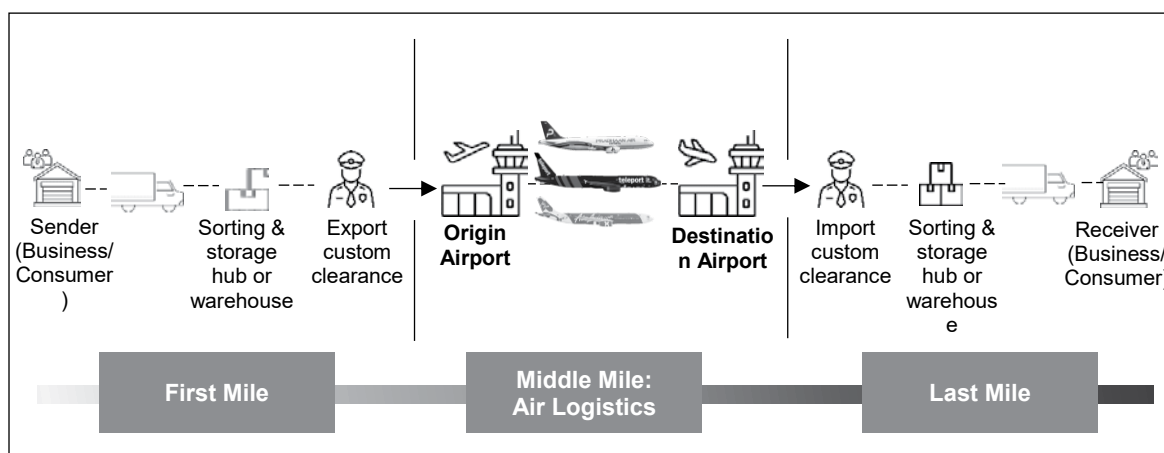


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**ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)**


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Teleport Group's services for first-mile pick-up, mid-mile and last-mile delivery services of Teleport eCommerce are as illustrated below:



Teleport Group works with AirAsia and 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) to utilise cargo belly of passenger aircraft and cargo spaces of aircraft to undertake mid-mile deliveries. It also leverages on the 3 Airbus A321 freighters chartered from AAB to enhance its cargo capacity for high-demand cargo routes. Its first- and last-mile delivery capability comprises contracted riders and drivers or on a crowdsource basis, in combination with selected third-party delivery companies.

Customers of Teleport eCommerce comprise e-commerce marketplaces, retailers, other conglomerates and companies as well as logistics service providers.

Teleport Group typically signs a contract with its customers which will specify the contract fee charged for a chargeable weight and quantity of parcels and cargos transported. The contract fee will include charges for the delivery services provided based on chargeable weight and quantity of parcels or cargos, depending on the specific service selected.

As at the LPD, Teleport Group is able to handle Teleport eCommerce 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.

Teleport Group presently also has 3 delivery hubs, comprising 2 in Selangor, and 1 in Singapore.

**(iii) Teleport Next Day**

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.

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


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Customers of Teleport Next Day can 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).

The Teleport Group will contact customers within 3 hours of confirmation to arrange for pickup of the parcels. These parcels will be transported via air to the destination airport, and subsequently delivered to the intended recipient. Customers will also receive live updates of the parcel's location via SMS and email.

Customers of this segment are typically consumers and companies, and Teleport Group charges RM20 for the first 1kg and RM5 for every subsequent kg for Malaysia customers and SGD8 for the first 1kg and SGD2 for every subsequent kg for Singapore customers. Meanwhile, for Thailand customers, Teleport Group charges THB200 for the first 1 kg and THB50 for every subsequent kg.

Since it was launched in December 2023 till the LPD, Teleport Group has completed over 250,000 Teleport Next Day services.

#### 4.4 Operational Performance

The available cargo capacities, chargeable weight and utilisation rates of cargo belly spaces, cargo space for Teleport Group's logistics services are as illustrated below:

	FYE			
	31 December			
	2021	2022	2023	2024
<b>Available cargo capacity (tonnes)</b>				
Passenger aircraft <sup>(1)</sup>	203,609	809,597	1,405,113	1,557,138
Freighter aircraft <sup>(2)</sup>	109,688	29,246	-	-
Third-party aircraft <sup>(3)</sup>	-	1,107	10,901	26,790
Own freighter aircraft <sup>(4)</sup>	-	-	14,816	59,630
<b>Chargeable weight (tonnes)</b>				
Passenger aircraft <sup>(1)</sup>	27,072	88,663	190,939	235,150
Freighter aircraft <sup>(2)</sup>	74,106	15,801	-	-
Third-party aircraft <sup>(3)</sup>	-	1,107	9,739	22,510
Own freighter aircraft	-	-	8,345	38,266
<b>Utilisation rate (%)</b>				
Passenger aircraft <sup>(1)</sup>	13.3	11.0	13.6	15.1
Freighter aircraft <sup>(2)</sup>	67.6	54.0	-	-
Third-party aircraft <sup>(3)</sup>	-	100.0	89.3	84.0
Own freighter aircraft <sup>(4)</sup>	-	-	56.3	64.2

**Notes:**

- (1) Passenger aircraft refers to available cargo belly spaces of AirAsia passenger aircraft which are unused passenger cargo space
- (2) Freighter aircraft refers to cargo spaces of AirAsia passenger aircraft which were converted into freighter aircraft between 2020 and 2022
- (3) Third-party aircraft refers to available cargo belly spaces and cargo spaces of third-party airlines
- (4) Own freighter aircraft refers to the freighter aircraft that were inducted by Teleport Group

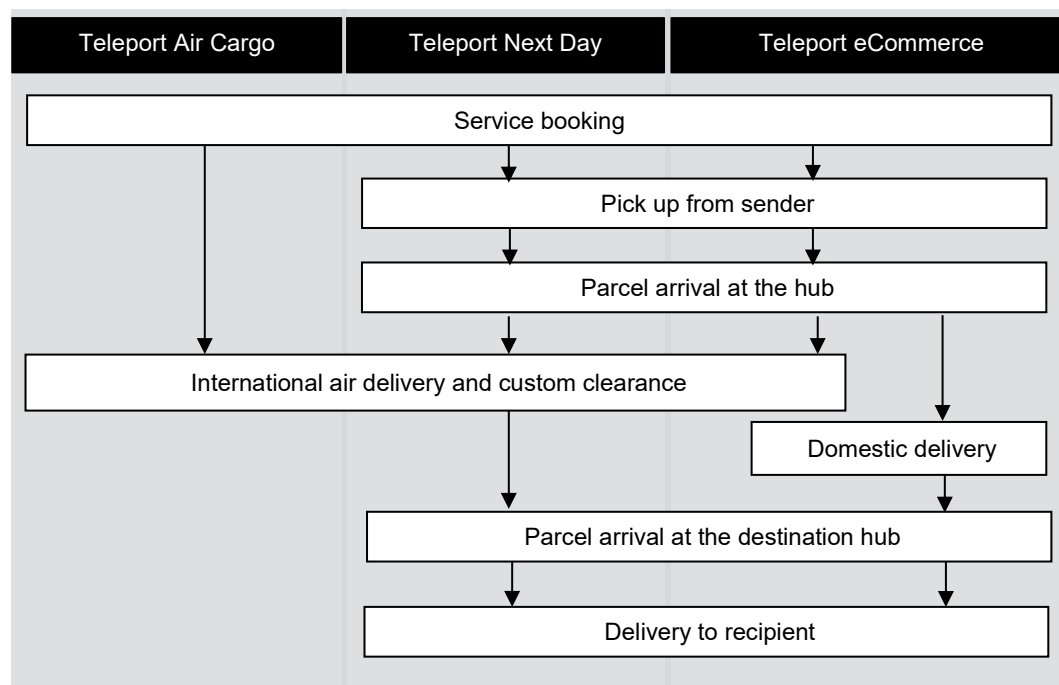
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**ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A (CONT'D)**


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**4.5 Operational Process Flow**

The typical process flows for its logistic services are as follows:

**(i) Service booking**

For customers requiring Teleport Air Cargo or Teleport eCommerce, the customers will submit a 'request for quotation' form on Teleport Group's website with the requisite information, such as name, contact details, company details, delivery destination, delivery volume and preferred delivery service. Upon receipt of the request, Teleport Group prepares a quotation and sends it back to the customer for their review. If the customer agrees, they will then sign a contract denoting the type of air logistics/ delivery services and charges.

For customers requiring Teleport Air Cargo to transport parcels, loose cargos and palletised cargos, an account will first be created for them with the SmartKargo system. Once they have been provided with the login details to the SmartKargo system, they are then able to book Teleport Air Cargo services whenever required.

Meanwhile, for customers requiring Teleport eCommerce to transport parcels or cargos, an account will first be created for them on the Teleport Delivery system. Once they have been provided with the login details to the Teleport Delivery system, they are then able to book Teleport eCommerce whenever required.

For customers requiring Teleport Next Day, they will have to first create an account on the Teleport website. Once they have been provided with the login details, they can book their parcel delivery and monitor their parcel delivery from the same website.

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


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**(ii) Pick up from the sender**

Upon receipt of delivery order from customers requiring Teleport eCommerce and Teleport Next Day, Teleport Group arranges a for a pick-up using third-party logistics service provider or its riders or drivers hired on a crowdfsource or contract basis.

**(iii) Parcel arrival at the hub**

All of the parcels, loose cargos and palletised cargos delivered for Teleport eCommerce and Teleport Next Day will be first delivered to the hub. The parcels or loose cargos or palletised cargos are logged, organised, sorted and transported to the airport for air transport.

**(iv) International air delivery and customs clearance**

For international deliveries under Teleport Air Cargo, Teleport eCommerce and Teleport Next Day, the parcels, loose cargos or palletised cargos will have to undergo export customs clearance. Typically, customs clearance will take 2 to 4 hours. Teleport Group has its own in-house export customs clearance team to assist and shorten this process. The parcels, loose cargos or palletised cargos will then be scanned and loaded onto the aircraft.

