lines commenced operation in August 2024 and 8 hangar lines commenced operation in November 2024. For information purposes, the number of hangar lines operated by ADE Group as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

As at date	No. of hangar lines	Remarks
31 December 2021	1	1 owned hangar line in KLIA
31 December 2022	5	<ul style="list-style-type: none"> • 1 owned hangar line in KLIA; and • 4 leased hangar lines in Sultan Abdul Aziz Shah Airport
31 December 2023	7	<ul style="list-style-type: none"> • 1 owned hangar line in KLIA; • 4 leased hangar lines in Sultan Abdul Aziz Shah Airport; and • 2 leased hangar lines in Senai International Airport
31 December 2024	16 ^(a)	<ul style="list-style-type: none"> • 14 owned hangar line in KLIA, and • 2 leased hangar lines in Senai International Airport

Note:

(a) *Excluding 4 hangar lines in Sultan Abdul Aziz Shah Airport which ceased since November 2024.*

In anticipation of the increase in demand for its aviation MRO services as seen from its number of secured bookings, ADE Group intends to set up an additional 4 hangar lines in KLIA to 20 hangar lines by end of 2026. ADE Group intends to obtain a secured debt financing to finance the construction cost. The planned expansion in the number of hangar lines is in anticipation of an increase in demand for aviation MRO services in Southeast Asia in view of increased tourism activities and growth in the airline industry as discussed in Section 7.7 of this Circular.

In addition, ADE Group has expanded its line maintenance presence regionally through expanding from Malaysia into Cambodia, the Philippines and Indonesia. As part of ADE Group's expansion, ADE Group plans to offer line maintenance services in Thailand. The expansion of line maintenance services in Thailand shall be funded from internally-generated funds.

Further details on the future plans and business strategies of ADE Group are disclosed in Section 1.8 of Appendix II of this Circular.

Santan – Santan's core business as an in-flight catering service provider to AirAsia has demonstrated encouraging growth, in light of the recovery of tourism activities post the COVID-19 pandemic. Santan recorded an audited revenue of RM133.6 million and PAT of RM15.8 million for the FYE 31 December 2023. For information purposes, Santan recorded an unaudited revenue of RM193.5 million and PAT of RM7.6 million for the FYE 31 December 2024.

Our company expects that Santan's core business of in-flight catering service will continue to grow with the expected growth in the airline industry. In addition, Santan will grow its revenues as it intends to charge TAA a management fee for its in-flight catering services upon entering into a contract with TAA in the 2nd quarter of 2025. Santan will also set up of a local entity in Thailand by the 1st quarter of 2026. As at the LPD, TAA has approved Santan's business and revenue models for providing its in-flight catering services.

Presently, Santan's customer base for its in-flight catering services business includes AAX, AAB, IAA and PAA. Moving forward, Santan intends to expand its in-flight catering services to third party airlines other than AirAsia airlines. Santan has been granted a conditional approval from MAVCOM for the ground handling licence for the approved ground handling services including the handling of in-flight catering services, effective from 1 April 2024 until 31 March 2025 and extended further from 1 April 2025 until 30 September 2025. The conditions for the granting of a full ground handling licence by MAVCOM are as follows:

- (a) Santan fulfilling all relevant insurance requirements as determined by MAVCOM;
- (b) Santan having obtained a valid technical approval from CAAM. Santan has to be audited to be granted the technical approval certification by CAAM. The key components of the audit by CAAM for the technical approval certification include the audit on safety management system, operational readiness and capability of ground handling services, compliance with international standards set by the International Civil Aviation Organisation and IATA, personnel qualifications and training, equipment and infrastructure inspection, financial and management capability, technical competency verification as well as security and environmental compliance. Santan has submitted its application to CAAM for the technical approval certification and its application is currently in the midst of being processed by CAAM;
- (c) Santan shall attain by 30 June 2025, a positive shareholders' equity amount of at least 3 months of the total operating costs of its projected first full year of operations; and
- (d) MAVCOM being satisfied that all relevant documentations as stipulated in items (a) and (c) above have been fulfilled and are submitted to MAVCOM before the expiry of the conditional approval on 30 September 2025.

Barring any unforeseen circumstances, Santan expects to obtain the full ground handling licence by end of 2nd quarter of 2025. With the full ground handling licence, Santan will be able to offer in-flight catering services to third party airlines in Malaysia. The licence will require renewal upon expiry of its validity period, which can be up to five years.

In addition, Santan also intends to expand its customer base for frozen ready-to-eat food products by targeting more F&B service providers, retailers (convenience stores and cafes) and hotel operators. This would allow Santan to achieve a volume advantage that would in turn drive down cost and improve operational efficiencies.

Moving forward, Santan plans to take over the business of AirAsia Grocer, wherein Santan will source grocery products from farmers and distributors and wholesale these products to grocery retailers, convenience stores, F&B service providers and hotel operators. As at the LPD, Santan has begun to undertake the management and operation of AirAsia Grocer from AirAsia MOVE Group and is expected to begin monetisation from this business by the 2nd half of 2025 after the completion of the transfer of the ownership of AirAsia Grocer from AirAsia MOVE Group to Santan. For information purposes, prior to Santan taking over the business of AirAsia Grocer, AirAsia Grocer generated an audited revenue of RM11.9 million and LAT of RM13.8 million for the FYE 31 December 2023, and an unaudited revenue of RM13.2 million and LAT of RM13.0 million for the FYE 31 December 2024.

With AirAsia Grocer, Santan will not only earn from an additional stream of revenue from sourcing and wholesaling grocery products to grocery retailers, convenience stores, F&B service providers and hotel operators, but also be able to source for ingredients for its in-flight catering as well as frozen ready-to-eat food product segments at more competitive prices as Santan will be procuring in bulk and distributing the raw materials to the third party central kitchen. The third party central kitchen would then charge Santan processing fees for producing the meals and Santan would be able to save on the charges on raw materials which Santan provided to the third party central kitchen. This would consequently enable Santan to improve its profit margins.

Further details on the future plans and business strategies of Santan are disclosed in Section 5.5 of Appendix II of this Circular.

(ii) MOVE Digital

AirAsia MOVE – AirAsia MOVE Group is a major income contributor to our Group with an unaudited revenue of RM668.9 million and PAT of RM58.1 million for the FYE 31 December 2023. For information purposes, AirAsia MOVE Group recorded an unaudited revenue of RM552.8 million and PAT of RM88.5 million for the FYE 31 December 2024.

AirAsia MOVE Group is able to leverage on the AirAsia Brand, an established brand with over 20 years of history and a large customer base, which enables AirAsia MOVE Group to achieve relatively lower acquisitions costs to acquire a large customer base. AirAsia MOVE Group is able to incur lower marketing costs to acquire customers of the established AirAsia airlines to use the AirAsia MOVE platform and benefit from the continuous marketing campaigns by Brand AA and AirAsia airlines.

AirAsia MOVE Group expects that AirAsia MOVE's unique transacting users in Southeast Asia, particularly in Malaysia, Thailand, the Philippines and Indonesia will grow in line with the growing airline industry in Southeast Asia. The growth in the airline industry indicates an increased number of travelers, which would in turn lead to a larger target market of customers to utilise AirAsia MOVE platform services.

In order to tap upon the growth of the airline industry and improve its sales of AirAsia flights, AirAsia MOVE Group intends to employ the following strategies:

- (a) Investing in enhancing platform to improve and personalise user experience by modernizing its back-end system, improving platform stability and performance, ensuring user interface consistency and enhancing its platform to address different traveler cohorts;

- (b) Leveraging on partnerships to enhance its platform and attract more users. In particular, AirAsia MOVE has signed a partnership with Hopper (USA) Inc. to integrate the Hopper Cancel For Any Reason™ with the AirAsia MOVE platform to allow for an ancillary add-on on AirAsia MOVE platform that provides users with the flexibility of cancelling their booking and getting a refund;
- (c) Launching new personalised promotions to improve user conversion to bring back inactive users back to the platform and generating new revenue streams. AirAsia MOVE Group intends to improve, cross-sell and up-sell of services through hyper-personalised marketing campaigns and create more savings for users through Rewards and discounts provided through BigPay platform.

Further details on the future plans and business strategies of AirAsia MOVE are disclosed in Section 2.9 of Appendix II of this Circular.

(iii) **BigPay**

BigPay – BigPay Group recorded an audited revenue of RM46.0 million* and LAT of RM103.9 million* for the FYE 31 December 2023. For information purposes, BigPay Group recorded an unaudited revenue of RM38.3 million and LAT of RM131.2 million for the FYE 31 December 2024.

Note:

* Based on BNM exchange rate of USD1.00:RM4.5900, being the middle rate published on BNM's website as at 31 December 2023.

BigPay Group has been making losses since the FYE 31 December 2019 up to the FYE 31 December 2024 mainly attributable to cost of services incurred being higher than the revenue generated. BigPay Group's revenues is mainly generated from payments services, while its cost of services mainly comprise payment scheme fees and processing fees attributable to payment services. Save for the payment services which recorded gross loss, other services offered by BigPay Group generates gross profit.

The revenue generated from payment services is mainly attributable to the interchange fee earned from open loop transactions, which are processed through third-party schemes such as VISA, AliPay and Paynet. However, BigPay Group incurs processing, clearing and/or settlement fees for carded transactions processed by the third-party schemes. The interchange fees that can be charged by BigPay Group for carded transactions are subject to interchange fee ceiling imposed by Bank Negara Malaysia under the Payment Card Reform Framework, the ceiling rate which is lower than the fees charged by third-party schemes. As the interchange fees generated from carded transactions were lower than the direct costs incurred, this has resulted in the gross loss incurred by BigPay Group. The ceiling on interchange fee imposed by Bank Negara Malaysia for BigPay Group's international brand prepaid card with effect from 1 January 2023 is (a) 0.39% of the value of the transaction; or (b) RM1.28 plus 0.001% of the value of the transaction, whichever is lower.

Nevertheless, BigPay's losses is mitigated by the following factors:

- (i) Our Group recorded a pro forma consolidated PAT (excluding AAAGL Group and AAB Group, and non-recurring items as well as after adjusting for full year's royalty income) of approximately RM82 million for the FYE 31 December 2023 (as shown in Section 4(C) of this Circular);
- (ii) Based on the unaudited consolidated statements for FYE 31 December 2024, our Group recorded a PATAMI (after excluding AAAGL Group and AAB Group, and non-recurring items) of RM185.6 million;
- (iii) Moving forward, our Group's financial performance is expected to improve based on the implementation of business strategies of the remaining businesses as set out below as well as future increase in brand income as the revenue of AOCs, TAAX and AAX improves due to resumptions of certain flight routes as well as increase in new routes as more aircraft are being brought back to operations. As at the LPD, our Group has a total of 224 aircraft, out of which the Group is operating 188 aircraft. By the 2nd quarter of 2025, the AOCs plans to increase the number of operating aircraft to 209 aircraft.
- (iv) The losses of BigPay Group has been on a declining trend from the FYE 31 December 2021 to FYE 31 December 2023 mainly due to the gradual growth in revenue as explained in Section 1.1 of the Management's Discussion and Analysis in Appendix IV(A) of this Circular and the following:
 - (a) BigPay Group recorded an improvement in the LAT of RM133.8 million for the FYE 31 December 2022 as compared to a LAT of RM138.8 million for the FYE 31 December 2021, mainly attributable to improvements in operating and marketing efficiency and higher margin as compared to preceding financial year. BigPay and AirAsia MOVE had collaborated to share capabilities like mobile engineering, digital growth and marketing and user experience design to improve efficiency and provide cost savings and avoidance and allow teams to improve their skill sets through enlarged learning opportunities. In addition, BigPay had introduced foreign currency spread to its users for payment transactions in foreign currency, which allows BigPay to pass on the fees charged by Visa to BigPay for settlement of payment transactions in foreign currency. It had also undertaken a headcount rationalisation exercise since August 2022; and
 - (b) BigPay Group recorded an improvement in the LAT of RM103.9 million for the FYE 31 December 2023 as compared to a LAT of RM133.8 million for the FYE 31 December 2022, mainly attributable to the increase in revenue and improvement in cost management with lower operating expenses.

For the FYE 31 December 2024, BigPay Group recorded a decrease in revenue from approximately RM46.0 million for the FYE 31 December 2023 to approximately RM38.3 million for the FYE 31 December 2024, representing a decrease of approximately RM7.7 million or 16.7%, mainly attributable to lower unprofitable payment transactions such as cross-border transactions, where the transaction costs exceeded revenue earned. To mitigate this, BigPay Group passed on the transaction costs to the customers which led to a decrease in these transactions. In addition, BigPay Group recorded a higher LAT from approximately RM103.3 million for the FYE 31 December 2023 to approximately RM131.2 million for the FYE 31 December 2024, representing an increase of approximately RM27.9 million or 27.0% mainly attributable to the loss on foreign exchange of approximately RM28.3 million recorded by BigPay Group for the FYE 31 December 2024 as compared to gain on foreign exchange of approximately RM11.3 million for the previous financial year.

BigPay plans to narrow the losses in the short to medium term by undertaking the following:

- (a) BigPay recognised a potential to target AirAsia MOVE's customers who have not been utilising BigPay's digital financial services, due to previously having operated independently. Accordingly, BigPay Group has begun collaborating more closely with AirAsia MOVE Group in October 2023 to increase revenue generation and optimising cost structure by, amongst others, enhancing AirAsia MOVE customer journeys by embedding BigPay's financial services features into the AirAsia MOVE platform, drive collaborative marketing and increasing closed loop transactions as share of total payments. Since October 2023 and up to the LPD, BigPay Group managed to onboard approximately 177,000 new users by embedding BigPay's digital financial services features into the AirAsia MOVE platform.
- (b) Further, BigPay intends to expand its range of services, namely introducing new lending services (offline checkout financing for payment of purchases on an instalment basis and online checkout financing for travel purchases on an instalment basis), growing international remittance services and leveraging on QR payment methods to facilitate payment services and lowering number of carded transactions.

Further details on the future plans and business strategies of BigPay are disclosed in Section 3.8 of Appendix II of this Circular.

Note:

* Based on BNM exchange rate of USD1.00:RM4.5900, being the middle rate published on BNM's website as at 31 December 2023.

(iv) Teleport

Teleport Group recorded an audited revenue of RM744.7 million* and LAT of RM3.1 million* for the FYE 31 December 2023. For information purposes, Teleport Group recorded an unaudited revenue of RM1,088.2 million and LAT of RM17.0 million for the FYE 31 December 2024.

Teleport Group's revenues in the past have been largely generated from Teleport Air Cargo. Meanwhile, revenues from Teleport eCommerce have continued to grow from 3.2% for the FYE 31 December 2021 to 28.6% for the FYE 31 December 2024 of the total revenue of Teleport Group.

Moving forward, Teleport Group intends to continue growing its revenues from these 2 services by securing more orders from existing and new customers comprising logistics service providers (including global freight forwarders and courier companies), e-commerce marketplaces, retailers, airlines as well as conglomerates and companies.

Teleport Group's historical daily average volume of parcels delivered for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024 were approximately 3,400 parcels, 21,900 parcels and 81,500 parcels respectively.

Teleport Group has set a target to grow its daily average volume of parcels delivered from 258,000 daily in the 4th quarter of 2024, to a peak of 2 million parcels daily by the end of 2025 by:

- (a) securing contracts with more e-commerce service providers;
- (b) leveraging on the increase in cargo capacity from the addition of its own freighter aircraft since the second half of 2023 and growing its available cargo capacity under management, not just through AirAsia belly space, but also through partnering with more airlines to expand its available cargo capacity; and
- (c) setting up 1 additional delivery hub in the existing markets it currently operates, i.e. Malaysia and Singapore, and setting up 1 new delivery hub in markets it currently does not have delivery hubs such as Thailand, the Philippines, Indonesia, Hong Kong and China. This will enable Teleport to handle higher volumes.

Further, Teleport Group intends to grow the number of parcels delivered through its Teleport Next Day service by:

- (a) Expanding geographically into other major cities in Asia by end of 2025 to allow for small parcels to be transported;
- (b) Securing contracts with established ASEAN brands that require a significant volume of cross-border parcel delivery in the markets Teleport Group covers and intends to cover. These brands will typically sell their products through international e-commerce platforms. Thus, in order to facilitate such contracts, Teleport Group will need to integrate its own platform with the e-commerce platforms to serve their order creation and shipping processes; and
- (c) Securing orders from small-to-medium sized businesses as Teleport intends to equip its sales personnel with social media tools to ease the gathering of information on potential leads and automated email outreach tools to reach out to potential customers.

Further details on the future plans and business strategies of Teleport are disclosed in Section 4.9 of Appendix II of this Circular.

Note:

- * Based on BNM's exchange rate of USD1.00:RM4.5900, being the middle rate published on BNM's website as at 31 December 2023.

(v) Brand AA

As the AirAsia Brand owner, Brand AA is a major income contributor to our Group with audited revenue of RM44.7 million and PAT of RM12.2 million for the FYE 31 December 2023. The revenue and profitability of Brand AA is expected to increase significantly given that Brand AA had only began recognising royalty fee from 1 July 2023 pursuant to the completion of the IP Assignment Agreement. For information purposes, Brand AA recorded an unaudited revenue of RM220.3 million and PAT of RM170.7 million for the FYE 31 December 2024.

The royalty income is based on a royalty rate of 1% on all revenue (including fares and ancillary income) of the AOCs and TAAX in relation to the AOCs' aviation business operations, whereas AAX pays a royalty fee of 0.5% on its revenue. Accordingly, the key revenue driver for Brand AA is the increase in passenger revenue and ancillary income of the AOCs, AAX and TAAX through their increase in flight frequencies and expansion of routes.

In addition to the above, Brand AA plans to leverage on the intellectual properties built within our Group to create new co-branding and business opportunities. Brand AA intends to strategically expand the AirAsia Brand beyond the perception of being an airline through new avenues such as expanding into the retail landscape with its own or collaborative range of merchandise as well as utilising developed brands through brand partnerships and brand licensing that can drive revenue whilst extending the brand's reach into new categories or audience engagement. This may also include acquiring brands that would complement the existing portfolio of brands for further licensing to enhance revenue growth and assets.

Pursuant to the MBLA, AAB is entitled to collect a royalty fee from AAAGL. AAAGL as the exclusive licensee, in turn had executed a tripartite SBLA with each of the AOCs and the holding companies of the AOCs (where relevant) as well as TAAX, where AAAGL is entitled to collect a sub-licence royalty fee. Upon completion of the transfer of the AirAsia Brand from AAB to Brand AA, Brand AA assumes AAB's right under the MBLA to collect the royalty fee from AAAGL who in turn collects the sub-licence royalty fees from the AOCs and TAAX. Brand AA charges a royalty fee rate of 1% on all revenues (including fares and ancillary income) of the AOCs and TAAX whereas AAX pays a royalty fee of 0.5%.

ADE, AirAsia MOVE, Brand AA and Santan are poised to be the primary drivers of revenue and profit for our Group. While ADE ensures a stable income base, AirAsia MOVE, Teleport, Santan and Brand AA provide opportunities for high-growth revenue streams in the near to medium term. Our Group will continue to navigate its future plans and direction to significantly reduce the losses of BigPay while providing Teleport the opportunity to become profitable in the near future.

Taking cognisance of the future plans, outlook and prospects of our Group, Capital A believes that our Group is on a strong footing for growth and profitability. Barring any unforeseen circumstances, our Board is of the view that our Group shall be able to record 2 consecutive quarters of net profits immediately after the completion of the implementation of the Proposed Regularisation Plan.

(Source: The management of our Company)

8. RISK FACTORS

The risks and investment considerations set out below are not an exhaustive or exclusive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or Capital A Shares.

8.1 Risks relating to our Group's business

8.1.1 Our Group is subject to the inherent risks of the airline and travel industries

Our Group's logistics service, travel-related services platform, in-flight catering services and digital financial services businesses are related to the airline and travel industries. Through Teleport Group, our Group's logistics service business leverages on the unused cargo belly spaces of passenger aircraft and cargo spaces of freighter aircraft to transport parcels, loose cargos and palletised cargos. Meanwhile, our Group's travel-related services platform, i.e. AirAsia MOVE platform, offers a comprehensive suite of travel-related services. Our Group's in-flight catering services through Santan also involve the provision of in-flight F&B to airline customers. In addition, BigPay Group has a closed loop arrangement with AAX and AAB which allows for card transactions for goods and services distributed by AAX and AAB to be routed to BigPay platform and for the transactions made for these goods and services using the BigPay platform to be directly processed by BigPay.

As such, any challenges and/or decline in the airline and travel industries may have a material adverse effect on these business segments' operations and financial performance.

The airline and travel industries may be affected by a number of unforeseeable factors that may impact demand for airlines and travel-related services and/or disrupt operations in the airline industry such as outbreak of diseases, epidemics, pandemics and natural calamities, shortage in available passenger aircraft, economic downturns as well as acts of terrorism, civil unrest, riots and wars impacting the ASEAN region.

8.1.2 Our Group's dependency on Capital A's AOCs, AAX and TAAX to generate revenue

ADE Group's customer base comprises airlines and it has mainly provided its aviation MRO services to the AirAsia fleet of aircraft. For the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024, ADE Group's revenue was mainly generated from Capital A's AOCs, AAX and TAAX and as such, ADE Group is dependent on these entities. Nevertheless, ADE Group will be able to mitigate this dependency due to the following reasons:

- (i) ADE Group has signed contracts with a duration of at least 5 years with the Capital A's AOCs and AAX to provide line maintenance services and contracts with a duration of at least 5 years with the Capital A's AOCs to provide base maintenance services for their aircraft;

- (ii) ADE Group has the necessary approvals from CAAM to provide line maintenance services in 7 airports in Malaysia (i.e. KLIA, Langkawi International Airport, Senai International Airport, Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport, and Sultan Abdul Aziz Shah Airport), and to provide base maintenance services in KLIA and Senai International Airport in Malaysia. Additionally, ADE Group has been approved by the local civil aviation authorities in Indonesia, the Philippines, Cambodia, Singapore, Thailand, Myanmar, Vietnam and India to provide aviation MRO services for aircraft registered in these countries at certain airports in Malaysia. Further, it has also been approved by local civil authorities of the Philippines, Indonesia and Cambodia to provide line maintenance services in the airports of the respective countries. The abovementioned approvals obtained from the civil aviation authorities allow ADE Group to provide a broad range of aviation MRO services; and
- (iii) ADE Group has been continuously pursuing opportunities to diversify its customer base by engaging with other third party airlines for the provision of its aviation MRO services.

Further, our Group's other Remaining Businesses, namely AirAsia MOVE Group, Teleport Group, Santan and Brand AA, are also dependent on Capital A's AOCs, AAX and TAAX to generate revenue as follows:

- (a) AirAsia MOVE Group offers the sale of AirAsia flight tickets and ancillary services on the AirAsia MOVE platform;
- (b) Teleport Group has entered into agreements with the Capital A's AOCs, AAX and TAAX for the exclusive commercial rights for the unused cargo belly spaces in the AirAsia passenger aircraft, where it utilises the unused cargo belly spaces in the AirAsia passenger aircraft to transport parcels, loose cargos and palletised cargo;
- (c) Santan provides in-flight catering services to Capital A's AOCs and AAX; and
- (d) Brand AA charges royalty fees to AAAGL attributable to royalty fees collectable from Capital A's AOCs and TAAX.

Upon the completion of the Proposed Corporate Exercises, AAAGL Group and AAB Group will cease to be subsidiaries of Capital A and will become part of AAX Group. As AAX is a related party to Capital A, our Company will seek for our shareholders' approval prior to the completion of the Proposed Corporate Exercises for the recurring related party transactions between our Group's Remaining Businesses with AAX Group (including AAAGL Group and AAB Group).

8.1.3 Our Group is operating in a highly regulated industry and requires a series of approvals, licences, permits, registration and certificates ("Approvals and Licences") to operate the businesses

Our Group's aviation MRO service, logistic service and digital financial service platform business segments require Approvals and Licences in order to carry out their daily operational activities. As our Group operates across different countries, we are required to obtain Approvals and Licences from the respective local authorities in each country.

Our Group is required to comply with all the relevant conditions, laws and regulations under which the Approvals and Licences were issued. In the past, our Group had not had any material non-compliances. Nevertheless, any failure to comply with such conditions, laws or regulations may lead to fines, suspension or termination of its Approvals and Licences. Additionally, our Group is operating in a highly regulated industry whereby we are required to comply with the requirements of laws, regulations, rules and directives from relevant authorities.

Further, certain Approvals and Licences are subject to periodic renewal. In the past, our Group had not encountered difficulties in the renewal of its Approvals and Licences. Nevertheless, there can be no assurance that the same Approvals and Licences may be renewed or similar Approvals and Licences will be granted, in a timely manner. Any non-renewal of these Approvals and Licences may materially adversely affect our Group's business operation, financial condition and growth prospects.

Nonetheless, our Group will undertake the necessary steps to monitor compliance, as well as track the validity and application of the required approvals, licences, permits, registration and certificate requirements for operations.

8.1.4 Our Group is dependent on our key management as well as our ability to hire and retain skilled and qualified personnel

Our Group recognises that the continuing success of our business is associated with the abilities and efforts of our Group's key management team and key management team of each of our business segments. Our Group's key management team and key management team of each of our business segment play significant roles in developing and implementing our Group's business strategies in our day-to-day operations.

In addition, the success of our Group is also dependent, to a large extent, on our ability to recruit and retain skilled and qualified personnel. Specifically, for our aviation MRO service, our Group is required to employ personnel with the necessary technical skill set and experience to perform the aviation MRO services for aircraft and its components. Our Group also requires skilled personnel for the development, upgrade and maintenance of all of our in-house developed platforms used in all of our business segments, such as the AirAsia MOVE platform, BigPay platform, Teleport Delivery, Teleportal, OneTeleport systems used in the logistics services business segment; and AEROTRADE™ and ELEVADE™ used in the aviation MRO services business segment. As these platforms are developed in-house, it is important for us to retain skilled personnel to enable continuous enhancements, modifications and upgrades. Apart from that, our Group requires data scientists and analysts to analyse and generate insight analytics on customers' preferences and patterns to allow our Group to improve the customer experience and increase personalisation. As at the LPD, the details of the skilled personnel employed by our Group are as follows:

	Type of skilled personnel	No. of skilled personnel
ADE Group	• Aircraft engineering	223
	• Software engineering	21
	• Data scientist and engineer	4
AirAsia MOVE Group	• Software engineering	204
	• Data scientist and engineer	35
	• Information security	16

	<u>Type of skilled personnel</u>	<u>No. of skilled personnel</u>
Teleport Group	• Aircraft engineering	29
	• Software engineering	20
	• Data scientist and engineer	6
	• Information security	2
BigPay Group	• Software engineering	27
	• Data scientist and engineer	4
	• Information security	17
Capital A	• Software engineering	12
	• Data scientist and engineer	6
	• Information security	21
Total		647

In the past, our Group had not encountered difficulties in replacing loss of skilled and qualified personnel. Nevertheless, any loss of our Group's key management personnel and skilled and qualified personnel without suitable and timely replacement could have a material impact on our competitiveness, business and operations.

8.1.5 Our Group faces competition from other industry players

Our Group's business segments operate in a competitive market where each of our business segments faces competition from other competitors offering similar services as our service offerings.

The industry players compete in terms of breadth of service offering or functionality and features, reputation and branding, quality of service, timeliness of technical and after-sales support and response time, amongst others. While the AirAsia MOVE platform can differentiate from its competitors by leveraging on the AirAsia Brand, its competitors may be equipped with better resources, capabilities and technical expertise allowing them to offer a more comprehensive range of services, wider range of specialised services or improved service and timeliness as compared to it.

