**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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

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

capital A

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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

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

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*

RHB Investment

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

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

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

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

This Circular is dated 15 April 2025

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## TABLE OF CONTENTS

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## EXECUTIVE SUMMARY

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

| Salient information | Description | Reference to Circular |
|---|---|---|
| Summary of the Proposed Regularisation Plan | Proposed reduction of the issued share capital of our Company of up to RM6,000.0 million pursuant to Section 116 of the Act to set-off the accumulated losses of our Group. | Section 5 of this Circular |
| Rationale for the Proposed Regularisation Plan | • The Proposed Regularisation Plan serves to regularise the financial condition of our Group in order to address and uplift the PN17 status of our Company.<br><br>• The purpose of the Proposed Capital Reduction is to reduce the accumulated losses of our Group to the extent possible with a view to rationalise the balance sheet of our Group to reflect more accurately the value of its underlying assets and thus the financial position of our Group. | Section 6 of this Circular |
| Risk factors | <u>Risk factors relating to our Group's business:</u><br><br>(i) Inherent risks of the airline and travel industries;<br><br>(ii) Our Group's dependency on Capital A's AOCs, AAX and TAAX to generate revenue;<br><br>(iii) Operating in a highly regulated industry and requires a series of approvals, licences, permits, registration and certificates to operate the businesses;<br><br>(iv) Dependent on key management and ability to hire and retain skilled and qualified personnel;<br><br>(v) Competition from other industry players;<br><br>(vi) Our Group's success in the future will depend on successful implementation of strategies;<br><br>(vii) Subject to risk of reputation or brand damage;<br><br>(viii) Subject to risks associated with security, privacy or data breaches involving private, confidential and/or sensitive information;<br><br>(ix) May be affected when there are unscheduled system disruptions or failures; | Section 8 of this Circular |

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

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

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

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

**Registered Office:**

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

15 April 2025

**Board of Directors:**

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

**To: Our Shareholders**

Dear Sir/Madam,

**PROPOSED REGULARISATION PLAN**

---

## 1. INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. EVENTS AND FACTORS LEADING TO PN17

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

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

(i) Depreciation of right-of-use assets of RM1.2 million for the FYE 31 December 2019 and interest expense from the lease liabilities of RM503.1 million following the adoption of MFRS 16 Leases effective 1 January 2019. The application of the new standard for the FYE 31 December 2019 gives rise to a right-of-use asset of RM11,216 million, finance lease receivables of RM1,221 million and a corresponding increase in lease liabilities of RM12,460 million as at 31 December 2019;

(ii) for the FYE 31 December 2018, our Group recorded gain on remeasurement of retained interest in a former subsidiary of RM534.7 million and gain on disposal of investment in an associate of RM181.9 million; and

(iii) our Group's share of losses from associates increased by RM333.3 million for the FYE 31 December 2019 from the preceding financial year.

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

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

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

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

## 3. PRE-REGULARISATION MEASURES UNDERTAKEN BY CAPITAL A GROUP

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

(a) Since the pandemic, our Group has undertaken major cost control measures including right sizing of manpower, salary cuts for management, staff and directors, re-negotiation of contracts with aircraft lessors, suppliers and partners, and restructuring of fuel hedging positions, which had significantly reduced the cash burn rate;

(b) implemented continuous improvements to flight capacity and network revenue management in response to the progressive uplifting of travel restrictions by the respective countries coupled with active fleet management, consistent monitoring of routes profitability and optimisation of load factors of our flights. As at the LPD, our Group has successfully taken 206 aircraft out of storage; out of which our Group is operating 188 aircraft. Our Group was operating 196 aircraft immediately prior to the pandemic;

(c) On 21 August 2024, AARB1, the wholly-owned subsidiary of AAB, entered into definitive agreements with aircraft lessors and private credit funds for the issuance by AARB1, of Regulation S secured bonds of up to USD443.0 million, due in September 2026 and August 2028, with AAB as a third party security provider, and both AAB and our Company as corporate guarantors ("**Revenue Bond**"). The Revenue Bond was issued on 23 August 2024 to raise proceeds which shall be on-lent by AARB1 to AAB, for AAB to refinance its lease liabilities, aircraft and engine maintenance costs, and to support the working capital requirements of AAB. It is a term of the Revenue Bond that our Company will be released as a corporate guarantor upon fulfilment of the conditions for release under the trust deed dated 21 August 2024 constituting the Revenue Bond, which includes the replacement of AAX as a corporate guarantor for the Revenue Bond upon completion of the Proposed Disposals. Our Company will ensure that the conditions for such release will be fulfilled before or on the AAB Completion Date. Pursuant thereto, there are no liabilities, including contingent liabilities and guarantees, in relation to AAB Group arising from the Revenue Bond which will remain with our Group after the completion of the Proposed Disposals; and

(d) Capital A has been continuously improving and growing our Group's other core verticals namely, the Capital A aviation services (which mainly comprise Aviation MRO as well as in-flight catering and on-the-ground food services), logistics services under "Teleport", digital businesses namely, online travel agency under the name "AirAsia MOVE" and digital financial services under the name "BigPay" and intellectual property company under Brand AA; the details of which are set out in Appendix II of this Circular.

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

***Proposed Corporate Exercises***

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

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

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

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

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

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

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

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

*Proposed Regularisation Plan*

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

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

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

**(i) Capital A Aviation Services**

**(a) ADE**

ADE provides aviation MRO services comprising the following services:

(i) **EMS** – comprises line maintenance, base maintenance and workshop services. Line maintenance refers to maintenance activities carried out before a flight to ensure the flight is fit for the intended flight and it does not require hangar space. On the other hand, base maintenance refers to routine hangar maintenance checks or ad hoc defect investigations, rectification or refurbishment activities. ADE's workshop services include the repair of wheels, brakes, oxygen bottles, batteries, composites, sheet metal and nacelle, and quick engine change.

(ii) **CWS** – comprises the provision of consumables, parts, equipment and tools inventory access and repair management. Provision of consumables entails the provision of consumables such as aircraft spares and components that are required in carrying out line maintenance and base maintenance services. Parts, equipment and tools inventory access allow airlines to have access to an inventory pool of parts, equipment and/or tools as and when it is required. Repair management entails the management by ADE Group of the repair of aircraft parts including engine, auxiliary power unit, landing gear and components carried out by external workshop;

(iii) **ESS** – comprises fleet and technical asset management and technical and design support. Fleet and technical asset management entails the management of maintenance activities for all aircraft owned by the airlines as well as organisation and management of aircraft technical records which includes aircraft maintenance documents and lease agreements. Technical and design support entails the validation of technical design changes and issuance of the Design Organisation Approval for minor changes and repairs via Engineering Instruction. In the event of minor changes and repairs are performed on aircraft structures, cabin interiors, environmental system, hydro mechanical system, galleys or other interior equipment as well as powerplant or fuel system; and

(iv) **DIS** – comprises AEROTRADE™ and ELEVADE™. AEROTRADE™ is a B2B online marketplace to facilitate the buying and selling of new and used aircraft parts, predictive and preventive maintenance system. ELEVADE™ is a comprehensive aircraft health and resource management system to systematically track aircraft defect and maintenance activities.

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

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

***Note:***

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

**(b) Santan**

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

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

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

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

***Note:***

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

**(ii) Digital Businesses under MOVE Digital**

**(a) AirAsia MOVE Group**

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

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

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

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

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

***Notes:***

*(a)* *For the avoidance of doubt, there are no audited consolidated financial statements prepared for AirAsia MOVE Group for all the past 3 financial years up to and including FYE 31 December 2023. The financial results of AirAsia MOVE Group shown above is based on the compilation of the audited financial results of AirAsia MOVE Group prepared by the management of our Company. In accordance with Paragraph 4(a) of MFRS 10 Consolidated Financial Statements, no consolidated financial statements have been prepared for AirAsia MOVE Group as its parent company, Capital A has prepared MFRS consolidated financial statements.*

*(b)* *The unaudited revenue of AirAsia MOVE Group as shown above for the FYE 31 December 2022 and FYE 31 December 2023 are based on the compilation of the audited financial results of AirAsia MOVE Group prepared by the management of our Company. These figures differ from the revenue segmentation of AirAsia MOVE Group within our Group's audited consolidated revenue as shown for the FYE 31 December 2022 and FYE 31 December 2023 in the management's discussion and analysis of the financial condition and results of operation of the Remaining Businesses of our Group (excluding the aviation segment) in Appendix IV(A) of this Circular due to the difference in the materiality threshold adopted at the subsidiary level and our Group level. At the subsidiary level, the audited financial statements of AirAsia MOVE Group adopted a lower materiality threshold which resulted in certain adjustments made that are not reflected at our Group level.*

**(b) BigPay Group**

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

BigPay Group's services are primarily as follows:

**(i)** **Payment** – payments from BigPay e-wallet to merchants via the physical/virtual prepaid card, DuitNow QR feature (available in Malaysia only as at the LPD which is a cashless payment method using QR code scanning function), split bill feature (which allows BigPay platform users to split bill payments with other BigPay platform users), cross-border QR (where BigPay platform users in Malaysia will be able to pay by scanning QR codes provided when they are travelling overseas in Thailand, Singapore and Indonesia) and Alipay+ (where BigPay platform users are able to make payments at overseas merchants supporting Alipay+);

**(ii)** **International remittance and domestic transfer**– transfer of available funds directly from BigPay e-wallet to other BigPay platform users (via Friends feature) or to other e-wallets or banks, DuitNow Transfer and DuitNow QR (to any local bank account or any e-wallet account that is part of the DuitNow ecosystem), local bank transfer feature (to local bank accounts via bank details) and international remittance feature (to international bank accounts and e-wallets);

**(iii)** **Utilities** – enable BigPay platform users to purchase insurance plans for personal accident and travel insurance (underwritten by licenced insurers) via the BigPay platform as well as payments for utilities, mobile postpaid bills and satellite television subscriptions and top-up services for pre-paid mobile plans;

(iv) **Analytics and Stash** – Analytics feature allows BigPay platform users to track their financial well-being and spending on the BigPay platform as well as to maintain multiple pots (Stashes) in their BigPay account. Stash feature allows BigPay platform users to set aside their funds from their main BigPay e-wallet to separate Stash(es) in their BigPay account to help them budget and manage their money or spending; and

(v) **Lending** – allows BigPay platform users in Malaysia to apply for, obtain approval and receive personal loans of up to RM10,000 for a tenure of up to 12 months as at the LPD.

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

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

***Notes:***

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

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

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

**(iii) Logistics**

**Teleport Group**

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

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

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

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

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

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

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

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

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

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

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

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

***Notes:***

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

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

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

**(iv) AirAsia Brand**

**Brand AA**

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

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

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

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

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

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

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

## 4. PROFITABILITY OF CAPITAL A GROUP

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

### *(A) Pro forma consolidated statements of comprehensive income*

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

| | Capital A | ADE Group | AirAsia MOVE Group | BigPay Group | Teleport Group | [a]Others | Consolidation adjustments | Consolidated statements of comprehensive income | [b]Pro forma adjustment 1<br>Removal of interest income from AAB Group | [c]Pro forma adjustment 2<br>Removal of impairment loss on investment in AAB | Consolidated pro forma statements of comprehensive income |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | RM'mil | RM'mil | RM'mil | RM'mil | RM'mil | RM'mil | RM'mil | RM'mil | RM'mil | RM'mil | RM'mil |
| Revenue | 5 | 574 | 669 | 46 | 740 | 346 | (43) | 2,337 | - | - | **2,337** |
| PBT/(LBT) | (1,960) | 88 | 64 | (103) | (5) | 25 | (5) | (1,896) | (74) | 1,853 | **(117)** |
| PAT/(LAT) | (1,960) | 115 | 55 | (103) | (3) | 12 | (5) | (1,889) | (74) | 1,853 | **(110)** |

***Notes:***

*(a) Comprising other subsidiaries within Capital A Group including Santan and Brand AA.*

*(b) Capital A had previously advanced a portion of the proceeds from its issuance of RCUIDS to AAB Group and charges interest on the outstanding balances. Pursuant to the Proposed AAB Disposal and the subsequent proposed debt settlement between Capital A and AAB Group, no further interest income would be derivable from AAB Group.*

*(c) For the FYE 31 December 2023, Capital A recognised impairment loss of RM1,853.0 million on its investment in AAB. This impairment was excluded from the pro forma consolidated statements of comprehensive income of Capital A (excluding AAAGL and the AAB Group) as Capital A Group will no longer hold an investment in AAB following the Proposed AAB Disposal. Consequently, this impairment is not expected to recur in the future.*

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

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

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

***Notes:***

*(a) Reversal of impairment of goodwill for AirAsia Superapp (Thailand) Company Limited as impairment of goodwill is an infrequent item. Under Paragraph 96 of MFRS 136 Impairment of Assets, goodwill is required to be assessed for impairment annually. While the standard mandates an annual review, this does not necessarily mean that goodwill will be impaired every year as impairment depends on the ability of the cash-generating unit to generate positive cash flows. In the case of AirAsia Superapp (Thailand) Company Limited, our management has assessed the nature of the impairment of goodwill and concluded, based on a 5-year cash flow projection from 31 December 2023 that it is expected to generate sufficient cash flows to support the carrying value of the goodwill annually, that the impairment of goodwill recorded in the current period is not expected to recur in subsequent periods. As such, the impairment of goodwill meets the definition of "infrequent" due to its non-recurring and unusual nature.*

*(b) Reversal of restructuring costs incurred in the FYE 31 December 2023 which is an infrequent item. The restructuring costs comprise the professional fees and transaction cost for the Proposed Corporate Exercises and the Proposed Business Combination, which was terminated and announced by our Company on 23 October 2024.*