Upon arrival at the international destination airport, the parcels, loose cargos or palletised cargos undergo an import customs clearance to ensure that the goods are cleared to be imported into the country. The parcels, loose cargos or palletised cargos are logged and then loaded onto the third-party logistics service provider's vehicles for delivery to the destination hub.

**(v) Domestic delivery**

For domestic deliveries under Teleport eCommerce, the parcels, loose cargos or palletised cargos are scanned and loaded onto the aircraft. Upon arrival at the domestic destination airport, the parcels, loose cargos or palletised cargos are logged and then loaded onto the third-party logistics service provider's vehicles for delivery to the destination hub.

**(vi) Parcel arrival at the destination hub**

All of the parcels, loose cargos or palletised cargos delivered under Teleport eCommerce and Teleport Next Day from the airport directly to the destination hub. Again, the parcels are logged, organised, sorted and distributed for onward last-mile delivery services. The parcels are logged, organised and then loaded onto the third-party logistics service provider's vehicles.

**(vii) Delivery to the recipient**

Delivery from the destination hub to the recipients are carried out by third-party logistics service provider or riders or drivers that have been engaged on a contract or crowdfsource basis.

In order to optimise its operations to better serve customers and increase its ability to scale in the future, Teleport Group uses a combination of in-house developed and third-party systems to facilitate the abovementioned processes, as illustrated below:

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


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- Customer booking systems  
  
Teleport Group uses SmartKargo system, which is a third-party system which enable Teleport Group to have real-time updates on available cargo and cargo belly spaces and facilitates booking of cargo and cargo belly to transport parcels, loose cargos and palletised cargo. It also uses Teleport Delivery, which is an in-house developed system that enables customers to book Teleport eCommerce, and allows them to have real-time tracking information of their parcels or cargos that are being transported. Teleport Group also has a website portal to enable booking of Teleport Next Day services;
- Driver and rider management system  
  
Teleport Group uses Teleportal, which is an in-house developed application to coordinate pick-up and delivery with drivers and riders hired on a crowdsourced basis;
- Lane management  
  
Teleport Group uses OneTeleport, which is an in-house developed system that allows Teleport Group to reduce its lane launch time from 7 to 14 days, to under 5 minutes;
- Capacity planning and management  
  
Teleport Group uses Skypallet, which is a third-party system for cargo capacity planning and management that optimises cargo placement within aircraft for greater space utilisation and efficiency.

#### **4.6 Business Development Activities**

Teleport Group adopts the following business development and marketing strategies in its business:

##### **(i) Digital marketing**

Teleport Group regularly engages with its database of customers, stakeholders and interested parties through electronic direct mailers (EDMs) and a digital newsletter. It also maintains a profile on various social media platforms such as Facebook, Instagram and LinkedIn where it posts online content and videos to keep existing and prospective customers informed on the latest updates on its services, as well as promote its latest service through these platforms. In addition, it maintains a corporate website, i.e. <https://www.teleport.asia/en/my> for searchable information on its services offerings, and where customers can access the Teleport Next Day service.

##### **(ii) Sales agents**

For some countries where Teleport Group does not have presence in such as Korea, Teleport Group appoints sales agents to market and sell its Teleport Air Cargo services. As at the LPD, Teleport Group has signed an agreement appointing a sales agent in Korea to generate sales for Teleport Air Cargo services effective from 1 April 2024 to 30 April 2026.

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


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**(iii) Participation in exhibition, trade shows and talks**

Teleport Group has participated in various events both locally and internationally. Its personnel have also been invited as speakers to industry events to share their views and insights. Examples of the exhibition and trade shows that it has participated from 2021 up to the LPD are as follows:

<b>Date</b>	<b>Name of event</b>	<b>Organiser</b>	<b>Location</b>
April 2022	Retail Executive Summit Asia 2022	CloserStill Media	Singapore
June 2022	Air Cargo India 2022	Messe Munchen India Pvt Ltd	India
June 2022	Air Cargo Tech Summit 2022	Air Cargo World	United States
August 2022	Alibaba Cloud Day KL Summit 2022	Alibaba Cloud	Malaysia
October 2022	eCommerce Expo Asia 2022	CloserStill Media	Singapore
November 2022	CAPA Asia Aviation Summit and Awards for Excellence 2022	CAPA – Centre of Aviation	Singapore
September 2023	World Mail & Express Asia Conference 2023	Triangle Management Services	Malaysia
November 2023	air cargo Southeast Asia	MMI Asia Pte Ltd	Singapore
January 2024	World Economic Forum 2024	World Economic Forum	Switzerland
April 2024	Cargo Facts Asia 2024	Cargo Facts Asia	Singapore
June 2024	Air Cargo China 2024	Messe Munchen GmbH and Messe Munchen Shanghai Co., Ltd	China
September 2024	FreighTech 2024	Freightos Ltd	Spain
November 2024	Coalition of Airline Pilots Associations (CAPA) Summits	CAPA – Centre of Aviation	Hong Kong
March 2025	Deliver Asia	DELIVER	Singapore

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

### 4.7 Types, Sources and Availability of Supplies

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

	Audited <sup>(2)</sup>						Unaudited <sup>(2)</sup>	
	FYE						FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000 <sup>(3)</sup>	%	RM'000 <sup>(4)</sup>	%	RM'000 <sup>(5)</sup>	%	RM'000 <sup>(6)</sup>	%
Cargo belly costs	476,746	88.7	335,798	79.9	401,228	65.3	518,901	58.1
Cargo ground handling costs	15,409	2.9	18,476	4.4	81,739	13.3	100,931	11.3
Delivery costs for Teleport eCommerce	29,493	5.5	53,025	12.6	126,177	20.5	6,736	0.8
Delivery costs for Teleport Next Day	-	-	-	-	-	-	260,046	29.1
Other costs <sup>(1)</sup>	15,595	2.9	12,938	3.1	9,352	1.5	6,972	0.8
<b>Total costs</b>	<b>537,243</b>	<b>100.0</b>	<b>420,237</b>	<b>100.0</b>	<b>618,496</b>	<b>100.0</b>	<b>893,586</b>	<b>100.0</b>

**Notes:**

- (1) Other costs include commissions paid to sales agents and IT costs
- (2) The total revenue is based on the audited and unaudited financial statements of Teleport Group
- (3) 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
- (4) 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
- (5) 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
- (6) 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

### 4.8 Major Approvals, Licences and Permits

The following are a list of approvals, licences and permits which Teleport Group has obtained in order to operate its logistics services business:

No	Licensed Entity	Licence/Permit	Governing Body	Licence Purpose	Validity date/ expiry date
1	Teleport Commerce Malaysia Sdn Bhd	Non-universal Service Licence – Courier Service (Licence A)	Malaysian Communications and Multimedia Commission	To carry out courier services in Malaysia	Validity date: 1 January 2024 Expiry date: 31 December 2026
2	Teleport Commerce Malaysia Sdn Bhd	Free Commercial Zone KLIA Operating Licence	Malaysia Airports (Sepang) Sdn Bhd. being the Free Zone Authority of KLIA Cargo Village	To operate an office and a warehouse in the free commercial zone	Validity date: -( <sup>1</sup> ) Expiry date: 3 March 2026
3	Teleport Commerce Malaysia Sdn Bhd	Authorised Economic Operator Certificate	Royal Malaysian Customs Department	To certify Teleport Commerce Malaysia Sdn Bhd as a customs agent	Validity date: 23 December 2021 Expiry date: -

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


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No	Licenced Entity	Licence/Permit	Governing Body	Licence Purpose	Validity date/ expiry date
4	Teleport Commerce Malaysia Sdn Bhd	Personal Data Protection Registration Certificate	Personal Data Protection Commissioner, Malaysia	To certify that Teleport Commerce Malaysia Sdn Bhd's registration under the Personal Data Protection Act 2010	Validity date: 10 August 2023  Expiry date: 9 August 2025
5	Teleport Commerce Malaysia Sdn Bhd	Express Handling Unit Approval	Royal Malaysian Customs Department	To use express handling unit facility at KLIA for customs clearance of courier shipments	Validity date: 1 January 2024  Expiry date: 31 December 2026
6	Teleport Commerce Malaysia Sdn Bhd	Freight Forwarding Agent Licence	Royal Malaysian Customs Department	To conduct freight forwarding activities in Malaysia	Validity date: 16 July 2024  Expiry date: 15 July 2027
7	Teleport Commerce Malaysia Sdn Bhd	Shipping Agent Licence	Royal Malaysian Customs Department	To conduct shipping activities in Malaysia	Validity date: 25 June 2022  Expiry date: 24 June 2027
8	Teleport (Thailand) Co., Ltd.	Multimodal Transportation Operator Registration	Marine Department, Ministry of Transport Thailand	To carry out international multimodal logistics services	Validity date: 30 September 2022  Expiry date: 29 September 2027
9	PT Teleportasi Bisnis Indonesia	Standard Certificate	Republic of Indonesia Ministry of Investment and Downstream Industry / Head of BKPM	To carry out air transportation support services in Indonesia	Validity date: 3 December 2024  Expiry date: -
10	PT Teleportasi Bisnis Indonesia	General Sales Agent Business Licence	Republic of Indonesia Ministry of Transportation, Directorate General of Civil Aviation	To carry out sales and marketing activities for foreign air transportation services, where the countries of origin have bilateral or multilateral agreements with Indonesia.	Validity date: 29 November 2019  Expiry date: -
11	PT Teleportasi Bisnis Indonesia	Postal Operations Licence	Republic of Indonesia Ministry of Communication and Information	To operate postal service for logistic services and package services in Indonesia	Validity date: 6 April 2021  Expiry date: -
12	Teleport Commerce Philippines Inc.	Certificate of Authority (International and Domestic Air Freight Forwarding)	Civil Aeronautics Board, Philippines	To engage in the business of international and domestic airfreight forwarding in the Philippines	Validity date: 17 September 2020  Expiry date: 16 September 2025