In the event where there are new market players or expansion of services by existing competitors, our Group may face increased competition in terms of pricing, technology, service and quality as well as customer satisfaction. Our Group's competitors may have more financial, technical and marketing resources which will provide them with greater ability to fund internal growth, fund capital expenditure and respond more quickly to new technologies as well as changes in customer preferences. Some competitors may also have developed a lower and more efficient cost structure. Therefore, there is no assurance that our Group will be able to compete effectively with our competitors.

Nevertheless, our Group will actively review our pricing and marketing strategies to secure contracts and/or sales from time to time to mitigate the competition risk.

8.1.6 Our Group's success in the future will depend on the successful implementation of strategies

Our Group's business strategies and growth plans are focused on leveraging on our key strengths and capitalising on our core competencies in the provision of aviation MRO services, travel-related services, logistics services, in-flight catering, F&B service chain and frozen ready-to-eat food products, and digital financial services. For further details on our Group's prospects, future plans and business strategies, kindly refer to Section 7.8 and Appendix II of this Circular.

The prospects and future growth of our Group's business rely significantly on our ability to successfully implement our plans and strategies. Our Group is subject to risks where we may not be able to achieve the anticipated timing and objective of our future plans due to a number of factors which includes limitation in human resources or experiences, changes in regulations, competition from other players, changes in market trends and prospects and limitation in funding. There can also be no assurance that any of our Group's business strategies will be commercially successful or that we will be able to accurately anticipate and mitigate the operational risks relating to our strategies and plans.

Nevertheless, our Group seeks to limit these risks through, among others, prudent financial policies and continuous review of our operations to improve efficiency.

8.1.7 Our Group's business and operations are subject to the risk of reputation or brand damage

The success of the AirAsia MOVE platform and Santan in-flight catering services depends significantly on the AirAsia Brand and reputation. The AirAsia Brand has a track record of 20 years in the airline industry. AirAsia MOVE Group leverages on the AirAsia Brand. This has, and will continue to allow it to, achieve lower acquisition costs to acquire their user base. Meanwhile, Santan generates revenue from the provision of in-flight catering services to AirAsia airline passengers.

Other than the AirAsia Brand, the other brands of our Group, namely Teleport, BigPay and Santan are also subject to the risk of reputation or brand damage. As our Group is the subject of regular media coverage, any unfavourable publicity regarding our Group's business operations, such as our business model, product and service offerings, user support, technology, privacy or security practices, regulatory compliances, financial performance or management team could have a negative impact on our brand reputation. Unfavourable publicity could also adversely affect our Group's sales, our engagement with our users and customers, drivers and riders, travel service providers and merchants that use the AirAsia MOVE platform. This could adversely impact our Group's business and financial performance.

Nevertheless, our Group will continue to maintain, protect and enhance the AirAsia Brand and reputation through good corporate governance practices based on organisation, transparency, accountability and strategic planning.

8.1.8 Our Group is subject to risks associated with security, privacy or data breaches involving private, confidential and/or sensitive information

Our Group's business involves the collection, processing, storage and transmission of confidential and sensitive information of our customers, drivers and riders, travel service providers and merchants and its employees. These confidential and sensitive information include names, address, identification card or passport numbers, contact information, credit card information and payment records. Thus, our Group is exposed to external security threats including, but not limited to, malware attack, hacking, espionage or cyber intrusion as well as internal security breaches such as unauthorised access to restricted information by its employees, or internal threats which may originate from malware-infected mobile devices which are brought into the network system.

Any breaches and failure to protect proprietary information as well as customer information may not only disrupt our Group's operations, but also damage the reputation of our Group and the "AirAsia" brand name. In addition, any failure to protect user data gathered through the AirAsia MOVE and BigPay platforms could subject our Group to fines and/or imprisonments under the Personal Data Protection Act 2010 or any personal data protection laws in the jurisdictions we operate in.

Our Group's IT infrastructure was attacked by a ransomware in November 2022, resulting in a number of its passenger and employee data being compromised. However, the said cyber-attack was on our Group's redundant systems and did not affect our Group's critical systems. There had been no operational or financial impact to our Group arising from the said cyber-attack. Our Group had taken the necessary measures to immediately resolve the said data incident and to prevent any such future incidents. Save for the aforementioned cyber-attack, our Group has not encountered any data breaches in the past.

Our Group currently engages a reputable third-party cloud hosting provider who handles back-up services of the data we save on our cloud system and has the necessary cybersecurity solutions and procedures put in place to protect our data. In addition, our Group has a security endpoint and antivirus on each of our local computers as protection against any vulnerability. However, there can be no assurance that either our Group or our third-party cloud hosting provider will not face securities breaches and that this would not materially and adversely impact our Group's business and reputation.

8.1.9 Our Group may be affected when there are unscheduled system disruptions or failures

All of our Group's business segments utilise digital platforms in the operation of our business activities. Thus, our Group is dependent on the efficiency and reliability of our systems as well as uninterrupted connectivity and operation of other third-party service providers such as data centres and telecommunication networks providers. Any unscheduled interruptions, errors or failure of our Group's system or other third-party systems will negatively affect our business operations. The unscheduled interruptions, errors or failures may be due to several reasons which include, but are not limited to, natural disasters, network connectivity downtime, equipment failure, power losses, cyber or ransomware attacks, sabotage and software viruses. The occurrence of any of these disruptions is beyond our Group's control and may interrupt the operations of the said platforms.

Further, our Group's software, including third-party platforms may contain undetected errors or bugs that could negatively affect the AirAsia MOVE and BigPay platforms as it might cause downtime that would impact the availability of these platforms, increase the likelihood of a ransomware attack or third-parties engaging in fraudulent activities. As a result, this could reduce the attractiveness of these platforms to users and merchants, and this would adversely affect our Group's business operation, financial conditions and growth prospects.

Our Group also relies on third-party digital distribution service providers such as Apple App Store, Google Play and/or Huawei App Gallery, as the case maybe, which makes the AirAsia MOVE and BigPay platforms available to smart phone users for download. There is no assurance that there will be no changes in the terms and conditions or policies by the third-party service providers. In addition, the AirAsia MOVE and BigPay platforms are accessible from devices running various operating systems such as iOS and Android. Therefore, our Group is dependent on the interoperability of the AirAsia MOVE and BigPay platforms on various devices, operating systems and with other third-party applications. If our Group fails to keep abreast with the changes made by the third-party service providers, we may not be able to enhance or update our platform in time to ensure the continued compatibility. There is also no guarantee that the new enhancements or updates will not cause disruptions to the platform, which may materially and adversely affect our Group's business operations and growth prospects as well as financial performance.

Notwithstanding the above, our Group seeks to mitigate these risks by continuing to maintain and enhance the integrity of our internal systems and networks.

8.1.10 Our Group's AirAsia MOVE platform and BigPay platform are subject to changes in technology and dependent on market acceptance of their services

The AirAsia MOVE and BigPay platforms operate in a dynamic industry in which their services and platforms are prone to evolving industry standards, rapid technological development and frequent new services introductions and enhancements. The future growth and success of the AirAsia MOVE and BigPay platforms will depend significantly on the continuing market acceptance of its services and platforms as well as its ability to develop new services and/or enhance its existing services to meet the market demand and its users' or customers' needs.

In order to remain competitive, AirAsia MOVE Group and BigPay Group will have to keep abreast with the changing technology and market acceptance. If the services offered on the AirAsia MOVE and/or BigPay platforms become outdated or obsolete, AirAsia MOVE Group and BigPay Group will have to upgrade its services or platforms with enhanced functionalities to cater to market demand. However, the development of new or enhanced functionalities is a complex and uncertain process and it may experience design or other operational difficulties that could delay the development process. In the event that they are unable to develop new services and/or enhance existing services in a timely and cost-effective basis, or if such services fail to achieve market acceptance, our Group's financial performance will be materially and adversely affected.

8.1.11 BigPay Group's operations may be adversely affected if there is any failure by it or its customers to comply with applicable anti-money laundering or other related laws and regulations

As a digital financial services provider, BigPay Group and its platform are subject to various laws and regulations in the jurisdictions in which it operates. This includes, among others, laws and regulations relating to financial services, privacy, anti-money laundering, remittances, electronic funds transfer, cybersecurity and users' data protection. As the BigPay platform may be susceptible to illegal or improper use, such as money laundering, fraudulent sales of goods or services and transactions with sanctioned parties, any failures by BigPay Group or its customers (who are users of the BigPay platform) to comply with the laws and regulations may subject BigPay Group to civil or criminal penalties, fines or suspension or revocation of licences. Consequently, it will cause an adverse effect on our Group's reputation, business operation and financial performance or in extreme circumstances, the closure of BigPay Group's business in certain jurisdictions.

In order to mitigate this risk, BigPay Group utilises algorithms in its platform to detect unusual activity. BigPay Group also conducts background checks and know-your-customer processes on new users during account registration by using several verification processes and prior to approving credit financing applications using information from established third-party background check providers. Despite this, there is no assurance that these measures are sufficient to fully eliminate such unlawful and suspicious transactions. If BigPay Group is convicted, it may be subjected to fines and/or imprisonment, and the reputation of the BigPay platform may be adversely affected.

8.1.12 Any adverse litigation judgements or settlements resulting from legal proceedings in which our Group may be involved could expose it to monetary damages and adversely affect its business operations

Our Group may be involved in various legal proceedings by our users, customers, contract-based and crowdsourced drivers and riders, merchants, commercial partners and other stakeholders such as competitors or government agencies. Some examples of legal proceedings may include, but are not limited to, wrongful act, labour-related disputes, disputes with contract-based and crowdsourced drivers and riders, personal injury or property damages or proceedings related to compliance with competition and data privacy regulations. The results of any such investigation or legal proceedings are inherently unpredictable and may be costly. As such, any adverse litigation judgements or settlements resulting from legal proceedings may adversely affect our Group's business operations, reputation, financial condition and prospects. Please refer to Section 6 of Appendix VII of this Circular for further details on the material litigation of our Group.

Our Group endeavours to mitigate the abovementioned risks by taking prudent measures to upkeep our Group's interest and dedicating the necessary resources to address any potential legal proceedings.

8.1.13 Exposed to fluctuations in foreign currency exchange rates

Our Group's revenues generated from customers in ASEAN, excluding Malaysia, for all of our Group's business segments are mainly denominated in USD. In addition, our Group's purchases from our suppliers for our aviation MRO services, digital financial services and logistics services outside of Malaysia are mainly denominated in USD. As such, any foreign currency exchange rate fluctuations in USD may have an impact on our Group as our Group's consolidated financial statements are reported in RM.

During the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024, the revenue by our Group's Remaining Businesses that were denominated in USD represented approximately 13%, 33%, 32% and 62% respectively, while the expenses that were denominated in USD represented approximately 8%, 34%, 18% and 46% respectively.

Our Group presently does not have a hedging instrument to manage our exposure to foreign currency exchange rate fluctuations in USD. However, our Group's exposure to foreign currency exchange risk is mitigated, to the extent possible, by natural hedges that arise when some of the payments for expenses in USD are matched against the receivables from our revenue that were denominated in the same currency in USD. We maintain bank accounts in USD such that collections can be used to settle payments of the same currency where possible to reduce the impact of our Group's exposure to foreign currency exchange rate fluctuations in USD.

Our Group is also exposed to fluctuations in the USD against the RM when revenue and purchases are not entirely matched in the same currency or due to timing differences between invoicing and payment collection. The breakdown of our Group's Remaining Businesses' realised and unrealised gain or loss on foreign exchange for the FYE 31 December 2024 is set out below:

	3-month FPE 31 March 2024 RM'000	3-month FPE 30 June 2024 RM'000	3-month FPE 30 September 2024 RM'000	3-month FPE 31 December 2024 RM'000	Total RM'000
Realised gain/(losses) ⁽¹⁾	(3,443)	(1,295)	4,340	(3,187)	(3,585)
Unrealised gain/(losses) ⁽²⁾	16,637	2,558	(109,939)	52,147	(38,597)
	13,194	1,263	(105,599)	48,960	(42,182)

Notes:

- (1) *Realised gain/(loss) on foreign exchange is due to the difference in the foreign exchange rate as at the date of our sales invoices/purchase invoices of supplies as compared to the foreign exchange rate when the payment for the sales invoices are received/supplies are made.*
- (2) *Unrealised gain/(loss) on foreign exchange represents the difference in the foreign exchange rate as at the date of our sales invoices or purchase invoices as compared to the closing rates of foreign exchange as at respective FPEs.*

Based on the above, approximately RM38.6 million of our foreign exchange losses for the FYE 31 December 2024 were unrealised. However, it is important to note that foreign currency exchange unrealised losses or gains arising from translation are accounting adjustments and do not represent actual cash losses or gains. These translation effects are unrealised and often offset against previous periods' gains or losses due to the exchange rate movements.

As at the LPD, we do not have the intention to hedge against our exposure to fluctuations in foreign currency exchange rates. We will continue to monitor our exposure to foreign exchange movements on a regular basis for our management's assessment on the need to utilise financial instruments to hedge such currency exposure.

8.2 Risk relating to the Proposed Regularisation Plan

8.2.1 Delays in the implementation or non-completion of the Proposed Corporate Exercises and Proposed Regularisation Plan

The regularisation of our Group is to a large extent dependent on the timely implementation of the Proposed Corporate Exercises and Proposed Regularisation Plan. For clarity, the lodgement of sealed order of the High Court of Malaya in relation to the capital reduction pursuant to the Proposed Regularisation Plan shall only take place after the completion of the Proposed Corporate Exercises. As at the LPD, the milestones to be achieved for the Proposed Corporate Exercises are the fulfilment and/or waiver (as the case may be) of certain conditions precedent of the SSPAs, including the approval from relevant government entity, financiers/lenders and third party being obtained by our Company and/or AAX, the completion of the Proposed Pre-Completion Restructuring, and AAX raising RM1,000.0 million pursuant to the placement letter(s) or commitment letter(s) or agreement(s) (as the case may be) executed by AAX and the identified investors in relation to AAX's private placement exercise. Any delays or non-completion in the implementation of any component of the Proposed Corporate Exercises may adversely affect or terminate the implementation process of the entire Proposed Regularisation Plan.

Further, as at the LPD, the milestones to be achieved for the Proposed Regularisation Plan are the sanction from High Court of Malaya in relation to the capital reduction pursuant to the Proposed Regularisation Plan, the approval from our shareholders at the EGM to be convened in relation to the Proposed Regularisation Plan, our RCUIDS holders at an RCUIDS holders meeting to be convened in relation to the Proposed Regularisation Plan, financiers and any other third parties. In the event that the approvals from the relevant parties are not obtained, the Proposed Regularisation Plan may be delayed or terminated. Further, our Group's profitability and sustainability is dependent on the payments of the Deferred Brand Licence Payments which is set out in Section 4 of this Circular. The resumption of the payment would be dependent on the successful closing of the AAX Private Placement.

Nonetheless, our Company will undertake the necessary steps to ensure successful and timely implementation of the Proposed Corporate Exercises and Proposed Regularisation Plan.

8.3 Risk relating to the PN17 classification

8.3.1 Risk of removal from the Official List of Bursa Securities

The Proposed Regularisation Plan is subject to, among others, the approvals being obtained from Bursa Securities and shareholders of our Company at the forthcoming EGM. Bursa Securities had, vide its letter dated 7 March 2025, granted its approval for the Proposed Regularisation Plan, subject to the conditions as set out in Section 10 of this Circular.

In accordance with Paragraph 5.2 of PN17, the Proposed Regularisation Plan (which will not result in a significant change in the business direction or policy of our Company) must be implemented within 12 months from the date the Proposed Regularisation Plan is approved by Bursa Securities (as the Proposed Regularisation Plan comprises the Proposed Capital Reduction which involve court proceedings). Further our Company must record a net profit in 2 consecutive quarterly results immediately after the completion of the implementation of the Proposed Regularisation Plan.

If the above conditions and/or approvals are not met and/or obtained by our Company within the stipulated timeframe, our Company will be removed from the Official List of Bursa Securities.

Notwithstanding that the relevant approvals required for the Proposed Regularisation Plan may be obtained, in the event our Company is unable to record a net profit in 2 consecutive quarterly results immediately after the completion of the implementation of the Proposed Regularisation Plan, there is a risk that our Company will continue to be classified as a PN17 issuer and/or Bursa Securities may suspend the trading of our Company's shares and/or remove our Company from the Official List of Bursa Securities.

The management of our Company will endeavour to ensure that the deadline for the completion of the Proposed Regularisation Plan is met and implement our Group's prospects, future plans and business strategies as set out in Section 7.8 of this Circular to turnaround our Group and return to profitability to avoid the delisting of our Company.

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9. EFFECTS OF THE PROPOSED REGULARISATION PLAN

The pro forma effects of the Proposed Capital Reduction have been prepared based on the following scenarios:

- Minimum Scenario** : Based on the assumption that none of the outstanding RCUIDS are converted and the outstanding Warrants are exercised into new Capital A Shares prior to the Entitlement Date of the Proposed Distribution under the Proposed Corporate Exercises.
- Maximum Scenario** : Based on the assumption that all the outstanding RCUIDS and Warrants are converted and exercised into new Capital A Shares prior to the Entitlement Date of the Proposed Distribution under the Proposed Corporate Exercises.

9.1 Share capital

For illustration purposes, the pro forma effects of the Proposed Capital Reduction on the issued capital of our Company are as follows:

		Minimum Scenario		Maximum Scenario	
		No. of Shares (‘000)	Amount (RM’ 000)	No. of Shares (‘000)	Amount (RM’ 000)
Issued share capital as at the LPD		4,333,647	8,789,467	4,333,647	8,789,467
Add:	Shares to be issued assuming all the outstanding RCUIDS are converted	-	-	863,762	647,821
Add:	Shares to be issued assuming all the outstanding Warrants are exercised	-	-	649,670	649,670
Less:	Reduction in the issued share capital pursuant to the Proposed Corporate Exercises	-	⁽¹⁾ (2,623,077)	-	⁽¹⁾ (2,623,077)
		4,333,647	6,166,390	5,847,079	7,463,881
Less:	Reduction in the issued share capital pursuant to the Proposed Capital Reduction	-	⁽²⁾ (5,396,799)	-	⁽²⁾ (5,396,799)
Resultant issued share capital		4,333,647	769,591	5,847,079	2,067,082

Notes:

- (1) For illustration purposes, the reduction in the issued share capital of approximately RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD.
- (2) For illustration purposes, the reduction in the issued share capital pursuant to the Proposed Capital Reduction under Section 116 of the Act to set-off the accumulated losses of our Group is assumed at approximately RM5.4 billion.

9.2 NA and gearing

Based on the latest audited consolidated statements of financial position of our Company as at 31 December 2023 and assuming that the Proposed Corporate Exercises and Proposed Capital Reduction had been effected on that date, the pro forma effects of the Proposed Capital Reduction on the NA per Share and gearing of our Group are as follows:

Minimum Scenario

		(I)	(II)	(III)
	Audited as at 31 December 2023	After the Proposed AAAGL Disposal and Proposed Distribution ⁽²⁾	After (I) and the Proposed AAB Disposal ⁽³⁾⁽⁴⁾	After (II) and the Proposed Capital Reduction ⁽⁵⁾⁽⁶⁾
	RM'million	RM'million	RM'million	RM'million
Share capital	8,711.7	6,088.7	6,088.7	691.9
Merger deficit	(5,507.6)	(5,507.6)	-	-
Other reserves	138.7	141.5	110.1	110.1
Foreign exchange reserve	217.1	163.2	(59.9)	(59.9)
Accumulated losses	(12,322.0)	(7,816.6)	(5,394.8)	-
Shareholders' equity/NA	(8,762.1)	(6,930.8)	744.1	742.1
Number of ordinary shares in issue ('million)	4,254.58	4,254.58	4,254.58	4,254.58
NA per Share (RM)	(2.06)	(1.63)	0.17	0.17
Total borrowings (RM'million)	24,180	17,784	1,734	1,734
Gearing ratio (times)	⁽¹⁾ N/A	N/A	2.33	2.34

Notes:

- (1) During the FYE 31 December 2023, our Group's operations have yet to recover from the COVID-19 pandemic impact which led to operating losses. This has resulted in a negative gearing ratio as our Group has been relying on debt compared to equity to finance our Group's operations.
- (2) Adjusted to incorporate the following effects of the Proposed AAAGL Disposal and Proposed Distribution:
 - (a) For the purpose of illustration in the pro forma effects above, the fair value of the purchase consideration was illustrated at approximately RM3.6 billion which was based on the market price of each Consideration Share of RM1.55, being the 5-day VWAP of AAX Shares up to and including the LPD;
 - (b) the deconsolidation of AAAGL from our Group;
 - (c) for the purpose of illustration in the pro forma effects above, the reduction in the issued share capital of approximately RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD;
 - (d) the decrease in accumulated losses due to the pro forma effect arising from the remeasurement of remaining interest of our Company in AAAGL of RM6.3 billion and the transfer of AAAGL's other reserves and non-controlling interest of RM1.8 billion; and
 - (e) the reduction in total borrowings due to the derecognition of the total borrowings of AAAGL Group of RM6.4 billion as at 31 December 2023 pursuant to the Proposed AAAGL Disposal;
- (3) Adjusted to incorporate the following effects of the Proposed AAB Disposal:
 - (a) the Debt Settlement of RM3.8 billion;
 - (b) the deconsolidation of AAB from our Group;

- (c) the deconsolidation of merger deficit arising from the acquisition of AAB by our Company previously;
 - (d) the decrease in accumulated losses due to the pro forma gain arising from the Proposed AAB Disposal of RM7.7 billion and transfer of AAB's other reserves to accumulated losses of RM14.9 million, which is offset by the reclassification of merger deficit of RM5.5 billion; and
 - (e) the reduction in total borrowings due to the derecognition of the total borrowings of AAB Group of RM16.0 billion as at 31 December 2023 pursuant to the Proposed AAB Disposal;
- (4) The estimated transaction costs for the Proposed Corporate Exercises amounted to RM15.52 million comprising professional fees of RM15.25 million, fees to authorities of RM0.05 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.02 million.
 - (5) For illustration purposes, the reduction in the issued share capital pursuant to the Proposed Capital Reduction under Section 116 of the Act to set-off the accumulated losses of our Group is assumed at approximately RM5.4 billion.
 - (6) The estimated transaction costs for the Proposed Capital Reduction amounted to RM2.00 million comprising professional fees of RM1.70 million, fees to authorities of RM0.03 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.07 million.

Maximum Scenario

		(I)	(II)	(III)	(IV)
	Audited as at 31 December 2023	Assuming all the outstanding RCUIDS and Warrants are exercised ⁽²⁾	After (I) and the Proposed AAAGL Disposal and Proposed Distribution ⁽⁴⁾	After (II) and the Proposed AAB Disposal ⁽⁵⁾⁽⁶⁾	After (III) and the Proposed Capital Reduction ⁽⁷⁾⁽⁸⁾
	RM'million	RM'million	RM'million	RM'million	RM'million
Share capital	8,711.7	10,068.5	7,445.5	7,445.5	2,048.7
Merger deficit	(5,507.6)	(5,507.6)	(5,507.6)	-	-
Other reserves	138.7	59.3	62.1	30.7	30.7
Foreign exchange reserve	217.1	217.1	163.2	(59.9)	(59.9)
Accumulated losses	(12,322.0)	(12,250.3)	(7,744.9)	(5,323.1)	71.7
Shareholders' equity/NA	(8,762.1)	(7,413.0)	(5,581.7)	2,093.2	2,091.2
Number of ordinary shares in issue ('million)	4,254.58	⁽³⁾ 5,847.08	⁽³⁾ 5,847.08	⁽³⁾ 5,847.08	5,847.08
NA per Share (RM)	(2.06)	(1.27)	(0.95)	0.36	0.36
Total borrowings (RM'million)	24,180	23,495	17,099	1,049	1,049
Gearing ratio (times)	⁽¹⁾ N/A	⁽¹⁾ N/A	N/A	0.50	0.50

Notes:

- (1) During the FYE 31 December 2023, our Group's operations have yet to recover from the COVID-19 pandemic impact which led to operating losses. This has resulted in a negative gearing ratio as our Group has been relying on debt compared to equity to finance our Group's operations.
- (2) Adjusted to incorporate the following effects of the conversion and exercise of all outstanding RCUIDS and Warrants as at 31 December 2023:
 - (a) the reduction of approximately RM23.2 million RCUIDS reserve and approximately RM685.1 million borrowings (being the liability component of the RCUIDS) as a result of the conversion of all outstanding RCUIDS; and
 - (b) the reduction of approximately RM56.2 million Warrants reserve as a result of the exercise of all outstanding Warrants.
- (3) Assuming all the outstanding 942,826,785 RCUIDS as at 31 December 2023 are converted at the conversion price of RM0.75 per RCUIDS into 942,826,785 new Shares and all outstanding 649,670,148 Warrants as at 31 December 2023 are exercised at the exercise price of RM1.00 per Warrant into 649,670,148 new Shares before the Entitlement Date of the Proposed Distribution.

- (4) *Adjusted to incorporate the following effects of the Proposed AAAGL Disposal and Proposed Distribution:*
- (a) *For the purpose of illustration in the pro forma effects above, the fair value of the purchase consideration was illustrated at approximately RM3.6 billion, which is based on the market price of each Consideration Share of RM1.55, being the 5-day VWAP of AAX Shares up to and including the LPD;*
 - (b) *the deconsolidation of AAAGL from our Group;*
 - (c) *For the purpose of illustration in the pro forma effects above, the reduction in the issued share capital of RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD;*
 - (d) *the decrease in accumulated losses due to the pro forma effect arising from the re-measurement of remaining interest of our Company in AAAGL of RM6.3 billion and the transfer of AAAGL's other reserves and non-controlling interest of RM1.8 billion; and*
 - (e) *the reduction in total borrowings due to the de-recognition of the total borrowings of AAAGL Group of RM6.4 billion as at 31 December 2023 pursuant to the Proposed AAAGL Disposal;*
- (5) *Adjusted to incorporate the following effects of the Proposed AAB Disposal:*
- (a) *the Debt Settlement of RM3.8 billion;*
 - (b) *the deconsolidation of AAB from our Group;*
 - (c) *the deconsolidation of merger deficit arising from the acquisition of AAB by our Company previously;*
 - (d) *the decrease in accumulated losses due to the pro forma gain arising from the Proposed AAB Disposal of RM7.7 billion and transfer of AAB's other reserves to accumulated losses of RM14.9 million, which is offset by the reclassification of merger deficit of RM5.5 billion; and*
 - (e) *the reduction in total borrowings due to the de-recognition of the total borrowings of AAB Group of RM16.0 billion as at 31 December 2023 pursuant to the Proposed AAB Disposal.*
- (6) *The estimated transaction costs for the Proposed Corporate Exercises amounted to RM15.52 million comprising professional fees of RM15.25 million, fees to authorities of RM0.05 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.02 million.*
- (7) *For illustration purposes, the reduction in the issued share capital pursuant to the Proposed Capital Reduction under Section 116 of the Act to set-off the accumulated losses of our Group is assumed at approximately RM5.4 billion.*
- (8) *The estimated transaction costs for the Proposed Capital Reduction amounted to RM2.00 million comprising professional fees of RM1.70 million, fees to authorities of RM0.03 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.07 million.*

9.3 Substantial shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on the substantial shareholders' shareholdings in our Company as the Proposed Capital Reduction does not involve the issuance of any new Capital A Shares or cancellation of any Capital A Shares.

9.4 Earnings and EPS

The Proposed Capital Reduction will not have any material effect on the earnings and EPS of our Group.