*(c) Re-alignment of the valuation of derivative asset from RCUIDS not taken up in prior year which is an infrequent item. The re-alignment of the valuation of derivative assets related to RCUIDS pertains to a prior year unadjusted difference that was not corrected by our management at that time as the unadjusted difference was not deemed material to the overall financial statements. Since this adjustment is a one-off occurrence and is not expected to recur in future periods, it aligns with the definition of "infrequent" as established above.*

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

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

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

***Note:***

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

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

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

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

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

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

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

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

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

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

*Emphasis of Matter*

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

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

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

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

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

(b) *the successful closing of the AAX Private Placement whereby independent third party investors shall have subscribed and made full payment for the AAX Private Placement.*

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

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

*<u>Going Concern Assessment</u>*

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

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

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

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

## 5. DETAILS OF THE PROPOSED REGULARISATION PLAN

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

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

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

***Notes:***

*(1) For illustration purposes, the reduction in the issued share capital of approximately RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD;*

*(2) Adjusted to incorporate the following effects of the Proposed AAAGL Disposal:*

*(a) the fair value of the purchase consideration was illustrated at approximately RM3.6 billion which was based on the market price of each Consideration Share of RM1.55, being the 5-day VWAP of AAX Shares up to and including the LPD;*

*(b) the deconsolidation of AAAGL from our Group; and*

*(c) the decrease in accumulated losses due to the pro forma effect arising from the remeasurement of remaining interest of our Company in AAAGL of RM6.3 billion and the transfer of AAAGL's other reserves and non-controlling interest of RM1.8 billion;*

*(3) Adjusted to incorporate the following effects of the Proposed AAB Disposal:*

*(a) the Debt Settlement of RM3.8 billion;*

*(b) the deconsolidation of AAB from our Group;*

*(c) the deconsolidation of merger deficit arising from the acquisition of AAB by our Company previously; and*

*(d) the decrease in accumulated losses due to the pro forma gain arising from the Proposed AAB Disposal of RM7.7 billion and transfer of AAB's other reserves to accumulated losses of RM14.9 million, which is offset by the reclassification of merger deficit of RM5.5 billion;*

*(4) The estimated transaction costs for the Proposed Corporate Exercises amounted to RM15.52 million comprising professional fees of RM15.25 million, fees to authorities of RM0.05 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.02 million.*

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

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

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

(ii) the net liabilities of AAB Group and AAAGL Group on the completion date of the Proposed AAAGL Disposal and Proposed AAB Disposal.

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

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

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

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

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

***Note:***

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

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

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

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

(a) any change in the total number of Capital A Shares, the RCUIDS or the Warrants;

(b) any payment to our shareholders of our Company; and

(c) any adjustment to the reference price of Capital A Shares, the RCUIDS or the Warrants.

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

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

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

***Note:***

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

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

## 6. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

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

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

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

**Status of Capital A Group pursuant to Paragraph 2.1 of PN17**

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

| Criteria | Status |
|---|---|
| (a) our shareholders' equity of the listed issuer on a consolidated basis is 25% or less of the share capital (excluding treasury shares) of the listed issuer and such shareholders' equity is less than RM40 million; | For illustration purposes, based on the pro forma consolidated NA of Capital A as at 31 December 2023 as set out in Section 9.2 of this Circular, upon completion of the Proposed Regularisation Plan, Capital A's shareholders' equity on a consolidated basis shall be approximately RM742.1 million, representing 107.3% of our share capital of RM691.9 million under the Minimum Scenario, and approximately RM2,091.2 million, representing 102.1% of Capital A's share capital of RM2,048.7 million under the Maximum Scenario.<br><br>Hence, Capital A would no longer trigger this criterion upon the completion of the Proposed Regularisation Plan. |
| (b) receivers or managers, or judicial managers have been appointed over the asset of the listed issuer, its subsidiary or associated company which asset accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis; | Not applicable. As at the LPD, there are no receivers or managers that have been appointed over the assets of our Group or associated company which asset accounts for at least 50% of the total assets employed by our Company on a consolidated basis. |

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

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

## 7. INDUSTRY OUTLOOK AND PROSPECTS

### 7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5% in the fourth quarter of 2025 (3Q 2024: 5.4%), driven mainly by domestic demand. For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending.

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

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

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

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

### 7.2 Overview and outlook of the aviation MRO segment

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

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

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

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

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

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

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

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

*(Source: Independent Market Research Report by Providence)*

## 7.3 Overview and outlook of the travel app segment

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

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

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

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

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

*(Source: Independent Market Research Report by Providence)*

### 7.4 Overview and outlook of the logistics segment

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

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

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

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

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

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

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

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

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

*(Source: Independent Market Research Report by Providence)*

## 7.5 Overview and outlook of the digital financial services platform segment

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

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

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

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

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

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

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

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

*(Source: Independent Market Research Report by Providence)*

### 7.6 Overview and outlook of the in-flight catering segment

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

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

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

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

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

*(Source: Independent Market Research Report by Providence)*

## 7.7 Overview and outlook of the airline industry

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

Air Passenger Market in Detail

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

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

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

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

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

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

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

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

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

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

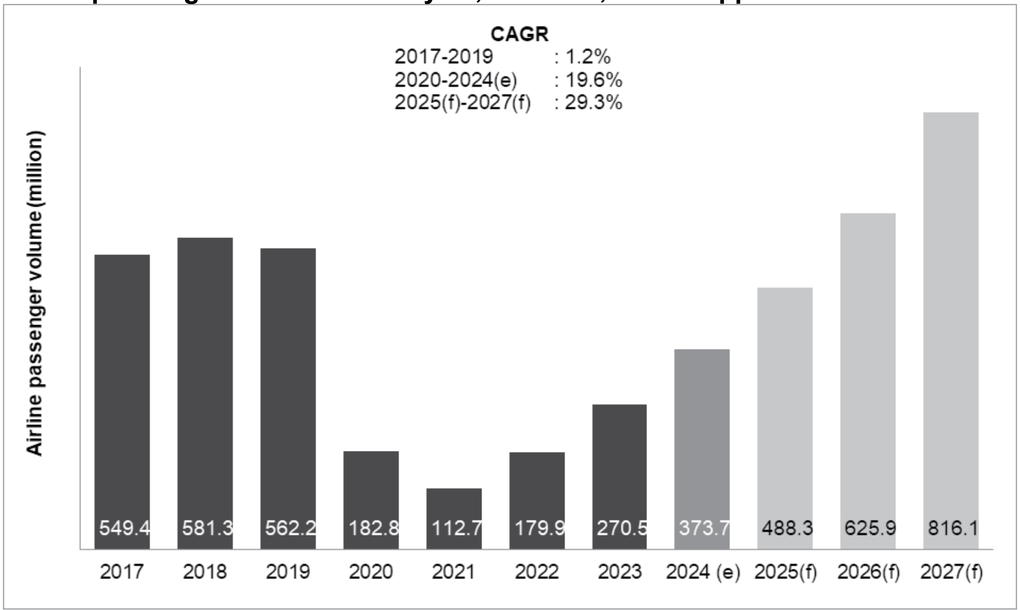
The industry size of the airline industry can be measured by passenger and cargo volumes.

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

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

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

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



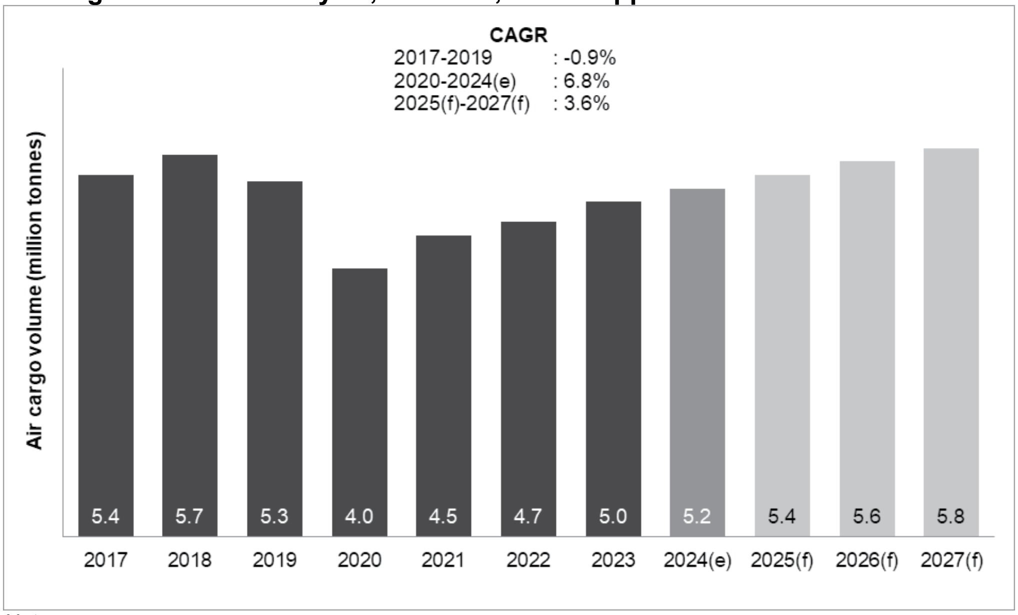

*Notes:*
*(e) – Estimate*
*(f) – Forecast*
*(Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand)*

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

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

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

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




*Notes:*
*(e) – Estimate*
*(f) – Forecast*
*(Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand)*

*(Source: Independent Market Research Report by Providence)*

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

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

### (i) Capital A Aviation Services

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

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

| **As at date** | **No. of hangar lines** | **Remarks** |
|---|---|---|
| 31 December 2021 | 1 | 1 owned hangar line in KLIA |
| 31 December 2022 | 5 | • 1 owned hangar line in KLIA; and<br>• 4 leased hangar lines in Sultan Abdul Aziz Shah Airport |
| 31 December 2023 | 7 | • 1 owned hangar line in KLIA;<br>• 4 leased hangar lines in Sultan Abdul Aziz Shah Airport; and<br>• 2 leased hangar lines in Senai International Airport |
| 31 December 2024 | 16[(a)] | • 14 owned hangar line in KLIA, and<br>• 2 leased hangar lines in Senai International Airport |

***Note:***

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

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

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

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

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

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

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

(a) Santan fulfilling all relevant insurance requirements as determined by MAVCOM;

(b) Santan having obtained a valid technical approval from CAAM. Santan has to be audited to be granted the technical approval certification by CAAM. The key components of the audit by CAAM for the technical approval certification include the audit on safety management system, operational readiness and capability of ground handling services, compliance with international standards set by the International Civil Aviation Organisation and IATA, personnel qualifications and training, equipment and infrastructure inspection, financial and management capability, technical competency verification as well as security and environmental compliance. Santan has submitted its application to CAAM for the technical approval certification and its application is currently in the midst of being processed by CAAM;

(c) Santan shall attain by 30 June 2025, a positive shareholders' equity amount of at least 3 months of the total operating costs of its projected first full year of operations; and

(d) MAVCOM being satisfied that all relevant documentations as stipulated in items (a) and (c) above have been fulfilled and are submitted to MAVCOM before the expiry of the conditional approval on 30 September 2025.

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

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

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

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

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

**(ii) MOVE Digital**

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

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

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

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

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

(b) Leveraging on partnerships to enhance its platform and attract more users. In particular, AirAsia MOVE has signed a partnership with Hopper (USA) Inc. to integrate the Hopper Cancel For Any Reason™ with the AirAsia MOVE platform to allow for an ancillary add-on on AirAsia MOVE platform that provides users with the flexibility of cancelling their booking and getting a refund;

(c) Launching new personalised promotions to improve user conversion to bring back inactive users back to the platform and generating new revenue streams. AirAsia MOVE Group intends to improve, cross-sell and up-sell of services through hyper-personalised marketing campaigns and create more savings for users through Rewards and discounts provided through BigPay platform.

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

**(iii) BigPay**

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

***Note:***

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

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

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

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

(i) Our Group recorded a pro forma consolidated PAT (excluding AAAGL Group and AAB Group, and non-recurring items as well as after adjusting for full year's royalty income) of approximately RM82 million for the FYE 31 December 2023 (as shown in Section 4(C) of this Circular);

(ii) Based on the unaudited consolidated statements for FYE 31 December 2024, our Group recorded a PATAMI (after excluding AAAGL Group and AAB Group, and non-recurring items) of RM185.6 million;

(iii) Moving forward, our Group's financial performance is expected to improve based on the implementation of business strategies of the remaining businesses as set out below as well as future increase in brand income as the revenue of AOCs, TAAX and AAX improves due to resumptions of certain flight routes as well as increase in new routes as more aircraft are being brought back to operations. As at the LPD, our Group has a total of 224 aircraft, out of which the Group is operating 188 aircraft. By the 2nd quarter of 2025, the AOCs plans to increase the number of operating aircraft to 209 aircraft.

(iv) The losses of BigPay Group has been on a declining trend from the FYE 31 December 2021 to FYE 31 December 2023 mainly due to the gradual growth in revenue as explained in Section 1.1 of the Management's Discussion and Analysis in Appendix IV(A) of this Circular and the following:

    (a) BigPay Group recorded an improvement in the LAT of RM133.8 million for the FYE 31 December 2022 as compared to a LAT of RM138.8 million for the FYE 31 December 2021, mainly attributable to improvements in operating and marketing efficiency and higher margin as compared to preceding financial year. BigPay and AirAsia MOVE had collaborated to share capabilities like mobile engineering, digital growth and marketing and user experience design to improve efficiency and provide cost savings and avoidance and allow teams to improve their skill sets through enlarged learning opportunities. In addition, BigPay had introduced foreign currency spread to its users for payment transactions in foreign currency, which allows BigPay to pass on the fees charged by Visa to BigPay for settlement of payment transactions in foreign currency. It had also undertaken a headcount rationalisation exercise since August 2022; and

    (b) BigPay Group recorded an improvement in the LAT of RM103.9 million for the FYE 31 December 2023 as compared to a LAT of RM133.8 million for the FYE 31 December 2022, mainly attributable to the increase in revenue and improvement in cost management with lower operating expenses.