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

No	Licenced Entity	Licence/Permit	Governing Body	Licence Purpose	Validity date/ expiry date
13	Teleport Commerce Philippines Inc.	Certificate of Authority (General Sales Agent for Cargo of Philippines AirAsia)	Civil Aeronautics Board, Philippines	To engage in the business as General Sales Agent for Cargo of Philippines AirAsia	Validity date: 16 July 2024  Expiry date: 15 July 2029
14	Teleport Commerce Philippines Inc.	Certificate of Provisional Government Authority to Operate a Private Express and/or Messengerial Delivery Service (PEMEDES)	Department of Information and Communications Technology, Philippines	To engage in the business of providing private express and/or messengerial delivery service (i.e., courier services)	Validity date: 16 October 2024  Expiry date: Until Teleport Commerce Philippines Inc.'s application for a regular authority to operate PEMEDES is assessed which is expected by the 2 <sup>nd</sup> quarter of 2025.
15	Teleport Everywhere Pte Ltd	Declaring Agent Authorisation - Intermediate	Singapore Customs	To be authorised to carry out customs clearance activities on behalf of the declaring agent, including the submission of permit declarations in Singapore	Validity date: 1 January 2024  Expiry date: 31 December 2025

**Note:**

(1) This is a renewed licence which states the revised expiry date and does not state the validity date.

**4.9 Future Plans and Strategies**

Teleport Group's future plans and strategies to grow its logistics services segment are as follows, i.e.:

**(i) Growing Teleport Air Cargo and Teleport eCommerce**

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% in FYE 31 December 2021 to 19.5% in FYE 31 December 2023 and 29.8% in 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 like Shopee, Temu and Lazada, retailers like JD.com and Zalora, airlines as well as conglomerates like large global freight forwarders and other companies.

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


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

Based on the management's estimates from discussions with existing and potential customers as well as historical growth rates and prospects of the logistics industry, Teleport Group has set a target to grow its daily average volume of parcels delivered from 258,000 daily in the 4<sup>th</sup> quarter of 2024, to 2 million parcels daily by end of 2025. Teleport Group aims to grow the daily average volume of parcels in 2025 by:

- (a) securing contracts with more e-commerce service providers. Teleport Group has been appointed to approve Teleport eCommerce for 3 established e-commerce service providers, namely a player based in Shopee and Zalora in January 2023 and Temu in February 2024;
- (b) leveraging on the increase in cargo capacity from the addition of its own 3 Airbus 321 freighter aircraft chartered from AAB since the second half of 2023 and growing its available cargo capacity under management, not just through AirAsia cargo belly space, but also through partnering with more airlines to expand its available cargo capacity;
- (c) setting up 1 additional delivery hub in existing markets it currently operates, i.e. Malaysia and Singapore, and setting up 1 new delivery hub in countries it does not have delivery hubs such as Thailand, the Philippines, Indonesia, Hong Kong and China. This will enable Teleport Group to handle higher volumes. The cost of setting up of delivery hubs in the abovementioned 7 countries will collectively amount to RM22.0 million; which will be funded by internally generated funds. This cost will mainly include costs for renovation, acquisition of service machinery and equipment, and obtaining necessary licences. Teleport Group intends to set up all 7 delivery hubs in the abovementioned countries by end of 2025.

With increased number of logistics service orders, Teleport Group will also be able to reduce costs of transporting parcels and cargos, whether via AirAsia aircraft or third-party airlines, as it will be in a better position to negotiate better terms and rates for cargo spaces. As such, this will improve its gross profit margins and ultimately enable it to generate profits from this segment.

**(ii) Growing Teleport Next Day**

Teleport Next Day presently allows its customers to transport small parcels between Malaysia, Singapore and Bangkok, Thailand within the next day. Since it was launched till the LPD, Teleport Group has completed over 250,000 Teleport Next Day services.

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

- **Expanding geographically to allow for small parcels to be transported**

Teleport Group intends to expand its coverage for Teleport Next Day into other major cities in Asia by the end of 2025, leveraging on existing first- and mid-mile capability and working with third party logistics service providers to handle last-mile delivery as and when required.

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

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- **Securing contracts with established brands in ASEAN**

Teleport Group also intends to secure 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 typically sell their products through international e-commerce platforms such as Shopify, BigCommerce and Magento. Thus, in order to facilitate such contracts, Teleport Group will need to integrate its platform with the e-commerce platforms to serve their order creation and shipping processes.

Teleport Group has already developed an application programming interface since early 2024. It is in the midst of developing a platform plugin to ease integration of Teleport Group's platform with the e-commerce platforms. This is expected to cost approximately USD5,600, and will be funded via internally generated funds. As at the LPD, Teleport Group is in the midst of discussions with 3 potential ASEAN brands who are waiting for the development of the plugin to be completed to begin operational trials of Teleport Next Day services through their existing platforms; and

- **Securing orders from small-to-medium sized businesses**

Teleport Group intends to continue targeting small-to-medium sized businesses. It 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. Teleport Group estimates that such platforms will cost USD150 for each sales personnel, and this will be funded via internally generated funds.

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


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**5. BUSINESS OVERVIEW OF THE F&B SEGMENT****5.1 Overview**

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 business model is as illustrated below:

Business segment	Business model	Revenue model	Customer segment
In-flight catering services	• Revenue sharing model	• Revenue sharing model	• AAB, IAA and PAA
	• Service model	• Service model	• AAX <sup>(1)</sup>
Operation and management of a F&B service chain	• Owned outlets and online delivery platforms	• Sale of in-flight F&B	• Consumers
Preparation and sale of frozen ready-to-eat food products	-	• Outright sale	• F&B service providers • Retailers • Hotel operators

**Note:**

- (1) Santan is awaiting approval from the Board targeted by end of the 2<sup>nd</sup> quarter of 2025 to shift the revenue model charged to AAX from service model to revenue sharing model, as is done with AAB, IAA and PAA. Further details on service and revenue sharing models are as described in Section 5.2 of Appendix II.

As at the LPD, TAA has approved Santan's business and revenue models for providing its in-flight catering services. Santan will begin charging TAA a management fee for these services upon entering into a contract with TAA in the 2<sup>nd</sup> quarter of 2025. Santan will also set up a local entity in Thailand by the 1<sup>st</sup> quarter of 2026.

The breakdown of Santan's revenue by type of business segment is as follows:

	Audited FYE						Unaudited FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
In-flight catering services	-	-	29,907	85.5	124,856	93.5	162,581	84.0
F&B service chain segment								
- Owned outlets	1,396	49.4	2,689	7.7	7,107	5.3	9,036	4.7
- Franchised outlets <sup>(1)</sup>	1,432	50.6	2,390	6.8	1,121	0.8	-	-
Frozen ready-to-eat food	-	-	-	-	516	0.4	13,912	7.2
Others <sup>(2)</sup>	-	-	-	-	-	-	7,926	4.1
<b>Total revenues</b>	<b>(3)2,828</b>	<b>100.0</b>	<b>34,986</b>	<b>100.0</b>	<b>133,600</b>	<b>100.0</b>	<b>193,455</b>	<b>100.0</b>

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


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**Notes:**

- (1) *Santan ceased the franchising of its F&B service chain since November 2023.*
- (2) *Others include revenue generated from advertising and duty-free products. The advertising revenue is derived from charging external brands to advertise in Santan's in-flight magazine onboard of AirAsia flights. The duty-free product business has been transferred to AirAsia MOVE Group since July 2024.*
- (3) *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 as shown for the FYE 31 December 2021 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.*

Santan initially began its business in the operation and management of a F&B service chain. Between FYE 31 December 2022 and FYE 31 December 2024, Santan's revenues have mainly been generated from its in-flight catering services.

Throughout the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, Santan's revenue was solely derived from Malaysia. It began to recognise revenue from the Philippines and Indonesia in the FYE 31 December 2024.

## **5.2 Existing Principal Activities, Products and Services, Revenue Model**

Santan's principal activities are as follows:

### **(i) In-flight catering services**

Santan supports the AAX, AAB, IAA and PAA by offering the following services:

- **Overseeing in-flight catering**

In overseeing in-flight catering for AAX, AAB, IAA and PAA, Santan carries out the following:

- **Product development**

Product development involves the planning of the menu as well as the research and development on new in-flight F&B for AirAsia flights, which includes planning and providing menus suitable for specific flight routes, passenger segments and classes as well as dietary needs. The research and development of all in-flight F&B are carried out in-house, where Santan's product development personnel will develop new in-flight F&B after researching on the latest market trends, and performing blind tests with selected individuals (typically comprising cabin crew and Santan's product development and quality assurance personnel) on the new in-flight F&B are carried out. Apart from that, Santan also takes into consideration feedback from passengers of AirAsia flights provided via questionnaires;

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


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- ***Supply chain management***

Preparation of in-flight F&B is undertaken by third-party central kitchen service providers, who are Halal certified. The recipes for the in-flight F&B are provided to these third-party central kitchen service providers. Santan maintains several central kitchen service providers in every country it operates in. The central kitchen service providers will deliver the in-flight F&B to the main warehouses of AAX, AAB, IAA and PAA in Malaysia, Indonesia and the Philippines respectively.

At the main warehouses in each country, Santan's supply chain personnel will oversee the loading of the in-flight F&B into the AirAsia flights. Prior to loading, Santan's personnel will perform a taste test on a random sampling basis for each batch and type of in-flight F&B to ensure that they are fresh and cooked according to the specifications; and

- ***Monitoring and management of sales, marketing and demand planning***

Santan is responsible for the in-flight menu design and will implement marketing strategies to promote and market in-flight F&B. This includes carrying out marketing campaign and promotions. In addition, Santan also determines the pricing strategy for its in-flight F&B.