9.5 Convertible securities

Save for the following, our Company does not have any other convertible security in issue as at the LPD:

9.5.1 RCUIDS

As at the LPD, there are 863,762,110 RCUIDS which remain in issue and are convertible into new Capital A Shares at a conversion price of RM0.75. Based on the relevant provision of the trust deed constituting the RCUIDS dated 18 November 2021, as supplemented by the supplemental trust deed dated 5 November 2024, the Proposed Regularisation Plan will not give rise to an adjustment to the conversion price or conversion ratio of the RCUIDS.

9.5.2 Warrants

As at the LPD, 649,670,148 Warrants remain outstanding in Capital A. Based on the relevant provisions of the deed poll constituting the Warrants dated 18 November 2021, the Proposed Regularisation Plan will not give rise to an adjustment to the exercise price of the Warrants.

9.5.3 ESOS Options

As at the LPD, there are no outstanding ESOS Options in Capital A under the LTIS. All ESOS Options previously granted by Capital A were deemed cancelled on 31 August 2024 as the conditions for vesting of the ESOS Options (which was originally scheduled for vesting on 31 August 2024) were not met.

For the avoidance of doubt, Capital A's LTIS remains subsisting as at the LPD.

10. APPROVALS REQUIRED/OBTAINED

The Proposed Regularisation Plan is subject to the following approvals being obtained:

- (a) Bursa Securities for the Proposed Regularisation Plan, which was obtained vide its letter dated 7 March 2025, subject to the following conditions:

No.	Conditions	Status of compliance
(i)	Capital A and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan;	Noted.
(ii)	Capital A and RHB Investment Bank to confirm all approvals of relevant authorities have been obtained for the implementation of the Proposed Regularisation Plan and furnish a copy of all approval letters from the relevant authorities;	To be complied.
(iii)	Capital A and RHB Investment Bank to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the general meeting for the Proposed Regularisation Plan; and	To be complied.
(iv)	Capital A and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Regularisation Plan and furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval.	To be complied.

- (b) the sealed order of the High Court of Malaya pursuant to Section 116 of the Act confirming the reduction in share capital of our Company pursuant to the Proposed Capital Reduction;
- (c) the shareholders of our Company at the forthcoming EGM for the Proposed Regularisation Plan;
- (d) the RCUIDS holders at an RCUIDS holders meeting to be convened for the Proposed Regularisation Plan; and
- (e) any other relevant authorities and/or parties, if required.

11. CONDITIONALITY OF THE PROPOSED REGULARISATION PLAN

The Proposed Regularisation Plan is conditional upon the completion of the Proposed Corporate Exercises and is not conditional upon any other proposal undertaken or being undertaken by our Company. For clarity, the lodgement of sealed order of the High Court of Malaya in relation to the capital reduction pursuant to the Proposed Regularisation Plan shall only take place after the completion of the Proposed Corporate Exercises as set out in Section 8.2.1 of this Circular.

12. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

None of the Directors and major shareholders of our Company, and/or persons connected with them have any interests, direct and/or indirect, in the Proposed Regularisation Plan.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposed Regularisation Plan including but not limited to the rationale, pro forma effects, risk factors, prospects and future plans of our Group, is of the opinion that the Proposed Regularisation Plan is in the best interest of our Company.

Accordingly, our Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Regularisation Plan to be tabled at the forthcoming EGM.

14. TENTATIVE TIMETABLE FOR IMPLEMENTATION

The tentative timetable for the implementation for the Proposed Regularisation Plan is set out below:

Tentative dates	Events
By May 2025	<ul style="list-style-type: none"> • Convening of the EGM to obtain the approval from our shareholders for the Proposed Regularisation Plan. • Convening of the RCUIDS holders meeting to obtain the approval from the holders of the RCUIDS for the Proposed Regularisation Plan. • Filing of application to seek the confirmation from the High Court of Malaya for the reduction of our Company's issued share capital under Section 116 of the Act pursuant to the Proposed Capital Reduction.

Tentative dates**Events**

By June 2025

- Sealed order on the confirmation from the High Court of Malaya obtained for the reduction of our Company's issued share capital under Section 116 of the Act pursuant to the Proposed Capital Reduction.
- Completion of the Proposed Corporate Exercises.
- Lodgement of sealed order of the High Court of Malaya in relation to the Proposed Capital Reduction.
- Completion of the Proposed Regularisation Plan.

15. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

As at the date of this Circular, save for the following, there is no other corporate exercise which has been announced but has yet to be completed:

- (a) Proposed Regularisation Plan;
- (b) Proposed Corporate Exercises;
- (c) On 24 January 2025, our Company announced that we intend to seek the approval of our shareholders for a proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature at an EGM to be convened; and
- (d) On 24 March 2025, our Company announced that we propose to seek our shareholders' approval for a proposed allocation of awards under our LTIS to Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun at an EGM to be convened.

16. EGM

The forthcoming EGM will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Regularisation Plan.

You are entitled to attend and vote at the EGM or appoint proxy(ies) to vote for and on your behalf. In such event, the Form of Proxy should be completed and lodged at our Company's registered office at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia or electronically lodged via the TIIH Online website at <https://tiah.online>. Please refer to the Administrative Note for the EGM on the procedures for electronic lodgement of the Form of Proxy. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so but if you do so, your proxy shall be precluded from attending the EGM.

17. FURTHER INFORMATION

You are advised to refer to the Appendices of this Circular enclosed herein for further information.

Yours faithfully,

For and on behalf of the Board

CAPITAL A BERHAD

DATUK KAMARUDIN BIN MERANUN

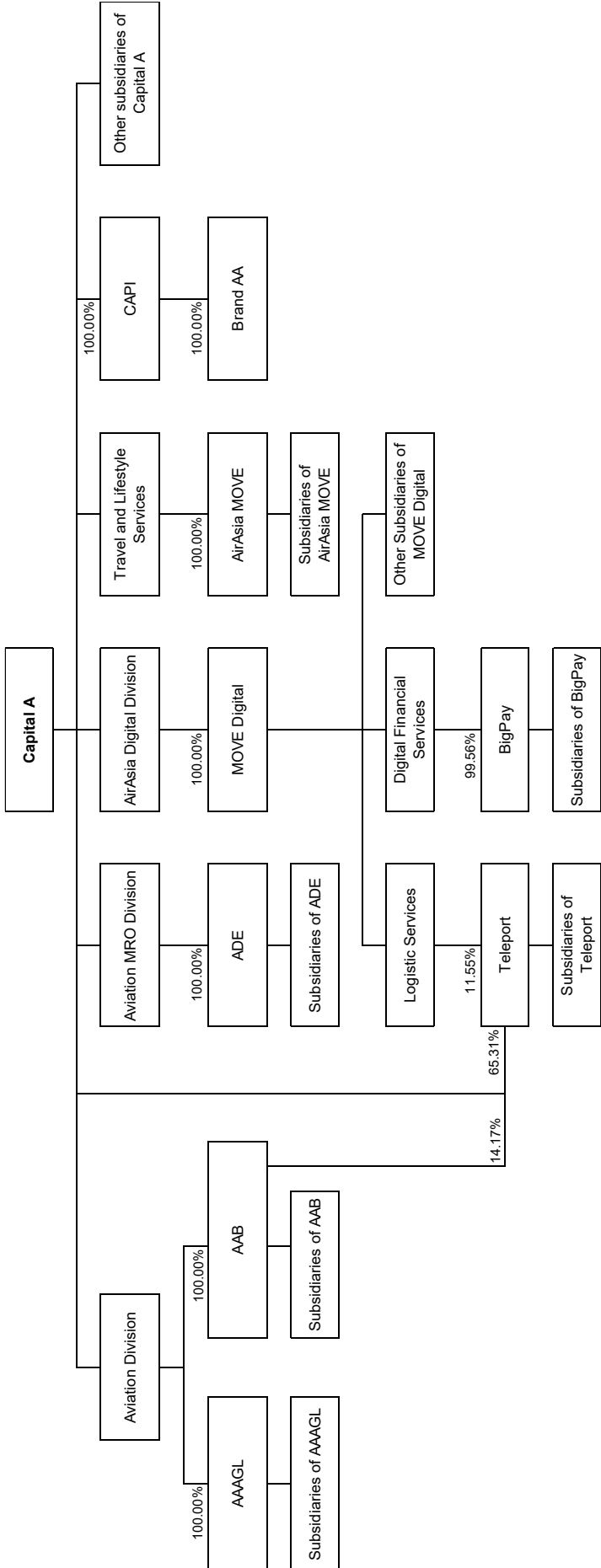
Non-Independent Executive Chairman

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A

1. OVERVIEW OF CAPITAL A GROUP POST PROPOSED CORPORATE EXERCISES

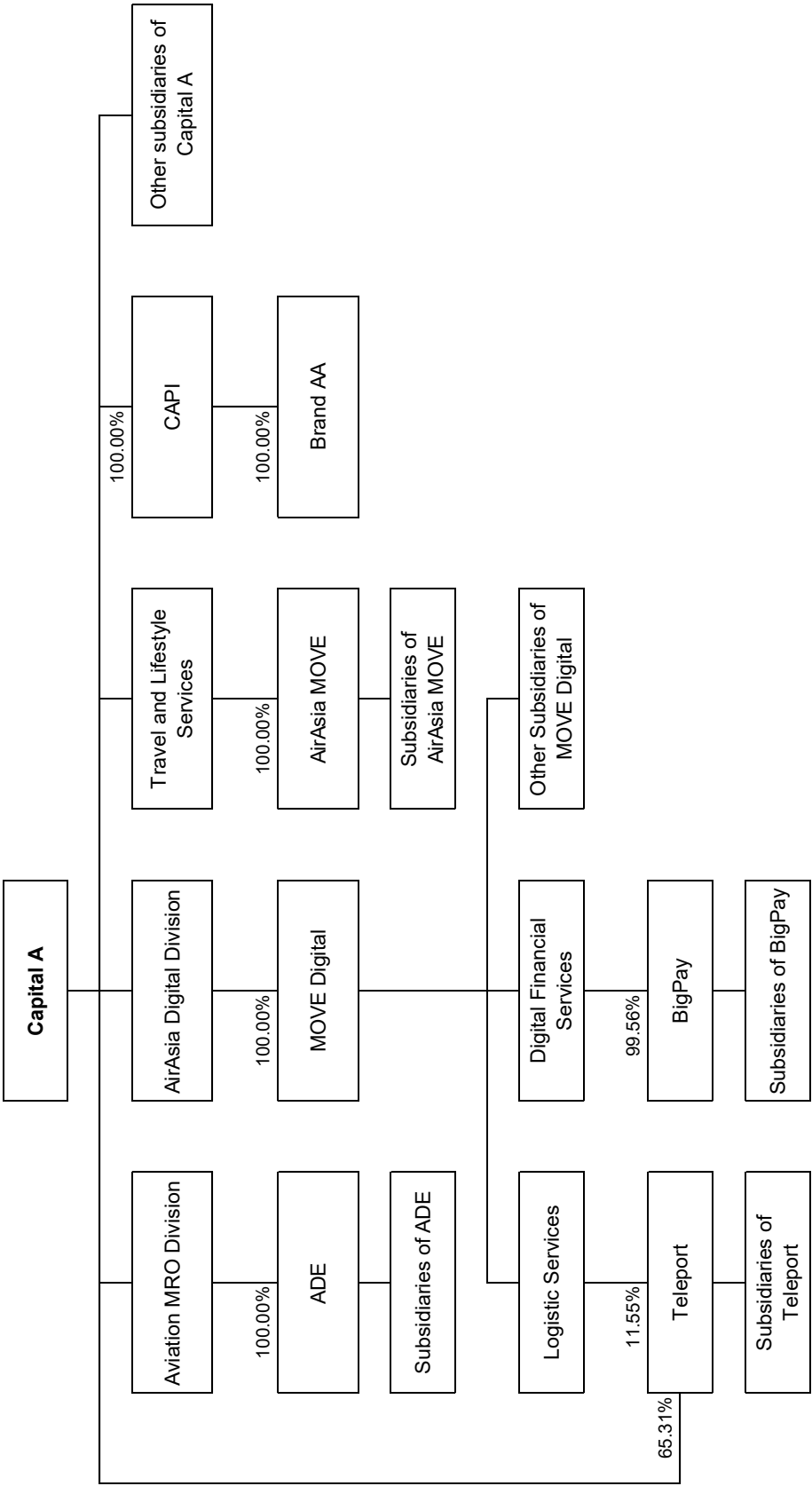
1.1 Group Structure

The corporate structure of Capital A Group as at the LPD before the Proposed Corporate Exercises is as follows:



BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The corporate structure of Capital A Group post Proposed Corporate Exercises is as follows:



BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The details of the subsidiaries of Capital A post Proposed Corporate Exercises are as follows:

Name of subsidiary	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
Held by Capital A			
Asia Digital Engineering Sdn Bhd	23 April 2020/ Malaysia	100.00	Providing engineering services
Move Digital Sdn Bhd	21 March 2018/ Malaysia	100.00	Investment holding
AirAsia SEA Limited	13 September 2018/ Thailand	99.99	Management services
AAD Holdings Inc.	13 October 2021/ British Virgin Islands	100.00	Investment holding
Capital Aviation Services Sdn Bhd (formerly known as Red Aviation Services Sdn Bhd)	4 December 2020/ Malaysia	100.00	Investment holding
Capital A International	2 February 2024/ Cayman Islands	100.00	Investment holding
Fleet Consolidated Pte Ltd	10 April 2023/ Singapore	100.00	Renting of air transport equipment without operator (e.g. airplanes without operator)
Redbeat Capital Sdn Bhd	19 June 2023/ Malaysia	100.00	Investment holding
AirAsia Magic Sdn Bhd (formerly known as AirAsia Drone Sdn Bhd)	8 June 2010/ Malaysia	100.00	Provision of drone training and related drone services
AirAsia Move Sdn Bhd (formerly known as AirAsia Superapp Sdn Bhd)	22 January 2020/ Malaysia	100.00	Investment holding
Teleport Everywhere Pte. Ltd.	21 May 2019/ Singapore	76.86	Investment holding
Held by Capital A International			
Brand AA Sdn Bhd	12 May 2021/ Malaysia	100.00	Brand Management
Aether Merger Sub Inc	26 February 2024/ Delaware	100.00	To engage in any lawful act or activity for which corporations may be organised under the General Corporation Law of the State of Delaware

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Name of subsidiary	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
Held by Redbeat Capital Sdn Bhd			
Outclass Education and Employment Services Sdn Bhd (formerly known as RedBeat Academy Sdn Bhd)	18 October 2019/ Malaysia	100.00	Providing training
RedBeat Capital I, LLC	5 August 2019/ Cayman Islands	100.00	Dormant
AirAsia Mobile Sdn Bhd	21 March 2018/ Malaysia	100.00	Mobile virtual network operator with prepaid and postpaid mobile services
Held by Capital Aviation Services Sdn Bhd (formerly known as Red Aviation Services Sdn Bhd)			
Capital A Consultancy Sdn Bhd (formerly known as AirAsia Consulting Sdn Bhd)	29 March 2021/ Malaysia	100.00	Providing consulting services
Santan Food Services Sdn Bhd (formerly known as Santan Restaurant Sdn Bhd)	16 May 2014/ Malaysia	100.00	Food and beverages
AirAsia SEA Sdn Bhd	8 May 2013/ Malaysia	100.00	Providing accounting services, human resources management, procurement services, Information and communication technology (ICT) support and other operations support to related parties
Held by Asia Digital Engineering Sdn Bhd			
ADE Asset One Sdn Bhd	21 February 2023/ Malaysia	100.00	Aircraft maintenance, repair and overhaul
ADE Asset Two Sdn Bhd	24 February 2023/ Malaysia	100.00	Aircraft maintenance, repair and overhaul
PT Asia Digital Engineering Indonesia	20 March 2023/ Indonesia	100.00	Foreign Capital Investment
ADE, Philippines Inc.	10 May 2023/ Philippines	99.99	Aircraft maintenance, repair and overhaul
ADE (Cambodia) Co. Ltd.	24 August 2023/ Cambodia	60.00	Aircraft maintenance, repair and overhaul

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Name of subsidiary	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
ADE Labuan Ltd. (formerly known as ADE Asset Three Co. Ltd.)	30 November 2023/ Malaysia	100.00	Investment holding
Asia Digital Engineering (Thailand) Co., Ltd.	4 March 2024/ Thailand	99.998	Engineering services
Held by Move Digital Sdn Bhd			
AirAsia Technology Centre Singapore Pte. Ltd	21 December 2017/ Singapore	100.00	Research and experimental development on IT, development of software for cybersecurity
Big Pay Pte. Ltd.	3 January 2017/ Singapore	99.56	Investment holding
RedBeat Ventures Inc.	26 September 2017/ United States of America	100.00	Dormant
RedTix Sdn Bhd	9 June 2014/ Malaysia	75.00	Event ticketing business
Held by RedTix Sdn Bhd			
Rokki Media Holdings Sdn Bhd	9 June 2014/ Malaysia	75.00	Dormant
Held by AirAsia Move Sdn Bhd (formerly known as AirAsia SuperApp Sdn Bhd)			
Move Travel Sdn Bhd (formerly known as AirAsia Com Travel Sdn Bhd)	17 June 2013/ Malaysia	100.00	Tour & travel services
Move Duty Free Sdn Bhd (formerly known as AirAsia Duty Free Sdn Bhd)	21 March 2018/ Malaysia	100.00	In-flight shop
AirAsia Ride Sdn Bhd	15 April 2021/ Malaysia	100.00	To operate e-hailing services
AirAsia Technology Centre India Private Limited	18 September 2018/ India	100.00	Consultancy and services in the areas of information, technology design, development and implementation
AirAsia Superapp LLC	24 May 2022/ Korea	100.00	Provision of tourism information

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Name of subsidiary	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
BIGLIFE Sdn Bhd	9 December 2010/ Malaysia	100.00	Financial services and managing customer loyalty points
Santan Food Sdn Bhd	6 May 2013/ Malaysia	100.00	Trading of coffee and tea related products.
Airasia Superapp (Thailand) Company Limited (formerly known as Velox Technology (Thailand) Company Limited)	17 April 2018/ Thailand	100.00	Provision of mobile application service
Held by Move Travel Sdn Bhd (formerly known as AirAsia Com Travel Sdn Bhd)			
PT Move Travel Indonesia (formerly known as PT Airasia SuperApp Indonesia)	7 July 2020/ Indonesia	100.00	(1) Portal web or digital platform for commercial purpose (2) Travel agency activities
Move Travel (Thailand) Limited (formerly known as AirAsia Com Travel (Thailand) Ltd)	3 April 2020/ Thailand	100.00	Tour and travel services
AirAsia Move Travel Pte Ltd (formerly known as AirAsia Ride Pte Ltd)	22 July 2020/ Singapore	100.00	Tour and travel services
AACOM Australia Pty Ltd	21 September 2020/ Australia	100.00	Tour and travel services
Rokki Sdn Bhd	7 March 2011/ Malaysia	100.00	(1) Trading of multimedia content and equipment (2) Development and provision of online multimedia content and services (3) Investment company
Move Travel Hong Kong Limited (formerly known as AirAsia Com Limited)	11 May 2020/ Hong Kong	100.00	Tour and travel services
AirAsia Com (Vietnam) Company Limited	5 April 2021/ Vietnam	100.00	Management consulting services
AirAsia Superapp Taiwan Limited	7 June 2022/ Taiwan	100.00	Management consulting services and international trade
Move Travel Philippines Inc.	2 August 2024/ Philippines	99.99	Online travel agency and consultancy services

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Name of subsidiary	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
Ikhlas Com Travel Sdn Bhd	21 March 2018/ Malaysia	60.00	Trading of Muslim-centric products and services
AirAsia Move Travel Technology (Hainan) Co. Ltd.	04 November 2024/China	100.00	Online travel agency and consultancy services
Held by Move Travel Hong Kong Limited (formerly known as AirAsia Com Limited)			
AirAsia Com Guangzhou Co. Ltd.	9 December 2020/ China	100.00	Tour and travel services
Held by BIGLIFE Sdn Bhd			
BIGLIFE (Thailand) Co. Ltd	13 January 2012/ Thailand	49.00	Marketing and distribution of loyalty programme
BIGLIFE Digital Singapore Pte Ltd.	10 June 2014/ Singapore	100.00	Marketing and distribution of loyalty programme
BIGLIFE Hong Kong Co., Ltd.	15 December 2017/ Hong Kong	100.00	Dormant
BIGLIFE Philippines Inc.	18 March 2019/ Philippines	99.99	Marketing and distribution of loyalty programme
BIGLIFE Vietnam Co., Ltd.	3 December 2019/ Vietnam	100.00	Marketing and distribution of loyalty programme
PT BIGLIFE Digital Indonesia	4 November 2011/ Indonesia	100.00	Marketing and distribution of loyalty programme
Held by Santan Food Sdn Bhd			
Ourfarm Asia Sdn Bhd	26 December 2013/ Malaysia	100.00	An e-commerce company that connects food producers and suppliers directly to businesses
Held by Big Pay Pte Ltd			
BigPay Later Sdn Bhd	20 July 2020/ Malaysia	99.56	Provision of other financial service activities
BigPay Malaysia Sdn Bhd	30 December 2005/ Malaysia	99.56	Provision of financial and other related services
BigPay Singapore Pte. Ltd.	18 December 2018/ Singapore	99.56	Provision of financial services including but not limited to e-money products
Big Pay (Thailand) Ltd.	2 January 2019/ Thailand	99.56	Provision of financial and other related services

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Name of subsidiary	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
BPB Technologies Sdn Bhd	30 March 2021/ Malaysia	99.56	Technology and Platform service activities
BigPay Capital Sdn Bhd	18 June 2021/ Malaysia	99.56	Investment holding
Big Pay Philippines Inc	6 January 2022/ Philippines	99.56	E-money under Bangko Sentral ng Pilipinas
BPPL Technologies Limited	26 September 2022/ United Kingdom	99.56	IT services and research & development
Held by Teleport Everywhere Pte. Ltd.			
Teleport Commerce In Private Limited	31 January 2019/ India	51.50	Logistic business
PT Teleportasi Bisnis Indonesia	16 July 2019/ Indonesia	51.50	Logistic business
Teleport Commerce Malaysia Sdn Bhd	13 March 2018/ Malaysia	76.86	Logistics Business
Freightchain Technologies Pte. Ltd.	21 December 2017/ Singapore	69.17	Research and development arm of TCM
Teleport Holdings Sdn Bhd	14 June 2021/ Malaysia	76.86	To undertake investment management, cargo, logistics and delivery services
Teleport Terminals Sdn Bhd (formerly known as Biglife Digital Sdn Bhd)	25 October 2017/ Malaysia	76.86	Collecting cargo terminal fees
Delivereat Sdn Bhd	15 April 2013/ Malaysia	76.86	Service provider of online food ordering and delivery services
Held by Teleport Commerce Malaysia Sdn Bhd			
Teleport Platforms Sdn Bhd	13 March 2018/ Malaysia	76.86	Facilitation of logistics and payment services for cross border e-commerce
Held by Teleport Platforms Sdn Bhd			
Teleport Platforms Pte. Ltd.	13 March 2018/ Singapore	76.86	Online retail sales

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Name of subsidiary	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
Held by Teleport Holdings Sdn Bhd			
Teleport Hong Kong Co. Limited	17 June 2022/ Hong Kong	76.86	Logistics business
Held by Teleport Hong Kong Co. Limited			
Teleport Commercial Services (Shenzen) Limited	2 November 2022/ China	76.86	Logistic business
Held by Brand AA Sdn Bhd			
AirAsia Entertainment Sdn Bhd	9 January 2025/ Malaysia	100.00	Entertainment
Held by Santan Food Services Sdn Bhd (formerly known as Santan Restaurant Sdn Bhd)			
PT Santan Food Services Indonesia	22 November 2024/Indonesia	100.00	Food and beverages
Santan Food Services Philippines Corp.	11 February 2025 /Philippines	99.99	Food and beverages

The details of Capital A's associated company post Proposed Corporate Exercises is as follows:

Name of associated company	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
Held by AirAsia Move Sdn Bhd (formerly known as AirAsia SuperApp Sdn Bhd)			
DAAK Technology Sdn Bhd	11 November 2021/ Malaysia	38.00	Other reservation service and related activities; other human health services not elsewhere classified
Held by Teleport Everywhere Pte. Ltd.			
Teleport (Thailand) Co. Ltd.	9 August 2019/ Thailand	37.66	Logistic business
Teleport Commerce Philippines, Inc	27 December 2018 Philippines	30.74	Logistic business

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Name of associated company	Date/ Place of Incorporation	Effective interest held (%)	Principal activities
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Held by Teleport Platforms Sdn Bhd

Teleport Commerce (Thailand) Co. Ltd	9 August 2019/ Thailand	37.66	Logistic business
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1.2 Share Capital, RCUIDS and Warrants

As at the LPD, Capital A has an issued share capital of RM8,789,466,767.75 comprising 4,333,647,059 Capital A Shares, as well as 863,762,110 outstanding RCUIDS and 649,670,148 outstanding Warrants.

1.3 Substantial shareholders

As at LPD, the substantial shareholders of Capital A and their respective direct and indirect shareholding in Capital A are as follows:

Name	Direct		Indirect	
	No of shares	%	No of shares	%
Tune Live Sdn Bhd	509,000,000	11.75	-	-
Tune Air Sdn Bhd	516,485,082	11.92	-	-
Positive Boom Limited	332,498,504	7.67	-	-
Tan Sri Anthony Francis Fernandes	2,300,000	0.05	1,025,485,082 ⁽¹⁾	23.66
Datuk Kamarudin bin Meranun	2,000,000	0.05	1,026,858,782 ⁽²⁾	23.70
Choi Chiu Fai, Stanley	-	-	332,498,504 ⁽³⁾	7.67

Notes:

- (1) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Tune Live Sdn Bhd and Tune Air Sdn Bhd.
- (2) Deemed interested by virtue of Sections 8 and 59(11)(c) of the Act through a shareholding of more than 20% in Tune Live Sdn Bhd and Tune Air Sdn Bhd and his children's interest.
- (3) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Positive Boom Limited.

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

1.4 Directors

As at the LPD, the directors of Capital A and their respective direct and indirect shareholdings in Capital A are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No of shares	%	No of shares	%
Datuk Kamarudin bin Meranun	Non-Independent Executive Chairman	Malaysian	2,000,000	0.05	1,026,858,782 ⁽¹⁾	23.70
Tan Sri Anthony Francis Fernandes	Non-Independent Executive Director and Chief Executive Officer	Malaysian	2,300,000	0.05	1,025,485,082 ⁽²⁾	23.66
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	Non-Independent Non-Executive Director	Malaysian	-	-	-	-
Dato' Fam Lee Ee	Senior Independent Non-Executive Director	Malaysian	-	-	-	-
Dato' Mohamed Khadar bin Merican	Independent Non-Executive Director	Malaysian	100,000	*	-	-
Brig Gen (R) Fadzillah binti Abdullah ⁽³⁾	Independent Non-Executive Director	Malaysian	-	-	-	-

Notes:

(1) Deemed interested by virtue of Sections 8 and 59(11)(c) of the Act through a shareholding of more than 20% in Tune Live Sdn Bhd and Tune Air Sdn Bhd and his children's interest.