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

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

(a) BigPay recognised a potential to target AirAsia MOVE's customers who have not been utilising BigPay's digital financial services, due to previously having operated independently. Accordingly, BigPay Group has begun collaborating more closely with AirAsia MOVE Group in October 2023 to increase revenue generation and optimising cost structure by, amongst others, enhancing AirAsia MOVE customer journeys by embedding BigPay's financial services features into the AirAsia MOVE platform, drive collaborative marketing and increasing closed loop transactions as share of total payments. Since October 2023 and up to the LPD, BigPay Group managed to onboard approximately 177,000 new users by embedding BigPay's digital financial services features into the AirAsia MOVE platform.

(b) Further, BigPay intends to expand its range of services, namely introducing new lending services (offline checkout financing for payment of purchases on an instalment basis and online checkout financing for travel purchases on an instalment basis), growing international remittance services and leveraging on QR payment methods to facilitate payment services and lowering number of carded transactions.

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

***Note:***

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

**(iv) Teleport**

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

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

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

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

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

(a) securing contracts with more e-commerce service providers;

(b) leveraging on the increase in cargo capacity from the addition of its own freighter aircraft since the second half of 2023 and growing its available cargo capacity under management, not just through AirAsia belly space, but also through partnering with more airlines to expand its available cargo capacity; and

(c) setting up 1 additional delivery hub in the existing markets it currently operates, i.e. Malaysia and Singapore, and setting up 1 new delivery hub in markets it currently does not have delivery hubs such as Thailand, the Philippines, Indonesia, Hong Kong and China. This will enable Teleport to handle higher volumes.

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

(a) Expanding geographically into other major cities in Asia by end of 2025 to allow for small parcels to be transported;

(b) Securing contracts with established ASEAN brands that require a significant volume of cross-border parcel delivery in the markets Teleport Group covers and intends to cover. These brands will typically sell their products through international e-commerce platforms. Thus, in order to facilitate such contracts, Teleport Group will need to integrate its own platform with the e-commerce platforms to serve their order creation and shipping processes; and

(c) Securing orders from small-to-medium sized businesses as Teleport intends to equip its sales personnel with social media tools to ease the gathering of information on potential leads and automated email outreach tools to reach out to potential customers.

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

***Note:***

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

**(v) Brand AA**

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

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

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

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

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

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

*(Source: The management of our Company)*

## 8. RISK FACTORS

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

### 8.1 Risks relating to our Group's business

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

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

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

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

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

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

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

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

(iii) ADE Group has been continuously pursuing opportunities to diversify its customer base by engaging with other third party airlines for the provision of its aviation MRO services.

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

(a) AirAsia MOVE Group offers the sale of AirAsia flight tickets and ancillary services on the AirAsia MOVE platform;

(b) Teleport Group has entered into agreements with the Capital A's AOCs, AAX and TAAX for the exclusive commercial rights for the unused cargo belly spaces in the AirAsia passenger aircraft, where it utilises the unused cargo belly spaces in the AirAsia passenger aircraft to transport parcels, loose cargos and palletised cargo;

(c) Santan provides in-flight catering services to Capital A's AOCs and AAX; and

(d) Brand AA charges royalty fees to AAAGL attributable to royalty fees collectable from Capital A's AOCs and TAAX.

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

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

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

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

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

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

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

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

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

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

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

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

### 8.1.5 Our Group faces competition from other industry players

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**8.1.13 Exposed to fluctuations in foreign currency exchange rates**

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

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

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

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

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

***Notes:***

*(1) Realised gain/(loss) on foreign exchange is due to the difference in the foreign exchange rate as at the date of our sales invoices/purchase invoices of supplies as compared to the foreign exchange rate when the payment for the sales invoices are received/supplies are made.*

*(2) Unrealised gain/(loss) on foreign exchange represents the difference in the foreign exchange rate as at the date of our sales invoices or purchase invoices as compared to the closing rates of foreign exchange as at respective FPEs.*

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

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

### 8.2 Risk relating to the Proposed Regularisation Plan

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

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

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

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

### 8.3 Risk relating to the PN17 classification

#### 8.3.1 Risk of removal from the Official List of Bursa Securities

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

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

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

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

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

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 9. EFFECTS OF THE PROPOSED REGULARISATION PLAN

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

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

### 9.1 Share capital

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

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

***Notes:***

*(1) For illustration purposes, the reduction in the issued share capital of approximately RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD.*

*(2) For illustration purposes, the reduction in the issued share capital pursuant to the Proposed Capital Reduction under Section 116 of the Act to set-off the accumulated losses of our Group is assumed at approximately RM5.4 billion.*

### 9.2 NA and gearing

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

**Minimum Scenario**

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

***Notes:***

*(1) During the FYE 31 December 2023, our Group's operations have yet to recover from the COVID-19 pandemic impact which led to operating losses. This has resulted in a negative gearing ratio as our Group has been relying on debt compared to equity to finance our Group's operations.*

*(2) Adjusted to incorporate the following effects of the Proposed AAAGL Disposal and Proposed Distribution:*

*(a) For the purpose of illustration in the pro forma effects above, the fair value of the purchase consideration was illustrated at approximately RM3.6 billion which was based on the market price of each Consideration Share of RM1.55, being the 5-day VWAP of AAX Shares up to and including the LPD;*

*(b) the deconsolidation of AAAGL from our Group;*

*(c) for the purpose of illustration in the pro forma effects above, the reduction in the issued share capital of approximately RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD;*

*(d) the decrease in accumulated losses due to the pro forma effect arising from the remeasurement of remaining interest of our Company in AAAGL of RM6.3 billion and the transfer of AAAGL's other reserves and non-controlling interest of RM1.8 billion; and*

*(e) the reduction in total borrowings due to the derecognition of the total borrowings of AAAGL Group of RM6.4 billion as at 31 December 2023 pursuant to the Proposed AAAGL Disposal;*

*(3) Adjusted to incorporate the following effects of the Proposed AAB Disposal:*

*(a) the Debt Settlement of RM3.8 billion;*

*(b) the deconsolidation of AAB from our Group;*

(c) *the deconsolidation of merger deficit arising from the acquisition of AAB by our Company previously;*

(d) *the decrease in accumulated losses due to the pro forma gain arising from the Proposed AAB Disposal of RM7.7 billion and transfer of AAB's other reserves to accumulated losses of RM14.9 million, which is offset by the reclassification of merger deficit of RM5.5 billion; and*

(e) *the reduction in total borrowings due to the derecognition of the total borrowings of AAB Group of RM16.0 billion as at 31 December 2023 pursuant to the Proposed AAB Disposal;*

(4) *The estimated transaction costs for the Proposed Corporate Exercises amounted to RM15.52 million comprising professional fees of RM15.25 million, fees to authorities of RM0.05 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.02 million.*

(5) *For illustration purposes, the reduction in the issued share capital pursuant to the Proposed Capital Reduction under Section 116 of the Act to set-off the accumulated losses of our Group is assumed at approximately RM5.4 billion.*

(6) *The estimated transaction costs for the Proposed Capital Reduction amounted to RM2.00 million comprising professional fees of RM1.70 million, fees to authorities of RM0.03 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.07 million.*

### Maximum Scenario

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

***Notes:***

(1) *During the FYE 31 December 2023, our Group's operations have yet to recover from the COVID-19 pandemic impact which led to operating losses. This has resulted in a negative gearing ratio as our Group has been relying on debt compared to equity to finance our Group's operations.*

(2) *Adjusted to incorporate the following effects of the conversion and exercise of all outstanding RCUIDS and Warrants as at 31 December 2023:*

(a) *the reduction of approximately RM23.2 million RCUIDS reserve and approximately RM685.1 million borrowings (being the liability component of the RCUIDS) as a result of the conversion of all outstanding RCUIDS; and*

(b) *the reduction of approximately RM56.2 million Warrants reserve as a result of the exercise of all outstanding Warrants.*

(3) *Assuming all the outstanding 942,826,785 RCUIDS as at 31 December 2023 are converted at the conversion price of RM0.75 per RCUIDS into 942,826,785 new Shares and all outstanding 649,670,148 Warrants as at 31 December 2023 are exercised at the exercise price of RM1.00 per Warrant into 649,670,148 new Shares before the Entitlement Date of the Proposed Distribution.*

*(4) Adjusted to incorporate the following effects of the Proposed AAAGL Disposal and Proposed Distribution:*

*(a) For the purpose of illustration in the pro forma effects above, the fair value of the purchase consideration was illustrated at approximately RM3.6 billion, which is based on the market price of each Consideration Share of RM1.55, being the 5-day VWAP of AAX Shares up to and including the LPD;*

*(b) the deconsolidation of AAAGL from our Group;*

*(c) For the purpose of illustration in the pro forma effects above, the reduction in the issued share capital of RM2.6 billion pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.55 each, being the 5-day VWAP of AAX Shares up to and including the LPD;*

*(d) the decrease in accumulated losses due to the pro forma effect arising from the re-measurement of remaining interest of our Company in AAAGL of RM6.3 billion and the transfer of AAAGL's other reserves and non-controlling interest of RM1.8 billion; and*

*(e) the reduction in total borrowings due to the de-recognition of the total borrowings of AAAGL Group of RM6.4 billion as at 31 December 2023 pursuant to the Proposed AAAGL Disposal;*

*(5) Adjusted to incorporate the following effects of the Proposed AAB Disposal:*

*(a) the Debt Settlement of RM3.8 billion;*

*(b) the deconsolidation of AAB from our Group;*

*(c) the deconsolidation of merger deficit arising from the acquisition of AAB by our Company previously;*

*(d) the decrease in accumulated losses due to the pro forma gain arising from the Proposed AAB Disposal of RM7.7 billion and transfer of AAB's other reserves to accumulated losses of RM14.9 million, which is offset by the reclassification of merger deficit of RM5.5 billion; and*

*(e) the reduction in total borrowings due to the de-recognition of the total borrowings of AAB Group of RM16.0 billion as at 31 December 2023 pursuant to the Proposed AAB Disposal.*

*(6) The estimated transaction costs for the Proposed Corporate Exercises amounted to RM15.52 million comprising professional fees of RM15.25 million, fees to authorities of RM0.05 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.02 million.*

*(7) For illustration purposes, the reduction in the issued share capital pursuant to the Proposed Capital Reduction under Section 116 of the Act to set-off the accumulated losses of our Group is assumed at approximately RM5.4 billion.*

*(8) The estimated transaction costs for the Proposed Capital Reduction amounted to RM2.00 million comprising professional fees of RM1.70 million, fees to authorities of RM0.03 million, EGM costs of RM0.10 million, printing and advertisement costs of RM0.10 million and miscellaneous expenses of RM0.07 million.*

### 9.3 Substantial shareholders' shareholdings

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

### 9.4 Earnings and EPS

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

### 9.5 Convertible securities

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

#### 9.5.1 RCUIDS

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

#### 9.5.2 Warrants

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

#### 9.5.3 ESOS Options

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

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

## 10. APPROVALS REQUIRED/OBTAINED

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

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

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

(b) the sealed order of the High Court of Malaya pursuant to Section 116 of the Act confirming the reduction in share capital of our Company pursuant to the Proposed Capital Reduction;

(c) the shareholders of our Company at the forthcoming EGM for the Proposed Regularisation Plan;

(d) the RCUIDS holders at an RCUIDS holders meeting to be convened for the Proposed Regularisation Plan; and

(e) any other relevant authorities and/or parties, if required.

## 11. CONDITIONALITY OF THE PROPOSED REGULARISATION PLAN

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

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

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

## 13. DIRECTORS' STATEMENT AND RECOMMENDATION

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

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

## 14. TENTATIVE TIMETABLE FOR IMPLEMENTATION

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

| Tentative dates | Events |
|---|---|
| By May 2025 | • Convening of the EGM to obtain the approval from our shareholders for the Proposed Regularisation Plan.<br>• Convening of the RCUIDS holders meeting to obtain the approval from the holders of the RCUIDS for the Proposed Regularisation Plan.<br>• Filing of application to seek the confirmation from the High Court of Malaya for the reduction of our Company's issued share capital under Section 116 of the Act pursuant to the Proposed Capital Reduction. |

| Tentative dates | Events |
|---|---|
| By June 2025 | • Sealed order on the confirmation from the High Court of Malaya obtained for the reduction of our Company's issued share capital under Section 116 of the Act pursuant to the Proposed Capital Reduction.<br>• Completion of the Proposed Corporate Exercises.<br>• Lodgement of sealed order of the High Court of Malaya in relation to the Proposed Capital Reduction.<br>• Completion of the Proposed Regularisation Plan. |

## 15. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

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

(a) Proposed Regularisation Plan;

(b) Proposed Corporate Exercises;

(c) On 24 January 2025, our Company announced that we intend to seek the approval of our shareholders for a proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature at an EGM to be convened; and

(d) On 24 March 2025, our Company announced that we propose to seek our shareholders' approval for a proposed allocation of awards under our LTIS to Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun at an EGM to be convened.