Apart from that, Santan also monitors and manages sales of in-flight F&B sold on AirAsia flights using a point-of-sale system. The data gathered through the point-of-sale system will also assist in demand planning. Using the sales data, Santan continuously monitors the inventory of in-flight F&B to ensure that there is sufficient stock of in-flight F&B, and will replenish the inventory when necessary. The sales data will enable Santan to better determine the types and quantity of in-flight F&B to be prepared as the data gathered provides insight into the quantity and type of in-flight F&B sold and the preferences of passengers according to demographics and passenger classes.

Santan carries out its in-flight catering services in 2 revenue models, namely on a revenue sharing and service model. Each of these revenue models have different business models. As at the LPD, AAB, IAA and PAA are presently charged the revenue sharing model. Santan is currently awaiting the Board approval for the change of revenue model charged for services provided to AAX from service model to revenue sharing model. The differences between both revenue models are as illustrated below:

Revenue model	Revenue sharing model	Service model
Product development	Yes	Yes
Supply chain management	Yes	Yes
Monitoring and management of sales, marketing and demand planning	Yes	Yes
Ownership of inventory	Yes	No. F&B is sold to AAX

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


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Revenue model	Revenue sharing model	Service model
<b>Bearing of operational costs</b>	Yes. This includes all costs relating to the in-flight catering services, such as costs of F&B and merchandise inventory, wastages, warehouse operations and any technology tool expenses including point-of-sale system, warehouse management system and cart management system. It also crew incentives for the sale of in-flight F&B.	No
<b>Revenue model</b>	Sharing of revenues earned from the sale of in-flight F&B, whereby a commission of 20% based on revenues earned is paid to AAB, IAA and PAA	Service fee charged, F&B and services provided such as storage and cart handling

**(ii) Operation and management of a F&B service chain**

As at the LPD, Santan operates and manages 6 F&B service outlets. All of these F&B service outlets are fully owned by Santan. Santan ceased management of franchised outlets since November 2023.

There are 3 types of F&B outlet formats, i.e. restaurants, cafés and hybrid outlets. Restaurants serve lunch and dinner meals while cafés only serve pastries (such as cakes, sandwiches and cinnamon rolls), coffee and tea. Hybrid outlets have both a restaurant and a café within the same outlet, thus serving lunch and dinner meals, pastries and beverages.

The pictures below illustrate our restaurant, café and hybrid outlet formats:

**“Santan” restaurant outlet**


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


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**“Santan” café outlet format****“Santan” hybrid outlet**

Restaurants, cafés and hybrid outlets cater for takeaways via online delivery platforms.

The concept of the “Santan” F&B service outlets are to provide in-flight F&B that mainly focuses on Southeast Asian cuisine to consumers at any time of the day. The “Santan” F&B service outlets leverages on Santan’s reputation from providing in-flight F&B to AAX, AAB, IAA and PAA.

All Santan’s restaurants, cafés and hybrid outlets are supported by third-party central kitchens which will prepare the F&B (comprising meals, pastries and beverages) offered at these restaurants, cafés and hybrid outlets. These F&B are delivered to the restaurants, cafés and hybrid outlets in frozen or chilled form, and are then cooked, heated, baked and/or fried by the kitchen crew at the restaurants, cafés and hybrid outlets according to the instructions provided to them.

Santan generally stations 3 to 4 staff, comprising kitchen crew, waiters and waitresses, at each café. Meanwhile, Santan generally stations 7 to 8 staff, comprising kitchen crew, waiters and waitresses, at each restaurant or hybrid outlet.



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


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All of “Santan” F&B service outlets are located in Kuala Lumpur and Selangor. The locations of these outlets are as follows:

State	Outlet type	Location	Number of outlets
Kuala Lumpur	Café	RedStation (AirAsia MOVE Group's headquarters), West Wing, Jalan Stesen Sentral	1
	Restaurant and café (Hybrid outlet)	Wisma Tune (Teleport Group's headquarters), Damansara Heights	1
Selangor	Restaurant and café (Hybrid outlet)	RedQ (Capital A Group's headquarters), Kuala Lumpur International Airport	1
	Café	RedQ (Capital A Group's headquarters), Kuala Lumpur International Airport	1
	Restaurant	KLIA 1	1
	Restaurant	KLIA 2	1

**(iii) Preparation and sale of frozen ready-to-eat food products**

Santan also prepares and sells frozen ready-to-eat food products to F&B service providers, retailers (such as convenience stores and cafes) and hotel operators for their onward sale to consumers. As at the LPD, we have 25 stock keeping units of frozen ready-to-eat food products. Examples of frozen ready-to-eat food products include:

- ready-to-eat nasi lemak
- ready-to-eat nasi padang
- ready-to-eat soup chicken wantan
- ready-to-eat tomyam oden
- ready-to-eat curry fish ball

The ready-to-eat food products are either prepared at Santan's existing F&B service outlets or by Santan's central kitchen service providers. These food products are delivered to its customers on a daily basis using third-party on-demand delivery services.

As at the LPD, Santan has secured orders from F&B service providers such as Zus Coffee and Tealive; retailers such as Café Mesra; as well as hotel operators such as WIT Ventures Sdn Bhd. The secured orders from the F&B service providers for the 1<sup>st</sup> quarter of 2025 amounted to RM0.43 million.

### **5.3 Types, Sources and Availability of Supplies and Services**

Santan's costs comprise F&B sourced from third-party central kitchen providers as well as beverages, packaging materials, merchandises and duty-free products sourced from suppliers.

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


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The breakdown of its cost of sales are as detailed below:

	FYE						FYE	
	31 December						31 December	
	2021		2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
F&B sourced from central kitchen service providers	914	52.0	17,665	70.0	49,097	62.5	74,355	55.7
Beverages and packaging materials	843	48.0	2,057	8.2	7,402	9.4	23,646	17.7
Merchandise and duty-free products <sup>(1)</sup>	-	-	1,009	4.0	3,393	4.3	2,724	2.0
Commissions paid to airlines <sup>(2)</sup>	-	-	4,497	17.8	18,742	23.8	32,801	24.6
<b>Total cost of sales</b>	<b>1,757</b>	<b>100.0</b>	<b>25,228</b>	<b>100.0</b>	<b>78,634</b>	<b>100.0</b>	<b>133,526</b>	<b>100.0</b>

**Notes:**

(1) The duty-free product business has been transferred to AirAsia MOVE Group since July 2024.

(2) Based on the revenue sharing model, a commission of 20% based on revenues earned by Santan is paid to AAB, IAA and PAA.

#### 5.4 Major Approvals, Licences and Permits

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.

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


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Barring any unforeseen circumstances, Santan expects to obtain the full ground handling licence by end of 2<sup>nd</sup> 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.

## **5.5 Future Plans and Strategies**

Santan's future plans and strategies are aimed at growing its revenues. The future plans and strategies are as follows:

### **(i) Monetising from the in-flight catering service from TAA and selling frozen ready-to-eat food products in Thailand**

As at the LPD, Santan has not begun charging TAA for the provision of in-flight catering services. However, TAA has approved the business and revenue models proposed by Santan to provide its in-flight catering services. Santan intends to charge TAA a management fee for its in-flight catering services upon entering into a contract with TAA in the 2<sup>nd</sup> quarter of 2025. Santan will also set up a local entity in Thailand by the 1<sup>st</sup> quarter of 2026.

Further, Santan intends to expand its market for its frozen ready-to-eat food products in Thailand. In order to do so, Santan will be identifying suitable third-party central kitchens. They will work with the appointed third-party central kitchen(s) in the development of food products that appeal to the Thailand market. Santan has appointed third-party central kitchen(s) and intends to launch its frozen ready-to-eat food products by end of the 2<sup>nd</sup> quarter of 2025.

Santan will set up a local entity in Thailand by the 1<sup>st</sup> quarter of 2026 to facilitate the sale of in-flight catering services to TAA and sale of frozen ready-to-eat food products in Thailand.

### **(ii) Expansion of customer base for frozen ready-to-eat food product segment**

Santan began its frozen ready-to-eat food product segment after signing a contract with KK Supermart & Superstore Sdn Bhd, a local convenience store chain in Malaysia, in November 2022, to prepare, sell and deliver frozen ready-to-eat food to 20 KK Supermart & Superstore Sdn Bhd's convenience stores in Kuala Lumpur and Selangor.

It later expanded its customer base to include other F&B service providers such as Zus Coffee and Tealive; retailers such as Café Mesra; as well as hotel operators such as WIT Ventures Sdn Bhd.

Moving forward, Santan intends to continue expanding its customer base to target other F&B service providers and hotel operators. This would allow Santan to achieve a volume advantage that would in turn drive down cost and improve operational efficiencies.

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


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**(iii) Venturing into the wholesale of grocery products through AirAsia Grocer**

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 operation and management of AirAsia Grocer from AirAsia MOVE Group and is expected to begin monetisation from this business by the 2<sup>nd</sup> half of 2025 after the completion of the transfer of the ownership of AirAsia Grocer from AirAsia MOVE Group to Santan.

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.

Since 1 July 2024, Santan has already begun sourcing and selling bread to grocery retailers and convenience stores in East Malaysia. Santan has also developed and launched 3-in-1 coffee capsule products and mulled wine. Moving forward, Santan intends to expand the range of products offered under AirAsia Grocer to include ingredients such as rice, poultry and cooking oil. As at the LPD, Santan has shortlisted and finalised the arrangement with the potential suppliers for rice and poultry.

**(iv) Expanding in-flight catering services to third-party airlines**

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.

As at the LPD, Santan has been granted a conditional approval from MAVCOM for the ground handling licence for handling in-flight catering services. Santan has to be further audited and to be granted the technical approval certification (TAC) approval by CAAM in order to obtain full ground handling licence from MAVCOM. With the full ground handling licence, Santan will be able to offer in-flight catering services to third-party airlines in Malaysia. While waiting for the approval from CAAM and upon finalisation of arrangements with certain bus and train operators, Santan will begin to provide catering services to the said bus and train operators in the 3<sup>rd</sup> quarter of 2025.