(2) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Tune Live Sdn Bhd and Tune Air Sdn Bhd

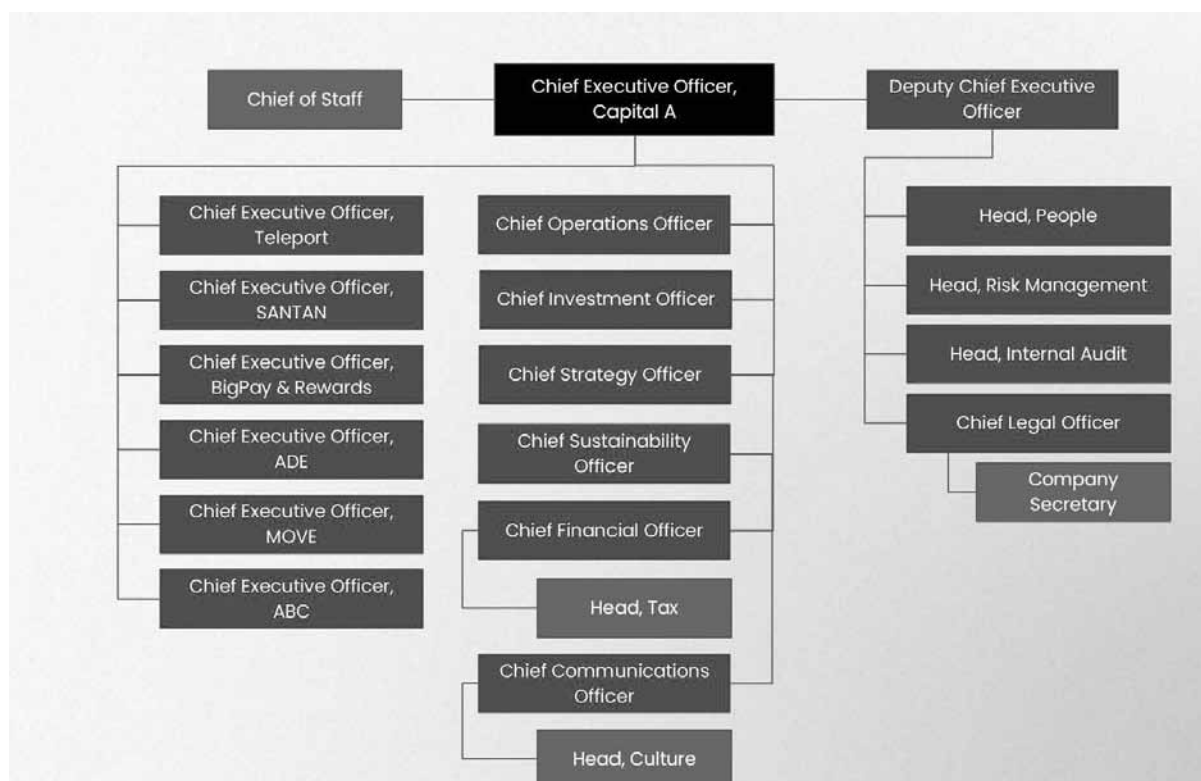
(3) Brig Gen (R) Fadzillah binti Abdullah was appointed on 1 November 2024.

* Negligible

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

1.5 Organisational Chart

The organisational chart of Capital A Group post Proposed Corporate Exercises is as illustrated below:



1.6 Employee Segmentation

As at the LPD, our Company and the remaining entities have 4,729 employees as follows:

Categories	No. of employees		
	Local	Foreign	Total
Capital A and others⁽¹⁾			
Key management	6	2	8
Human resource	46	9	55
Finance	174	12	186
Corporate affairs	17	1	18
Administrative	24	2	26
ADE Group	1,772	582	2,354
AirAsia MOVE Group	436	312	748
Teleport Group	369	376	745
BigPay Group	119	39	158
Santan	405	-	405
Brand AA	26	-	26
Total	3,394	1,335	4,729

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Note:

- (1) *Other entities comprising the following:*
- (i) *Capital A Consultancy Sdn Bhd (formerly known as AirAsia Consulting Sdn Bhd)*
 - (ii) *AirAsia SEA Limited*
 - (iii) *AirAsia SEA Sdn Bhd*
 - (iv) *Capital Aviation Services Sdn Bhd*
 - (v) *Outclass Education Technology and Employment Services Sdn Bhd (formerly known as RedBeat Academy Sdn Bhd)*

As at the LPD, our Company and the remaining entities have 414 contractual employees. None of the employees of our Company and the remaining entities are members of any union.

In the past, there have been industrial dispute over certain dismissal and retrenchment of employees, which do not have a material impact on our Group.

1.7 Profiles of Key Senior Management of the Remaining Entities of Capital A Group

- (i) **Tan Sri Anthony Francis Fernandes**
Non-Independent Executive Director and Chief Executive Officer of Capital A Group

Tan Sri Anthony Francis Fernandes, a Malaysian, aged 61, is Capital A Group's Non-Independent Executive Director and Chief Executive Officer. He has been appointed to our Board on 30 March 2018. He is responsible for the overall strategic planning and business direction of Capital A Group.

He studied in the United Kingdom and qualified as an Associate Member of the Association of Chartered Certified Accountants since 1991, and as a Fellow Member of the Association of Chartered Certified Accountants since 1996. He is also a Member of the Institute of Chartered Accountants in England and Wales.

An accountant by training, he started out his career in the United Kingdom as Auditor in Brewers Chartered Accountants in September 1987 and subsequently joined Virgin Music Group Limited as Financial Controller in December 1987. In 1990, he was appointed as Chief Executive Officer in Warner Music Group.

Tan Sri Anthony Francis Fernandes returned to Malaysia and in 2001, he acquired AirAsia Sdn Bhd (now known as AAB), which was then a domestic airline which operated under the AirAsia brand name, together with Datuk Kamarudin bin Meranun, Dato' Pahamin Ab Rajab and Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar, and with the help of Conor McCarthy.

Tan Sri Anthony Francis Fernandes assumed his present role as Chief Executive Officer in 2001, and was pivotal to the growth of the AirAsia brand as a low-cost carrier in Asia. He was also instrumental in transforming Capital A Group into a conglomerate offering services beyond aviation, namely aviation MRO services under ADE, a travel-related services platform under AirAsia MOVE Group, logistics services under Teleport Group, digital financial services under BigPay Group, as well as in-flight catering services and food products and services under Santan.

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

He has received numerous honours and awards over the course of his career. These include the Honour of the Commander of the Order of the British Empire, conferred by Her Majesty Queen Elizabeth II in 2011, and the Commander of the Legion d'Honneur, awarded by the French Government in 2013 for outstanding contributions to the economy of France through the aviation industry. He also received the Panglima Setia Mahkota (PSM) award conferred by Yang Di Pertuan Agong Tuanku Mizan Zainal Abidin, which carries the title Tan Sri.

(ii) Pattra Boosarawongse
Deputy Chief Executive Officer of Capital A Group

Pattra Boosarawongse, a Thai, aged 56, is Capital A Group's Deputy Chief Executive Officer. She is responsible for structuring and raising capital for the entities within our Group while driving the future strategies of our Group.

She graduated from Thammasat University, Thailand, with a Bachelor in Commerce and Accountancy in 1990. She later obtained her Masters in Finance and Accounting from Chulalongkorn University, Thailand, in 1996. She is a Member of International Federation of Accounts under the Federation of Accounting Professions Thailand. She is also a Certified Public Accountant of The Thailand Institute of Certified Public Accountants.

She began her career at Ernst & Young as a Senior Auditor in 1991. In 1993, she joined Sony Music as Finance Director and subsequently progressed to the role of General Manager.

She joined Capital A in 2014 as Chief Financial Officer of AirAsia Thailand and Asia Aviation PCL, and was later appointed as Group Chief Financial Officer in 2016. She played a crucial role in implementing Oracle Enterprise Resources Planning. She was also involved in standardising financial policies and enhancing data visualisation via technology, artificial intelligence and robotic process automation across the entire Capital A Group. Her leadership in fundraising, internal audit, tax, and risk management has been integral to the growth of Capital A.

In 2019, she was recognised as Asia's Best Chief Financial Officer at the 9th Asian Excellence Recognition Awards.

In 2024, she was appointed as Deputy Chief Executive Officer and assumed her current responsibilities.

(iii) Teh Mun Hui
Chief Financial Officer of Capital A Group

Teh Mun Hui, a Malaysian, aged 53, is Capital A Group's Chief Financial Officer. She is responsible for overseeing all accounting and finance-related matters of our Group.

She graduated from University of Malaya with a Bachelor in Accounting in 1997. She was admitted as a member of the Malaysian Institute of Certified Public Accountants since 2000 and a Chartered Accountant of the Malaysian Institute of Accountants since 2001.

Upon graduation in 1997, she joined Arthur Anderson & Co. as Senior Auditor. She subsequently joined RGB International and was appointed as Chief Financial Officer in 2001. During her tenure there, she oversaw the accounting, tax, corporate finance and internal financial controls for the regional offices of the group.

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

She joined AirAsia MOVE Group as Chief Financial Officer in 2019 and was later appointed as Chief Financial Officer of AAAGL in 2023. As Chief Financial Officer in these companies, she oversaw the accounting and finance-related matters of AirAsia MOVE Group and the aviation division. She assumed her present role as Chief Financial Officer of Capital A Group in November 2024.

(iv) Mahesh Kumar
Chief Executive Officer of ADE Group

Mahesh Kumar, a Malaysian, aged 40, is ADE Group's Chief Executive Officer. He is responsible for the overall strategic planning, business direction and operational activities of ADE Group.

He graduated from Nehru College of Aeronautics, India with a Bachelor of Technology in Aeronautical Engineering in 2008.

Upon graduation, he started his career with AAB as Powerplant Engineer in 2009 where he was responsible for the maintenance of aircraft engines. In 2014, he was promoted to Manager, Engineering Projects, where he was responsible for the planning, coordination and engineering set up of aircraft for the AOCs.

While holding his position as Project Manager, he was appointed as Senior Vice President, Technical of Asia Aviation Capital Limited, a subsidiary of AAB in 2015. During that time, he was involved in setting up of the company.

He was subsequently promoted to Head of Fleet and Technical Asset Management in AirAsia Group Berhad (now known as Capital A) in 2017, where he was in charge of all aircraft delivery, re-delivery, disposal and leasing activities for Capital A Group.

In 2020, he set up ADE and was appointed as Chief Executive Officer of ADE. Mahesh has been pivotal to the growth of ADE since ADE was incepted.

(v) Anajuk Chareonwongsak
Chief Executive Officer of Teleport Group

Anajuk Chareonwongsak (also known as Pete Chareonwongsak), a Thai, aged 37, is Teleport Group's Chief Executive Officer. He is responsible for the overall strategic planning, business direction and operational activities of Teleport Group.

He graduated from the University of Cambridge with a Bachelors of Arts (Honours), and a Masters of Engineering in 2010. He later obtained his Masters of Liberal Arts (ALM) in Finance from Harvard University in 2015. He has been a member of the Young Presidents' Organisation since 2020.

He began his career as Strategy Consultant in Eco Energy Holding AS in 2009, where he assisted in exploring new markets in Southeast Asia for the company. He left Eco Energy Holding AS in 2010 and joined Phatra Securities Public Company Limited in the same year as Investment Banking Analyst where he was involved in Thai merger and acquisition transactions.

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

In 2010, he left Phatra Securities Public Company Limited and joined CIMB Investment Bank Berhad as Analyst, Regional Mergers and Acquisitions where he was involved in various cross-border merger and acquisition transactions across Southeast Asia. Alongside his career with CIMB Investment Bank Berhad, he was appointed as official advisor to the Thailand Trade Representative Office in International Trade and Investment where he was responsible for promoting inbound and outbound international trade and investment with a focus on cross-border foreign direct investments.

In 2012, he left CIMB Investment Bank Berhad and Thailand Trade Representative Office in International Trade and Investment, and joined AirAsia Asean Inc. as Group Business Development Manager based in Jakarta, Indonesia. He was then promoted to Group Head of Business Development in 2014 and was relocated to Kuala Lumpur, Malaysia. During his tenure there, he was responsible for setting up new airlines in overseas countries with partners, including AirAsia (India) Limited and AirAsia Japan Co., Ltd. as well as handling airline merger and acquisition transactions covering overseas countries such as the Philippines, Indonesia and Japan.

In 2016, he was transferred to Philippines AirAsia, Inc as Regional Chief Operating Officer where he was responsible for the successful turnaround of the airline.

In 2018, he left Philippines AirAsia, Inc. and started Teleport where he assumed his current position and responsibilities.

As at the LPD, he is currently a board member of Teleport, a director of Freightchain Technologies Pte Ltd (a 84.78%-owned subsidiary of Capital A), and Teleport's representative director in EasyParcel Sdn Bhd (of which Teleport owns 9.90% equity interest). He has also been appointed as an independent director of MR D.I.Y. Holding (Thailand) Public Company Limited since May 2023, which is in the process of being listed on the Stock Exchange of Thailand.

(vi) Nadia Zahir Omer
Chief Executive Officer of AirAsia MOVE Group

Nadia Zahir Omer, a Pakistani, aged 46, is AirAsia MOVE Group's Chief Executive Officer. She is responsible for the overall strategic planning, business direction and operational activities of AirAsia MOVE Group.

She graduated with a Bachelor of Science in Mathematics, Statistics and Economics from the Federal Government Degree College for Women in Sialkot, Pakistan, in 1999. She later obtained her Master of Business Administration from the Lahore University of Management Sciences in 2003.

She began her career in Interflow Communications (Pvt.) Ltd as Account Executive in 1999 and left the company in 2000 to pursue her Master of Business Administration. In 2004, she resumed her career and joined Procter & Gamble Pakistan (Pvt.) Ltd as Market Research Associate. She later joined Pakistan Mercantile Exchange Limited in 2006 as Corporate Marketing Manager. During her tenure in these companies, she garnered experience in developing and implementing promotional campaigns, public relations management as well as leading consumer research studies to provide market insights.

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

In 2010, she joined Nestlé Pakistan Ltd as Marketing Head, where she was responsible for the brand development for the juices category. She was then promoted to be the Business Transformation Head in 2013. During that time, she led the transformation of the dairy category and implemented an asset management method to reduce costs for the group. She was subsequently promoted to Business Executive Officer for the coffee and breakfast cereals category in 2015, where she spearheaded the development of a holistic coffee portfolio and set up the first e-commerce distribution model for the company.

In 2017, she joined PepsiCo Services Asia Limited as the Category Lead for Non-Potato Snacks (Asia Pacific) where she was responsible for growing the snacks product portfolio in Asia Pacific as well as launching new snacks products in Indonesia. She was subsequently promoted to Marketing Director for Food (Asia Business Unit) in 2019. In that role, she was in charge of developing and executing marketing initiatives for the company's snacks products across Asia Pacific. In 2020, she was promoted to Director Strategy, Category Development and New Market Entry (Indochina region) where she was responsible for the development of snack product portfolio and leading the marketing activities across Indochina region.

In 2021, she joined Cars24 Group (Thailand) Co., Ltd as Chief Growth Officer (Southeast Asia region). She was subsequently redesignated to Chief Business Officer (Southeast Asia) in 2023. During her tenure there, she was responsible for overseeing various reporting verticals such as marketing and customer experience as well as category, pricing and assortment.

In 2023, she joined AirAsia MOVE Group and assumed her present role and responsibilities as Chief Executive Officer of AirAsia MOVE Group.

(vii) Aireen Omar
Chief Executive Officer of BigPay Group

Aireen Omar, a Malaysian, aged 51, is BigPay Group's Chief Executive Officer. She is responsible for overseeing the business growth direction, strategic planning and overall operations of BigPay Group.

She graduated from London School of Economics and Political Science with a Bachelor of Science in Economics in 1995. She then graduated from New York University with a Master's in Economics in 1997.

Upon graduation in 1997, she began her career in Deutsche Bank Securities Inc based in New York City. Her last position there was an Associate with the Equity Arbitrage Proprietary Trading Desk where she focused on trading activities in international equities, equity derivatives and equity-linked products globally.

In 2001, she returned to Malaysia and worked in local banks primarily the Maybank Group where her last position there was at Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) as Assistant Vice President of Debt Capital Market focusing on structured finance and private debt securities such as corporate bonds/sukuk.

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

She subsequently joined Capital A in 2006 as Director of Corporate Finance, and eventually Treasury, Fuel Procurement and Investor Relations were added into her portfolio. Between 2006 and 2012, she played an instrumental role in managing corporate finance strategies, treasury operations, fuel procurement and investor relations, as well as overseeing mergers and acquisition exercises. During that time, she successfully raised funds via rights issues for our Group and was responsible for securing aircraft financing for our Group's aircraft orders at competitive rates especially during the global financial crisis which started in 2008. She also led the negotiation of the procurement of 200 Airbus A320neo aircraft from Airbus SE, as well as restructured the Investors Relations department to facilitate greater transparency and to improve engagement with the investment community.

She was appointed as AAB's Chief Executive Officer in 2012, where she was responsible for overseeing the strategic direction and growth of AAB. She was later appointed as our Deputy Group CEO (Digital and Technology) in 2018, where she was responsible for our Group's digital transformation and its digital strategy, promoting innovation throughout our Group and encouraging collaboration across our Group's businesses and markets. Simultaneously, she was appointed as Chief Executive Officer of RedBeat Ventures Sdn Bhd in 2018, where she oversaw the incubation and development and accelerated new start-ups within our Group, including overseeing the innovation of business segments of our Group.

She was appointed as Chief Executive Officer of AirAsia Digital Sdn Bhd in 2020, and then later promoted to President (Investment and Ventures) for Capital A in 2022. During her time with AirAsia Digital Sdn Bhd, she led the structuring of the company's digital and fintech businesses and transformed AirAsia.com into the AirAsia MOVE Group today.

In February 2025, she was appointed as Chief Executive Officer of BigPay Group and assumed her present role and responsibilities.

(viii) Goh Hui Loon
Chief Executive Officer of Santan

Goh Hui Loon, a Malaysian, aged 37, is the Chief Executive Officer of Santan. She is responsible for overseeing the overall business operations of Santan.

She graduated from Upper Iowa University, the United States with a Bachelor of Science in Marketing and Finance in 2014.

Upon graduation, she joined AAB as Network, Fleet and Charter Executive in 2014 where she was responsible for managing charter flight schedules, analysing route network and fleet utilisation as well as planning for future network expansion or reduction. In 2015, she was redesignated to Executive Assistant to Chief Executive Officer where she was responsible for performing analytic and administrative work and facilitating communications between the Chief Executive Officers, senior leaders and staff.

Subsequently, she was promoted to Head of Group Inflight Ancillary department in 2016 before being promoted to Group Head in Group Inflight Ancillary department in 2016. Her role in these positions involved managing and driving the performance of the services offered by various departments, such as in-flight catering, duty-free merchandising, logistics, in-flight marketing, crew engagement and training, as well as in-flight technology and systems.

BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

In 2019, she was transferred to Santan as General Manager where she was responsible for spearheading the food service segment. In 2024, she assumed her current position and responsibilities as Chief Executive Officer of Santan.

(ix) Khaw Keng Wei
Chief Executive Officer of Brand AA

Khaw Keng Wei, a Malaysian, aged 40, is the Chief Executive Officer of Brand AA. He is responsible for leading the brand development for the Capital A Group, focusing on areas such as strategic brand licensing, brand collaboration and merchandising within the travel-related and lifestyle sector.

He graduated from the University of Adelaide, Australia, with a Bachelor of Arts in Media & Communications in 2006.

Upon graduation, he joined AAB as Brand Executive in 2007 and was promoted to Brand Manager in 2010. At that time, he was in charge of leading a team in carrying out media planning and creative events for branding activities. In 2014, he was promoted to Regional Head of Branding, where he was responsible for executing brand strategies at a regional level to maintain the brand image. He was promoted to Group Head of Branding in 2016, where he was responsible for building our Group's brand.

Later in 2020, he was promoted to Chief Brand Officer where he oversaw the branding strategies and creative campaigns for our Group. Concurrently, he was also appointed as Chief Executive Officer of Format Media Sdn Bhd (a multimedia company offering ASEAN digital content) in 2020 where he was responsible for overseeing the strategic direction of the company.

In 2023, he was appointed as Chief Executive Officer of Brand AA, and assumed his present role and responsibilities.

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ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A

1. BUSINESS OVERVIEW OF THE AVIATION MRO SERVICES SEGMENT**1.1 Overview**

The aviation MRO services segment is carried out by ADE Group. The aviation MRO services offered by ADE Group includes EMS, CWS, ESS, and DIS. ADE Group provides these services to airlines, namely AirAsia and third-party airlines.

ADE Group's business model is as illustrated below:

Service category	Types of services	Revenue model	Customer segment
EMS	• Line maintenance	Fixed service fee	Airlines: • AirAsia • Other third-party airlines ⁽¹⁾
	• Base maintenance	Service fee	
	• Workshops	Service fee	
CWS	• Provision of consumables	Handling fee and logistic fee	
	• Parts, equipment and tools inventory access	Pooling fee	
	• Repair management	Service fee	
ESS	• Technical and design support	Service fee	
	• Fleet and technical asset management		
DIS	• AEROTRADE TM	Commission fee per transaction	
	• ELEVADE TM	Fixed fee per aircraft	

Note:

- (1) ADE Group currently serves other third-party airlines based in, amongst others, Malaysia (5 airlines), Singapore (1 airline), Indonesia (2 airlines), Philippines (1 airline), Cambodia (1 airline), Hong Kong (1 airline), China (1 airline), Taiwan (1 airline), Japan (1 airline), Korea (1 airline), India (1 airline) and Nepal (2 airlines). Revenue from other third-party airlines contributed approximately 3.1% to ADE Group's total revenue for the FYE 31 December 2024.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The breakdown of ADE's revenue by type of services is as follows:

	Audited ⁽¹⁾ FYE						Unaudited ⁽¹⁾ FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EMS	83,161	82.1	157,656	55.2	225,838	39.3	308,086	42.5
- Base maintenance	-	-	13,481	4.7	71,937	12.5	95,055	13.1
- Line maintenance	82,984	81.9	142,802	50.0	139,406	24.3	179,497	24.8
- Workshop	177	0.2	1,373	0.5	14,495	2.5	33,534	4.6
CWS	12,238	12.0	119,487	41.8	330,900	57.7	397,682	54.9
ESS	5,934	5.9	8,456	2.9	15,359	2.7	18,717	2.6
DIS	-	-	161	0.1	1,899	0.3	2,758	0.4
Other income ⁽²⁾	-	-	12	(3)	-	-	(2,950)	(0.4)
Total revenue	101,333	100.0	285,772	100.0	573,996	100.0	724,293	100.0

Notes:

- (1) The total revenue is based on the audited and unaudited financial statements of ADE Group.
- (2) During the FYE 31 December 2022, ADE generated other income from the gain on disposal of equipment components. During the FYE 31 December 2024, ADE incurred a loss from the disposal of rotatable assets.
- (3) Negligible.

ADE Group's revenues have mostly been generated from EMS and CWS throughout the FYE 31 December 2021 to FYE 31 December 2024.

The breakdown of ADE's revenue by geographical location is as follows:

	Audited FYE						Unaudited FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	100,472	99.2	258,799	90.6	451,603	78.7	527,812	72.9
Indonesia	483	0.5	12,786	4.5	47,306	8.2	77,441	10.7
Philippines	-	-	10,992	3.8	62,235	10.8	85,312	11.8
Others*	378	0.3	3,195	1.1	12,852	2.3	33,728	4.7
Total revenue	101,333	100.0	285,772	100.0	573,996	100.0	724,293	100.0

Note:

- * Others include countries such as Cambodia, Hong Kong, Thailand, China and Singapore.

ADE Group's aviation MRO services are largely generated from Malaysia. For the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024, ADE Group's revenue contribution from Malaysia was 99.2%, 90.6%, 78.7% and 72.9%, respectively. Revenue from other countries, namely Indonesia, grew from 0.5% of ADE Group's total revenue for the FYE 31 December 2021 to 10.7% of ADE Group's total revenues for the FYE 31 December 2024, while revenue from the Philippines grew from 3.8% of ADE Group's total revenue for the FYE 31 December 2022 to 11.8% for the FYE 31 December 2024.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

1.2 Key Milestones

The history and milestones of ADE's aviation MRO services segment are as follows:

Month/year	Details
April 2020	Incorporated ADE to carry out aviation MRO services for AirAsia aircraft in Malaysia.
September 2020	ADE obtained its first approval in September 2020 from CAAM which allowed ADE to carry out line maintenance services. ADE began offering workshop services at the same time to repair aircraft parts.
April 2021	ADE obtained base maintenance approval from CAAM to carry out base maintenance services in Malaysia
June 2021	ADE obtained the Ground Handling Licence from MAVCOM to provide ground handling services for all airlines.
March 2022	ADE Group launched AEROTRADE™, an in-house B2B marketplace to facilitate the trading of new and used aircraft parts and components, and the first sale was transacted via AEROTRADE™.
March 2023	ADE Group launched ELEVADE™, a comprehensive aircraft health and resource management system, and implemented the first ELEVADE™ system. PT Asia Digital Engineering Indonesia was incorporated to provide aviation MRO services undertaken in Indonesia.
May 2023	ADE, Philippines Inc. was incorporated to provide aviation MRO services undertaken in the Philippines.
August 2023	ADE (Cambodia) Co., Ltd was incorporated to provide aviation MRO services in Cambodia.
October 2023	ADE obtained the European Union Aviation Safety Agency ("EASA") Part 145 Maintenance Organisation approval which certifies that ADE meets the safety standards of EASA in aviation MRO services. ADE is allowed to maintain and issue certificate of release to service for aircraft products, parts and appliances as well as issue airworthiness review certificates for aircraft.
November 2023	ADE obtained approval as a Continuing Airworthiness Management Organisation from CAAM to carry out airworthiness management services for Airbus A320-200 aircraft with LEAP-1A engines.
February 2024	ADE, Philippines Inc. obtained approval from Civil Aviation Authority of the Philippines to carry out line maintenance services.
March 2024	Asia Digital Engineering (Thailand) Co., Ltd was incorporated to provide aviation MRO services in Thailand.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Month/year	Details
April 2024	ADE (Cambodia) Co., Ltd obtained approval from the State Secretariat of Civil Aviation, Cambodia to carry out line maintenance services.
July 2024	PT Asia Digital Engineering Indonesia obtained approval from the Directorate General of Civil Aviation, Indonesia to carry out line maintenance services.
December 2024	<p>ADE began to use generative AI internally for the digitisation of aircraft records.</p> <p>ADE's quality system was certified by the Aviation Suppliers Association to have met the Aviation Suppliers Association Quality System Standard, i.e. "ASA-100", and Federal Aviation Administration Advisory Circular 00-56B</p>

1.3 Existing Principal Activities, Products and Services, and Revenue Model

Aviation MRO services encompass the maintenance, repair, modification and overhaul services of aircraft. Aviation MRO services are vital to ensure the aircraft's airworthiness, which depicts that the aircraft is in a safe condition for operations.

ADE Group provides its customers with a wide range of aviation MRO services that not only includes the provision of EMS, but also related products and services to complement this service including CWS, ESS, and DIS.

At present, ADE Group provides aviation MRO services and related products and services for passenger aircraft, specifically Airbus A320, A321, A330 and A319 as well as Boeing 737 aircraft series. These aviation MRO services are carried out for Capital A's AOCs, AAX and TAAX as well as other third-party airlines based in, amongst others, Malaysia, Singapore, Indonesia, Philippines, Cambodia, Hong Kong, China, Taiwan, Japan, Korea, India and Nepal. Revenue from other third-party airlines contributed approximately 3.1% to ADE Group's total revenue for the FYE 31 December 2024.

As at the LPD, ADE Group's line maintenance services are offered in 7 airports in Malaysia, i.e. KLIA, Langkawi International Airport, Senai International Airport, Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport, and Sultan Abdul Aziz Shah Airport. It has also been approved by the local civil aviation authorities in Indonesia, the Philippines, Cambodia, Singapore, Thailand, Myanmar, Vietnam and India to provide aviation MRO services for aircraft registered in these countries at certain airports in Malaysia. ADE has also been approved by CAAM to provide base maintenance services in airports in KLIA and Senai International Airport in Malaysia.