## 16. EGM

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

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

## 17. FURTHER INFORMATION

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

Yours faithfully,

For and on behalf of the Board
**CAPITAL A BERHAD**

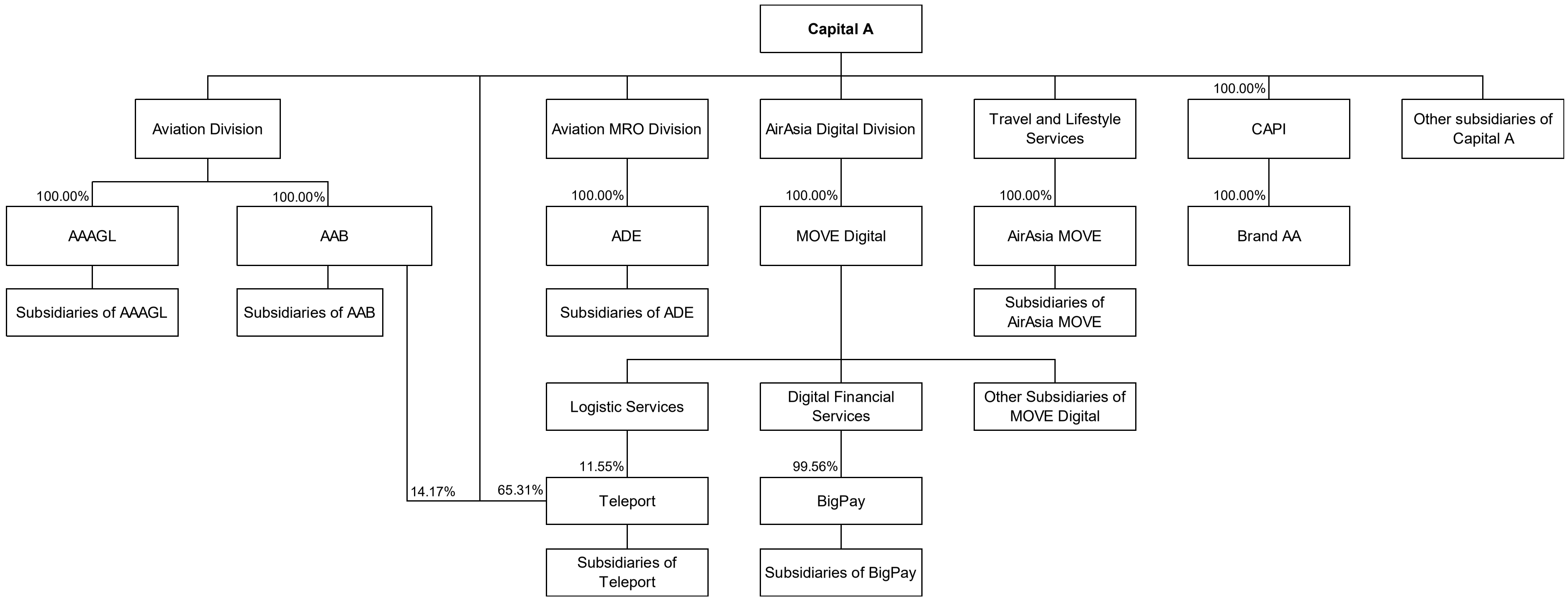
**DATUK KAMARUDIN BIN MERANUN**
Non-Independent Executive Chairman

## BACKGROUND INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A

### 1. OVERVIEW OF CAPITAL A GROUP POST PROPOSED CORPORATE EXERCISES

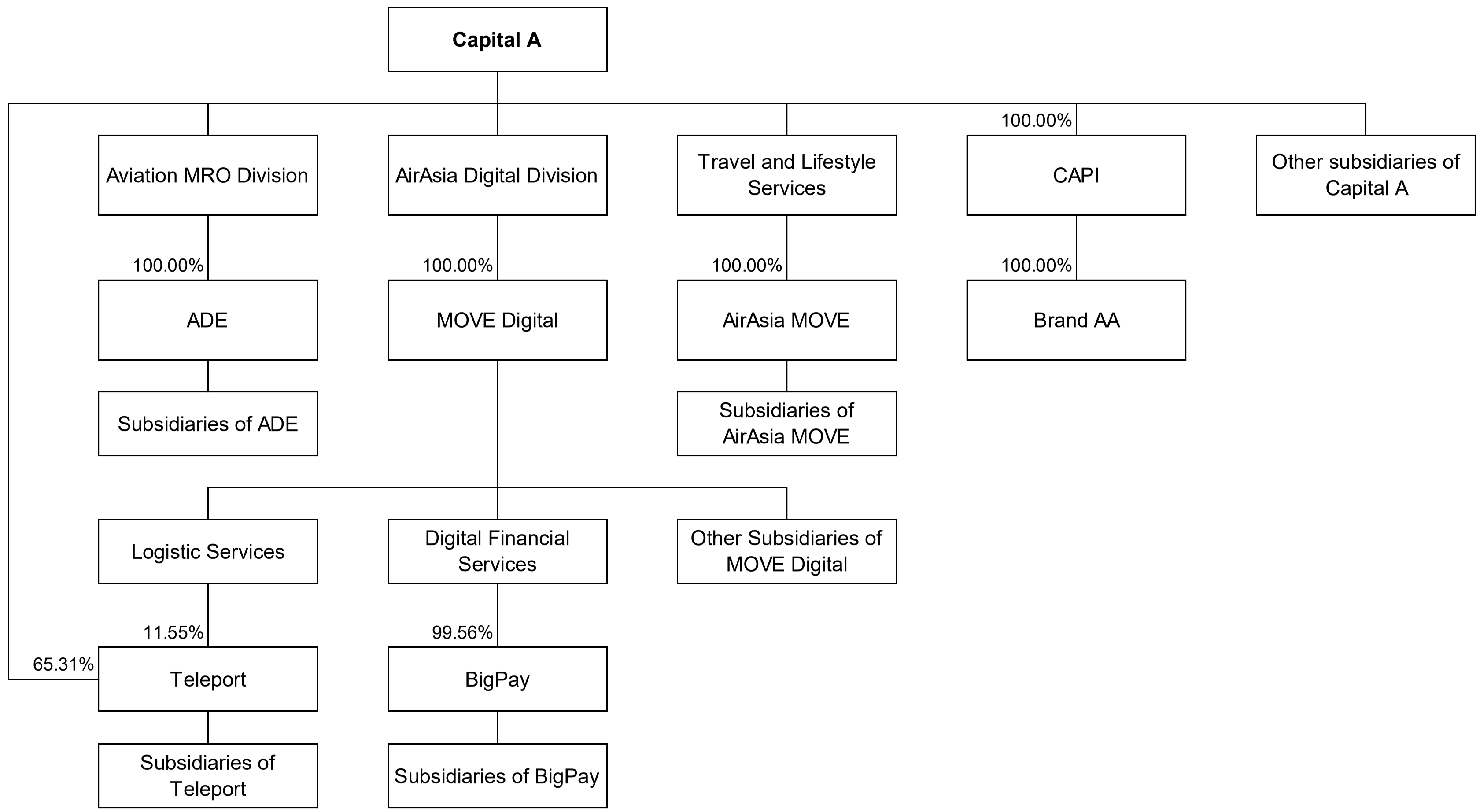
#### 1.1 Group Structure

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



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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| Name of associated company | Date/ Place of Incorporation | Effective interest held (%) | Principal activities |
|---|---|---|---|
| **Held by Teleport Platforms Sdn Bhd** | | | |
| Teleport Commerce (Thailand) Co. Ltd | 9 August 2019/ Thailand | 37.66 | Logistic business |

### 1.2 Share Capital, RCUIDS and Warrants

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

### 1.3 Substantial shareholders

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

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

***Notes:***

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

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

*(3) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Positive Boom Limited.*

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

### 1.4 Directors

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

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

***Notes:***

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

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

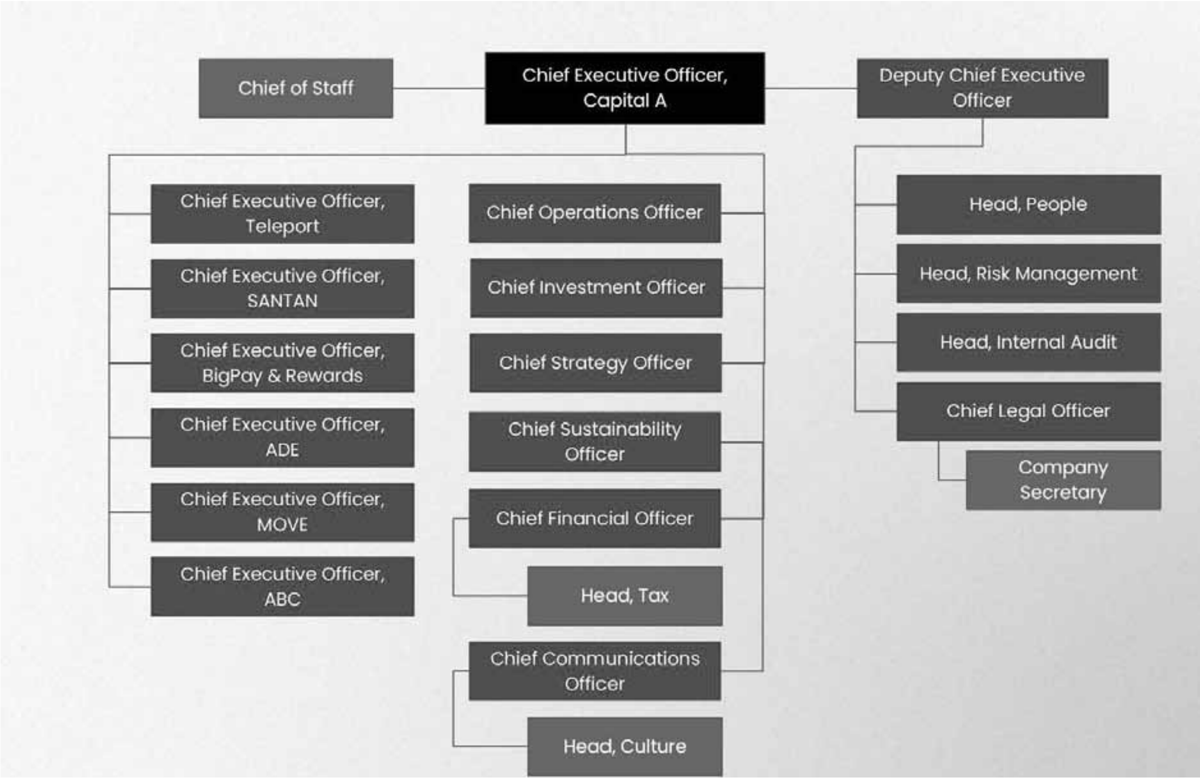
*(3)* *Brig Gen (R) Fadzillah binti Abdullah was appointed on 1 November 2024.*

* *Negligible*

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

### 1.5 Organisational Chart

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




### 1.6 Employee Segmentation

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

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

***Note:***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(iv) Mahesh Kumar**
*Chief Executive Officer of ADE Group*

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

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

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

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

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

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

**(v) Anajuk Chareonwongsak**
*Chief Executive Officer of Teleport Group*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(vii) Aireen Omar**
*Chief Executive Officer of BigPay Group*

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

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

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

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

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

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

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

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

**(viii) Goh Hui Loon**
*Chief Executive Officer of Santan*

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

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

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

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

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

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

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

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

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

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

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

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## ADDITIONAL INFORMATION OF THE REMAINING ENTITIES OF CAPITAL A

## 1. BUSINESS OVERVIEW OF THE AVIATION MRO SERVICES SEGMENT

### 1.1 Overview

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

ADE Group's business model is as illustrated below:

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

***Note:***

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

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

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

***Notes:***

*(1) The total revenue is based on the audited and unaudited financial statements of ADE Group.*

*(2) During the FYE 31 December 2022, ADE generated other income from the gain on disposal of equipment components. During the FYE 31 December 2024, ADE incurred a loss from the disposal of rotable assets.*

*(3) Negligible.*

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

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

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

***Note:***

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

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

### 1.2 Key Milestones

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Notes:***

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

(1) *Narrow-body aircraft has single aisle of passenger seats while wide-body aircraft have two aisles of passenger seats.*

(2) *It generally takes 1 week to 8 weeks to complete base maintenance for a narrow-body aircraft and 2 weeks to 8 weeks to complete base maintenance for a wide-body aircraft, depending on the type of base maintenance services performed.*

(3) *The above list does not include the hangar line in Sultan Abdul Aziz Shah Airport as ADE Group ceased leasing the said hangar line since November 2024.*

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

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

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

***Notes:***

*(1) Others refer to Thailand, Nepal and Hong Kong.*

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

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

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

***Note:***

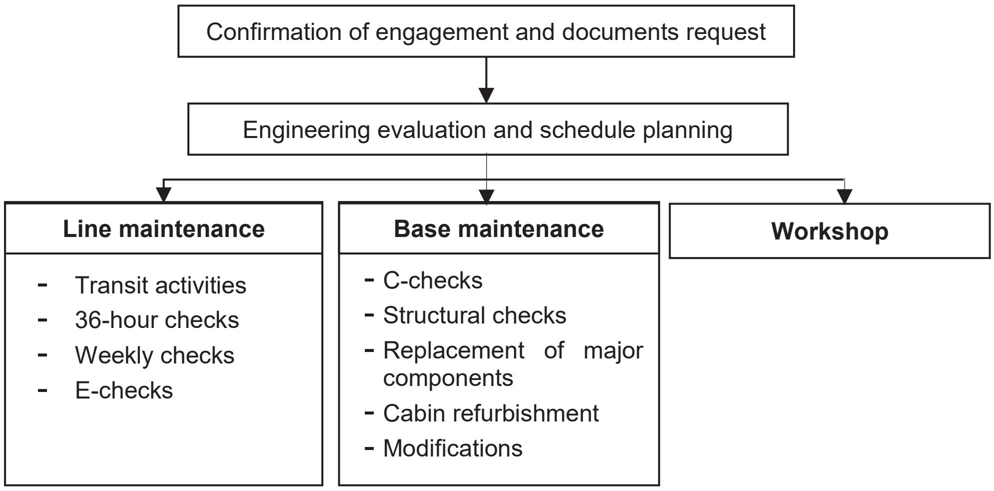
*(1) Line maintenance checks vary in terms of type of services performed, time required and the type of aircraft.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

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

### 1.4 Operational Process Flow

ADE Group's main processes are as described below:




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

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

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

**(b) Engineering evaluation and schedule planning**

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

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

ADE Group then proposes to the airlines the following:

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

**(c) Maintenance services**

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

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

**Line maintenance**

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

**(i) Transit activities**

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

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

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

This process is only applicable for A320 aircraft.