Santan will leverage on its existing network of third-party central kitchen service providers to provide in-flight catering services to third-party airlines as well as catering services to bus and train operators.

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


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**6. MAJOR CUSTOMERS**

The top 5 major customers of our Group (excluding AAAGL Group and AAB Group) for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and the FYE 31 December 2024 are as follows:

**(i) FYE 31 December 2021**

<b>Customer</b>	<b>Length of relationship as at the LPD</b>	<b>Type of products/services</b>	<b>Revenue contribution</b>	
			<b>RM'000</b>	<b>%</b>
AAB	6 years	Aviation MRO and AirAsia MOVE's platform services	120,274	12.4
Customer A <sup>(1)</sup>	4 years	Cargo space	100,491	10.4
Customer B <sup>(1)</sup>	5 years	Cargo space	22,409	2.3
Customer C <sup>(1)</sup>	4 years	Cargo space	17,690	1.8
TAA	6 years	Aviation MRO and AirAsia MOVE's platform services	15,306	1.6
<b>Total</b>			<b>276,170</b>	<b>28.6</b>

**(ii) FYE 31 December 2022**

<b>Customer</b>	<b>Length of relationship as at the LPD</b>	<b>Types of products/services</b>	<b>Revenue contribution</b>	
			<b>RM'000</b>	<b>%</b>
AAB	6 years	Aviation MRO and AirAsia MOVE's platform services	371,124	26.4
Customer A <sup>(1)</sup>	4 years	Cargo space	102,170	7.3
TAA	6 years	Aviation MRO and AirAsia MOVE's platform services	72,009	5.1
PAA	6 years	Aviation MRO and AirAsia MOVE's platform services	44,889	3.2
IAA	4 years	Aviation MRO and AirAsia MOVE's platform services	39,957	2.8
<b>Total</b>			<b>630,149</b>	<b>44.9</b>

**(iii) FYE 31 December 2023**

<b>Customer</b>	<b>Length of relationship as at the LPD</b>	<b>Types of products/services</b>	<b>Revenue contribution</b>	
			<b>RM'000</b>	<b>%</b>
AAB	6 years	Aviation MRO and AirAsia MOVE's platform services	636,705	27.2
TAA	6 years	Aviation MRO and AirAsia MOVE's platform services	170,005	7.3
Customer A <sup>(1)</sup>	4 years	Cargo space	120,526	5.2
AAX	6 years	Aviation MRO and AirAsia MOVE's platform services	100,188	4.3
IAA	4 years	Aviation MRO and AirAsia MOVE's platform services	94,097	4.0
<b>Total</b>			<b>1,121,521</b>	<b>48.0</b>

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


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**(iv) FYE 31 December 2024**

<b>Customer</b>	<b>Length of relationship as at the LPD</b>	<b>Types of products/services</b>	<b>Revenue contribution</b>	
			<b>RM'000</b>	<b>%</b>
AAB	6 years	Aviation MRO, AirAsia MOVE's platform services and in-flight catering services	744,290	25.5
Customer D <sup>(1)</sup>	1 year	Cargo space	346,008	11.9
AAAGL	4 years	Royalty fee	201,917	6.9
Customer E <sup>(1)</sup>	2 years	Cargo space	123,063	4.2
AAX	6 years	Aviation MRO and AirAsia MOVE's platform services	103,685	3.6
<b>Total</b>			<b>1,518,963</b>	<b>52.1</b>

**Note:**

(1) The names of these major customers have not been disclosed in this Circular due to the provision of confidentiality clause in our Group's agreements or contracts that were executed with them. For information purposes, their background are as follows:

- (i) Customer A is a freight agent based in Korea and is not listed on any stock exchange. It is not a related party of Capital A;
- (ii) Customer B is a freight agent based in Malaysia and is not listed on any stock exchange. It is not a related party of Capital A;
- (iii) Customer C is a freight agent based in Malaysia and is not listed on any stock exchange. It is not a related party of Capital A;
- (iv) Customer D is a freight agent based in Hong Kong and is not listed on any stock exchange. It is not a related party of Capital A; and
- (v) Customer E is a freight agent based in China and is not listed on any stock exchange. It is not a related party of Capital A.

We are dependent on our major customers, particularly from the AOCs as we derived a significant portion of revenue from them. Nonetheless, this is mitigated by our continued and established business relationship with the AOCs post-completion of the Proposed Corporate Exercises as well as the intention of the AAX Group to centralise the purchase of supplies through Capital A Group and minimise direct purchases and negotiations with third party suppliers.

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). Procedures are in place to ensure that future related party transactions with the AAX Group are undertaken on arm's length basis and not more favourable than those generally available to the third parties.

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


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**7. MAJOR SUPPLIERS**

The top 5 major suppliers of our Group (excluding AAAGL Group and AAB Group) for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and the FYE 31 December 2024 are as follows:

**(i) FYE 31 December 2021**

Supplier	Length of relationship as at the LPD	Type of products/services	Value of purchases	
			RM'000	%
AAX	6 years	Cargo space	208,028	22.4
AAB	6 years	Cargo space	114,649	12.3
PAA	6 years	Cargo space	17,460	1.9
Supplier A <sup>(1)</sup>	3 years	Cargo space	15,359	1.7
IAA	6 years	Cargo space	14,872	1.6
<b>Total</b>			<b>370,368</b>	<b>39.9</b>

**(ii) FYE 31 December 2022**

Supplier	Length of relationship as at the LPD	Type of products/services	Value of purchases	
			RM'000	%
Supplier B <sup>(1)</sup>	5 years	Marketing	324,031	28.0
AAX	6 years	Cargo space	198,915	17.2
AAB	6 years	Cargo space	184,395	15.9
TAA	6 years	Cargo space	47,032	4.1
PAA	6 years	Cargo space	33,128	2.9
<b>Total</b>			<b>787,501</b>	<b>68.0</b>

**(iii) FYE 31 December 2023**

Supplier	Length of relationship as at the LPD	Type of products/services	Value of purchases	
			RM'000	%
AAB	6 years	Cargo space	222,225	14.1
AAX	6 years	Cargo space	158,344	10.0
TAAX	6 years	Cargo space	114,626	7.3
TAA	6 years	Cargo space	50,187	3.2
Supplier C <sup>(1)</sup>	6 years	IT and cloud services	41,380	2.6
<b>Total</b>			<b>586,762</b>	<b>37.2</b>

**(iv) FYE 31 December 2024**

Supplier	Length of relationship as at the LPD	Type of products/services	Value of purchases	
			RM'000	%
AAB	6 years	Cargo space	414,739	31.3
AAX	6 years	Cargo space	181,942	13.7
Supplier D <sup>(1)</sup>	3 years	Hangar contractor	133,101	10.0
TAAX	6 years	Cargo space	100,502	7.6
Supplier C <sup>(1)</sup>	6 years	IT and cloud services	92,856	7.0
<b>Total</b>			<b>923,140</b>	<b>69.6</b>

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


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**Note:**

- (1) *The names of these major suppliers have not been disclosed in this Circular due to the provision of confidentiality clause in our Group's agreements or contracts that were executed with them. For information purposes, their background are as follows:*
- (i) *Supplier A is an air charter company based in China and is not listed on any stock exchange. It is not a related party of Capital A;*
  - (ii) *Supplier B is an online travel platform based in Czech Republic and is not listed on any stock exchange. It is not a related party of Capital A;*
  - (iii) *Supplier C is a multinational software technology company with its holding company based in the United States and listed on the Nasdaq Stock Market. It is not a related party of Capital A; and*
  - (iv) *Supplier D is an engineering services provider based in Malaysia and is not listed on any stock exchange. It is not a related party of Capital A.*

We are dependent on our major suppliers, particularly from the AOCs as they accounted for a significant portion of our purchases for cargo spaces. Nonetheless, this is mitigated by our continued and established business relationship with the AOCs while Teleport Group continues to increase its cargo capacity not just through AirAsia belly space, but also through partnering with more airlines to expand its available cargo capacity

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). Procedures are in place to ensure that future related party transactions with the AAX Group are undertaken on arm's length basis and not more favourable than those generally available to the third parties.

## **8. COMPETITIVE STRENGTHS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP**

### **(i) ADE Group has the necessary approvals to provide aviation MRO services and its own hangar lines**

ADE Group has the necessary approvals from the local civil aviation authorities to provide aviation MRO services. As at the LPD, it has been approved by 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. It has also been approved by CAAM to provide base maintenance services in airports in KLIA and Senai International Airport in Malaysia.

In addition, it 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. From its customers' perspective, the ability to engage a single supplier for most of its aviation MRO requirements will reduce the cost and inconvenience of dealing with multiple suppliers. The ability to provide a comprehensive range of aviation MRO services will also allow ADE Group to cross-sell its aviation MRO services to its customers. As an illustration, ADE Group can cross-sell its CWS, ESS and DIS to customers of its EMS services.



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


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Apart from the above, ADE Group owns 14 hangar lines in KLIA and leases 2 hangar lines in Senai International Airport in Malaysia as at the LPD. It also intends to set up an additional 4 hangar lines by end of 2026, subject to the receipt of approvals from the relevant authorities.

By owning and leasing its own hangar lines, ADE Group will have the capacity to cater to growing orders for base maintenance services. As at the LPD, ADE Group has secured bookings for 158 C-checks for the FYE 31 December 2025. In addition, with its own hangar lines, ADE Group has better control over its operations schedule for aircraft. This will reduce the turnaround time to perform base maintenance services as it does not need to wait for third-party hangar lines to be available.