Apart from the above, ADE Group has also recently begun offering line maintenance services in the Philippines, Indonesia and Cambodia since April 2024, September 2024 and May 2024 respectively.

In addition, ADE Group has received the Ground Handling Licence from MAVCOM which enables it to carry out ground handling services at certain airports in Malaysia, namely at KLIA, Sultan Abdul Aziz Shah International Airport, Langkawi International Airport, Penang International Airport, Senai International Airport, Kota Kinabalu International Airport, Kuching International Airport and Miri Airport.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The details of the aviation MRO services and related products and services carried out by ADE Group are as follows:

Service category	Service type	Description	Revenue model
EMS	Line maintenance	Line maintenance service refers to maintenance activities carried out before a flight to ensure the flight is fit for the intended flight and it does not require hangar space. Examples of this service include E-check; transit check; daily check; weekly check; component replacement; and aircraft certification.	A service fee is charged either per aircraft or per transit.
	Base maintenance	Base maintenance service refers to routine hangar maintenance checks, or ad hoc defect investigations or rectification or refurbishment activities which requires aircraft to be docked at a hangar from 1 week to 8 weeks. Examples of base maintenance services include C-checks, structural checks, replacement of major components, cabin refurbishment and modifications such as installation of WiFi.	A service fee is charged for man-hours and materials used based on the type of base maintenance required.
	Workshop	Workshop services include the repair of wheels, brakes, oxygen bottles, batteries, composites, sheet metal and nacelle, as well as quick engine change.	Service fee is charged based on the part that is being repaired
CWS	Provision of consumables	In carrying out line maintenance and base maintenance services, there will be consumables such as aircraft spares and components that are required. ADE Group provides airlines with the requisite consumables as and when required.	A handling fee and a logistic fee are charged on top of the cost of consumables.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The details of the aviation MRO services and related products and services carried out by ADE Group are as follows:

Service category	Service type	Description	Revenue model
EMS	Line maintenance	Line maintenance service refers to maintenance activities carried out before a flight to ensure the flight is fit for the intended flight and it does not require hangar space. Examples of this service include E-check; transit check; daily check; weekly check; component replacement; and aircraft certification.	A service fee is charged either per aircraft or per transit.
	Base maintenance	Base maintenance service refers to routine hangar maintenance checks, or ad hoc defect investigations or rectification or refurbishment activities which requires aircraft to be docked at a hangar from 1 week to 8 weeks. Examples of base maintenance services include C-checks, structural checks, replacement of major components, cabin refurbishment and modifications such as installation of WiFi.	A service fee is charged for man-hours and materials used based on the type of base maintenance required.
	Workshop	Workshop services include the repair of wheels, brakes, oxygen bottles, batteries, composites, sheet metal and nacelle, as well as quick engine change.	Service fee is charged based on the part that is being repaired
CWS	Provision of consumables	In carrying out line maintenance and base maintenance services, there will be consumables such as aircraft spares and components that are required. ADE Group provides airlines with the requisite consumables as and when required.	A handling fee and a logistic fee are charged on top of the cost of consumables.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Service category	Service type	Description	Revenue model
DIS	AEROTRADE TM	AEROTRADE TM is a B2B online marketplace meant to facilitate the buying and selling of new and used aircraft parts.	A commission fee is charged for each transaction performed on AEROTRADE TM
	ELEVADE TM	A comprehensive aircraft health and resource management system to systematically track aircraft defect and maintenance activities.	A fixed fee is charged per aircraft

As at 31 December 2024, ADE Group has 1,913 personnel to carry out EMS, CWS, ESS and DIS operational activities.

ADE Group requires the use of hangars to carry out base maintenance services. As at the LPD, ADE Group owns 14 hangar lines in KLIA and leases 2 hangar lines in Senai International Airport in Malaysia. Further details of its hangars and hangar lines are as follows:

Hangar location	Hangar name	Owned/Leased	No. of hangar lines	No. of aircraft it can service at any point in time	No. of aircraft it can service in a year
KLIA, Selangor, Malaysia	ADE hangar KLIA	Owned	6 lines	6 narrow-body aircraft or 2 wide-body aircraft	72 narrow-body aircraft or 24 wide-body aircraft
			8 lines	8 narrow-body aircraft	96 narrow-body aircraft
Senai International Airport, Johor, Malaysia	Hangar 3	Leased*	1 line	1 narrow-body	12 narrow-body aircraft
	Hangar 4		1 line	1 narrow-body	12 narrow-body aircraft

Notes:

* The tenancy for the hangar lines leased in Senai International Airport is valid until 31 July 2025. ADE Group will renew the lease for the said hangar lines in the 2nd quarter of 2025 to extend the said tenancy for a period of 24 months with an option to renew for another 12 months from the expiry date.

- (1) Narrow-body aircraft has single aisle of passenger seats while wide-body aircraft have two aisles of passenger seats.
- (2) It generally takes 1 week to 8 weeks to complete base maintenance for a narrow-body aircraft and 2 weeks to 8 weeks to complete base maintenance for a wide-body aircraft, depending on the type of base maintenance services performed.
- (3) The above list does not include the hangar line in Sultan Abdul Aziz Shah Airport as ADE Group ceased leasing the said hangar line since November 2024.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The number of C-checks ADE has performed for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, and FYE 31 December 2024 are as follows:

Country of origin of aircraft	Number of C-checks ⁽²⁾			
	FYE			
	31 December			
	2021	2022	2023	2024
Malaysia	12	28	48	38
Indonesia	-	6	6	13
Philippines	-	13	9	9
Others ⁽¹⁾	-	1	3	3
Total	12	48	66	63

Notes:

- (1) Others refer to Thailand, Nepal and Hong Kong.
- (2) C-checks are base maintenance services and vary in complexity, duration and scope, depending on the aircraft type, age, and additional maintenance works identified during inspection. The EMS personnel performs a detailed inspection on the interior and exterior of the aircraft to determine the discrepancies and aircraft health status. Non-destructive tests such as thermographic, ultrasonic and dye penetrant tests are then performed. A borescope tests on the engine is also performed, if required. It generally takes 1 week to 8 weeks to complete C-checks for a narrow-body aircraft and 2 weeks to 8 weeks to complete C-checks for a wide-body aircraft, depending on the type of C-checks performed.

The number of aircraft for which ADE Group has performed line maintenance for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, and FYE 31 December 2024 are as follows:

Country of origin of aircraft	Number of aircraft			
	FYE			
	31 December			
	2021	2022	2023	2024
Malaysia	110	103	103	128
Indonesia	26	26	32	30
Philippines	23	23	25	21
Total	159	152	160	179

Note:

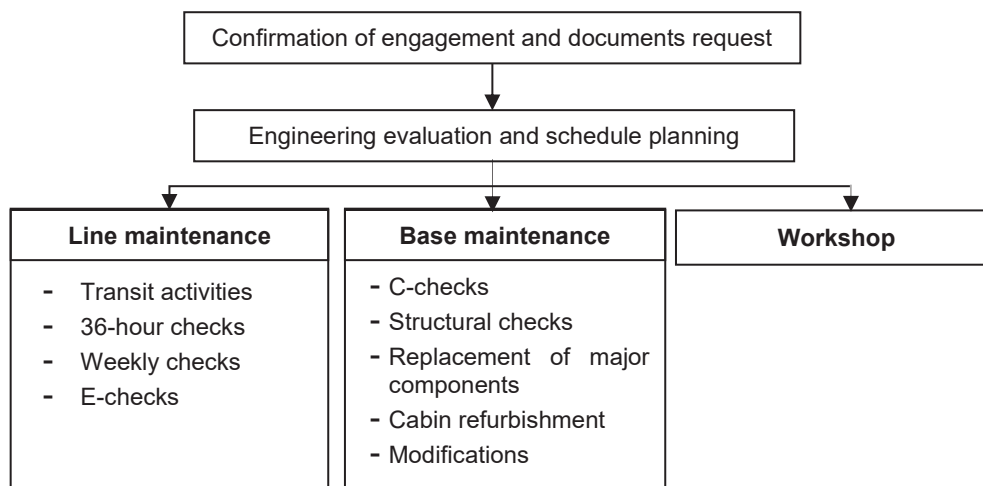
- (1) Line maintenance checks vary in terms of type of services performed, time required and the type of aircraft.

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ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

1.4 Operational Process Flow

ADE Group's main processes are as described below:

**(a) Confirmation of engagement and documents request**

Upon receipt of a request for MRO services from an airline company, ADE Group requests for further information from the customer such as:

- details of the aircraft in terms of the registration number;
- type of maintenance activities that are required to be performed;
- list of aircraft components that need to be replaced; and
- due date for respective maintenance activities rendered.

(b) Engineering evaluation and schedule planning

Upon receipt of the abovementioned information from the airline company, ADE Group reviews the maintenance requirements and performs its internal schedule planning, which includes an internal review of the maintenance activity requirements to:

- ensure that it has the necessary approvals from the relevant aviation authorities to carry out these activities;
- ensure that it has the number and type of personnel required;
- ensure hangar line availability, if required; and
- confirm the availability of the components, tools, equipment and consumables.

ADE Group then proposes to the airlines the following:

- duration for carrying out the maintenance service;
- induction date for commencement of maintenance activities;
- consumables that are required to be replaced and pricing of these consumables; and
- pricing to be charged for the required maintenance services.

(c) Maintenance services

ADE Group's EMS personnel will then perform the necessary MRO service, as specified by the customer. The line maintenance and base maintenance services are carried out as follows:

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Line maintenance

Line maintenance is performed at the airport and does not require hangar space. The length of time taken to complete line maintenance for an aircraft ranges between 25 minutes and 6 hours, depending on the type of services required to be performed and the condition of the aircraft. The activities performed are as follows:

(i) Transit activities

At the airport, ADE Group's EMS personnel provide headset, refuelling, engineers-on-board (if required) as well as defect troubleshooting and rectification.

(ii) 36-hour checks (also known as daily check)

The EMS personnel performs a visual and physical inspection on the interior and exterior of the aircraft to determine the discrepancies and aircraft health status. An inspection and servicing of oil, hydraulic and pneumatic systems are then carried out.

This process is only applicable for A320 aircraft.

(iii) Weekly checks

The EMS personnel performs a visual and physical inspection on the interior and exterior of the aircraft to determine the discrepancies and aircraft health status. Functional checks on aircraft components, pressure checks on the aircraft cabin, as well as inspection and servicing of oil, hydraulic and pneumatic systems are also carried out.

(iv) E-check

The EMS personnel performs a visual and physical inspection on the interior and exterior of the aircraft to determine the discrepancies and aircraft health status. Engine checks, extensive functional checks on aircraft components, pressure checks on the aircraft cabin, inspection and servicing of oil, hydraulic and pneumatic systems as well as lubrication of major aircraft components such as landing gear and flight controls are also carried out.

Base maintenance

Base maintenance generally requires the aircraft to be docked in a hangar. The length of time taken to complete a base maintenance check ranges between 1 week to 8 weeks, depending on the type of services required to be performed, type of aircraft (either wide-body or narrow-body aircraft) and the condition of the aircraft. The activities performed are as follows:

(a) C-checks

The EMS personnel performs a detailed inspection on the interior and exterior of the aircraft to determine the discrepancies and aircraft health status. Non-destructive tests such as thermographic, ultrasonic and dye penetrant tests are then performed. A borescope tests on the engine is also performed, if required.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

(b) Structural check

If required, structural repairs and inspections as well as corrosion rectification are performed.

(c) Replacement of major components

If required, major components such as engine landing gears and flight control surfaces are replaced.

(d) Cabin refurbishment

If required, cabin refurbishment such as refurbishment of seats, carpets and galley are carried out.

(e) Modifications

If required, modifications within the scope of approvals granted to ADE, which will include WiFi installations, product improvements as required by aircraft manufacturers, cabin modifications and modifications from passenger aircraft to cargo-in-cabin aircraft, can be carried out.

Workshop services

Operational activities for workshop services are as follows:

- (i) Battery repair and overhaul – workshop personnel perform tests and inspections to determine the battery health in terms of its voltage, current and water content. If necessary, the battery will be repaired or overhauled;
- (ii) Oxygen bottle charging – workshop personnel refill the oxygen content in the bottles;
- (iii) Wheels repair and overhaul – workshop personnel can inspect and repair general wear and tear damages found on the hubs, re-paint hubs and refill nitrogen into tyres;
- (iv) Brake repair and overhaul – workshop personnel perform tests and inspections to determine the functionality of the brake and identify leakages. If necessary, the brake components will be repaired and overhauled. The heat pack of the brake can also be changed;
- (v) Non-destructive test services – workshop personnel perform non-destructive tests to aircraft and its components such as eddy current (test for flaw detection, material and coating thickness measurement, material identification and heat treatment condition using electromagnetic induction), ultrasonic (test for defects and measure thickness using ultrasonic waves), dye penetration (detect surface flaws through an application of a dye) and magnetic (identify defects by running a magnetic current through ferromagnetic materials) tests;

Quick engine change – workshop personnel perform removal and installation of the engine components from unserviceable engine to serviceable engine, or vice versa;

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

- (vi) Drain valve repair and overhaul – workshop personnel perform tests and inspections to determine the functionality of the drain valve and identify leakages. If necessary, the drain valve will be repaired and overhauled; and
- (vii) Sheet metal and composite repair – workshop personnel can repair damages on the sheet metal and composite of the aircraft. ADE's workshop is equipped with a machine for bending, rolling and cutting of sheet metal, and its facility has a temperature- and humidity-controlled environment.

1.5 Business Development Activities

ADE Group's customer base comprises airlines and it has mainly provided its aviation MRO services to the AirAsia fleet of aircraft. For the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024, 99.6%, 99.3%, 99.7% and 96.9% of its total revenue respectively were generated from the provision of aviation MRO services to Capital A's AOCs, AAX and TAAX.

As ADE Group's revenue was mainly generated from Capital A's AOCs, AAX and TAAX, ADE Group is dependent on these entities during the period between the FYE 31 December 2021 and FYE 31 December 2024. Nevertheless, ADE Group will be able to mitigate this dependency due to the following reasons:

- (i) ADE Group has signed contracts with a duration of at least 5 years with the Capital A's AOCs and AAX to provide line maintenance services and contracts with a duration of at least 5 years with the Capital A's AOCs to provide base maintenance services for their aircraft;
- (ii) ADE Group has the necessary approvals from CAAM to provide line maintenance services in 7 airports in Malaysia (i.e. KLIA, Langkawi International Airport, Senai International Airport, Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport, and Sultan Abdul Aziz Shah Airport), and to provide base maintenance services in KLIA and Senai International Airport in Malaysia. Additionally, ADE Group has been approved by the local civil aviation authorities in Indonesia, the Philippines, Cambodia, Singapore, Thailand, Myanmar, Vietnam and India to provide aviation MRO services for aircraft registered in these countries at certain airports in Malaysia. Further, it has also been approved by local civil authorities of the Philippines, Indonesia and Cambodia to provide line maintenance services in the airports of the respective countries. The abovementioned approvals obtained from the civil aviation authorities allow ADE Group to provide a broad range of aviation MRO services; and
- (iii) ADE Group has been continuously pursuing opportunities to diversify its customer base by engaging with other third party airlines for the provision of its aviation MRO services.

ADE Group adopts the following business development and marketing strategies in its business to attract and retain both Capital A's AOCs, AAX, TAAX and other third-party airlines such as other airlines based in Malaysia, Singapore, Indonesia, the Philippines, Cambodia, Nepal, Myanmar and China:

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

(i) Recurring business, referrals and direct approach

ADE Group emphasises on maintaining and building relationship with its existing customers. It is crucial for ADE Group to provide quality aviation MRO services and carry out its works to a satisfactory manner to ensure recurring businesses from its existing customers. ADE Group may also receive referrals from management's business contacts in the airline industry or its existing customers.

In addition, ADE Group may proactively obtain new customers for its aviation MRO services through direct approach where its business development personnel will contact airline companies directly to provide them with the details and information of the aviation MRO services it offers.

(ii) Participation in exhibition, tradeshow and talks

ADE Group has participated in various events organised by government agencies and organisations located both locally and internationally. Examples of the exhibition and tradeshow that ADE Group has participated since 2022 until the LPD are as follows:

Date	Name of event	Organiser	Location
September 2022	Selangor Aviation Show 2022	Invest Selangor Berhad	Malaysia
September 2022	MRO Asia-Pacific 2022	Aviation Week Network	Singapore
March 2023	MRO Middle East 2023	Aviation Week Network	United Arab Emirates
September 2023	Selangor Aviation Show 2023	Invest Selangor Berhad	Malaysia
September 2023	MRO Asia-Pacific 2023	Aviation Week Network	Singapore
September 2023	Malaysia Digital Content Festival (MYDCF)	Malaysia Digital Economy Corporation (MDEC)	Malaysia
October 2023	MRO Europe 2023	Aviation Week Network	The Netherlands
October 2023	Airline & Aerospace MRO & Flight Operations IT Conference 2023	Aircraft Commerce, Nimrod Publication Ltd	Thailand
February 2024	Routes Asia 2024	Malaysia Airports Holdings Berhad and Tourism Malaysia	Malaysia
March 2024	MRO Middle East 2024	Aviation Week Network	United Arab Emirates
March 2024	MRO Guangzhou 2024	Advanced Business Events	China
April 2024	MRO Americas 2024	Aviation Week Network	United States
June 2024	Aviation India Summit & Exhibition	Times Aerospace	India
September 2024	MRO Asia-Pacific 2024	Aviation Week Network	Indonesia
September 2024	Bali International Airshow 2024	PT Inaro Tujuh Belas	Indonesia

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Date	Name of event	Organiser	Location
September 2024	Bali International Airshow 2024	PT Inaro Tujuh Belas	Indonesia
October 2024	Airline & Aerospace MRO & Flight Operations IT Conference 2024	Aircraft Commerce, Nimrod Publication Ltd	Thailand
October 2024	MRO Europe 2024	Aviation Week Network	Spain
November 2024	Low Cost Carrier Summit 2024	Summit Asia Events	China
February 2025	MRO Middle East 2025	Aviation Week Network	UAE

Key personnel within ADE Group have also been invited as speakers to discuss its services and capabilities. Some of these events include:

Date	Name of event	Organiser	Location
November 2022	Ideas for Aerospace (ID4A) Forum	University Kuala Lumpur Malaysian Institute of Aviation Technology	Malaysia
May 2023	Langkawi International Maritime & Aerospace Exhibition	Ministry of Defence and Ministry of Transport Malaysia	Malaysia
September 2023	MRO Asia-Pacific 2023	Aviation Week Network	Singapore
September 2023	Selangor Aviation Show 2023	Invest Selangor Berhad	Malaysia
November 2023	Malaysia Aerospace Summit 2023	National Aerospace Industry Corporation	Malaysia
November 2023	Ideas for Aerospace AeroTech Expo	University Kuala Lumpur Malaysian Institute of Aviation Technology	Malaysia
October 2024	Airline & Aerospace MRO & Flight Operations IT Conference 2024	Aircraft Commerce, Nimrod Publication Ltd	Thailand

(iii) Corporate website

ADE Group maintains a corporate website which provides searchable information on its services, which can be assessed at <https://ade.aero/>.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

1.6 Types, Sources and Availability of Supplies

The breakdown of ADE Group's costs of sales are as follows:

Cost of sales breakdown	FYE							
	31 December							
	2021		2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Salaries and wages	71,177	92.5	109,312	57.8	155,155	38.4	227,534	41.8
Raw materials and consumables	4,907	6.4	61,339	32.4	199,667	49.4	298,688	54.8
Hangar and apron rental and serviceable tooling and equipment and other maintenance services	888	1.1	18,481	9.8	49,399	12.2	18,389	3.4
Total cost of sales	76,972	100.0	189,132	100.0	404,221	100.0	544,611	100.0

ADE Group's costs of sales, particularly for raw materials and consumables as well as hangar and apron rental and serviceable tooling and equipment increased in line with the growth in the number of hangar lines and C-checks performed during the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024. For information purposes, the number of hangar lines operated by ADE Group as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

As at date	No. of hangar lines	Remarks
31 December 2021	1	1 owned hangar line in KLIA
31 December 2022	5	<ul style="list-style-type: none"> 1 owned hangar line in KLIA; and 4 leased hangar lines in Sultan Abdul Aziz Shah Airport
31 December 2023	7	<ul style="list-style-type: none"> 1 owned hangar line in KLIA; 4 leased hangar lines in Sultan Abdul Aziz Shah Airport; and 2 leased hangar lines in Senai International Airport
31 December 2024	16 ^(a)	<ul style="list-style-type: none"> 14 owned hangar line in KLIA; and 2 leased hangar lines in Senai International Airport

Note:

(a) Excludes 4 hangar lines in Sultan Abdul Aziz Shah Airport which had ceased since November 2024.

1.7 Major Approvals, Licences and Permits

The following are a list of approvals, licences and permits which ADE Group has obtained in order to carry out its aviation MRO services:

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

No	Licenced entity	Licence/ Approval	Governing body	Licence purpose	Validity period
1	ADE	Ground Handling Licence	MAVCOM	To carry out ground handling services for all airlines in KLIA, Penang International Airport, Kota Kinabalu International Airport, Kuching International Airport, Langkawi International Airport, Senai International Airport, Miri Airport and Sultan Abdul Aziz Shah Airport	Validity date: 1 June 2024 Expiry date: 31 May 2027
2	ADE	Certificate of Approval as a Maintenance Organisation	CAAM	To carry out aviation MRO services for Airbus A320, A321, A330, A319 aircraft series and Boeing 737 aircraft series; workshop services; and non-destructive testing	Validity date: 9 September 2024 Expiry date: 8 September 2025
3	ADE	Certificate of Approval as a Continuing Airworthiness Management Organisation	CAAM	To carry out continuing airworthiness management services for Airbus A320-200 aircraft with LEAP-1A engines	Validity date: 2 November 2024 Expiry date: 1 November 2025
4	ADE	Approved Maintenance Organisation Certificate	Kingdom of Cambodia State Secretariat of Civil Aviation	To carry out aviation MRO services on aircraft registered in Cambodia in KLIA and Sultan Abdul Aziz Shah Airport	Validity date: 20 November 2024 Expiry date: 28 November 2025
5	ADE	Certificate of Approval as an Approved Maintenance Organisation	Republic of Indonesia Ministry of Transportation, Directorate General of Civil Aviation	To carry out aviation MRO services on aircraft arriving registered in Indonesia in KLIA, Penang International Airport, Langkawi International Airport, Kota Kinabalu International Airport, Kuching International Airport and Senai International Airport	Validity date: 15 February 2023 Expiry date: 1 March 2028
6	ADE	Approved Maintenance Organisation Certificate	Civil Aviation Authority of the Philippines	To carry out aviation MRO services on registered in the Philippines in KLIA, Sultan Abdul Aziz Shah Airport, and Kota Kinabalu International Airport	Validity date: 30 November 2022 Expiry date: 30 November 2027

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

No	Licenced entity	Licence/ Approval	Governing body	Licence purpose	Validity period
7	ADE	Maintenance Organisation Approval	Civil Aviation Authority of Singapore	To carry out aviation MRO services on aircraft registered in Singapore in KLIA and Miri Airport	Validity date: 1 December 2024 Expiry date: 30 November 2025
8	ADE	Maintenance Organisation Approval Certificate	EASA	Certifies that maintenance organisations meet the safety standards of EASA to maintain aircraft products, parts and appliances and to issue review certificates after an airworthiness review on aircraft	Validity date: 13 October 2023 Expiry date: -
9	ADE	Foreign Repair Station Certificate	Civil Aviation Authority of Thailand	To carry out aviation MRO services on aircraft registered in Thailand in KLIA, Sultan Abdul Aziz Shah Airport, Penang International Airport, and Senai International Airport	Validity date: 10 April 2023 Expiry date: 9 April 2026
10	ADE	Approved Maintenance Organisation Certificate	Republic of The Union of Myanmar, Ministry of Transport and Communications, Department of Civil Aviation	To carry out aviation MRO services on aircraft registered in Myanmar in KLIA and Sultan Abdul Aziz Shah Airport	Validity date: 12 August 2024 Expiry date: 11 August 2025
11	ADE	Certificate of acceptance as foreign maintenance organisation	Director General of Civil Aviation, India	To carry out aviation MRO services on aircraft registered in India in Langkawi International Airport	Validity date: 17 December 2024 Expiry date: 8 September 2025
12	ADE	Approved Maintenance Organisation Certificate	Civil Aviation Authority of Vietnam	To carry out aviation MRO services on aircraft registered in Vietnam in KLIA and Senai Airport	Validity date: 5 November 2024 Expiry date: 31 October 2025
13	ADE, Philippines Inc.	Approved Maintenance Organisation Certificate	Civil Aviation Authority of the Philippines	To carry out line maintenance services for A320 aircraft in the Philippines	Validity date: 13 February 2024 Expiry date: 30 April 2025 ⁽¹⁾

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

No	Licenced entity	Licence/ Approval	Governing body	Licence purpose	Validity period
14	ADE (Cambodia) Co., Ltd	Approved Maintenance Organisation Certificate	Kingdom of Cambodia State Secretariat of Civil Aviation	To carry out line maintenance services (limited airframe) in Phnom Penh International Airport, Phnom Penh, Cambodia	Validity date: 19 April 2024 Expiry date: 18 April 2025 ⁽²⁾
15	PT Asia Digital Engineering Indonesia	Standard Certificate	Republic of Indonesia Ministry of Investment and Downstream Industry / Head of Investment Coordinating Board ("BKPM")	To carry out air transportation support services	Validity date: 4 November 2024 Expiry date: 4 November 2029

Notes:

- (1) ADE Group has submitted an application to renew this licence and the application is pending approval as at the date of this Circular.
- (2) ADE Group has submitted an application to renew this licence and the application is pending approval as at the date of this Circular.

1.8 Future Plans and Strategies

The number of aircraft that ADE Group provided line maintenance for was 159 aircraft for the FYE 31 December 2021, 152 aircraft for the FYE 31 December 2022 and 160 aircraft for the FYE 31 December 2023, and 179 aircraft for the FYE 31 December 2024. The number of C-checks performed grew from 12 C-checks in FYE 31 December 2021 to 63 C-checks for the FYE 31 December 2024.

As at the LPD, ADE Group has secured bookings for the following number of C-checks for the FYE 31 December 2025 which is expected to contribute to the revenue of ADE Group for base maintenance under EMS:

Country of origin of aircraft	Airline	Number of C-checks
Malaysia	AirAsia	103
Indonesia	AirAsia	23
The Philippines	AirAsia	19
Thailand	AirAsia	11
Cambodia	AirAsia	1
Cambodia	Third-party	1

In order to facilitate the growth in the aviation MRO services segment, ADE Group aims to undertake the following plans and strategies:

(a) Expanding footprint to other ASEAN countries

ADE Group's line maintenance services are presently offered in 7 airports in Malaysia, namely KLIA, Langkawi International Airport, Senai International Airport, Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport and Sultan Abdul Aziz Shah Airport.

ADE Group has also set up entities and begun offering its line maintenance services to the Philippines since February 2024, Cambodia since April 2024 and Indonesia since July 2024.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Moving forward, ADE Group plans to offer line maintenance services in Thailand. ADE has already incorporated a local entity in Thailand since March 2024 to facilitate its application for approval from the local civil aviation authority to provide such services.