**(iii) Weekly checks**

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

**(iv) E-check**

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

**Base maintenance**

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

**(a) C-checks**

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

**(b) Structural check**

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

**(c) Replacement of major components**

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

**(d) Cabin refurbishment**

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

**(e) Modifications**

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

**<u>Workshop services</u>**

Operational activities for workshop services are as follows:

(i) Battery repair and overhaul – workshop personnel perform tests and inspections to determine the battery health in terms of its voltage, current and water content. If necessary, the battery will be repaired or overhauled;

(ii) Oxygen bottle charging – workshop personnel refill the oxygen content in the bottles;

(iii) Wheels repair and overhaul – workshop personnel can inspect and repair general wear and tear damages found on the hubs, re-paint hubs and refill nitrogen into tyres;

(iv) Brake repair and overhaul – workshop personnel perform tests and inspections to determine the functionality of the brake and identify leakages. If necessary, the brake components will be repaired and overhauled. The heat pack of the brake can also be changed;

(v) Non-destructive test services – workshop personnel perform non-destructive tests to aircraft and its components such as eddy current (test for flaw detection, material and coating thickness measurement, material identification and heat treatment condition using electromagnetic induction), ultrasonic (test for defects and measure thickness using ultrasonic waves), dye penetration (detect surface flaws through an application of a dye) and magnetic (identify defects by running a magnetic current through ferromagnetic materials) tests;

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

(vi) Drain valve repair and overhaul – workshop personnel perform tests and inspections to determine the functionality of the drain valve and identify leakages. If necessary, the drain valve will be repaired and overhauled; and

(vii) Sheet metal and composite repair – workshop personnel can repair damages on the sheet metal and composite of the aircraft. ADE's workshop is equipped with a machine for bending, rolling and cutting of sheet metal, and its facility has a temperature- and humidity-controlled environment.

**1.5 Business Development Activities**

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

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

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

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

(iii) ADE Group has been continuously pursuing opportunities to diversify its customer base by engaging with other third party airlines for the provision of its aviation MRO services.

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

**(i) Recurring business, referrals and direct approach**

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

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

**(ii) Participation in exhibition, tradeshows and talks**

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

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

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

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

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

**(iii) Corporate website**

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

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

### 1.6 Types, Sources and Availability of Supplies

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

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

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

| As at date | No. of hangar lines | Remarks |
|---|---|---|
| 31 December 2021 | 1 | 1 owned hangar line in KLIA |
| 31 December 2022 | 5 | • 1 owned hangar line in KLIA; and<br>• 4 leased hangar lines in Sultan Abdul Aziz Shah Airport |
| 31 December 2023 | 7 | • 1 owned hangar line in KLIA;<br>• 4 leased hangar lines in Sultan Abdul Aziz Shah Airport; and<br>• 2 leased hangar lines in Senai International Airport |
| 31 December 2024 | 16[(a)] | • 14 owned hangar line in KLIA; and<br>• 2 leased hangar lines in Senai International Airport |

***Note:***

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

### 1.7 Major Approvals, Licences and Permits

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

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

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

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

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

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

***Notes:***

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

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

### 1.8 Future Plans and Strategies

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

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

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

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

**(a) Expanding footprint to other ASEAN countries**

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

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

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

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

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

***Note:***

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

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

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

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

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

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

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

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

## 2. BUSINESS OVERVIEW OF THE TRAVEL APPLICATION SEGMENT

### 2.1 Overview

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

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

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

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

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

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

**Revenue breakdown by service offering[(1)]**

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

***Notes:***

*(1) Please refer to Section 2.2 of Appendix II of this Circular for further details on the service offerings.*

*(2) Flight services include services offered under Flights, Asean Pass and Insurance.*

*(3) Hotel services include services offered under Hotels and SNAP! Flight + Hotel.*

*(4) Others include revenue derived from services offered under Duty-free, Gifts, Events & Activities, advertisement spaces sold, and revenue derived from AirAsia Grocer for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024 (the recognition of revenues for AirAsia Grocer will be under Santan in the 2nd half of 2025).*

*(5) Discontinued businesses include services that are no longer being offered on the AirAsia MOVE platform, such as food delivery, public transport booking services, parcel delivery, online medical platform and bundled flights, stays and activities packages under Holiday.*

*(6) For the avoidance of doubt, there are no audited consolidated financial statements prepared for AirAsia MOVE Group for all the past 3 financial years up to and including FYE 31 December 2023. The financial results of AirAsia MOVE Group shown above is based on the compilation of the audited financial results of AirAsia MOVE Group prepared by the management of Capital A. In accordance with Paragraph 4(a) of MFRS 10 Consolidated Financial Statements, no consolidated financial statements have been prepared for AirAsia MOVE Group as its parent company, Capital A has prepared MFRS consolidated financial statements.*

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

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

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

## 2.2 Existing Products and Services and Revenue Model

The AirAsia MOVE platform interface is as follows:

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

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

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

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

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

***Note:***

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

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

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

### 2.3 Operational Performance of the AirAsia MOVE Platform

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

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

***Notes:***

*(1) Unique transacting users refers to an individual customer or account that completes at least one transaction on the platform within the 12-month period. Each user is counted only once within the defined time frame, regardless of the number of transactions made by them.*

*(2) MAU refers to the number of unique users who engage with the AirAsia MOVE platform within the last month. Each user is counted only once within the defined time frame, regardless of the number of transactions made by them.*

*(3) The decline in unique transacting users from 6.4 million users for the FYE 31 December 2023 to 5.0 million users for the FYE 31 December 2024 is attributable to the shift from a lifestyle and travel-related service platform to a more focused travel-related service platform. This led to less services offered through the platform due to the discontinuation of services such as the food delivery, public transport booking services and parcel delivery which reduced engagement of users. This was also attributable to price competition faced from other online travel agencies.*

### 2.4 Key Milestones

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

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

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

**2.5 Operational Processes**

AirAsia MOVE Group's operational processes are as follows:

**(i) Pre-booking**

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

**(ii) Booking**

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

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

**(iii) Post Booking**

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

### 2.6 Business Development and Marketing Strategies

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

(i) **Offering value:** AirAsia MOVE Group endeavours to provide the value to its users through its service offering;

(ii) **Simplification:** AirAsia MOVE Group strives to simplify the use of its platform by improving the user-friendliness of its platform. AirAsia MOVE Group has been, and will continue to enhance its back-end platform to be configurable and dynamic, to allow for faster development and integration of features. For the front-end, AirAsia MOVE Group is also streamlining user journeys to minimise clicks and maximise ease of use of the platform.

(iii) **Hyperpersonalisation via AI:** AirAsia MOVE Group leverages on AI to create personalised experiences for its users, drive engagement and enhance their travel journey. The AI analyses user data (such as past purchase history and search behaviour) to tailor recommendations and services that cater to their individual needs and preferences.

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

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

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

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

### 2.7 Major Approvals, Licences and Permits

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

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

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

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

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

### 2.8 Types, Sources and Availability of Supplies

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

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

***Notes:***

*(1) Being the cost of sales incurred by AirAsia Grocer for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024. As at the LPD, Santan has begun to undertake the operation and management of the AirAsia Grocer from AirAsia MOVE Group, and the revenue from this segment will be recognised under Santan by the 2nd half of 2025.*

*(2) Trading of F&B costs refers to charges for delivery and salaries to riders for services under Xpress, which has been discontinued.*

*(3) Other costs include platform and general administrative costs and commissions paid to travel agents for hotels.*

### 2.9 Future Plans and Business Strategies

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

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

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

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

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

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

- Modernising its back-end system – AirAsia MOVE Group intends to modernise its IT system into a cloud-native, microservices-based IT infrastructure. Cloud-native, microservices-based IT infrastructure refers to the back-end system that operates on the cloud, where applications used are split into multiple independent, self-contained applications. This will streamline workflows, reduce development time, and enable quicker delivery of new features, which would result in a more agile and efficient platform that requires fewer resources to maintain and scale;

- Improving platform stability and performance – AirAsia MOVE Group intends to reduce the frequency of app crashes across both iOS and Android platforms to enhance the reliability of AirAsia MOVE platform, particularly in low-bandwidth environments. This is done by optimising the platform speed;

- User interface consistency – AirAsia MOVE Group intends to standardise the app layout design across flight and hotel bookings to improve user experience. This will also reduce maintenance costs as it simplifies the development efforts required to make user experience and interface adjustments and changes; and

- AirAsia MOVE Group intends to enhance its platform to address different traveller cohorts (such as group bookings, tours, events and aging population) to increase adoption of the AirAsia MOVE platform across ASEAN.

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

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

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

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

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

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

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

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

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

## 3. BUSINESS OVERVIEW OF THE DIGITAL FINANCIAL SERVICES SEGMENT

### 3.1 Overview

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

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

BigPay Group's business model is described below:

<table>
<tr><th>Service type</th><th>Revenue model</th><th>Customer segments</th></tr>
<tr><td>Payments</td><td>● Interchange fee<br>● MDR<br>● Fixed automated teller machine ("ATM") withdrawal fee<br>● Foreign currency spread</td><td rowspan="5">BigPay platform user</td></tr>
<tr><td>International remittances and domestic transfers</td><td>● Remittance fee<br>● Foreign currency spread</td></tr>
<tr><td>Utilities (insurance, mobile reloads and data, utility bill payments)</td><td>● Commission</td></tr>
<tr><td>Analytics and Stash (e-wallet balances)</td><td>● Trust account interest yield on e-wallet balances<br>● Top-up fee for selected top-up methods for top-ups to e-wallet</td></tr>
<tr><td>Lending</td><td>● Interest</td></tr>
</table>

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

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

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

***Notes:***

*(1) Trust account interest yield on e-wallet balances*

*(2) Amount in Analytics and Stash were reclassed from "Other Income" to "Revenue" in FYE 31 December 2023. Hence, the income from Analytics and Stash for the FYE 31 December 2021 and FYE 31 December 2022 have been included in the total revenue for the FYE 31 December 2021 and FYE 31 December 2022 shown above*

*(3) Top-up fee from top-up of e-wallet using credit card and cash*

*(4) Fees for physical cards*

*(5) The total revenue is based on the audited and unaudited financial statements of BigPay Group*

*(6) Financial information for the FYE 31 December 2021 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.1650*

*(7) Financial information for the FYE 31 December 2022 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.3900*

*(8) Financial information for the FYE 31 December 2023 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.5900*

*(9) Financial information for the FYE 31 December 2024 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.4755*

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

### 3.2 Key Milestones

The history and milestones of BigPay Group are as follows:

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

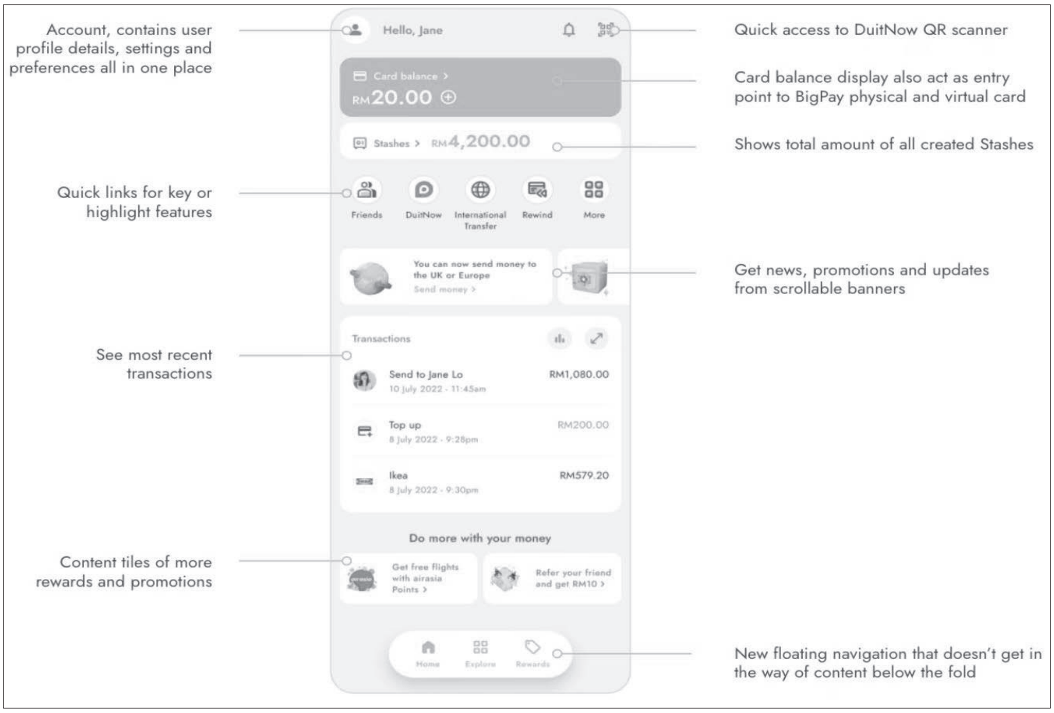
| Month/year | Details |
|---|---|
| January 2023 | BigPay Thailand obtained the e-money payment services licence and e-money transfer services licence from the Bank of Thailand and the Ministry of Finance of Thailand, thus allowing it to offer its e-wallet services in Thailand. |
| May 2023 | BigPay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