**(ii) AirAsia MOVE Group and BigPay Group have a wide range of services, and are synergistic to one another**

AirAsia MOVE Group, through its platform, offers a comprehensive suite of travel-related services. This allows its users to integrate services relating to their travel plans (such as flights, hotels, duty-free shopping, travel insurance, and airport transfers and e-hailing rides) within a single platform.

Meanwhile, BigPay Group also provides a variety of digital financial services to consumers through its platform, from making payments, international remittances and domestic transfers to distributing insurance plans (underwritten by licenced insurers), paying for utilities, mobile postpaid bills and satellite television subscriptions, offering personal loans as well as utilising its Analytics and Stash functions.

As AirAsia MOVE platform and BigPay platform can thus fulfil multiple travel-related and digital financial service needs, this enables:

- As the AirAsia MOVE platform can meet various travel and travel-related needs of value conscious travellers as compared to other online travel agencies, this will save users' time and effort in dealing with multiple platforms;
- Both the AirAsia MOVE and BigPay platform users will be encouraged to use the platform for various services, thus creating a more entrenched relationship with them;
- AirAsia MOVE platform users to benefit from bundle offers to purchase multiple services together at a discounted rate. This would also assist AirAsia MOVE Group to cross-sell the services offered within its platform and increase its revenue per user;
- The AirAsia MOVE platform is integrated with Rewards where its users can earn points for transactions made across various travel-related services offered on the AirAsia MOVE platform. This encourages users to continually engage with the platform to earn and redeem Rewards points; and
- AirAsia MOVE Group and BigPay Group can analyse user behaviour and preferences to enhance their platforms' features to improve their experience, optimise marketing strategies and personalise content, information and bookings based on their travel plans and interest.

Further, the services offered on BigPay platform are also complementary to the services offered in AirAsia MOVE. BigPay platform serves as the preferred payment solution for AirAsia MOVE's services through closed-loop agreement with BigPay Group.

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


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This allows AirAsia MOVE platform users to enjoy MDR costs via these closed-loop transactions. It also enables AirAsia MOVE 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 the BigPay platform to attract new users. This allows BigPay Group to lower its customer acquisition costs.

**(iii) Teleport Group offers a wide range of logistics services and its business model leverages on the unique combination of AirAsia's passenger belly network, Teleport's own freighters and the belly cargo spaces and freighters of airlines partners to provide its logistics services**

Teleport Group offers:

- (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.

Teleport Group's services allow it to cater to different customer needs, be it airport-to-airport, first-mile, mid-mile, last-mile or cross-border parcel delivery services. It also allows it to cater to different customer segments, be it logistics service providers (including global freight forwarders also allows and courier companies), e-commerce marketplaces, retailers, airlines as well as other multinational and local conglomerates and companies exporting their products, or consumers.

This reduces Teleport Group's reliance on any single customer segment, and allows it to cross-sell its services to its customers.

Further, Teleport charters 3 freighters to provide its logistics services. Teleport Group also 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. It has also signed freighter charter agreements for 3 Airbus 321 Freighters with AAB. Apart from that, it leverages on third-party airlines, particularly with Etihad Cargo, Turkish Cargo, Garuda Indonesia, SF Airlines, Air New Zealand, United Parcel Service (UPS), VietJet Cargo and VietJet Aviation, and Pakistan International Airlines to transport parcels, loose cargos and palletised cargos. In addition, it works with third-party logistics service providers as well as contract-based and crowdsourced riders and drivers to provide mid-and last-mile delivery.

This business model does not require Teleport Group to incur significant capital expenditure and operational expenses to acquire and maintain aircraft and vehicles. It also allows it to scale up and down based on demand without being burdened by fixed costs and expenses relating to fleet management. This business model also allows Teleport Group to tap into the route networks of third-party airlines to provide its logistics services.

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


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**(iv) AirAsia MOVE can leverage on the AirAsia Brand**

AirAsia MOVE was built upon the AirAsia Brand. The brand and intellectual property development, licensing and management of the AirAsia Brand is carried out by Brand AA, as exclusive licensor for the AirAsia Brand. The AirAsia Brand has a track record of over 20 years in the airline industry.

As such, 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.

**(v) Our Group is able to enjoy the benefits of technology platforms which are developed by the in-house team**

Our Group has internally developed the platforms, namely the AirAsia MOVE and BigPay platforms, Teleport Delivery, Teleportal, One Teleport, AEROTRADE™ and ELEVADE™. Our Group has the in-house capabilities, technical know-how and expertise required to successfully develop effective and reliable platforms for Capital A Group.

With in-house developed platforms, our Group is able to reap the following benefits:

- (a) **Flexibility** – Our Group is able to control the entire development of the platforms, right from the beginning up to the various enhancements, improvements and upgrades;
- (b) **Scalability** – Our Group is able to conveniently increase or decrease the performance of its platforms, or number of developers working on a project for the platform with minimal impact, according to changes in its growth plans, workloads as well as market demands;
- (c) **Reliability** – Our Group is able to minimise business disruption due to platform-related issues such as malfunctions, data inconsistency or not-user friendly which typically leads to an interruption of business continuity and efficiency. The in-house team will be able to promptly process bugs as compared to the need to contact the outsourced developer and arrange for a rectification procedure;
- (d) **Security** – Our Group is able to minimise the risk of exposure of its customers' private and confidential information to outsourced developers;
- (e) **Efficient management of resources** – for the logistics services segment, this enables integrated organisation of delivery service with the in-house delivery team and third-party delivery providers enabling real-time updates on vital information, especially aircraft cargo space and location of packages. This allows for efficient management of the logistics services.

Our Group believes that the in-house development team has the capability and expertise to enhance and improve its platforms as it grows, thereby enabling our Group to achieve optimal process standardisation, increased reliability and improved business efficiency, as our Group continues to grow its business.

## PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER



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### REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

14 April 2025

The Board of Directors  
Capital A Berhad  
Wisma Capital A  
19-04-02, 19, Lorong Dungun  
Bukit Damansara  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

Dear Sirs,

**Report on the compilation of pro forma consolidated statement of financial position included in the Circular to the Shareholders of Capital A Berhad in connection with the Proposed Disposal of AirAsia Aviation Group Limited ("AAAGL"), Proposed Distribution and Proposed Disposal of AirAsia Berhad ("AAB") (collectively known as the "Proposed Corporate Exercises") and the Proposed Capital Reduction (known as the "Proposed Regularisation Plan").**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of Capital A Berhad ("CAB" or the "Company") and its subsidiaries (collectively known as the "Group") prepared by the directors of the Company (the "Directors"). The pro forma consolidated statement of financial position consists of the pro forma consolidated statement of financial position as at 31 December 2023 and related notes as set out in Attachment A.

The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statement of financial position is in accordance with Chapter 10 of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa Securities") ("Applicable Criteria") which we have stamped for identification purposes.

The pro forma consolidated statement of financial position has been compiled by the Directors to illustrate the impact of the events or transactions as set out in Note 1 of Attachment A on the Group's financial position as at 31 December 2023, as if those transactions or events had taken place on 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the financial year ended 31 December 2023, on which audit reports have been published.

#### ***The Directors' responsibility for the pro forma consolidated statement of financial position***

The Directors are responsible for compiling the pro forma consolidated statement of financial position on the basis of the Applicable Criteria.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP  
AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER  
(CONT'D)**



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**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***Our independence and quality control***

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm also applies Malaysia Approved Standard on Quality Management and International Standard on Quality Management 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

***Our responsibilities***

Our responsibilities is to express an opinion, as required under Chapter 10 of the Main Market Listing Requirements issued by Bursa Securities, about whether the pro forma consolidated statement of financial position has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with Malaysian Approved Standards on Assurance Engagements and International Standard on Assurance Engagements, ISAE 3420: *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants and International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statement of financial position on the basis of the Applicable Criteria.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position.

The purpose of the pro forma consolidated statement of financial position included in the Circular to the Shareholders of CAB is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP  
AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER  
(CONT'D)**



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**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***Our responsibilities (contd.)***

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the pro forma consolidated statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statement of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regards to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Opinion***

In our opinion, the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the Applicable Criteria as set out in Note 1 and Note 2 of Attachment A.

***Emphasis of matter***

We draw attention to Note (e) to Proforma 1 and Notes (a) and (b) to Pro Forma 2 in Attachment A.

**Proposed Internal Reorganisation**

Note (e) to Proforma 1 describes that, as part of the Proposed Internal Reorganisation, AAB would distribute a total dividend of RM3,468,577,013 to CAB. Such dividend distribution is subject to Lenders' consent which, as at the date of this report, is subject to certain terms and conditions that remain to be fulfilled. For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, it is assumed that AAB has fulfilled all the terms and conditions required by its lenders to distribute dividend of RM3,468,577,013 to CAB. However, in the event these terms and conditions are not fulfilled, the dividend cannot be paid and the amount owing by CAB to AAB will increase by RM3,468,577,013 upon the completion of Proposed Disposal of AAB to AirAsia X Berhad ("AAX"). Consequently, the shareholders' funds of CAB would be reduced by RM3,468,577,013.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)**



**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***Emphasis of matter (contd.)***

**Proposed Disposal of AAAGL**

Note (a) to Pro Forma 2 describes that purchase consideration for the Proposed Disposal of AAAGL will be settled via the issuance of 2,307,692,307 new ordinary shares in AAX. At the point of the signing of the original conditional share sale and purchase agreement ("SSPA"), AAX Shares have been assigned a price of RM1.30 per share (based on 5-day volume weighted average price ("VWAP") of AAX Share price up to and including the latest practical date ("LPD") on 15 April 2024) giving a total purchase consideration of RM3,000,000,000. Subsequently on 26 July 2024, CAB, AirAsia Group Berhad ("AAG") and AAX signed a conditional supplemental share sale and purchase agreement ("SSSPA") whereby AAG novates the acquisition of AAAGL to AAX. All terms and conditions stated in the original SSPA dated 25 April 2024 between CAB and AAG remain consistent with the SSSPA except for the removal of the AAX's internal restructuring in its entirety in relation to the share exchange between AAX and AAG.