The timeframe for setting up entities and obtaining approvals in the respective countries are as follows:

Country	Status	Action plan	Tentative timeframe for completion*
Thailand	A local entity has been set up in March 2024	Submission of application for approval from local civil aviation authority	By end of Q1 2026
		Expected receipt of approval from local civil aviation authority	By end of Q2 2026
		Commencement of providing aviation MRO services in the country	By end of Q3 2026

Note:

* The timeline for completion is subject to the receipt of approvals from the relevant aviation authorities.

ADE Group plans to expand its geographical coverage within ASEAN by expanding into Thailand. This is in line with the growing demand for aviation MRO services in ASEAN. According to the independent market research report by Providence, the aviation MRO market in ASEAN is forecast to grow by a further 5.0% between 2025 and 2027.

As ADE Group has received requests from AirAsia and third-party airlines in Thailand to provide aviation MRO services, ADE Group foresees that there will be demand for its services from the country in the future.

(b) Expanding the number of hangar lines to cater for growth in number of aircraft for base maintenance

ADE Group requires the use of hangars to carry out base maintenance services. As at the LPD, ADE Group operates 16 hangar lines in Malaysia. ADE Group owns 14 hangar lines which are located in KLIA and leases 2 hangar lines located in Senai International Airport in Malaysia.

In anticipation of the increase in demand for its aviation MRO services, as seen from its number of secured bookings, ADE Group intends to expand the number of hangar lines in KLIA. The additional hangar lines are expected to contribute to the revenue of ADE Group for EMS, CWS and ESS.

To this end, ADE Group intends to set up an additional 4 hangar lines in KLIA, Malaysia by end of 2026. The targeted commencement date for the construction of the additional 4 hangar lines is by the 2nd quarter of 2025. The cost of constructing these additional 4 hangar lines is estimated to amount to approximately RM60 million. ADE Group intends to obtain a secured debt financing to finance the construction cost.

ADE Group expects to complete the construction of the additional 4 hangar lines by end of 2026, subject to the receipt of approvals from CAAM.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

2. BUSINESS OVERVIEW OF THE TRAVEL APPLICATION SEGMENT**2.1 Overview**

AirAsia MOVE Group are principally involved in the operations and management of the AirAsia MOVE platform. The AirAsia MOVE platform offers a comprehensive suite of travel-related services, including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing ride. As at the LPD, the AirAsia MOVE platform enables its users to book flights across more than 150 destinations globally. It is accessible through a mobile app and web platform.

Guided by its vision, “Building AirAsia MOVE platform to become ASEAN’s favourite travel companion by creating inclusive and delightful journeys, all the way!”, AirAsia MOVE Group is on a mission to transform the way people travel by creating a seamless, inclusive and delightful experience that caters to every step of travellers’ journey through the AirAsia MOVE platform. This dedication to its vision has earned the AirAsia MOVE platform the “Asia’s Best Travel Booking App Award” recognition in 2023 and 2024.

The AirAsia MOVE platform also aims to fulfil the needs of value-conscious travellers, leading to the creation of travel-related service bundles such as SNAP! Flight + Hotel and Asean Pass. These travel-related service bundles not only benefit travellers, but also airlines and hotels as they can fill their capacity early.

The AirAsia MOVE platform is also integrated with its loyalty program, Rewards where every AirAsia MOVE platform user will automatically become a Rewards member. Thus, this allows its users to earn Rewards points from every transaction made on the AirAsia MOVE platform, and they can redeem their Rewards points through the Points Exchange feature. Thus, this enriches users’ experience and encourage loyal users.

Built upon the AirAsia brand, AirAsia MOVE Group can leverage on the brand’s legacy to acquire and maintain a user base at a lower customer acquisition cost. This allows the AirAsia MOVE Group to focus on enhancing its platform and service offerings to better serve its users.

AirAsia MOVE Group’s revenue breakdown by type of services offered through the AirAsia MOVE platform are as follows:

Revenue breakdown by service offering⁽¹⁾

	Unaudited ⁽⁶⁾ FYE						Unaudited FYE	
	31 December		31 December		31 December		31 December	
	2021		2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Travel services	150,898	100.6	376,612	99.7	654,366	97.8	552,795	100.0
<i>Flight services</i> ⁽²⁾	41,867	27.9	286,195	75.8	556,029	83.1	424,956	76.9
<i>Hotel services</i> ⁽³⁾	1,701	1.1	3,120	0.8	7,499	1.1	7,291	1.3
<i>Ride</i>	454	0.3	5,711	1.5	25,042	3.7	16,262	2.9
<i>Rewards</i>	94,032	62.7	70,884	18.8	47,511	7.1	69,130	12.5
<i>Others</i> ⁽⁴⁾	12,844	8.6	10,702	2.8	18,282	2.7	35,156	6.4
Discontinued business ⁽⁵⁾	(882)	(0.6)	1,133	0.3	14,530	2.2	-	-
Total net revenue	150,016	100.0	377,745	100.0	668,893	100.0	552,795	100.0

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Notes:

- (1) *Please refer to Section 2.2 of Appendix II of this Circular for further details on the service offerings.*
- (2) *Flight services include services offered under Flights, Asean Pass and Insurance.*
- (3) *Hotel services include services offered under Hotels and SNAP! Flight + Hotel.*
- (4) *Others include revenue derived from services offered under Duty-free, Gifts, Events & Activities, advertisement spaces sold, and revenue derived from AirAsia Grocer for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024 (the recognition of revenues for AirAsia Grocer will be under Santan in the 2nd half of 2025).*
- (5) *Discontinued businesses include services that are no longer being offered on the AirAsia MOVE platform, such as food delivery, public transport booking services, parcel delivery, online medical platform and bundled flights, stays and activities packages under Holiday.*
- (6) *For the avoidance of doubt, there are no audited consolidated financial statements prepared for AirAsia MOVE Group for all the past 3 financial years up to and including FYE 31 December 2023. The financial results of AirAsia MOVE Group shown above is based on the compilation of the audited financial results of AirAsia MOVE Group prepared by the management of Capital A. In accordance with Paragraph 4(a) of MFRS 10 Consolidated Financial Statements, no consolidated financial statements have been prepared for AirAsia MOVE Group as its parent company, Capital A has prepared MFRS consolidated financial statements.*

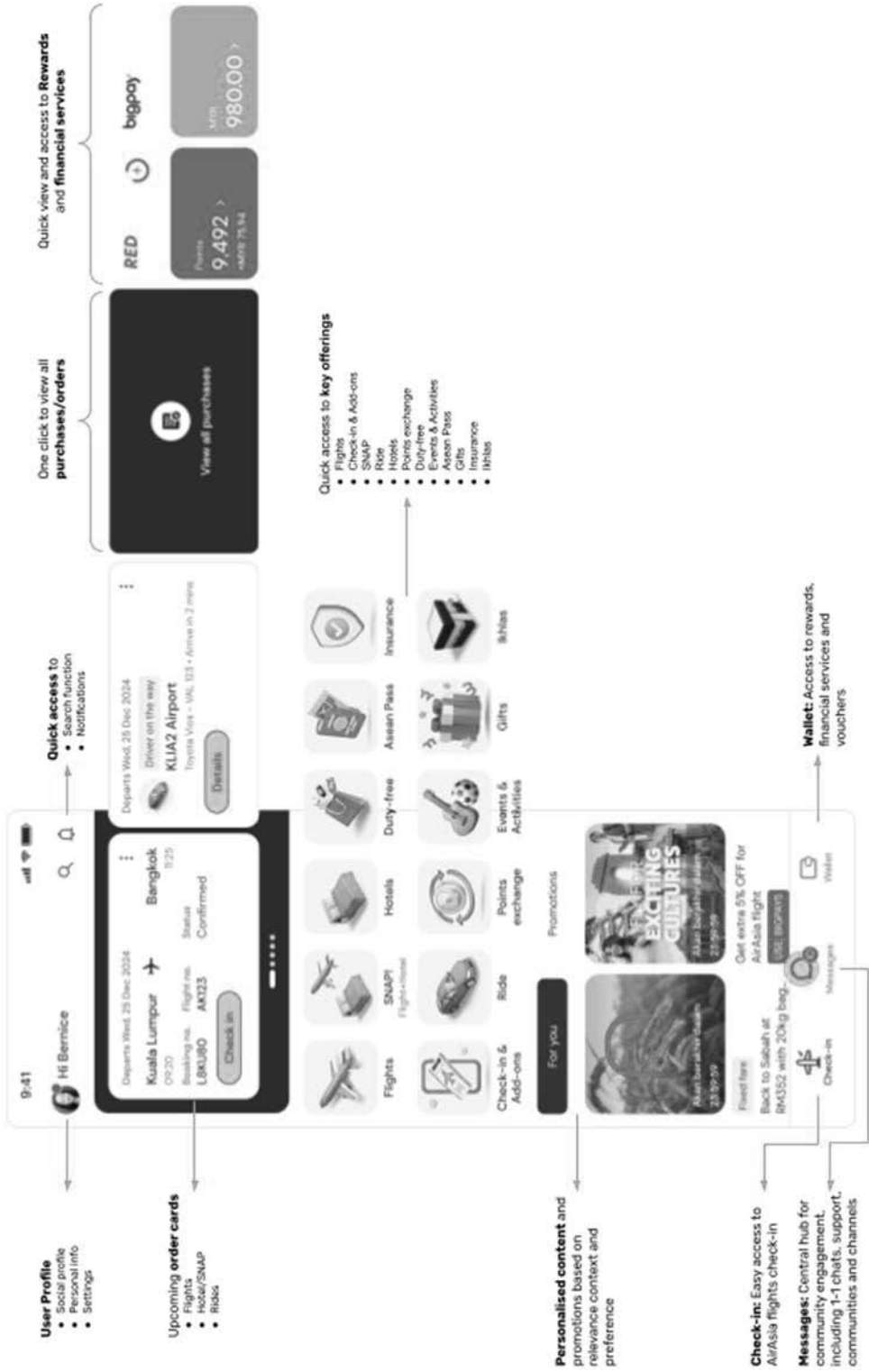
AirAsia MOVE Group mainly generated revenues from its flight services in FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024 with 75.8%, 83.1% and 76.9% of its total revenue generated from these services in the respective financial years and period. Flights services only contributed 27.9% to the total revenue of AirAsia MOVE Group in the FYE 31 December 2021 as there were less transactions for flights due to the movement control orders imposed during the COVID-19 pandemic.

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ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)









2.2 Existing Products and Services and Revenue Model

The AirAsia MOVE platform interface is as follows:








ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The key features of the AirAsia MOVE platform are as follows:

Features	Description	Revenue model
Travel services		
 Flights	Users can book AirAsia flight tickets and other airlines to over 150 destinations	Commissions earned from transactions made through the AirAsia MOVE platform as well as a margin earned from the sale of flight tickets of other airlines.
 Hotels	Users are able to book from more than 900,000 hotels and other types of accommodation that are listed on the AirAsia MOVE platform.	
 SNAP! Flight + Hotel	SNAP! Flight + Hotel packages bundle hotels with AirAsia flights at the time of booking to give users extra savings.	
 Ride	Users can book airport transfers and e-hailing ride. AirAsia MOVE Group runs the operation of Ride in Malaysia and works through partnerships for Ride in Thailand and Indonesia.	
 Duty-free	Users can pre-order duty-free products and have them delivered to them in-flight for AirAsia flights only.	
 Events & Activities	Users can book tickets for a variety of events and activities across the ASEAN region, including attractions, tours, sports events and live music performances.	Commission sharing from authorised distributors
 Asean Pass	<p>The Asean Explorer Pass is an annual subscription plan which allows subscribers to redeem zero base fare flights within ASEAN countries and other travel perks such as discounts for Hotels and Ride and a free airport transfer.</p> <p>Subscribers are able to redeem zero base fare for domestic flights within Malaysia, Thailand and the Philippines (based on the nationality stated on their passport), as well as for international flights across Malaysia, Thailand, the Philippines, Indonesia, Singapore, Brunei, Cambodia, Laos, Myanmar and Vietnam.</p>	Subscription fee when users subscribe to Asean Pass
 Insurance	Users are able to purchase travel protection by Tune Protect, including but not limited to travel, life medical and general insurance plans.	Commission fee earned from transactions made through the AirAsia MOVE platform

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Features	Description	Revenue model
Other services		
 Check in & Add-ons	Users are allowed to check in for the AirAsia flights. They can also purchase add-ons such as seat selection and pre-booked meals for their AirAsia flights.	-
 Messenger	Users can connect with each other through one-on-one chat messaging, community engagements based on interests, and follow channels for the latest updates and promotions they may be interested in. Messenger also provides other offerings such as cross-border mobile gifting, casual games, travel lounge as well as audio, video and written contents.	-
 Points exchange	Users can earn and use Rewards ⁽¹⁾ points or enjoy discounts across the services offered on the AirAsia MOVE platform. Users are provided with a wide range of point redemption options, including flights, hotel, F&B, gifts or vouchers from merchants and AirAsia.	Services redeemed with Reward points
 Gifts	Users can purchase electronic vouchers for products and services such as F&B, beauty and wellness, electrical appliances as well as oil and gas.	Commission sharing from authorised distributors
 Ikhlas	This redirects users to Ikhlas application, which is a shariah compliant travel-related application for Muslim communities.	-

Note:

- (1) *Rewards is a loyalty program. Every AirAsia MOVE platform user will automatically become a Rewards member, thus creating value for its users and encouraging loyal users. Every transaction on the AirAsia MOVE platform will earn Rewards points and users are able to redeem their points through the Points Exchange feature (illustrated above).*

In addition, AirAsia MOVE Group works closely with the BigPay Group wherein the AirAsia MOVE platform has embedded BigPay e-wallet, which allows users to pay using their BigPay e-wallet after they have linked their BigPay accounts with their AirAsia MOVE accounts. This also enables AirAsia MOVE platform users to enjoy a seamless, cashless experience, where direct payments can be made within the AirAsia MOVE platform without relying on external methods such as credit cards or mobile banking.

In return, the AirAsia MOVE platform also acts as a marketing channel for BigPay Group to attract new users. In markets where BigPay Group is operating, such as Malaysia, Singapore, and Thailand, AirAsia MOVE Group will market the BigPay platform as the preferred payment option via exclusive discounts and special offers that are only available when paying with BigPay platform. This also allows BigPay Group to lower its customer acquisition costs as BigPay Group is able to incur lower marketing costs and benefit from AirAsia MOVE's own marketing campaigns to acquire customers which creates awareness and entices new customers to sign up for BigPay platform.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

2.3 Operational Performance of the AirAsia MOVE Platform

The number of unique transacting users and monthly active users for AirAsia MOVE platform on an annual basis is as follows:

	Number of persons (in millions)			
	FYE			
	31 December			
	2021	2022	2023	2024
Unique transacting users⁽¹⁾	1.6	4.9	6.4	5.0 ⁽³⁾
Monthly Active Users (MAU)⁽²⁾	4.9	10.7	14.2	14.6

Notes:

- (1) Unique transacting users refers to an individual customer or account that completes at least one transaction on the platform within the 12-month period. Each user is counted only once within the defined time frame, regardless of the number of transactions made by them.
- (2) MAU refers to the number of unique users who engage with the AirAsia MOVE platform within the last month. Each user is counted only once within the defined time frame, regardless of the number of transactions made by them.
- (3) The decline in unique transacting users from 6.4 million users for the FYE 31 December 2023 to 5.0 million users for the FYE 31 December 2024 is attributable to the shift from a lifestyle and travel-related service platform to a more focused travel-related service platform. This led to less services offered through the platform due to the discontinuation of services such as the food delivery, public transport booking services and parcel delivery which reduced engagement of users. This was also attributable to price competition faced from other online travel agencies.

2.4 Key Milestones

The history and milestones achieved for AirAsia MOVE over the years are as follows:

Month/Year	Details
October 2020	Launched AirAsia MOVE platform (then known as airasia Super App).
July 2021	Acquired Gojek Thailand's operations, allowing AirAsia MOVE Group to gain expertise on operating e-hailing rides and leverage on its merchant and driver ecosystem.
August 2021	Launched Ride in Malaysia. Accredited as an IATA Travel Agent, enabling AirAsia MOVE platform to facilitate sales of flight from IATA airline members.
February 2022	Launched AirAsia MOVE platform in Thailand.
April 2022	Launched AirAsia MOVE platform in the Philippines.
May 2022	Introduced Ride on AirAsia MOVE platform in Bangkok, Thailand.
October 2022	Awarded the "Best in Future of Digital Infrastructure" by IDC Corporation for the "Building Out the Leading airasia Super App in ASEAN" project. Awarded the "World's Best Low-Cost Airline App" and "World's Best Low-Cost Airline Website" by World Luxury Media Group Limited.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Month/Year	Details
November 2022	Launched AirAsia MOVE platform in Indonesia. Introduced Ride on AirAsia MOVE platform in Bali, Indonesia which offered e-hailing ride services.
December 2022	Introduced Messenger and Gifts on AirAsia MOVE platform.
September 2023	Awarded the “Asia’s Leading Online Travel Agency 2023” award by World Luxury Media Group Limited. Rebranded airasia Super App to AirAsia MOVE.
October 2023	Awarded the “Asia’s Best Travel Booking App 2023” by World Luxury Media Group Limited.
March 2024	Launched Asean Pass on AirAsia MOVE platform.
May 2024	Partnered with an airport transfer service provider to procure the fleet of drivers to facilitate Ride services in Thailand, Indonesia, the Philippines, and Singapore.
July 2024	Took over the end-to-end management of duty-free products which includes managing sourcing, purchasing, operations, sales and marketing of these products from Santan.
November 2024	Awarded the “Asia’s Best Travel Booking App 2024” by World Luxury Media Group Limited.

2.5 Operational Processes

AirAsia MOVE Group’s operational processes are as follows:

(i) Pre-booking

AirAsia MOVE Group will attract new users and users to use the AirAsia MOVE platform by investing in advertisements and undertaking its marketing campaigns.

(ii) Booking

The AirAsia MOVE platform enables its users to book a variety of travel-related services such as flights, hotels, duty-free shopping, travel insurance, and airport transfers and e-hailing rides. It also provides personalised recommendations and recommend personalised ancillary add-ons to enrich users’ travel experience and drive incremental revenue.

As part of the checkout process, users can opt to use Rewards points or the BigPay Group’s digital financial services to enjoy more discounts.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

(iii) Post Booking

After booking, AirAsia MOVE Group leverages on an Artificial Intelligence (“AI”) travel assistant as the primary channel for customer support. The AI travel assistant helps users manage their entire booking journey, from trip planning and booking flights, hotels, and transportation, to handling queries and complaints. It can also assist in finding a suitable destination and crafting a detailed itinerary. It will also answer questions and resolves issues related to bookings, baggage, cancellations and other concerns 24 hours daily. If queries exceed the AI travel assistant’s capabilities, they will be redirected to our customer service team.

2.6 Business Development and Marketing Strategies

AirAsia MOVE Group’s business development and marketing strategies are focused on improving the services offered and increasing the usage and transactions on the AirAsia MOVE platform. To do so, it focuses on 3 strategic initiatives:

- (i) Offering value:** AirAsia MOVE Group endeavours to provide the value to its users through its service offering;
- (ii) Simplification:** AirAsia MOVE Group strives to simplify the use of its platform by improving the user-friendliness of its platform. AirAsia MOVE Group has been, and will continue to enhance its back-end platform to be configurable and dynamic, to allow for faster development and integration of features. For the front-end, AirAsia MOVE Group is also streamlining user journeys to minimise clicks and maximise ease of use of the platform.
- (iii) Hyperpersonalisation via AI:** AirAsia MOVE Group leverages on AI to create personalised experiences for its users, drive engagement and enhance their travel journey. The AI analyses user data (such as past purchase history and search behaviour) to tailor recommendations and services that cater to their individual needs and preferences.

Apart from the above, AirAsia MOVE Group also attracts new users by investing in advertisements such as:

- digital advertising on social media platforms and search engines;
- advertising through emails;
- push notifications through AirAsia MOVE platform; and
- plane livery and car wraps for vehicles offering Ride services.

AirAsia MOVE Group also undertakes co-marketing campaigns with other stakeholders such as banks, payment solution providers, shopping malls, telecommunication service providers and transport service providers. This involves offering discounts and promotional campaigns to customers of these banks, payment solution providers, shopping malls, telecommunication service providers and transport service providers. For example, during the Olympics Games in 2024 in Paris, AirAsia MOVE Group offered Visa customers a chance to win flights and hotels to Paris by spending on the AirAsia MOVE platform using Visa cards.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

2.7 Major Approvals, Licences and Permits

The following are a list of approvals, licences and permits which AirAsia MOVE Group has obtained in order to operate its AirAsia MOVE platform and the related services:

No	Licensed Entity	Licence/Permit	Governing Body	Licence Purpose	Validity date/ expiry date
1	MOVE Travel Sdn Bhd (formerly known as AirAsia Com Travel Sdn Bhd)	IATA Certificate of Accreditation	IATA	To promote and sell air flights for IATA airline members	Validity date: 1 January 2025 Expiry date: 31 December 2025
2	MOVE Travel Sdn Bhd	Inbound Tour Operating Business Licence and Travel Agency Business Licence	Ministry of Tourism and Culture of Malaysia	To carry out domestic tour operations and travel agency business	Validity date: 11 July 2024 Expiry date: 16 August 2026
3	AirAsia Ride Sdn Bhd	Intermediation Business (E-Hailing) Licence (Peninsular Malaysia)	Land Public Transport Agency, Ministry of Transport of Malaysia	To carry out e-hailing services in Peninsular Malaysia	Validity date: 5 May 2022 Expiry date: 5 May 2026
4	AirAsia Ride Sdn Bhd	Intermediation Business (E-Hailing) Licence (Sabah)	Sabah Commercial Vehicle Licensing Board, Ministry of Transport of Malaysia	To carry out e-hailing services in Sabah, Malaysia	Validity date: 21 June 2024 Expiry date: 20 June 2028
5	AirAsia Ride Sdn Bhd	Intermediation Business (E-Hailing) Licence (Sarawak)	Sarawak Commercial Vehicle Licensing Board, Ministry of Transport of Malaysia	To carry out e-hailing services in Sarawak, Malaysia	Validity date: 18 August 2023 Expiry date: 17 August 2025
6	AirAsia Ride Sdn Bhd	Driving Institution Permit	Licensing Committee of Driving Institution of Malaysia	To manage driving school for e-hailing purposes.	Validity date: 5 September 2024 Expiry date: 4 September 2025
7	AirAsia Superapp (Thailand) Co., Ltd. (formerly known as Velox Technology (Thailand) Company Limited)	Foreign Business Licence	Department of Business Development, Ministry of Commerce of Thailand	To manage and operate AirAsia MOVE and certain back-office activities such as marketing, legal and tax, and technology in Thailand	Validity date: 17 March 2023 Expiry date: -

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

No	Licenced Entity	Licence/Permit	Governing Body	Licence Purpose	Validity date/ expiry date
8	AirAsia Super App (Thailand) Co., Ltd (formerly known as Velox Technology (Thailand) Company Limited)	Direct Marketing Licence	Office of the Consumer Protection Board of Thailand	To operate direct marketing businesses via mobile application and website	Validity date: 13 June 2023 Expiry date: -
9	AirAsia Super App (Thailand) Co., Ltd (formerly known as Velox Technology (Thailand) Company Limited)	Ride-Hailing Certificate	Department of Land Transport of Thailand	To certify AirAsia MOVE and airasia ride driver app for the operation of e-hailing business in Thailand	Validity date: 14 November 2022 Expiry date: -
10	PT MOVE Travel Indonesia	Standard Certificate	Republic of Indonesia Ministry of Investment and Downstream Industry / Head of BKPM	To conduct business activity of tourism travel bureau activities in Indonesia	Validity date: 7 December 2023 Expiry date: -
11	PT MOVE Travel Indonesia	e-Commerce Licence	Republic of Indonesia Online Single Submission Agency c.q., Ministry of Trade, Republic of Indonesia	To conduct business in e-commerce, specifically to provide an electronic platform as an intermediary between sellers and buyers	Validity date: 2 November 2022 Expiry date: -
12	PT Biglife Digital Indonesia	Business Identification Number	Republic of Indonesia Ministry of Investment and Downstream Industry / Head of BKPM	To carry out management consulting business activity of PT Biglife.	Validity date: 17 September 2019, as amended on 1 November 2022 Expiry date: -
13	Move Travel Philippines Inc.	Business Permit	City of Mandaluyong, Republic of The Philippines, Business Permit Office and Licensing Office	To carry out general trade business, management and consultancy services, and business process outsourcing services	Validity date: 1 February 2025 Expiry date: 31 December 2025

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

2.8 Types, Sources and Availability of Supplies

The breakdown of AirAsia MOVE Group's costs of sales are as follows:

Cost of sales breakdown	FYE						FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Fixed costs to AirAsia for subscription plans (Asean Pass)	369	1.1	45,313	42.6	42,150	32.6	7,947	7.8
Reward points redemption costs	18,971	55.1	20,359	19.2	25,304	19.6	35,176	34.7
Direct cost for RIDE	-	-	3,384	3.2	23,416	18.1	12,580	12.4
Payment gateway costs	1,176	3.4	15,086	14.2	13,433	10.4	15,255	15.0
Direct cost for AirAsia Grocer ⁽¹⁾	-	-	10,142	9.5	11,295	8.7	3,749	3.7
Points issuance cost	887	2.6	3,594	3.4	5,099	3.9	9,639	9.5
Trading of F&B costs ⁽²⁾	-	-	6,628	6.2	1,268	1.0	-	-
Advertisement costs	-	-	51	-	72	0.1	-	-
Other costs ⁽³⁾	13,044	37.9	1,716	1.6	7,122	5.5	17,129	16.9
Total cost of sales	34,447	100.0	106,273	100.0	129,159	100.0	101,475	100.0

Notes:

- (1) Being the cost of sales incurred by AirAsia Grocer for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024. As at the LPD, Santan has begun to undertake the operation and management of the AirAsia Grocer from AirAsia MOVE Group, and the revenue from this segment will be recognised under Santan by the 2nd half of 2025.
- (2) Trading of F&B costs refers to charges for delivery and salaries to riders for services under Xpress, which has been discontinued.
- (3) Other costs include platform and general administrative costs and commissions paid to travel agents for hotels.

2.9 Future Plans and Business Strategies

The number of unique transacting users on an annual basis has grown from 1.6 million users in FYE 31 December 2021 to 5.0 million users in FYE 31 December 2024. Meanwhile, the number of MAUs grew from 4.9 million in FYE 31 December 2021 to 14.6 million in FYE 31 December 2024. Correspondingly, AirAsia MOVE Group's revenues grew by 268.5% from RM150.0 million in FYE 31 December 2021 to RM552.8 million in FYE 31 December 2024.

Moving forward, AirAsia MOVE Group intends to grow the number of unique transacting users and MAUs in its efforts to grow its revenues from commission fees received from transactions performed over the AirAsia MOVE platform and subscriptions to Asean Pass.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

AirAsia MOVE Group expects that the number of unique transacting users and MAUs in ASEAN, particularly in Malaysia, Thailand and Indonesia will grow in line with the growing airline industry in ASEAN. The growth in the airline industry indicates an increased number of travellers, which would in turn lead to a larger target market of users that may use AirAsia MOVE platform's services. According to the independent market research report by Providence, the airline industry in ASEAN is forecast to grow at a CAGR of 29.3% between 2025 and 2027.