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

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

### 3.3 Existing Principal Activities, Products and Services, Revenue Model

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




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


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

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

The functions of BigPay platform are as described below:

**(i) Payments**

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

(a) Physical/virtual prepaid card – The physical prepaid card enables both online e-commerce and offline point-of-sale transactions;

(b) DuitNow QR feature (available in Malaysia only as at LPD) – This is a cashless payment method using QR code scanning functionality. The code is available online or physically at retail stores;

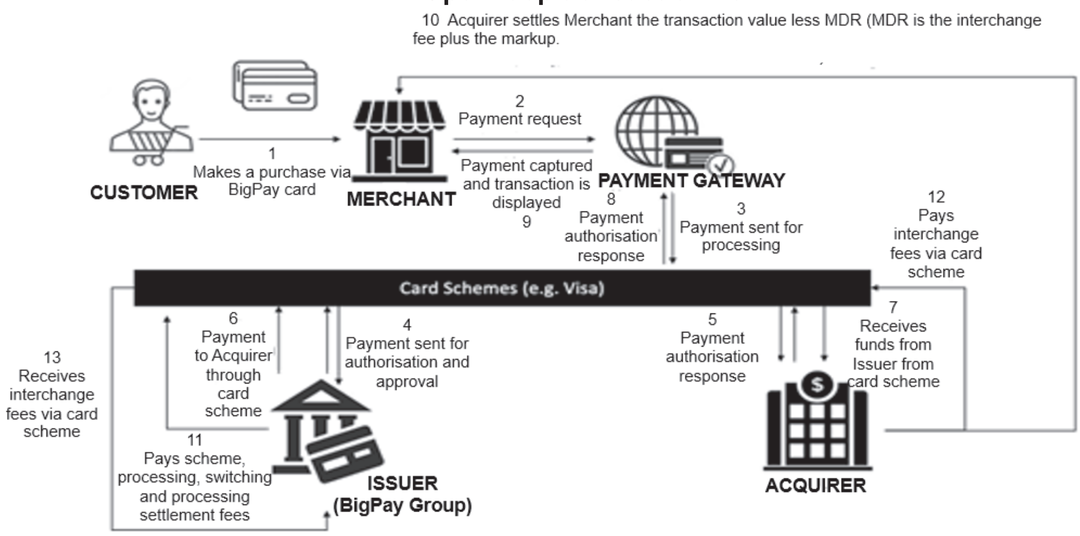
(c) Split bill feature – This is for BigPay platform users to easily split bill payments with other BigPay platform users; and

(d) Cross border QR – BigPay platform users in Malaysia will be able to pay by scanning QR codes provided under the respective national QR when they are travelling overseas in Thailand, Singapore and Indonesia. Users are also able to make payments to overseas merchants supporting Alipay+.

BigPay Group earns from 2 types of transactions:

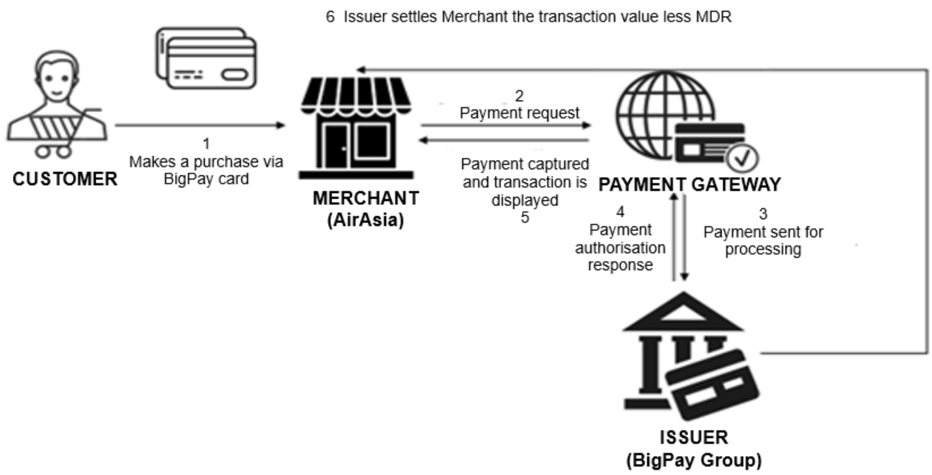
- Open loop transactions – Open loop transactions are transactions where third-party schemes (such as VISA, AliPay and PayNet) process the transactions. Revenue is earned from interchange fees. BigPay Group incurs processing, clearing and/or settlement fees for open loop transactions that are processed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

**Open loop transaction flow**



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

**Closed loop transaction flow**




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

**(ii) Remittances and domestic transfers**

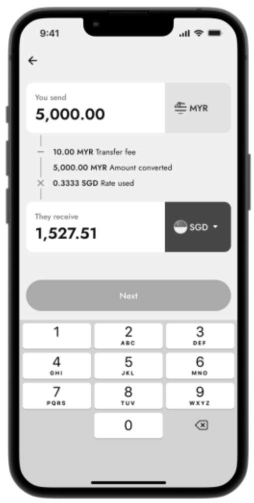
These functions allow BigPay platform users to transfer available funds directly from their BigPay e-wallet to other BigPay platform users, other e-wallets or banks via 4 methods:

(a) Friends feature – This allows users to transfer funds to another BigPay platform user;

(b) DuitNow Transfer and DuitNow QR – This refers to fund transfer methods by scanning a QR code or providing bank account number or DuitNow ID, which will transfer funds to any local bank account or e-wallet account that is part of the DuitNow ecosystem;

(c) Local Bank Transfer feature – This allows users to transfer funds to local bank accounts via bank details; and

(d) International remittance feature – This allows users to remit funds to international bank accounts and e-wallets. The exchange rate, transfer fee, amount converted, savings and transfer time are displayed on the screen.



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

**(iii) Utilities**

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

- **Insurance distribution**

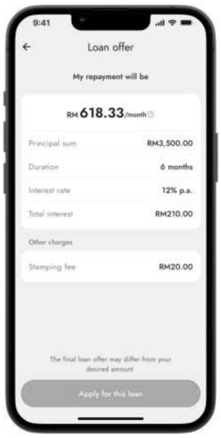
  BigPay Group enables users to purchase insurance plans for personal accident and travel insurance (underwritten by a licenced insurer) via the BigPay app. BigPay Group earns a commission fee for each insurance plan being sold.

- **Bill payment and top-ups**

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

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

  BigPay Group earns a commission from the transactions performed.



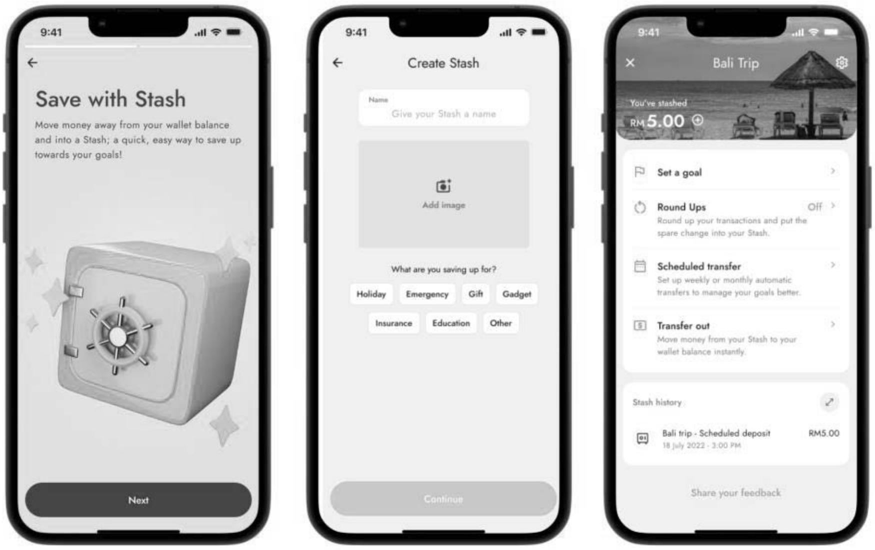

**(iv) Analytics and Stash**

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

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

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

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




**(v) Lending**

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

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

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

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

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

***Notes:***

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

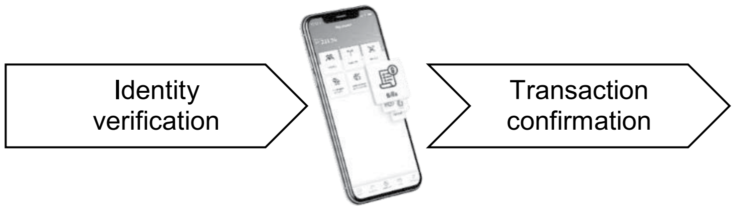
BigPay Group's revenue has been increasing since the FYE 31 December 2021 although the number of new carded users has been decreasing since the FYE 31 December 2021. This is mainly attributable to the targeted marketing approach undertaken by BigPay Group to effectively onboard users with spending pattern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

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

**3.4 Operational Process Flow**

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

**(a) Identity and transaction verification**




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

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

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

**(b) Continuous improvements and upgrades**

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

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

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

**(c) Marketing**

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

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

**(d) Support services for users**

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

### 3.5 Business Development and Sales and Marketing Strategies

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

**(i) Digital marketing**

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

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

**(ii) Collaborative marketing with AirAsia MOVE Group**

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

### 3.6 Types, Sources and Availability of Supplies

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

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

***Notes:***

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

### 3.7 Major Approvals, Licences and Permits

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

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

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

***Note:***

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

### 3.8 Future Plans and Strategies

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

**(i) Continuous cost optimisation**

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

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

Amongst some of the on-going initiatives include:

**(a) Collaboration with AirAsia MOVE Group**

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

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

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

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

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

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

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

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

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

  - Worked with AirAsia MOVE Group to co-design and co-execute promotions, discounts or benefits through the use of BigPay Group's digital financial services for the purchase of AirAsia MOVE Group's services. For example, AirAsia MOVE platform users will be offered with a discount alongside additional Reward points to AirAsia MOVE platform users when they use their BigPay e-wallet or card top for products and services within the AirAsia MOVE platform;

  - Leverage on AirAsia MOVE Group's database marketing to target customers to prompt them to use BigPay and reactivate more inactive AirAsia MOVE platform users and encourage them to use AirAsia MOVE platform's services;

  - Leverage on the data pools of AirAsia MOVE platform and BigPay platform to drive more relevant, personalised promotions and benefits with a higher conversion rate.

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

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

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

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

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

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

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

**(ii) Expanding range of services**

- **Introducing new lending services**

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

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

  - Online checkout financing for travel, which allows users to pay for purchases on an instalment basis. Users will be able to apply for this service in online stores via BigPay platform and the loan disbursement will be paid directly to merchants. The expected timeline to introduce this new service is by the 2$^{nd}$ quarter of 2025.

- **Growing international remittance services**

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

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

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

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

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

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

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

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

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 4. BUSINESS OVERVIEW OF THE LOGISTICS SERVICES SEGMENT

### 4.1 Overview

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

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

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

Teleport Group's business model is as detailed below:

| Types of services | Infrastructure | Types of parcels/cargo | Revenue model | Customer segment |
|---|---|---|---|---|
| Teleport Air Cargo | • Available cargo belly space of passenger aircraft | • Parcels<br>• Loose cargo<br>• Palletised cargo | • Service fee<br>• Contract fee | • Logistics service providers<br>• Conglomerates and companies<br>• Airlines |
| | • Freighter aircraft | • Palletised cargos | | |
| Teleport eCommerce | • Available cargo belly space of passenger aircraft<br>• Freighter aircraft<br>• In-house and third-party first- and last-mile service providers<br>• Contract-based and crowdsourced riders and drivers* | • Parcels<br>• Loose cargo<br>• Palletised cargo | Contract fee | • E-commerce marketplaces<br>• Retailers<br>• Conglomerates and companies<br>• Logistics service providers |
| Teleport Next Day | • Available cargo belly space of passenger aircraft<br>• Contract-based and crowdsourced riders and drivers* | Parcels | Fixed fee | • Conglomerates and companies<br>• Consumers |

***Note:***

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

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

The breakdown of Teleport Group's revenue by type of services are as follows:

| | Audited[(1)] FYE 31 December | | | | | | Unaudited[(1)] FYE 31 December | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2024 | |
| | RM'000[(2)] | % | RM'000[(3)] | % | RM'000[(4)] | % | RM'000[(5)] | % |
| Teleport Air Cargo | 516,369 | 96.8 | 423,856 | 88.5 | 599,707 | 80.5 | 773,231 | 71.0 |
| Teleport eCommerce | 17,284 | 3.2 | 54,860 | 11.5 | 145,011 | 19.5 | 310,905 | 28.6 |
| Teleport Next Day | - | - | - | - | - | - | 4,020 | 0.4 |
| **Total revenue** | **533,653** | **100.0** | **478,716** | **100.0** | **744,718** | **100.0** | **1,088,156** | **100.0** |

***Notes:***

*(1) The total revenue is based on the audited and unaudited financial statements of Teleport Group*
*(2) Financial information for the FYE 31 December 2021 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.1650*
*(3) Financial information for the FYE 31 December 2022 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.3900*
*(4) Financial information for the FYE 31 December 2023 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.5900*
*(5) Financial information for the FYE 31 December 2024 has been converted from USD to RM at an average exchange rate of USD1.00:RM4.4755*

Since Teleport Commerce Malaysia Sdn Bhd was incorporated in FYE 31 December 2018, its revenues were largely contributed by Teleport Air Cargo, i.e. between 71.0% and 96.8% of its total revenues in the respective financial years. Meanwhile, revenues from Teleport eCommerce have continued to grow from 3.2% in FYE 31 December 2021 to 28.6% in FYE 31 December 2024 of the total revenue of Teleport Group. Teleport Group only began to generate revenues from Teleport Next Day during the FYE 31 December 2024 after it was officially launched in December 2023.