For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, the purchase consideration was illustrated at RM3,576,923,076 based on the issue price of AAX Shares of RM1.55 per share, which was determined based on the 5-day VWAP of AAX Share price up to and including the LPD on 27 March 2025 as a proxy. However, in the event the market price of AAX Shares falls below RM1.55 per share on the completion date of the Proposed Disposal of AAAGL, the fair value of the purchase consideration for the Proposed Disposal of AAAGL will fall below RM3,576,923,076. Similarly, should the market price of AAX Shares increase above RM1.55 per share on the completion date of the Proposed Disposal of AAAGL, the fair value of the purchase consideration for the Proposed Disposal of AAAGL will be higher than RM3,576,923,076.

As such, the actual gain or loss on the Proposed Disposal of AAAGL will depend on the market price of AAX Shares at date of completion of the Proposed Disposal of AAAGL and may be materially different from what is envisaged in the Pro Forma Consolidated Statement of Financial Position.

Note (b) to Pro Forma 2 further describes that the Proposed Distribution of AAX Shares to the entitled shareholders of the Company will entail a distribution of fixed number of 1,692,307,692 AAX Shares. At the point of the signing of the original SSPA, AAX Shares have been assigned a price of RM1.30 per share (based on 5-day VWAP of AAX Share price up to and including the LPD on 15 April 2024) resulting in a total distribution to shareholders of the Company of approximately RM2,200,000,000. Subsequently on 26 July 2024, CAB, AAG and AAX signed a conditional SSSPA whereby AAG novates the acquisition of AAAGL to AAX. All terms and conditions stated in the original SSPA dated 25 April 2024 between CAB and AAG remain consistent with the SSSPA except for the removal of the AAX's internal restructuring in its entirety in relation to the share exchange between AAX and AAG.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP  
AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER  
(CONT'D)**



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**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***Emphasis of matter (contd.)***

**Proposed Disposal of AAAGL (contd.)**

For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, the Proposed Distribution is calculated based on RM1.55 per share, using the 5-day VWAP of AAX Share price up to and including the LPD on 27 March 2025 as a proxy. Accordingly, the Proposed Distribution is illustrated at RM2,623,076,923. Any increase or decrease in market share price of AAX Shares above or below RM1.55 per share will affect the amount of the Proposed Distribution to the entitled shareholders of the Company on the entitlement date.

Therefore, the actual amount to be distributed pursuant to the Proposed Distribution will depend on the market price of AAX Shares on entitlement date and may be materially different from what is envisaged in the Pro Forma Consolidated Statement of Financial Position.

Due to the significance of these matters, it is in our judgment that these matters are of such importance that it is fundamental to users' understanding of the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023. Our opinion is not modified in respect of this matter.

***Other matters***

This report is issued for the sole purpose of complying with Chapter 10 of the Main Market Listing Requirements issued by Bursa Securities in connection with the Proposed Corporate Exercises and Proposed Regularisation Plan. Our work had been carried out in accordance with Malaysia Approved Standards on Assurance Engagements, International Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposed Corporate Exercises and Proposed Regularisation Plan as described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the Proposed Corporate Exercises and Proposed Regularisation Plan.

Yours faithfully,

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
14 April 2025

Low Khung Leong  
02697/01/2027 J  
Chartered Accountant



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP  
AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER  
(CONT'D)**

**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**Attachment A**

**Capital A Berhad**

**Notes to the pro forma consolidated statement of financial position as at 31 December 2023**

**1. Introduction**

The pro forma consolidated statement of financial position as at 31 December 2023 of Capital A Berhad (the "Company" or "CAB") and its subsidiaries (collectively known as the "Group"), for which the Directors are solely responsible, has been prepared for illustration purposes only in accordance with Chapter 10 of the Main Market Listing Requirements issued by Bursa Securities for inclusion in the Circular to the Shareholders of CAB. The pro forma consolidated statement of financial position has considered the effects of the following matters/transactions:

**a) Proposed Internal Reorganisation**

The Proposed Internal Reorganisation encompasses the following:

- (i) Proposed assignment of debts totaling RM1,730,000,000 between AAB, AAAGL, AirAsia Inc ("AAI"), PT Indonesia AirAsia ("IAA") and CAB. Arising from the assignment of debts, the following effects are illustrated:
  - a) Assignment of the amount due to AAB by AAI and IAA of RM1,730,000,000 to AAAGL;
  - b) Assignment of the debts due from AAAGL arising from (a) above of RM1,730,000,000 to CAB;
  - c) Waiver by CAB of the amount due from AAAGL of RM2,378,000,000. Resulting from this, AAAGL will recognise the waiver by CAB as capital contribution; and
  - d) Declaration of dividend of RM2,378,000,000 by AAB from its 2023 profits. Pursuant to the loan agreements entered into between AAB and its lenders, AAB shall not declare, make or pay any dividend if there are still outstanding amounts owing by AAB to the lenders. As at the date of this report, AAB has obtained consent from its lenders to distribute this dividend, which is subject to certain terms and conditions that remain to be fulfilled. For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, it is assumed that AAB has fulfilled all the terms and conditions required by its lenders to distribute dividend of RM2,378,000,000 to CAB. However, in the event these terms and conditions are not fulfilled, the dividend cannot be paid and the amount owing by CAB to AAB will increase by RM2,378,000,000 upon the completion of Proposed Disposal of AAB to AAX. Consequently, the shareholders' funds of CAB would be reduced by RM2,378,000,000.
- (ii) Proposed acquisition of 57,072,850 shares in AAX by CAB from AAB based on the fair value of AAX Shares ("Proposed Acquisition of AAX Shares by CAB");

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP  
AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER  
(CONT'D)**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31  
DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON**

**Attachment A**

**1. Introduction (contd.)**

**a) Proposed Internal Reorganisation (cont'd.)**

The Proposed Internal Reorganisation encompasses the following (cont'd.):

- (iii) Acquisition of 100% equity interest in AA Com Travel Philippines Inc ("AA COM Philippines") by AAAGL for a cash consideration of RM872,000 (equivalent to approximately Peso 10.5 million) from CAB which was completed on 27 March 2024; and
- (iv) Proposed novation of investment in perpetual capital securities from AAB to AAAGL for a consideration of RM1,090,577,013. Arising from the novation, the following effects are illustrated:
  - a) Assignment of the amount due from AAAGL arising from the novation of the investment in perpetual capital securities of RM1,090,577,013 to CAB;
  - b) Waiver by CAB of the amount due from AAAGL of RM1,090,577,013. Resulting from this, AAAGL will recognise the waiver by CAB as capital contribution;
  - c) Declaration of dividend of RM1,090,577,013 by AAB from its 2023 profits. Pursuant to the loan agreements entered into between AAB and its lenders, AAB shall not declare, make or pay any dividend if there are still outstanding amounts owing by AAB to the lenders. As at the date of this report, AAB has obtained consent from its lenders to distribute this dividend, which is subject to certain terms and conditions that remain to be fulfilled. For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, it is assumed that AAB has fulfilled all the terms and conditions required by its lenders to distribute dividend of RM1,090,577,013 to CAB. However, in the event these terms and conditions are not fulfilled, the dividend cannot be paid and the amount owing by CAB to AAB will increase by RM1,090,577,013 upon the completion of Proposed Disposal of AAB to AAX. Consequently, the shareholders' funds of CAB would be reduced by RM1,090,577,013.

**b) Proposed Disposal of AAAGL**

The proposed disposal of 100% equity interest in AAAGL and its subsidiaries ("AAAGL group") to AAX to be satisfied by issuance of 2,307,692,307 new shares in AAX ("Consideration Shares").

**c) Proposed Distribution**

CAB proposes a capital distribution of its share capital via the distribution of 1,692,307,692 Consideration Shares in AAX to the shareholders of CAB on an entitlement date to be determined later.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP  
AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER  
(CONT'D)**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31  
DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON**

**Attachment A**

**1. Introduction (contd.)**

**d) Proposed Disposal of AAB**

The proposed disposal of 100% equity interest in AAB and its subsidiaries ("AAB group") to AAX for a cash consideration of RM3,800,000,000.

**e) Proposed Capital Reduction**

The Company proposes a reduction of its issued share capital of up to RM6,000,000,000 pursuant to Section 116 of the Companies Act 2016 to set-off the accumulated losses of the Group.

The Proposed Disposal of AAAGL, Proposed Distribution and Proposed Disposal of AAB are collectively known as the "Proposed Corporate Exercises" and the Proposed Capital Reduction is known as the "Proposed Regularisation Plan".

**2. Basis of preparation**

The pro forma consolidated statement of financial position as at 31 December 2023 have been compiled based on the audited financial statements of the Group for the financial year ended 31 December 2023 and in a manner consistent with the format of the financial statements and the accounting policies adopted by the Group. The audited financial statements of the Group for the financial year ended 31 December 2023 were prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The pro forma consolidated statement of financial position as at 31 December 2023 have been prepared for illustrative purposes to show the effects of the Proposed Corporate Exercises and Proposed Regularisation Plan as described above, with the assumption that these transactions were completed on 31 December 2023. The pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been attained had the Proposed Corporate Exercises and Proposed Regularisation Plan actually occurred on that date. Accordingly, such information, because of its nature, may not be reflective of the actual financial position of the Group and does not purport to predict the future financial position of the Group.