In order to tap into the growth of the airline industry and grow its revenues, AirAsia MOVE Group intends to employ the following strategies:

(i) Investing in enhancing its platform to improve and personalise user experience

AirAsia MOVE Group intends to enhance its platform to ensure a seamless, enjoyable and personalised user experience as it believes this will encourage more users to use the AirAsia MOVE platform. Thus, AirAsia MOVE Group intends to continue enhancing the AirAsia MOVE platform in the following areas:

- Modernising its back-end system – AirAsia MOVE Group intends to modernise its IT system into a cloud-native, microservices-based IT infrastructure. Cloud-native, microservices-based IT infrastructure refers to the back-end system that operates on the cloud, where applications used are split into multiple independent, self-contained applications. This will streamline workflows, reduce development time, and enable quicker delivery of new features, which would result in a more agile and efficient platform that requires fewer resources to maintain and scale;
- Improving platform stability and performance – AirAsia MOVE Group intends to reduce the frequency of app crashes across both iOS and Android platforms to enhance the reliability of AirAsia MOVE platform, particularly in low-bandwidth environments. This is done by optimising the platform speed;
- User interface consistency – AirAsia MOVE Group intends to standardise the app layout design across flight and hotel bookings to improve user experience. This will also reduce maintenance costs as it simplifies the development efforts required to make user experience and interface adjustments and changes; and
- AirAsia MOVE Group intends to enhance its platform to address different traveller cohorts (such as group bookings, tours, events and aging population) to increase adoption of the AirAsia MOVE platform across ASEAN.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

(ii) Leveraging on partnerships to enhance its platform and attract more users

AirAsia MOVE Group intends to leverage on partnerships with other stakeholders that offer complementary range of services and has an established network of users to attract more users and enhance the AirAsia MOVE platform.

In particular, AirAsia MOVE Group has signed a partnership with Hopper (USA) Inc. to integrate the Hopper Cancel For Any Reason™ with the AirAsia MOVE platform. This integration allows for an ancillary add-on on the AirAsia MOVE platform that provides users with the flexibility of cancelling their booking and getting a refund. This would thus encourage users to book their flights on AirAsia MOVE platform, which would drive user conversion and consequently lead to higher sales for AirAsia MOVE Group.

AirAsia MOVE Group will continue to seek partnerships with other potential stakeholders that offer complementary range of services and has an established network of users. These partnerships will not only be targeted to marketing its brand but also providing enhanced service offerings to its users.

(iii) Launching of new personalised promotions to improve user conversion and generate new revenue streams

AirAsia MOVE Group intends to improve, cross-sell and up-sell its services through hyper-personalised marketing campaigns and create more savings for users through Rewards and discounts provided through BigPay platform.

AirAsia MOVE Group is set to elevate its Rewards program by transitioning from a retail-based model (where it is transaction based) to a community-based model (which enables immersive engagement with users). This transformation aims to enhance user experience by enabling users to earn and redeem points through interactive features like chat and gamification, while also unlocking exclusive benefits, utilities, and events within the platform.

Under this new model, Rewards points will function as a universal digital currency, seamlessly exchangeable both within and beyond the AirAsia ecosystem. Users will also gain the flexibility to use their points with third-party brands affiliated with AirAsia MOVE Group. This expanded redemption network is designed to increase user engagement, foster deeper user loyalty, and accelerate Rewards points utilisation by broadening usage opportunities across external platforms.

With the abovementioned plans and strategies, AirAsia MOVE Group will be able to attract a wider audience, while also encouraging inactive users to rediscover the AirAsia MOVE platform, resulting in growth in total transactions. As such, this will translate to an increase in revenues generated.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

3. BUSINESS OVERVIEW OF THE DIGITAL FINANCIAL SERVICES SEGMENT**3.1 Overview**

BigPay Group are principally involved in the provision of digital financial services through the BigPay platform.

The BigPay platform comprises a mobile app, an e-wallet, a virtual prepaid card and a physical prepaid card (which is provided upon request by users). As at the LPD, BigPay platform users can sign up for a virtual BigPay account in Malaysia, Singapore and Thailand to immediately begin using its digital financial services.

BigPay Group's business model is described below:

Service type	Revenue model	Customer segments
Payments	<ul style="list-style-type: none"> • Interchange fee • MDR • Fixed automated teller machine ("ATM") withdrawal fee • Foreign currency spread 	
International remittances and domestic transfers	<ul style="list-style-type: none"> • Remittance fee • Foreign currency spread 	
Utilities (insurance, mobile reloads and data, utility bill payments)	<ul style="list-style-type: none"> • Commission 	
Analytics and Stash (e-wallet balances)	<ul style="list-style-type: none"> • Trust account interest yield on e-wallet balances • Top-up fee for selected top-up methods for top-ups to e-wallet 	
Lending	<ul style="list-style-type: none"> • Interest 	

➔

BigPay platform user

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ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The breakdown of revenue from BigPay Group's business by type of services offered is as follows:

	Audited ⁽⁵⁾ FYE						Unaudited ⁽⁵⁾ FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000 ⁽⁶⁾	%	RM'000 ⁽⁷⁾	%	RM'000 ⁽⁸⁾	%	RM'000 ⁽⁹⁾	%
Payments	16,689	76.7	22,537	69.9	29,269	63.6	21,891	57.2
International remittances and domestic transfers	4,015	18.4	6,091	18.9	8,534	18.6	8,011	20.9
Utilities	70	0.3	83	0.3	199	0.4	203	0.5
Analytics and Stash ⁽¹⁾⁽²⁾	893	4.1	2,208	6.8	2,443	5.3	1,962	5.1
Lending	-	-	192	0.6	464	1.0	1,269	3.3
Top-up ⁽³⁾	68	0.3	1,134	3.5	3,944	8.6	3,988	10.4
Physical cards ⁽⁴⁾	36	0.2	-	-	1,157	2.5	989	2.6
Total	(2)21,771	100.0	(2)32,245	100.0	46,010	100.0	38,313	100.0

Notes:

- (1) Trust account interest yield on e-wallet balances
- (2) Amount in Analytics and Stash were reclassified from "Other Income" to "Revenue" in FYE 31 December 2023. Hence, the income from Analytics and Stash for the FYE 31 December 2021 and FYE 31 December 2022 have been included in the total revenue for the FYE 31 December 2021 and FYE 31 December 2022 shown above
- (3) Top-up fee from top-up of e-wallet using credit card and cash
- (4) Fees for physical cards
- (5) The total revenue is based on the audited and unaudited financial statements of BigPay Group
- (6) Financial information for the FYE 31 December 2021 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.1650
- (7) Financial information for the FYE 31 December 2022 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.3900
- (8) Financial information for the FYE 31 December 2023 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.5900
- (9) Financial information for the FYE 31 December 2024 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.4755

BigPay Group's revenues have mostly been generated from payments throughout the FYE 31 December 2021 to FYE 31 December 2023 and FYE 31 December 2024, i.e. from 76.7% to 57.2% of its total revenue during the financial years/ period. Meanwhile, BigPay Group's revenues from remittances grew from 18.4% of its total revenue for the FYE 31 December 2021 to 20.9% of its total revenue for the FYE 31 December 2024.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

3.2 Key Milestones

The history and milestones of BigPay Group are as follows:

Month/year	Details
January 2018	BigPay platform (e-money services) was launched in Malaysia via BigPay MY.
July 2019	BigPay MY obtained its money services business licence (Class B/remittance) and commenced offering international remittances and domestic transfers.
January 2020	In line with the requirements of the Payment Services Act 2019 of Singapore, BigPay SG received approval to provide remittance and e-wallet services in Singapore.
December 2020	<p>Bill payment feature was launched, enabling BigPay platform users in Malaysia to make bill payments to utility and service companies such as telecommunication operators and energy providers.</p> <p>Split bill feature was launched, enabling the splitting of bills and payments between BigPay platform users.</p>
April 2021	BigPay platform began to allow users to purchase insurance plans underwritten by licenced insurers in Malaysia.
May 2021	As part of the Government of Malaysia's eBelia initiative to promote cashless spending amongst youths and students and relieve financial burdens caused by the COVID-19 pandemic, BigPay MY was selected by the Government of Malaysia to disburse RM150 to eligible users via their BigPay e-wallet.
September 2021	<p>BigPay MY was appointed by the Malaysia Digital Economy Corporation Sdn Bhd to provide an incentive disbursement system to registrants under their eRezeki Programme, which was focused on low-income individuals.</p> <p>BPL obtained its digital money lending licence from the Ministry of Housing and Local Government of Malaysia, thus allowing it to launch its lending services in 2022.</p>
April 2022	BigPay platform users in Malaysia could transfer funds using DuitNow Transfer and DuitNow QR.
July 2022	The Stash feature was launched, which enables BigPay platform users to set aside portions of their BigPay e-wallet balance into separate Stash(es) for their budgeting and money management.
January 2023	BigPay MY began to allow for mobile reloads and data to be purchased through its Utilities feature. BigPay platform users in Malaysia can buy mobile reloads and data from telecommunication service providers in Malaysia.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

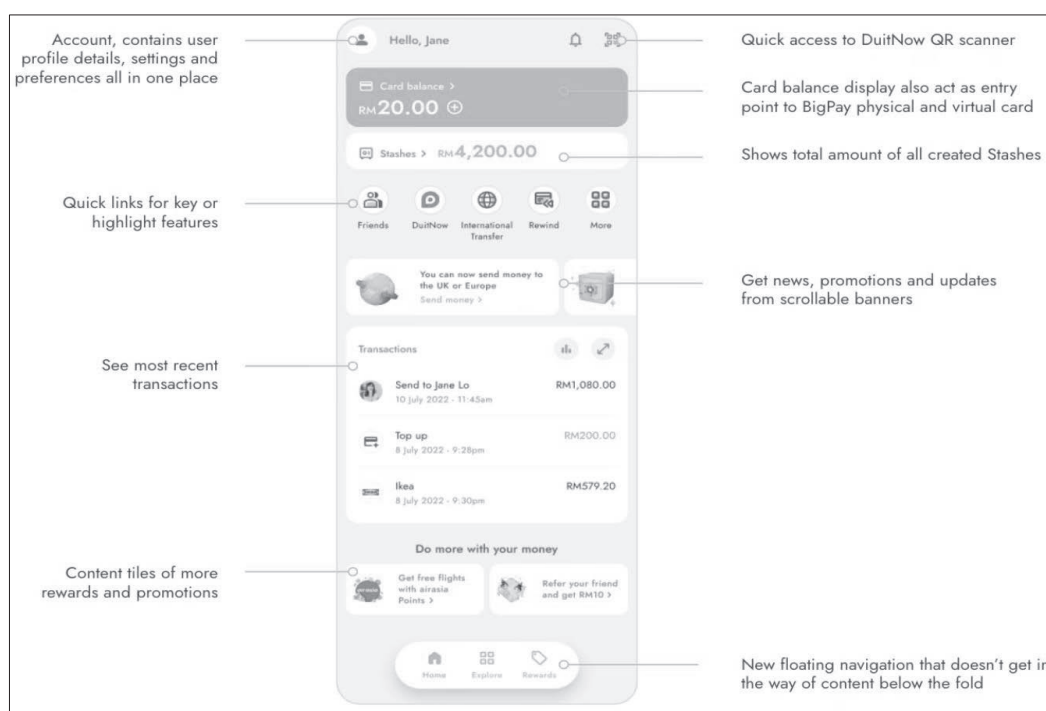
Month/year	Details
January 2023	BigPay Thailand obtained the e-money payment services licence and e-money transfer services licence from the Bank of Thailand and the Ministry of Finance of Thailand, thus allowing it to offer its e-wallet services in Thailand.
May 2023	BigPay MY began to allow its users to pay using cross-border QR codes using their BigPay app when they are travelling overseas in Thailand and Singapore by scanning QR Codes provided under the respective national QR.
June 2023	BigPay MY began to allow its users to pay using cross-border QR codes using their BigPay app when they are travelling overseas in Indonesia by scanning QR Codes provided under the national QR.
August 2023	<p>BigPay MY collaborated with AAX and AAB to allow for payments made by BigPay users (using their BigPay account) for goods and services sold and distributed by AAX and AAB (including flight tickets) to be routed to BigPay MY as the acquirer to be directly processed by BigPay MY, which in turn allows BigPay MY to earn from the MDR.</p> <p>BPL obtained the ISO/IEC 27001:2022 certification, which is the global standard for effective information security management to prevent security breaches.</p> <p>BPL secured the Advertisement Permit from the Ministry of Housing and Local Development, allowing BPL to commercially advertise personal loans offered through its platform.</p>
October 2023	BigPay Group began to collaborate with AirAsia MOVE Group by embedding the BigPay e-wallet on the AirAsia MOVE platform to enable users to pay using their BigPay e-wallet after they have linked their BigPay accounts with their AirAsia MOVE accounts.
January 2024	Offering instant travel insurance underwritten by Tune Protect, BigPay TravelEasy provides BigPay MY's users with quick and convenient access to travel insurance, which covers a range of issues such as accidents, medical emergencies, baggage loss, and travel delays in seamless in-app user experience.
March 2024	Distributed AirAsia MOVE Group's Asean Pass on BigPay platform in Malaysia, wherein Asean Pass is available on the BigPay platform for instant purchase and or via instalment plan.
July 2024	Launch of BigPay's digital financial services in Thailand (via BigPay Thailand), which enable BigPay platform users to collectively conduct physical and digital payments, peer-to-peer (P2P) transfers and use Stash.
August 2024	Launch of BigPay Lite on the AirAsia MOVE platform, which allows AirAsia MOVE platform users to apply for BigPay Lite directly within the AirAsia MOVE platform without downloading the BigPay mobile app.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Month/year	Details
September 2024	BigPay began allowing users to transfer funds to other e-wallets, specifically Dana, GoPay, Ovo and ShopeePay in Indonesia; GCash and PayMaya in the Philippines; eSewa in Nepal; BKash in Bangladesh; and Momo in Vietnam.
January 2025	BigPay began allowing users to make payments to overseas merchants supporting Alipay+.

3.3 Existing Principal Activities, Products and Services, Revenue Model

The BigPay platform comprises a mobile app, an e-wallet, a virtual prepaid card and a physical prepaid card (which is provided upon request by users). The mobile app interface is shown as follows:



The BigPay VISA prepaid card (both physical and virtual) is a convenient method for BigPay platform users to conduct online and offline payments globally, wherever VISA is accepted.



Illustration of the BigPay VISA prepaid card (physical prepaid card)

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The functions of BigPay platform are as described below:

(i) Payments

Allows BigPay platform users to make payments from their BigPay e-wallet to merchants via the following methods:

- (a) Physical/virtual prepaid card – The physical prepaid card enables both online e-commerce and offline point-of-sale transactions;
- (b) DuitNow QR feature (available in Malaysia only as at LPD) – This is a cashless payment method using QR code scanning functionality. The code is available online or physically at retail stores;
- (c) Split bill feature – This is for BigPay platform users to easily split bill payments with other BigPay platform users; and
- (d) Cross border QR – BigPay platform users in Malaysia will be able to pay by scanning QR codes provided under the respective national QR when they are travelling overseas in Thailand, Singapore and Indonesia. Users are also able to make payments to overseas merchants supporting Alipay+.

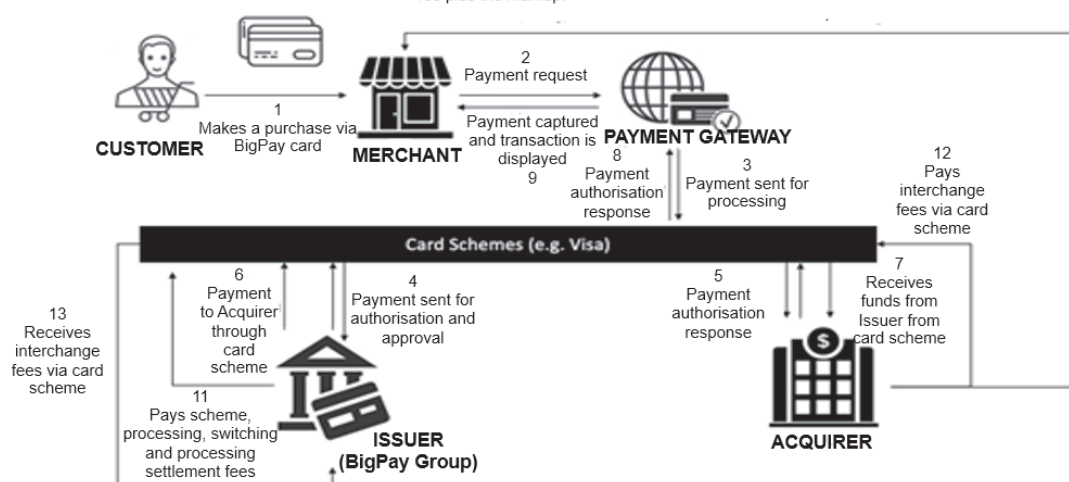


BigPay Group earns from 2 types of transactions:

- Open loop transactions – Open loop transactions are transactions where third-party schemes (such as VISA, AliPay and PayNet) process the transactions. Revenue is earned from interchange fees. BigPay Group incurs processing, clearing and/or settlement fees for open loop transactions that are processed by the schemes.

Open loop transaction flow

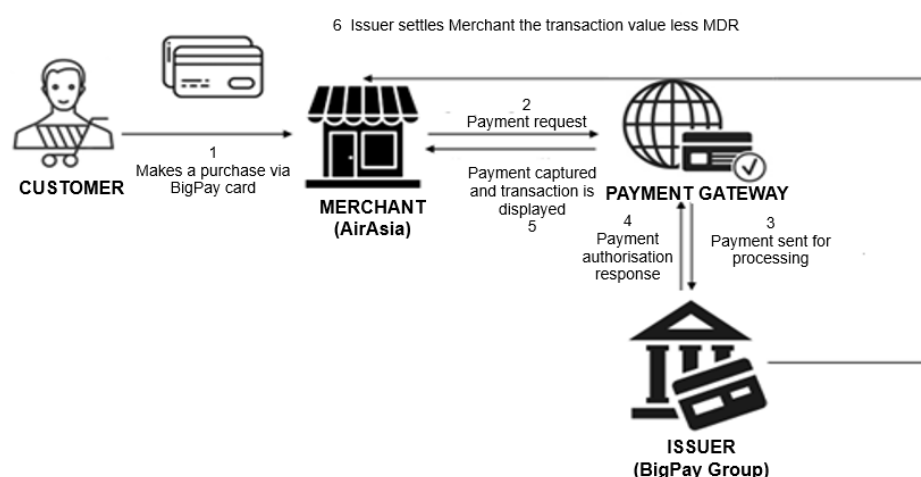
10 Acquirer settles Merchant the transaction value less MDR (MDR is the interchange fee plus the markup).



ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

- Closed loop transaction - Closed loop transactions are the commercial arrangement between the merchant and the issuer (i.e. the respective BigPay Group entity). In this instance, the issuer is also the acquirer who processes and settles the transactions made on the merchant platform. BigPay Group has collaborated with AAX and AAB which allows for payment for transactions made for goods and services sold and distributed by AAX and AAB (including flight tickets) made with the user's BigPay account to be routed to BigPay MY as the acquirer and for the transactions to be directly processed by BigPay MY, which in turn allows BigPay MY to earn from the MDR.

Closed loop transaction flow

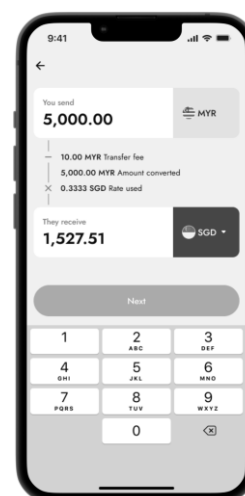


BigPay Group also earns from a fixed transaction fee from the BigPay platform user for any amount withdrawn via ATM kiosks using the prepaid card, and a foreign currency spread for any foreign exchange transactions performed by BigPay platform users via the BigPay platform.

(ii) Remittances and domestic transfers

These functions allow BigPay platform users to transfer available funds directly from their BigPay e-wallet to other BigPay platform users, other e-wallets or banks via 4 methods:

- Friends feature** – This allows users to transfer funds to another BigPay platform user;
- DuitNow Transfer and DuitNow QR** – This refers to fund transfer methods by scanning a QR code or providing bank account number or DuitNow ID, which will transfer funds to any local bank account or e-wallet account that is part of the DuitNow ecosystem;
- Local Bank Transfer feature** – This allows users to transfer funds to local bank accounts via bank details; and
- International remittance feature** – This allows users to remit funds to international bank accounts and e-wallets. The exchange rate, transfer fee, amount converted, savings and transfer time are displayed on the screen.



ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

BigPay Group earns revenue from a remittance fee and foreign currency spread.

(iii) Utilities

BigPay Group enables users to purchase or pay for the following:

- **Insurance distribution**

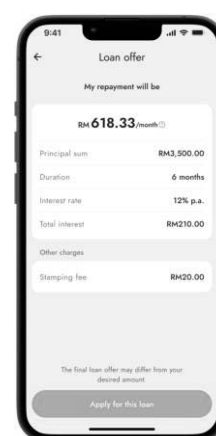
BigPay Group enables users to purchase insurance plans for personal accident and travel insurance (underwritten by a licenced insurer) via the BigPay app. BigPay Group earns a commission fee for each insurance plan being sold.

- **Bill payment and top-ups**

The BigPay app allows its users to make bill payments including payments for utilities, mobile postpaid bills and television subscriptions. BigPay platform users are provided with the convenience of saving bill payment details, as well as setting up a payment reminder.

BigPay app also provides top-up services for prepaid mobile plans.

BigPay Group earns a commission from the transactions performed.



(iv) Analytics and Stash

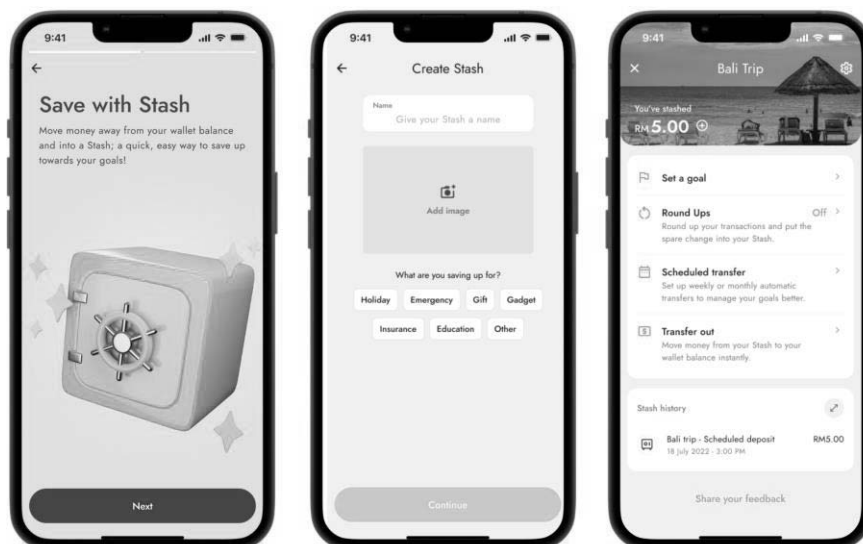
The Analytics feature allows BigPay platform users to track their financial well-being and spending. It also allows users to maintain multiple pots (Stashes) in their BigPay account.

The Stash feature allows BigPay platform users to set aside their funds from their main BigPay e-wallet to separate Stash(es) in their BigPay account. Users can set aside portions of their funds from their BigPay account into separate Stash(es) to help them budget and manage their money or spending.

BigPay platform users can opt to round-up their everyday payments and place these round-ups in their Stashes. They can also set savings goals and schedule to automatically set aside funds from their BigPay account to their Stash on a weekly or monthly basis. BigPay platform users can move their funds at any point from their Stash(es) back to their main BigPay e-wallet. For clarity, the Stash(es) are a subset and part of the user's BigPay account (and not separate e-wallets).

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

BigPay Group earns an interest yield from the customers' funds held in a trust account.



(v) Lending

This product allows BigPay platform users in Malaysia to apply for, obtain approval, and receive personal loans. Using the in-app loan calculator, BigPay platform users are able to generate pricing for the loan.

Generally, BigPay platform users can borrow up to RM10,000 for a tenure of up to 12 months.

BigPay Group earns an interest from the personal loans provided to these users.

Since the launch of BigPay platform, the number of physical and virtual prepaid card customers, active carded customers and average spend per customer are as follows:

	FYE			
	31 December			
	2021	2022	2023	2024
Number of carded customers ⁽¹⁾	1,035,376	1,311,867	1,495,808	1,602,650
Beginning of period	690,557	1,035,376	1,311,867	1,495,808
New users	344,819	276,491	183,941	106,842
Number of active carded customers ⁽²⁾	386,595	308,319	267,993	266,693
- Payment	335,565	275,165	266,856	144,704
- Remittance	48,652	82,333	109,773	110,875
- Lending	-	855	1,785	3,642
- Utilities	7,452	7,430	14,998	12,482
Average spend per customer (annualised) ⁽³⁾				
- Payment	7,560	13,877	14,850	14,362
- Remittance	11,354	11,768	16,392	18,814
- Utilities	151	1,807	1,136	1,098

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Notes:

- (1) Refers to total number of customers that use both physical and virtual prepaid cards.
 (2) Refers to customers that use both physical and virtual prepaid cards and have at least 1 transaction in the last month of the financial year/ period.
 (3) Amount spent in the last month of the financial year/period multiplied by 12 months.

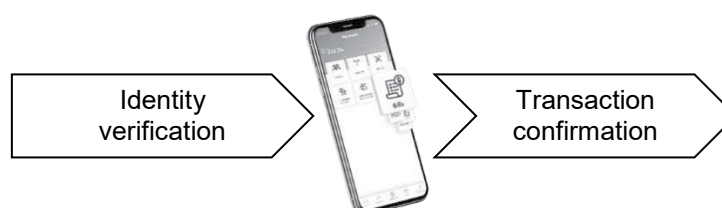
BigPay Group's revenue has been increasing since the FYE 31 December 2021 although the number of new carded users has been decreasing since the FYE 31 December 2021. This is mainly attributable to the targeted marketing approach undertaken by BigPay Group to effectively onboard users with spending pattern that contributes to higher average spend per customer.

Presently, the BigPay platform is available to users located in Malaysia, Singapore and Thailand. As the provision of financial services is governed under the purview of local authorities, BigPay Group (via its respective entities in the respective local jurisdictions) has acquired the necessary licences and approvals from the respective local authorities to be legally compliant in these countries. These licences are as elaborated in Section 3.7 of Appendix II.

3.4 Operational Process Flow

The key operational activities for BigPay Group's digital financial services platform can be summarised as follows:

(a) Identity and transaction verification



As a digital financial service provider, BigPay Group is obligated to comply with customer due diligence and anti-money laundering regulations. As such, all new users will have to undergo an identity verification process prior to being approved for onboarding, this process is also known as a 'know your customer' (KYC) procedure, which is done electronically. All verification processes are automatically and instantaneously performed via the BigPay platform.

Users must pass all of BigPay Group's verification processes. In the event when there appears to be a discrepancy in the verification process, the verification process will be halted and BigPay's onboarding team will carry out that specific verification process manually. This process will generally not take longer than 48 hours in Malaysia and Thailand. In Singapore, the verification process can be done immediately using SingPass national identification system in Singapore.

Upon registering for an account via the BigPay platform, users may utilise the digital financial services offered in the BigPay platform. All payment transactions are authenticated using Two Factor Authentication (2FA). If the authentication fails, then the user will not be able to proceed with the transaction.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

(b) Continuous improvements and upgrades

BigPay Group is constantly improving and/or updating its digital financial services platform to keep up with technological advancements and market trends. BigPay Group enhances its digital financial services platform as and when there are technology changes, such as operating system updates and security threats discoveries including taking on board directives from the local regulators and updates to the respective regulations.