## 4.2 Key Milestones

The history and milestones of the logistics services segment are as follows:

| Month/year | Details |
|---|---|
| March 2018 | Teleport Commerce Malaysia Sdn Bhd, then known as RedCargo Logistics Sdn Bhd, was incorporated to facilitate Teleport Group's commencement in providing Teleport Air Cargo. |
| April 2018 | Teleport Group was selected as the winner of the "Best Innovation Idea" Award at the SAP APJ Innovation Challenge 2018, for the "Blockchain-based, decentralised belly cargo marketplace" idea. |
| May 2018 | Teleport Group began to provide Teleport eCommerce (then known as Teleport Solutions) when it secured an order to transport automotive accessory parts, camera lens and headphones sold on eBay platform between Kuala Lumpur, Malaysia and Sydney, Australia. |
| January 2019 | Teleport Group signed an agreement with Air New Zealand Limited ("**Air New Zealand**"), which allows it to leverage on one another's available cargo belly space and routes. |

| Month/year | Details |
|---|---|
| April 2019 | Teleport Group began to operate under the trade name Teleport. |
| May 2019 | Teleport Group began offering its logistics services in Singapore after Teleport Everywhere Pte Ltd was incorporated. |
| April 2020 | During the COVID-19 pandemic, Teleport Group launched the "Save Our Shops" (S.O.S) initiative to support small businesses in surviving the COVID-19 pandemic. The initiative is for local businesses to list on airasia.com (previously known as 'OURSHOP') to sell their products, while Teleport Group provided its logistics services. Teleport Group has since ceased providing this service. |
| August 2020 | Teleport Group was awarded the '2020 Southeast Asia Cargo Logistics Delivery Entrepreneurial Company of the Year' from Frost & Sullivan. |
| January 2021 | Teleport Group received the Authorised Economic Operator certificate from the Royal Malaysian Customs Department which authorised Teleport Group to be a customs agent to carry out custom clearance of parcels and cargos it transports. This allows Teleport Group to perform its own custom clearance activities. |
| July 2021 | Teleport Group began to leverage on Velox Fintech Co. Ltd.'s existing ecosystem of drivers in Thailand (which was previously operating under "**Gojek**") to provide last-mile delivery services (delivery services from hub to customer's premises) post the acquisition of Velox Fintech Co. Ltd., a mobile on-demand delivery services and payments platform provider, by AirAsia MOVE Group. |
| July 2022 | Teleport Group signed an agreement with Etihad Airways PJSC ("**Etihad Cargo**"), which allows it to leverage on one another's available cargo belly space and route. |
| December 2022 | Teleport Group began the testing phase of Teleport Next Day (then known as Teleport Pink), an on-demand international delivery services since December 2022. Teleport Next Day allows consumers to transport small parcels between Malaysia and Singapore whereby the parcels arrive by the next day (subject to the orders being placed by 12:00 p.m. on the day before). |
| February 2023 | Teleport Next Day expanded its geographical footprint, allowing consumers to transport small parcels between Malaysia and Bangkok, Thailand whereby the parcels arrive by the next day (subject to the orders being placed by 12:00 p.m. on the day before). |
| June 2023 | Teleport Group was recognised as the Number 1 air logistics service provider in terms of total volumes moved within the region, and Top 10 within Asia Pacific, by World ACD Market Data B.V.<br><br>Teleport Group signed an agreement with SF Airlines Co., Ltd which allows it to leverage on one another's available cargo belly space and route. |

| Month/year | Details |
|---|---|
| July 2023 | Teleport Group began to charter its first Airbus 321 freighter aircraft into its air logistic fleet.<br><br>In the same month, Teleport Group began working with United Parcel Service Co which expanded its available cargo capacity, and in turn expanded United Parcel Service Co.'s network through Teleport Group's network. |
| September 2023 | Teleport Group signed an agreement with PT Garuda Indonesia (Pereso) Tbk, which allows it to leverage on one another's available cargo belly space and route. |
| November 2023 | Teleport Group began to charter its second Airbus 321 freighter aircraft into its air logistic fleet. |
| December 2023 | Teleport Group began to charter its third Airbus 321 freighter aircraft into its air logistic fleet. |
| March 2024 | Vietjetair Cargo JSC ("**VietJet Cargo**") appointed Teleport Group as its cargo sales agent, wherein Teleport Group promotes, sells and manages air logistics services for VietJet Cargo within India. |
| May 2024 | Teleport Group signed another agreement with Air New Zealand which allows it to leverage on one another's available cargo belly space and route.<br><br>Teleport Group also signed another agreement with Etihad Airways PJSC which allows it to leverage on one another's available cargo belly space and route.<br><br>In the same month, Teleport Group signed an agreement with Pakistan International Airlines, which allows it to leverage on one another's available cargo belly space and route. |
| June 2024 | Teleport Group signed an interline agreement with VietJet Aviation Joint Stock Company ("**VietJet Aviation**") which allows it to leverage on one another's available cargo belly space and route.<br><br>Teleport Group signed an interline agreement with Türk Hava Yolları A.O. ("**Turkish Cargo**") which allows it to leverage on one another's available cargo belly space and routes.<br><br>In the same month, Teleport Group was awarded with the "Best Low-Cost Air Cargo Carrier" at the 2024 Asian Freight, Logistics and Supply Chain Awards. |

### 4.3 Existing Principal Activities, Products and Services and Revenue Model

Teleport Group offers the following types of logistics services:

**(i) Teleport Air Cargo**

Teleport Air Cargo is an airport-to-airport logistics service, which involves the delivery of loose parcels, loose cargos and/or palletised cargos from the origin airport to destination airport.

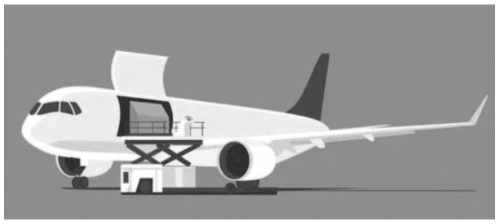
Teleport Air Cargo involves the delivery of parcels (generally small parcels weighing less than approximately 35 kg or have a total dimension of 140cm in height and 70 cm in width and depth), loose cargos (which are goods that are carried in bulk) and palletised cargo (which are goods carried in bulk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

Parcels, loose cargos and palletised cargos are moved by utilising the unused cargo belly spaces of passenger aircraft, or cargo spaces in freighter aircraft. Cargo belly spaces are spaces in the belly of passenger aircraft which are primarily used to store passengers' luggage. Oftentimes, there are available spaces in the cargo belly of passenger aircraft which can be used to transport parcels, loose cargos and palletised cargo. Meanwhile, cargo spaces are spaces in freighter aircraft which have been designed to carry loose cargos or palletised cargos.

Illustration of passenger aircraft and freighter aircraft are as follows:

**Passenger aircraft**

Aircraft designed to carry passengers which have a cargo belly for passengers' luggage, parcels and cargos



**Freighter aircraft**

Aircraft designed to carry large cargos or palletised cargos. These aircraft may also carry parcels and cargos

Teleport Group has entered into agreements with the Capital A's AOCs, AAX and TAAX for the exclusive commercial rights for the unused cargo belly spaces in the AirAsia passenger aircraft, where it utilises the unused cargo belly spaces in the AirAsia passenger aircraft to transport parcels, loose cargos and palletised cargo. This allows for the optimised usage of the AirAsia passenger aircraft's unused cargo belly space, and negates the need for Teleport Group to commit to a specified cargo belly space on the passenger aircraft, as it can utilise any available cargo belly spaces when required. The said exclusive rights will remain the same after the completion of the Proposed Corporate Exercises.

Teleport Group also leverages on third-party airlines to transport parcels, loose cargos and palletised cargos. As at the LPD, Teleport Group works with third-party airlines such as Etihad Cargo, Turkish Cargo, Garuda Indonesia, SF Airlines, Air New Zealand, United Parcel Service (UPS), VietJet Cargo and VietJet Aviation and Pakistan International Airlines.

Additionally, Teleport Group charters 3 Airbus 321 Freighters from AAB since 2023. Through this arrangement, Teleport Group will pay AAB aircraft, crew, maintenance and insurance (ACMI) fees for the aircraft, operation and maintenance of the freighter aircraft. Meanwhile, Teleport Group will be responsible to schedule the routes for these freighter aircraft and share these routes with AAB to prepare the necessary crew. This enhances Teleport Group's control over its network and further complements existing capacity available through the belly capacity of AirAsia and partner airlines. This can allow Teleport Group to better serve high demand cargo routes.

Customers of Teleport Air Cargo services include logistics service providers (including global freight forwarders and courier companies), conglomerates and companies as well as airlines.

For Teleport Air Cargo services, Teleport Group earns based on chargeable weight and quantity of parcels or cargos. This may either be a contract fee for a specified chargeable weight of parcels or cargos based on a committed monthly quantity as per the contract, or a service fee based on market prices for the chargeable weight and quantity of parcels or cargo transported. For contract fees, an additional service fee is charged if the chargeable weight of parcels or cargos transported exceeds the committed monthly quantity as per the contract.

As at the LPD, Teleport Group is able to handle Teleport Air Cargo services for Malaysia, India, Indonesia, Singapore, the Philippines, China and Thailand for over 290 cities across Asia Pacific, including Kuala Lumpur, Penang, Johor Bahru, Bangkok, Phuket, Krabi, Jakarta, Medan, Bali, Surabaya, Balikpapan, Delhi, Chennai, Kolkata, Jaipur, Guangzhou, Hangzhou, Hong Kong, Male, Bandar Seri Begawan, Yangon, Perth, Sydney, Melbourne, Phnom Penh, Colombo, Fukuoka, Tokyo, Seoul and Auckland; Europe including Turkey, Belgium and Germany; the Middle East and Africa, including Dubai, Abu Dhabi, Jeddah, and Nairobi; and America, including Columbus and Atlanta.

**(ii) Teleport eCommerce**

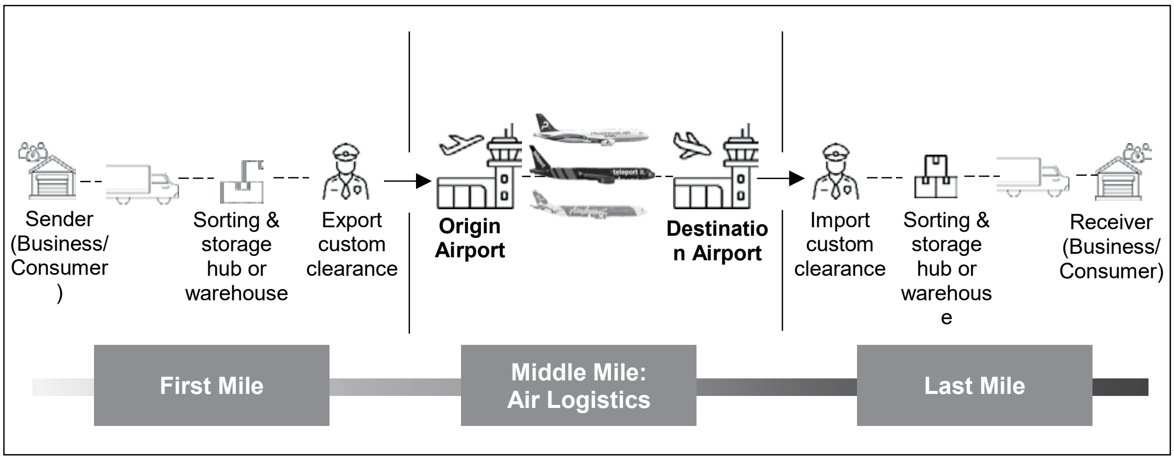
Teleport Group offers Teleport eCommerce, which is customisable first-to-last mile cross-border delivery services, where it offers customers a combination of:

- First-mile pick up services – where parcels are picked up from the merchant's premises and sent to the hub, and includes custom clearance processes; and/or

- Mid-mile delivery services – where the parcels are picked up from the hub and delivered to the airport where it is transported via air to the destination airport; and/or

- Last-mile delivery services – where the parcels undergo custom clearance and are dropped off at the hub, and delivered to the customers' premises.

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.