The pro forma consolidated statement of financial position as at 31 December 2023 is presented in RM and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The pro forma consolidated statement of financial position as at 31 December 2023 of CAB were adopted and approved by the Board of Directors on 14 April 2025.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON

Attachment A

3. Pro forma consolidated statement of financial position

	Audited as at 31.12.2023 RM'000	Adjustment for Proposed Internal Reorganisation RM'000	Pro Forma 1 RM'000	Adjustment for Disposal of AAAGL RM'000	Adjustment for Proposed Distribution RM'000	Pro Forma 2 RM'000	Adjustment for Disposal of AAB RM'000	Adjustment for Proposed Capital Reduction RM'000	Pro Forma 3 RM'000	Pro Forma 4 RM'000
<b>Non-current assets:</b>										
Property, plant and equipment	1,574,711	-	1,574,711	(819,066)	-	755,645	(262,044)	-	493,601	493,601
Right of use assets	32,460,280	-	32,460,280	(5,398,006)	-	27,062,275	(6,768,547)	-	203,728	293,728
Finance lease receivables	158,000	-	158,000	-	-	158,000	(158,000)	-	-	-
Investment in associates	435,760	-	435,760	-	-	435,760	(435,760)	-	-	-
Intangible assets	4,624,314	(18,263)	4,642,577	3,873,158	(2,623,777)	5,891,958	(1,342,641)	-	3,119,465	3,119,465
Deferred tax assets	1,407,161	-	1,407,161	(9,373,862)	-	232,692	(1,342,641)	-	232,692	232,692
Receivables and prepayments	4,409,803	-	4,409,803	(268,228)	-	4,141,575	(1,134,167)	-	4,769	4,769
Investment property	67,311	-	67,311	(613,065)	-	3,798,738	(3,798,738)	-	-	-
Prepaid expenses and deposits	1,114,112	-	1,114,112	(67,311)	-	617,452	(617,452)	-	-	-
Derivative financial instruments	11,383	(18,263)	11,383	(7,964,381)	(2,623,077)	18,350,596	(13,175,800)	-	11,383	11,383
	25,956,319		25,956,319			18,350,596			2,324,798	2,324,798
<b>Current assets:</b>										
Receivables	294,590	-	294,590	(137,473)	-	157,117	(38,722)	-	338,360	338,360
Finance lease receivables	1,266,665	-	1,266,665	2,436,452	-	4,703,117	(6,504,328)	-	198,789	198,789
Amounts due from associates	25,440	-	25,440	(1,638)	-	23,802	(1,135)	-	22,667	22,667
Amounts due from related parties	130,139	-	130,139	(3)	-	130,128	(7,386)	-	122,544	122,544
Prepaid expenses and deposits	46,345	-	46,345	576,692	-	623,037	(37,564)	-	231,068	231,068
Deposits, bank and cash balances	702,818	-	702,818	(213,728)	-	489,090	(46,345)	-	313,290	313,290
Tax recoverable	4,598,432	-	4,598,432	35,389	-	43,723	(176,250)	-	35,468	35,468
	7,025,432		7,025,432	3,636,053		6,194,885	(8,255)		3,052,186	3,052,186
	32,981,751		32,981,751			24,545,481			25,401,984	25,401,984
<b>Less: Current liabilities</b>										
Trade and other payables	4,206,264	-	4,206,264	(1,790,728)	-	2,415,536	(1,685,410)	-	730,126	730,126
Current portion of long term debentures	190,800	-	190,800	(190,800)	-	-	-	-	-	-
Aircraft maintenance provisions and liabilities	1,782,717	-	1,782,717	(402,486)	-	1,380,231	(1,380,281)	-	-	-
Provisions	2,032,329	-	2,032,329	(4,305,581)	-	816,748	(816,748)	-	10,519	10,519
Amounts due to associates	7,327	-	7,327	(5,763)	-	1,565	(1,565)	-	-	-
Amounts due to related parties	147,907	-	147,907	(56,839)	-	91,068	(91,068)	-	-	-
Amounts due to AAX Group	422,650	-	422,650	(75,970)	-	346,680	(346,680)	-	-	-
Borrowings	862,308	-	862,308	(430,301)	-	432,007	(347,024)	-	285,383	285,383
Provisions	5,438,692	-	5,438,692	(4,586,780)	-	851,912	(3,842,987)	-	6,919	6,919
Provision of taxation	88,461	-	88,461	(607)	-	-	-	-	-	-
Derivative financial instruments	467	-	467	(607)	-	-	-	-	-	-
	15,168,071		15,168,071	(5,833,219)		9,334,853	(6,304,100)		3,032,742	3,032,742
	(13,669,219)		(13,669,219)			(5,331,050)			39,436	39,436
<b>Net current (liabilities)/assets</b>										
Trade and other payables	66,094	-	66,094	(21,372)	-	44,722	(38,762)	-	5,960	5,960
Non-current portion of long term debentures	357,510	-	357,510	(357,510)	-	-	-	-	-	-
Aircraft maintenance provisions and liabilities	5,430,700	-	5,430,700	(230,154)	-	5,199,546	(5,199,546)	-	-	-
Deferred tax liabilities	347,109	-	347,109	(320,346)	-	26,763	(26,763)	-	36,679	36,679
Other liabilities	3,750,088	-	3,750,088	(3,338,698)	-	411,390	(411,390)	-	3,338,698	3,338,698
Lease liabilities	190,719	-	190,719	(190,719)	-	-	-	-	284,250	284,250
Provision for retirement benefits	23,911,817	-	23,911,817	(4,742,621)	-	185	(17,679,320)	-	185	185
	(10,624,232)		(10,624,232)			(6,955,566)			3,484,868	3,484,868
	1,287,585		1,287,585			7,674,935			719,369	719,369
<b>Capital and reserves</b>										
Share capital	8,711,742	-	8,711,742	-	-	6,088,665	-	-	6,088,665	6,088,665
Merger deficit	(5,507,594)	-	(5,507,594)	-	-	(5,507,594)	-	-	-	-
Reserves	3,170,447	(18,263)	3,188,710	31,283	(2,623,077)	6,811,987	5,507,594	(5,396,799)	-	691,866
Foreign exchange reserve	217,047	-	217,047	(2,436,452)	-	333,214	(22,005)	-	119,676	119,676
(Accumulated losses)/retained earnings	(12,321,970)	-	(12,321,970)	9,656,362	-	(2,665,608)	(2,665,608)	-	159,277	159,277
Total shareholders' (deficit)/funds	(8,762,141)	(18,263)	(8,780,404)	4,472,611	(2,623,077)	(6,930,870)	7,674,935	(2,000)	744,065	744,065
Non-current interests	(1,602,300)	-	(1,602,300)	(1,602,300)	-	(24,696)	(24,696)	-	(24,696)	(24,696)
Total equity	(10,025,231)	(18,263)	(10,043,494)	6,310,311	(2,623,077)	(6,955,466)	7,674,935	(2,000)	719,369	719,369

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (CONT'D)**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 OF CAPITAL A BERHAD AND THE NOTES THEREON**

**Attachment A**

**3. Effects on the pro forma consolidated statement of financial position (contd.)**

**Pro Forma 1:**

The Pro Forma 1 incorporates the effects of the Proposed Internal Reorganisation.

As part of the Proposed Internal Reorganisation, CAB intends to acquire 57,072,850 shares in AAX from AAB. For illustrative purposes, the acquisition of AAX Shares by CAB is presented at the market price of AAX Shares as of 31 December 2023, amounting to RM106,726,230.

Subsequent to the Proposed Acquisition of AAX Shares, a fair value loss of RM18,263,312 is recognised in the statement of other comprehensive income. This is to align the value of AAX Shares to the same value ascribed to AAX Shares pursuant to the Proposed Disposal of AAAGL at RM1.55 per share, determined using the 5-day volume weighted average price (VWAP) of AAX Shares up to and including the latest practicable date (LPD) on 27 March 2025.

For illustrative purposes, the pro forma consolidated statement of financial position of AAAGL group and AAB group have incorporated the following effects from the Proposed Internal Reorganisation:

- a) Assignment of amount due to AAB by AAI and IAA of RM1,730,000,000 to AAAGL;
- b) Novation of perpetual capital securities from AAB to AAAGL for a consideration of RM1,090,577,013;
- c) Assignment of the debts due from AAAGL arising from (a) and (b) above of RM2,820,577,013 to CAB;
- d) Waiver by CAB of the amount due from AAAGL RM3,468,577,013. Resulting from this, AAAGL will recognise the waiver by CAB as capital contribution; and
- e) Declaration of dividend of RM3,468,577,013 by AAB from its 2023 profits. Pursuant to the loan agreements entered into between AAB and its lenders, AAB shall not declare, make or pay any dividend if there are still outstanding amounts owing by AAB to the lenders. As at the date of this report, AAB has obtained consent from its lenders to distribute this dividend, which is subject to certain terms and conditions that remain to be fulfilled. For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, it is assumed that AAB has fulfilled all the terms and conditions required by its lenders to distribute dividend of RM3,468,577,013 to CAB. However, in the event these terms and conditions are not fulfilled, the dividend cannot be paid and the amount owing by CAB to AAB will increase by RM3,468,577,013 upon the completion of Proposed Disposal of AAB to AAX. Consequently, the shareholders' funds of CAB would be reduced by RM3,468,577,013.

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**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CAPITAL A GROUP  
AS AT 31 DECEMBER 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER  
(CONT'D)**

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**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER  
2023 OF CAPITAL A BERHAD AND THE NOTES THEREON**

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## Attachment A

**3. Effects on the pro forma consolidated statement of financial position (contd.)****Pro Forma 1 (contd.):**

The Pro Forma 1 incorporates the effects of the Proposed Internal Reorganisation (contd.).

For illustrative purposes, the pro forma consolidated statement of financial position of AAAGL group and AAB group have incorporated the following effects from the Proposed Internal Reorganisation (contd.):

**e) (contd.)**

The terms and conditions that have not been met as at the date of this report are as follows:

- i) A certificate from AAX and AAB, confirming that independent third-party investors have fully subscribed and paid for the private placement, raising gross proceeds of RM1,000 million; and
- ii) Issuance of a corporate guarantee by AAX upon the acquisition of the equity interest in AAB.