Meanwhile, BigPay Group is constantly improving the features of its product offering to keep up to date with user demands and market trends on functionalities and features, in order to ensure that its product and services remain relevant to its users. As BigPay Group collects and stores user data with customers' permission in accordance with the PDPA, this enables BigPay Group to have valuable insights into its users' preferences and habits, as well as their interactions with their e-wallet and the app, allowing BigPay Group to improve the user experience and increase personalisation (such as promotions and notifications) for its users. In addition, BigPay Group conducts enhancements through various methods such as questionnaires, focus groups and user feedback.

BigPay Group aims to implement the improvements and upgrades to encourage positive user experience as well as maintain the quality, security, maintainability and performance of the BigPay platform.

(c) Marketing

The BigPay app receives and collects real-time, differentiated and commercially-relevant data based on decisions made by its customers.

The insight analytics generated by BigPay Group's data team will be channelled to the marketing team, who will then personalise content based on the user's geographic or demographic segmentation. Depending on the users' app behaviour, they will also receive personalised recommendations tailored and relevant for their needs and interests. BigPay Group's marketing teams will also localise the marketing campaigns to cater to the local market.

(d) Support services for users

BigPay Group has technical support teams for its BigPay platform to provide customer support services in the event of any issues encountered by users. Typically, BigPay Group provides support services for fraud and scam incident reporting, platform technicalities, service discrepancies and payment issues.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

3.5 Business Development and Sales and Marketing Strategies

BigPay Group adopts the following business development and marketing strategies in growing its digital financial services platform business:

(i) Digital marketing

BigPay Group recognises the importance of digital marketing being adopted as a medium to disseminate information for brand awareness purposes as well as to encourage usage of its services. As such, BigPay Group maintains a profile on various social media platforms, i.e. Facebook, Instagram, LinkedIn, Twitter and YouTube, where BigPay Group posts online content and videos to attract and interact with its existing and prospective customers. BigPay Group also keeps its existing customers informed on the latest updates on its services, as well as promoting its latest service offerings or functionalities through these platforms.

In addition, BigPay Group also maintains a corporate website which provides searchable information on the BigPay Group and details of its services. BigPay Group's corporate website is <https://bigpayme.com/>.

(ii) Collaborative marketing with AirAsia MOVE Group

BigPay Group has started collaborating with AirAsia MOVE Group on marketing efforts to acquire new users. This includes co-designing and co-executing promotions, discounts or benefits, leveraging on AirAsia MOVE Group's user base to target customers and provide more relevant and personalised promotions.

3.6 Types, Sources and Availability of Supplies

The breakdown of BigPay Group's costs of sales are as follows:

	FYE						FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'mil	%	RM'mil	%	RM'mil	%	RM'mil	%
Payment scheme and processing fees	38	77.6	38	77.6	44	74.6	34	78.9
Remittance fees	-	-	2	4.1	3	5.1	2	5.1
Top-up processing fees	6	12.2	8	16.3	9	15.3	5	12.0
Short Message Service ("SMS") notification fees	5	10.2	1	2.0	1	1.7	1	2.0
Physical card costs ⁽¹⁾	-	-	-	-	2	3.4	1	2.0
Total cost of sales	49	100.0	49	100.0	59	100.0	43	100.0

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Notes:

- (1) Physical card costs were recorded under other operating expenses for the FYE 31 December 2021 and FYE 31 December 2022 which amounted to RM6.9 million and RM8.2 million respectively.
- (2) Financial information for the FYE 31 December 2021 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.1650.
- (3) Financial information for the FYE 31 December 2022 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.3900.
- (4) Financial information for the FYE 31 December 2023 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.5900.
- (5) Financial information for the FYE 31 December 2024 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.4755.

3.7 Major Approvals, Licences and Permits

The following are a list of approvals, licences and permits which BigPay Group has obtained in order to operate its BigPay platform:

No	Licenced Entity	Licence/ Permit	Governing Body	Licence Purpose	Validity date/ Expiry date
1	BigPay SG	Major Payment Institution	Monetary Authority of Singapore	To allow for domestic and cross-border money transfer service, account issuance service, and e-money issuance service	Validity date: 1 June 2022 Expiry date: -
2	BigPay Thailand	E-money licence	Bank of Thailand and Ministry of Finance	Allows BigPay Thailand to store users' funds and enables users to make payment for goods and services via their e-money account	Validity date: 23 January 2023 Expiry date: -
3	BigPay Thailand	E-Money Transfer Services Licence	Bank of Thailand and Ministry of Finance	Allows users to transfer funds electronically	Validity date: 23 January 2023 Expiry date: -
4	BigPay MY	Approval for Issuing Designated Payment Instrument Under Section 25(1) of the Payment Systems Act 2003 (" PSA 2003 ") Note: The PSA 2003 was subsequently repealed and replaced by the Financial Services Act 2013 (" FSA 2013 "). Nevertheless, issuers of designated payment instruments who had obtained a written approval under the repealed PSA 2003 are deemed to have been approved under the FSA 2013.	BNM	To provide payment instrument that contains monetary value that is paid in advance by the user to the e-money issuer. To issue electronic money to its customers	Validity date: 31 May 2007 Expiry date: -

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

No	Licenced Entity	Licence/ Permit	Governing Body	Licence Purpose	Validity date/ Expiry date
5	BigPay MY	Licence to carry on money services business (Class B)	BNM	To carry on money remittance business - outward & inward fund transfers by individuals and business	Validity date: -(⁽¹⁾) Expiry date: 18 August 2026
6	BigPay MY	Registration to provide Merchant Acquiring Services	BNM	To provide merchant acquisition services	Validity date: 3 September 2024 Expiry date: -
7	BPL	Money lending licence (renewal)	Registrar of Moneylenders, Ministry of Housing and Local Government of Malaysia	To provide lending services (personal loan) in Malaysia	Validity date: 22 September 2023 Expiry date: 21 September 2025
8	BPL	Advertisement permit	Registrar of Moneylenders, Ministry of Housing and Local Government of Malaysia	To commercially advertise the lending services offered on its platform	Validity date: 24 August 2023 Expiry date: 23 August 2025

Note:

- (1) This is a renewed licence from BNM which states the revised expiry date and does not state the validity date. For information purposes, BigPay MY first obtained the said licence from BNM in July 2019.

3.8 Future Plans and Strategies

BigPay Group's strategies to grow its revenues and its profitability are as summarised below:

(i) Continuous cost optimisation

BigPay Group's revenue grew by 75,7% from RM21.8 million for the FYE 31 December 2021 to RM38.3 million for the FYE 31 December 2024. In addition, BigPay Group's loss after tax declined from RM138.9 million for the FYE 31 December 2021 to RM131.1 million for the FYE 31 December 2024.

BigPay Group has been optimising its cost structure to improve its profitability. In the past, BigPay Group has conducted an organisational restructuring exercise to create a 'best fit' organisation, which is leaner and more efficient in line with the overall shift in business strategy and direction, and it comprises 2 aspects: (i) headcount reduction and (ii) leveraging resources within the AirAsia Group ecosystem (outsourcing of certain business planning functions to entities within AirAsia Group). The organisation restructuring was executed in March 2024 and resulted in reduction of 51 headcounts.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Amongst some of the on-going initiatives include:

(a) Collaboration with AirAsia MOVE Group

Recognising a potential to target AirAsia MOVE's customers who have not been utilising BigPay Group's digital financial services, BigPay Group has begun collaborating more closely with AirAsia MOVE Group beginning October 2023. This collaboration has been, and is intended to continue to be rolled out, across several areas, as follows:

- **Enhancing AirAsia MOVE platform users journeys by embedding BigPay Group's digital financial services features into the AirAsia MOVE platform**

BigPay Group and AirAsia MOVE Group are working closely to allow AirAsia MOVE platform users to seamlessly pay for their travel and mobility needs using the BigPay payment feature within the AirAsia MOVE platform. BigPay Group has already begun collaborating with AirAsia MOVE Group on their platform eco-system to allow for the following:

- Enable users to link and authenticate their BigPay e-wallet account from within the AirAsia MOVE platform in a couple of clicks;
- Enable users to view their latest BigPay balance on a real-time basis from within the home screen of the AirAsia MOVE platform;
- Enable users to top up their BigPay balance directly within their AirAsia MOVE platform;
- Easily initiate refunds or cashback to customers' BigPay accounts;
- Enable a seamless payment experience for any product or service purchased within the AirAsia MOVE platform using the BigPay e-wallet.

This BigPay e-wallet and AirAsia MOVE account linkage feature was launched in October 2023 in Malaysia.

BigPay Group and AirAsia MOVE Group also collaborated on the BigPay Lite product, which is an e-money product. BigPay Lite allows users to apply for a BigPay account directly on AirAsia MOVE platform with a lighter eKYC process and a lower purse limit, which is only available for payments within the AirAsia MOVE platform. The BigPay Lite product has been launched in August 2024.

BigPay Group intends to continue cross-selling other digital financial services offered through AirAsia MOVE's platform. In particular, BigPay Group is in the midst of collaborating with AirAsia MOVE Group to develop a checkout financing product. This will enable AirAsia MOVE Group's users to purchase their products and services via its platform on an instalment basis. It is intended for the product to be launched by the 2nd quarter of 2025.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

- **Drive collaborative marketing to acquire new BigPay customers and grow its revenue**

BigPay Group has been collaborating with AirAsia MOVE Group on marketing efforts historically, and intends to ramp up these efforts with a specific focus on new customer acquisition (and incremental revenue) for BigPay Group from the AirAsia MOVE platform user base. These efforts include:

- Worked with AirAsia MOVE Group to co-design and co-execute promotions, discounts or benefits through the use of BigPay Group's digital financial services for the purchase of AirAsia MOVE Group's services. For example, AirAsia MOVE platform users will be offered with a discount alongside additional Reward points to AirAsia MOVE platform users when they use their BigPay e-wallet or card top for products and services within the AirAsia MOVE platform;
- Leverage on AirAsia MOVE Group's database marketing to target customers to prompt them to use BigPay and reactivate more inactive AirAsia MOVE platform users and encourage them to use AirAsia MOVE platform's services;
- Leverage on the data pools of AirAsia MOVE platform and BigPay platform to drive more relevant, personalised promotions and benefits with a higher conversion rate.

In addition, by launching marketing campaigns in collaboration with AirAsia MOVE Group, BigPay Group will have a more targeted approach in attracting new users and will be able to leverage on AirAsia MOVE platform as a marketing channel. Thus, BigPay Group will be able to lower its acquisition costs of customers, which would in turn significantly reduce its marketing expenses.

Overall, the collaboration between BigPay Group and AirAsia MOVE Group will enable BigPay Group to expand its customer base to include AirAsia MOVE platform's users that are not presently using BigPay Group's digital financial services.

Apart from increasing BigPay Group's revenues, the collaboration will also enable BigPay Group to optimise its cost structure.

(b) Increasing closed loop transactions as share of total payments, which will improve payments gross profitability

BigPay Group has collaborated with AAX and AAB, which would enable transactions for goods and services sold and distributed by AAX and AAB (including flight tickets) where paid with the user's BigPay account to be routed to BigPay as the acquirer to be directly processed by BigPay. This allows BigPay Group to reduce or eliminate fees to schemes and third-parties.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

At present, BigPay Group's payment scheme and processing fees constituted the majority of BigPay Group's total direct costs in FYE 31 December 2023. Closed loop transactions will minimise payment schemes and processing fees incurred.

As AirAsia MOVE platform is a major sales channel for AirAsia airline services, BigPay Group intends to focus its marketing activities to target AirAsia MOVE platform's user base. BigPay Group expects that a significant proportion of its payment services will be via closed loop transactions moving forward. BigPay Group intends to enter into close-loop agreements with IAA, PAA, TAA and TAAX as well as AirAsia MOVE Group by the 2nd quarter of 2025.

(ii) Expanding range of services

• **Introducing new lending services**

BigPay Group intends to grow its lending services through the introduction of 2 products:

- Offline checkout financing, which allows users to pay for purchases on an instalment basis. Users will be able to apply for this service in physical stores via BigPay platform and the loan disbursement will be paid directly to merchants. BigPay Group is in the midst of seeking merchants to work with to enable this service. The expected timeline to introduce this new service is by the 2nd quarter of 2025; and
- Online checkout financing for travel, which allows users to pay for purchases on an instalment basis. Users will be able to apply for this service in online stores via BigPay platform and the loan disbursement will be paid directly to merchants. The expected timeline to introduce this new service is by the 2nd quarter of 2025.

• **Growing international remittance services**

BigPay Group's international remittance service allows for remittance from the e-wallet to bank accounts or other e-wallets.

In order to grow its international remittance service, BigPay Group plans to broaden the range of endpoints for users to send their money. This will be done by integrating with VISA Direct to allow customers to remit money to any VISA card worldwide. BigPay expects to launch the VISA Direct services by second half of 2025.

• **Leveraging on QR payment methods to facilitate payment services and lowering number of carded transactions**

The growth of the QR payment methods domestically as well as in ASEAN is expected to drive demand for BigPay Group's QR payments. BigPay Group has already seen the volume of monthly QR payments as at the LPD increased by over three-fold to RM9.8 million since its launch in April 2022 of RM2.8 million. The management of BigPay Group expects that the volume of QR transactions will continue to grow on this trajectory in light of the growth in local demand based on historical growth trends as well as growth in cross-border transactions.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

In addition, BigPay Group intends to encourage the usage of QR payments through enhancing the user interface of its platform.

The use of QR payment methods and reduced number of carded transactions to facilitate payment transactions would contribute to the reduction in BigPay Group's direct costs, which mainly comprise of payment scheme and processing fees at present. The potential savings arising from the use of QR payment methods as compared to carded transactions are payment scheme fees which amounts up to 60 basis points per transaction.

Through the abovementioned growth strategies and plans, BigPay Group has grown the number of carded users to approximately 1.6 million users in FYE 31 December 2024, which is a growth of 7.0% as compared to the number of carded users in FYE 31 December 2023. This would translate to increased transactions performed, allowing BigPay Group to grow its revenues. In addition, BigPay Group will be able to cross-sell its other digital financial services offered such as insurance plans and lending services to these increased number of users, thereby increasing revenues from other digital financial services.

Further, as mentioned above, BigPay Group intends to employ more efficient methods of customer acquisition and optimisation of its cost structure. This would consequently lead to lower direct, operational and marketing costs, which would help BigPay Group to achieve profitability.

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ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

4. BUSINESS OVERVIEW OF THE LOGISTICS SERVICES SEGMENT**4.1 Overview**

Teleport Group are principally involved in the provision of logistics services under the trade name "Teleport". Teleport Group offers 3 types of services, namely:

- (a) Teleport Air Cargo, which refers to airport-to-airport logistics services;
- (b) Teleport eCommerce, which refer to customisable first-to-last-mile cross-border delivery services; and
- (c) Teleport Next Day, which refer to cross-border door-to-door parcel delivery services carried out within the next day.

Its customer base comprises logistics service providers (including global freight forwarders and courier companies), e-commerce marketplaces, retailers, airlines as well as other multinational and local conglomerates and companies exporting their products, and consumers.

Teleport Group's business model is as detailed below:

Types of services	Infrastructure	Types of parcels/cargo	Revenue model	Customer segment
Teleport Air Cargo	<ul style="list-style-type: none"> Available cargo belly space of passenger aircraft 	<ul style="list-style-type: none"> Parcels Loose cargo Palletised cargo 	<ul style="list-style-type: none"> Service fee Contract fee 	<ul style="list-style-type: none"> Logistics service providers Conglomerates and companies Airlines
	<ul style="list-style-type: none"> Freighter aircraft 	<ul style="list-style-type: none"> Palletised cargos 		
Teleport eCommerce	<ul style="list-style-type: none"> Available cargo belly space of passenger aircraft Freighter aircraft In-house and third-party first- and last-mile service providers Contract-based and crowdsourced riders and drivers* 	<ul style="list-style-type: none"> Parcels Loose cargo Palletised cargo 	Contract fee	<ul style="list-style-type: none"> E-commerce marketplaces Retailers Conglomerates and companies Logistics service providers
Teleport Next Day	<ul style="list-style-type: none"> Available cargo belly space of passenger aircraft Contract-based and crowdsourced riders and drivers* 	Parcels	Fixed fee	<ul style="list-style-type: none"> Conglomerates and companies Consumers

Note:

* Contract-based riders and drivers refer to riders and drivers that either use their own vehicles or vehicles provided by Teleport Group to provide delivery services, and are paid a fixed fee. Crowdsourced riders and drivers refer to riders and drivers that use their own vehicles to provide delivery services, and are paid based on the deliveries performed.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

The breakdown of Teleport Group's revenue by type of services are as follows:

	Audited ⁽¹⁾ FYE						Unaudited ⁽¹⁾ FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000 ⁽²⁾	%	RM'000 ⁽³⁾	%	RM'000 ⁽⁴⁾	%	RM'000 ⁽⁵⁾	%
Teleport Air Cargo	516,369	96.8	423,856	88.5	599,707	80.5	773,231	71.0
Teleport eCommerce	17,284	3.2	54,860	11.5	145,011	19.5	310,905	28.6
Teleport Next Day	-	-	-	-	-	-	4,020	0.4
Total revenue	533,653	100.0	478,716	100.0	744,718	100.0	1,088,156	100.0

Notes:

- (1) The total revenue is based on the audited and unaudited financial statements of Teleport Group
- (2) Financial information for the FYE 31 December 2021 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.1650
- (3) Financial information for the FYE 31 December 2022 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.3900
- (4) Financial information for the FYE 31 December 2023 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.5900
- (5) Financial information for the FYE 31 December 2024 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.4755

Since Teleport Commerce Malaysia Sdn Bhd was incorporated in FYE 31 December 2018, its revenues were largely contributed by Teleport Air Cargo, i.e. between 71.0% and 96.8% of its total revenues in the respective financial years. Meanwhile, revenues from Teleport eCommerce have continued to grow from 3.2% in FYE 31 December 2021 to 28.6% in FYE 31 December 2024 of the total revenue of Teleport Group. Teleport Group only began to generate revenues from Teleport Next Day during the FYE 31 December 2024 after it was officially launched in December 2023.

4.2 Key Milestones

The history and milestones of the logistics services segment are as follows:

Month/year	Details
March 2018	Teleport Commerce Malaysia Sdn Bhd, then known as RedCargo Logistics Sdn Bhd, was incorporated to facilitate Teleport Group's commencement in providing Teleport Air Cargo.
April 2018	Teleport Group was selected as the winner of the "Best Innovation Idea" Award at the SAP APJ Innovation Challenge 2018, for the "Blockchain-based, decentralised belly cargo marketplace" idea.
May 2018	Teleport Group began to provide Teleport eCommerce (then known as Teleport Solutions) when it secured an order to transport automotive accessory parts, camera lens and headphones sold on eBay platform between Kuala Lumpur, Malaysia and Sydney, Australia.
January 2019	Teleport Group signed an agreement with Air New Zealand Limited (" Air New Zealand "), which allows it to leverage on one another's available cargo belly space and routes.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Month/year	Details
April 2019	Teleport Group began to operate under the trade name Teleport.
May 2019	Teleport Group began offering its logistics services in Singapore after Teleport Everywhere Pte Ltd was incorporated.
April 2020	During the COVID-19 pandemic, Teleport Group launched the "Save Our Shops" (S.O.S) initiative to support small businesses in surviving the COVID-19 pandemic. The initiative is for local businesses to list on airasia.com (previously known as 'OURSHOP') to sell their products, while Teleport Group provided its logistics services. Teleport Group has since ceased providing this service.
August 2020	Teleport Group was awarded the '2020 Southeast Asia Cargo Logistics Delivery Entrepreneurial Company of the Year' from Frost & Sullivan.
January 2021	Teleport Group received the Authorised Economic Operator certificate from the Royal Malaysian Customs Department which authorised Teleport Group to be a customs agent to carry out custom clearance of parcels and cargos it transports. This allows Teleport Group to perform its own custom clearance activities.
July 2021	Teleport Group began to leverage on Velox Fintech Co. Ltd.'s existing ecosystem of drivers in Thailand (which was previously operating under "Gojek") to provide last-mile delivery services (delivery services from hub to customer's premises) post the acquisition of Velox Fintech Co. Ltd., a mobile on-demand delivery services and payments platform provider, by AirAsia MOVE Group.
July 2022	Teleport Group signed an agreement with Etihad Airways PJSC ("Etihad Cargo"), which allows it to leverage on one another's available cargo belly space and route.
December 2022	Teleport Group began the testing phase of Teleport Next Day (then known as Teleport Pink), an on-demand international delivery services since December 2022. Teleport Next Day allows consumers to transport small parcels between Malaysia and Singapore whereby the parcels arrive by the next day (subject to the orders being placed by 12:00 p.m. on the day before).
February 2023	Teleport Next Day expanded its geographical footprint, allowing consumers to transport small parcels between Malaysia and Bangkok, Thailand whereby the parcels arrive by the next day (subject to the orders being placed by 12:00 p.m. on the day before).
June 2023	<p>Teleport Group was recognised as the Number 1 air logistics service provider in terms of total volumes moved within the region, and Top 10 within Asia Pacific, by World ACD Market Data B.V.</p> <p>Teleport Group signed an agreement with SF Airlines Co., Ltd which allows it to leverage on one another's available cargo belly space and route.</p>

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Month/year	Details
July 2023	<p>Teleport Group began to charter its first Airbus 321 freighter aircraft into its air logistic fleet.</p> <p>In the same month, Teleport Group began working with United Parcel Service Co which expanded its available cargo capacity, and in turn expanded United Parcel Service Co.'s network through Teleport Group's network.</p>
September 2023	Teleport Group signed an agreement with PT Garuda Indonesia (Pereso) Tbk, which allows it to leverage on one another's available cargo belly space and route.
November 2023	Teleport Group began to charter its second Airbus 321 freighter aircraft into its air logistic fleet.
December 2023	Teleport Group began to charter its third Airbus 321 freighter aircraft into its air logistic fleet.
March 2024	Vietjetair Cargo JSC (" VietJet Cargo ") appointed Teleport Group as its cargo sales agent, wherein Teleport Group promotes, sells and manages air logistics services for VietJet Cargo within India.
May 2024	<p>Teleport Group signed another agreement with Air New Zealand which allows it to leverage on one another's available cargo belly space and route.</p> <p>Teleport Group also signed another agreement with Etihad Airways PJSC which allows it to leverage on one another's available cargo belly space and route.</p> <p>In the same month, Teleport Group signed an agreement with Pakistan International Airlines, which allows it to leverage on one another's available cargo belly space and route.</p>
June 2024	<p>Teleport Group signed an interline agreement with VietJet Aviation Joint Stock Company ("VietJet Aviation") which allows it to leverage on one another's available cargo belly space and route.</p> <p>Teleport Group signed an interline agreement with Türk Hava Yolları A.O. ("Turkish Cargo") which allows it to leverage on one another's available cargo belly space and routes.</p> <p>In the same month, Teleport Group was awarded with the "Best Low-Cost Air Cargo Carrier" at the 2024 Asian Freight, Logistics and Supply Chain Awards.</p>

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

4.3 Existing Principal Activities, Products and Services and Revenue Model

Teleport Group offers the following types of logistics services:

(i) Teleport Air Cargo

Teleport Air Cargo is an airport-to-airport logistics service, which involves the delivery of loose parcels, loose cargos and/or palletised cargos from the origin airport to destination airport.

Teleport Air Cargo involves the delivery of parcels (generally small parcels weighing less than approximately 35 kg or have a total dimension of 140cm in height and 70 cm in width and depth), loose cargos (which are goods that are carried in bulk) and palletised cargo (which are goods carried in bulk using palletised equipment).

Parcels, loose cargos and palletised cargos are moved by utilising the unused cargo belly spaces of passenger aircraft, or cargo spaces in freighter aircraft. Cargo belly spaces are spaces in the belly of passenger aircraft which are primarily used to store passengers' luggage. Oftentimes, there are available spaces in the cargo belly of passenger aircraft which can be used to transport parcels, loose cargos and palletised cargo. Meanwhile, cargo spaces are spaces in freighter aircraft which have been designed to carry loose cargos or palletised cargos.

Illustration of passenger aircraft and freighter aircraft are as follows:



Passenger aircraft

Aircraft designed to carry passengers which have a cargo belly for passengers' luggage, parcels and cargos



Freighter aircraft

Aircraft designed to carry large cargos or palletised cargos. These aircraft may also carry parcels and cargos

Teleport Group has entered into agreements with the Capital A's AOCs, AAX and TAAX for the exclusive commercial rights for the unused cargo belly spaces in the AirAsia passenger aircraft, where it utilises the unused cargo belly spaces in the AirAsia passenger aircraft to transport parcels, loose cargos and palletised cargo. This allows for the optimised usage of the AirAsia passenger aircraft's unused cargo belly space, and negates the need for Teleport Group to commit to a specified cargo belly space on the passenger aircraft, as it can utilise any available cargo belly spaces when required. The said exclusive rights will remain the same after the completion of the Proposed Corporate Exercises.

Teleport Group also leverages on third-party airlines to transport parcels, loose cargos and palletised cargos. As at the LPD, Teleport Group works with third-party airlines such as Etihad Cargo, Turkish Cargo, Garuda Indonesia, SF Airlines, Air New Zealand, United Parcel Service (UPS), VietJet Cargo and VietJet Aviation and Pakistan International Airlines.

ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)

Additionally, Teleport Group charts 3 Airbus 321 Freighters from AAB since 2023. Through this arrangement, Teleport Group will pay AAB aircraft, crew, maintenance and insurance (ACMI) fees for the aircraft, operation and maintenance of the freighter aircraft. Meanwhile, Teleport Group will be responsible to schedule the routes for these freighter aircraft and share these routes with AAB to prepare the necessary crew. This enhances Teleport Group's control over its network and further complements existing capacity available through the belly capacity of AirAsia and partner airlines. This can allow Teleport Group to better serve high demand cargo routes.

Customers of Teleport Air Cargo services include logistics service providers (including global freight forwarders and courier companies), conglomerates and companies as well as airlines.

For Teleport Air Cargo services, Teleport Group earns based on chargeable weight and quantity of parcels or cargos. This may either be a contract fee for a specified chargeable weight of parcels or cargos based on a committed monthly quantity as per the contract, or a service fee based on market prices for the chargeable weight and quantity of parcels or cargo transported. For contract fees, an additional service fee is charged if the chargeable weight of parcels or cargos transported exceeds the committed monthly quantity as per the contract.

As at the LPD, Teleport Group is able to handle Teleport Air Cargo services for Malaysia, India, Indonesia, Singapore, the Philippines, China and Thailand for over 290 cities across Asia Pacific, including Kuala Lumpur, Penang, Johor Bahru, Bangkok, Phuket, Krabi, Jakarta, Medan, Bali, Surabaya, Balikpapan, Delhi, Chennai, Kolkata, Jaipur, Guangzhou, Hangzhou, Hong Kong, Male, Bandar Seri Begawan, Yangon, Perth, Sydney, Melbourne, Phnom Penh, Colombo, Fukuoka, Tokyo, Seoul and Auckland; Europe including Turkey, Belgium and Germany; the Middle East and Africa, including Dubai, Abu Dhabi, Jeddah, and Nairobi; and America, including Columbus and Atlanta.

(ii) Teleport eCommerce

Teleport Group offers Teleport eCommerce, which is customisable first-to-last mile cross-border delivery services, where it offers customers a combination of:

- First-mile pick up services – where parcels are picked up from the merchant's premises and sent to the hub, and includes custom clearance processes; and/or
- Mid-mile delivery services – where the parcels are picked up from the hub and delivered to the airport where it is transported via air to the destination airport; and/or
- Last-mile delivery services – where the parcels undergo custom clearance and are dropped off at the hub, and delivered to the customers' premises.