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:

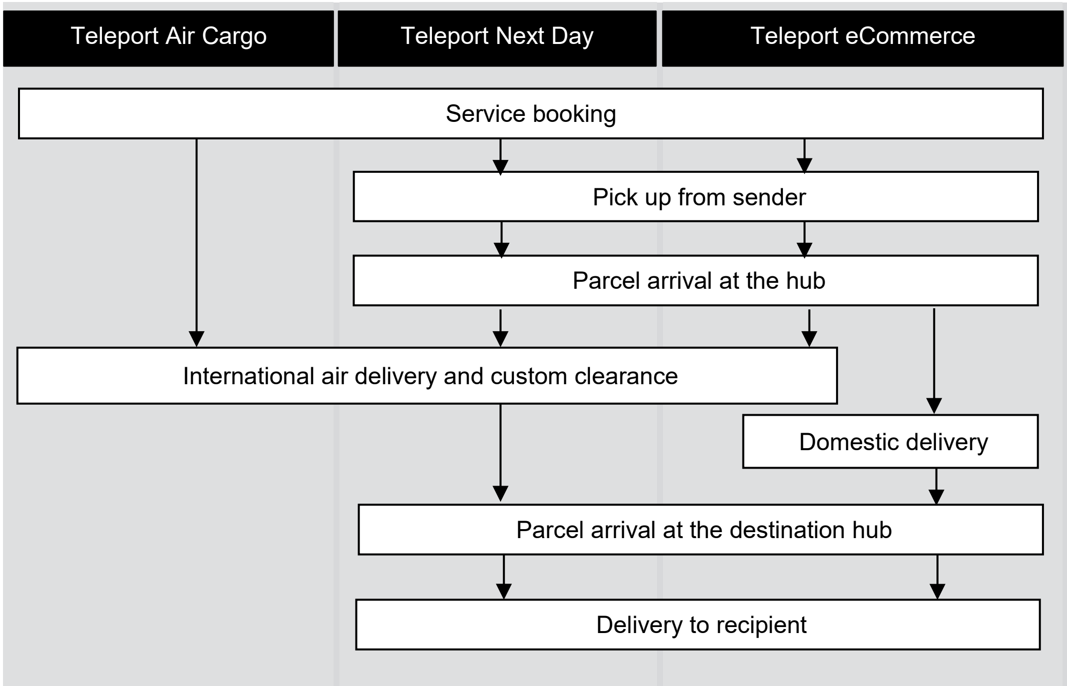
| | FYE | | | |
|---|---|---|---|---|
| | 31 December | | | |
| | **2021** | **2022** | **2023** | **2024** |
| **Available cargo capacity (tonnes)** | | | | |
| Passenger aircraft(1) | 203,609 | 809,597 | 1,405,113 | 1,557,138 |
| Freighter aircraft(2) | 109,688 | 29,246 | - | - |
| Third-party aircraft(3)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

**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.

**(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 crowdsource 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 crowdsource 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:

- 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.

**(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:

| Date | Name of event | Organiser | Location |
|---|---|---|---|
| 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 |

### 4.7 Types, Sources and Availability of Supplies

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

| | Audited[(2)] | | | | | | Unaudited[(2)] | |
|---|---|---|---|---|---|---|---|---|
| | FYE 31 December | | | | | | FYE 31 December | |
| | 2021 | | 2022 | | 2023 | | 2024 | |
| | RM'000[(3)] | % | RM'000[(4)] | % | RM'000[(5)] | % | RM'000[(6)] | % |
| 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[(1)] | 15,595 | 2.9 | 12,938 | 3.1 | 9,352 | 1.5 | 6,972 | 0.8 |
| **Total costs** | **537,243** | **100.0** | **420,237** | **100.0** | **618,496** | **100.0** | **893,586** | **100.0** |

***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 | Licenced 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<br><br>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: -[(1)]<br><br>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<br><br>Expiry date: - |

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

| No | Licenced Entity | Licence/Permit | Governing Body | Licence Purpose | Validity date/ expiry date |
|---|---|---|---|---|---|
| 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<br><br>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<br><br>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<br><br>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<br><br>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<br><br>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<br><br>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<br><br>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<br><br>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<br><br>Expiry date: 16 September 2025 |

| 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<br><br>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<br><br>Expiry date: Until Teleport Commerce Philippines Inc.'s application for a regular authority to operate PEMEDES is assessed which is expected by the 2nd 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<br><br>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.

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$^{th}$ 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.

- **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.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 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(1) |
| 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<br>• Retailers<br>• Hotel operators |

***Note:***

*(1) Santan is awaiting approval from the Board targeted by end of the 2nd 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 2nd quarter of 2025. Santan will also set up a local entity in Thailand by the 1st quarter of 2026.

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

| | Audited FYE 31 December | | | | | | Unaudited FYE 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(1)* | *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(2) | - | - | - | - | - | - | 7,926 | 4.1 |
| **Total revenues** | **(3)2,828** | **100.0** | **34,986** | **100.0** | **133,600** | **100.0** | **193,455** | **100.0** |

***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;

- ***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 |

| Revenue model | Revenue sharing model | Service model |
|---|---|---|
| **Bearing of operational costs** | 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 |
| **Revenue model** | 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**


**"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.

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$^{st}$ 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.

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

| | FYE 31 December | | | | | | FYE 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(1) | - | - | 1,009 | 4.0 | 3,393 | 4.3 | 2,724 | 2.0 |
| Commissions paid to airlines(2) | - | - | 4,497 | 17.8 | 18,742 | 23.8 | 32,801 | 24.6 |
| **Total cost of sales** | **1,757** | **100.0** | **25,228** | **100.0** | **78,634** | **100.0** | **133,526** | **100.0** |

***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.

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

### 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 2nd quarter of 2025. Santan will also set up a local entity in Thailand by the 1st 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 2nd quarter of 2025.

Santan will set up a local entity in Thailand by the 1st 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.

**(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$^{nd}$ 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$^{rd}$ 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.

## 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

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

### (ii) FYE 31 December 2022

| Customer | Length of relationship as at the LPD | Types of products/services | Revenue contribution RM'000 | % |
|---|---|---|---|---|
| AAB | 6 years | Aviation MRO and AirAsia MOVE's platform services | 371,124 | 26.4 |
| Customer A[(1)] | 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 |
| **Total** | | | **630,149** | **44.9** |

### (iii) FYE 31 December 2023

| Customer | Length of relationship as at the LPD | Types of products/services | Revenue contribution RM'000 | % |
|---|---|---|---|---|
| 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[(1)] | 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 |
| **Total** | | | **1,121,521** | **48.0** |

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

### (iv) FYE 31 December 2024

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

***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.

## 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 | Value of purchases % |
|---|---|---|---|---|
| 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[(1)] | 3 years | Cargo space | 15,359 | 1.7 |
| IAA | 6 years | Cargo space | 14,872 | 1.6 |
| **Total** | | | **370,368** | **39.9** |

### (ii) FYE 31 December 2022

| Supplier | Length of relationship as at the LPD | Type of products/services | Value of purchases RM'000 | Value of purchases % |
|---|---|---|---|---|
| Supplier B[(1)] | 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 |
| **Total** | | | **787,501** | **68.0** |

### (iii) FYE 31 December 2023

| Supplier | Length of relationship as at the LPD | Type of products/services | Value of purchases RM'000 | Value of purchases % |
|---|---|---|---|---|
| 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[(1)] | 6 years | IT and cloud services | 41,380 | 2.6 |
| **Total** | | | **586,762** | **37.2** |

### (iv) FYE 31 December 2024

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

***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.

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.

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.

**(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.

Shape the future with confidence

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

## 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.

EY

Shape the future with confidence

## 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.

Shape the future
with confidence

**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.

EY
Shape the future with confidence

**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.

EY

Shape the future
with confidence

**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

Low Khung Leong
02697/01/2027 J
Chartered Accountant

Kuala Lumpur, Malaysia
14 April 2025

**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");



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

**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.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

**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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

## 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 Proposed Disposal of AAAGL RM'000 | Adjustment for Proposed Distribution RM'000 | Pro Forma 2 RM'000 | Adjustment for Proposed Disposal of AAB RM'000 | Pro Forma 3 RM'000 | Adjustment for Proposed Capital Reduction RM'000 | Pro Forma 4 RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | | | | |
| Property, plant and equipment | 1,574,711 | - | 1,574,711 | (819,066) | - | 755,645 | (263,044) | 492,601 | - | 492,601 |
| Right of use assets | 12,460,280 | - | 12,460,280 | (5,398,005) | - | 7,062,275 | (6,768,547) | 293,728 | - | 293,728 |
| Finance lease receivables | 158,000 | - | 158,000 | - | - | 158,000 | (158,000) | - | - | - |
| Investment in associates | 435,760 | - | 435,760 | - | - | 435,760 | (435,760) | - | - | - |
| Investment securities | 189,984 | (18,263) | 171,721 | 3,571,153 | (2,623,077) | 1,119,797 | (132) | 1,119,665 | - | 1,119,665 |
| Intangible assets | 4,624,514 | - | 4,624,514 | (4,371,862) | - | 252,652 | - | 252,652 | - | 252,652 |
| Deferred tax assets | 1,407,161 | - | 1,407,161 | (268,225) | - | 1,138,936 | (1,134,167) | 4,769 | - | 4,769 |
| Receivables and prepayments | 4,409,803 | - | 4,409,803 | (611,065) | - | 3,798,738 | (3,798,738) | - | - | - |
| Investment property | 67,311 | - | 67,311 | (67,311) | - | - | - | - | - | - |
| Deposits on aircraft purchase | 617,412 | - | 617,412 | - | - | 617,412 | (617,412) | - | - | - |
| Derivative financial instruments | 11,383 | - | 11,383 | - | - | 11,383 | - | 11,383 | - | 11,383 |
| | 25,956,319 | (18,263) | 25,938,056 | (7,964,381) | (2,623,077) | 15,350,598 | (13,175,800) | 2,174,798 | - | 2,174,798 |
| **Current assets** | | | | | | | | | | |
| Inventories | 294,590 | - | 294,590 | (137,473) | - | 157,117 | (18,757) | 138,360 | - | 138,360 |
| Receivables and prepayments | 1,266,665 | - | 1,266,665 | 3,436,452 | - | 4,703,117 | (4,504,328) | 198,789 | - | 198,789 |
| Finance lease receivables | - | - | - | - | - | - | - | - | - | - |
| Amounts due from associates | 25,440 | - | 25,440 | (1,638) | - | 23,802 | (1,135) | 22,667 | - | 22,667 |
| Amounts due from related parties | 130,129 | - | 130,129 | (1) | - | 130,128 | (7,584) | 122,544 | - | 122,544 |
| Amounts due from AAX Group | 24,511 | - | 24,511 | 576,602 | - | 601,113 | (370,045) | 231,068 | - | 231,068 |
| Deposits on aircraft purchase | 46,345 | | 46,345 | - | - | 46,345 | (46,345) | - | - | - |
| Deposits, bank and cash balances | 702,818 | - | 702,818 | (213,278) | - | 489,540 | (176,250) | 313,290 | (2,000) | 311,290 |
| Tax recoverable | 8,334 | - | 8,334 | 35,389 | - | 43,723 | (8,255) | 35,468 | - | 35,468 |
| | 2,498,832 | - | 2,498,832 | 3,696,053 | - | 6,194,885 | (5,132,699) | 1,062,186 | (2,000) | 1,060,186 |
| **Less: Current liabilities** | | | | | | | | | | |
| 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 | (402,436) | - | 1,380,281 | (1,380,281) | - | - | - |
| Sales in advance | 2,025,298 | - | 2,025,298 | (1,205,688) | - | 819,610 | (809,091) | 10,519 | - | 10,519 |
| Amounts due to associates | 7,327 | - | 7,327 | (5,762) | - | 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 | (430,101) | - | 432,207 | (147,024) | 285,183 | - | 285,183 |
| Lease liabilities | 5,438,692 | - | 5,438,692 | (1,588,786) | - | 3,849,906 | (3,842,987) | 6,919 | - | 6,919 |
| Provision of taxation | 83,641 | - | 83,641 | (83,641) | - | - | - | - | - | - |
| Derivative financial instruments | 467 | - | 467 | (467) | - | - | - | - | - | - |
| | 15,168,071 | - | 15,168,071 | (5,831,218) | - | 9,936,853 | (8,304,106) | 1,032,747 | - | 1,032,747 |
| **Net current (liabilities)/assets** | (12,669,239) | - | (12,669,239) | 9,527,271 | - | (3,141,968) | 3,171,407 | 29,439 | (2,000) | 27,439 |
| **Non-current liabilities** | | | | | | | | | | |
| 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 | 5,410,700 | - | 5,410,700 | (230,154) | - | 5,180,546 | (5,180,546) | - | - | - |
| Deferred tax liabilities | 547,107 | - | 547,107 | (110,346) | - | 436,761 | (400,082) | 36,679 | - | 36,679 |
| Borrowings | 3,580,599 | - | 3,580,599 | (490,007) | - | 3,090,592 | (2,032,798) | 1,057,794 | - | 1,057,794 |
| Lease liabilities | 13,750,088 | - | 13,750,088 | (3,338,698) | - | 10,411,390 | (10,027,140) | 384,250 | - | 384,250 |
| Provision for retirement benefits | 199,719 | - | 199,719 | (199,534) | - | 185 | - | 185 | - | 185 |
| | 23,911,817 | - | 23,911,817 | (4,747,621) | - | 19,164,196 | (17,679,328) | 1,484,868 | - | 1,484,868 |
| | (10,624,737) | (18,263) | (10,643,000) | 6,310,511 | (2,623,077) | (6,955,566) | 7,674,935 | 719,369 | (2,000) | 717,369 |
| **Capital and reserves** | | | | | | | | | | |
| Share capital | 8,711,742 | - | 8,711,742 | - | (2,623,077) | 6,088,665 | - | 6,088,665 | (5,396,799) | 691,866 |
| Merger deficit | (5,507,594) | - | (5,507,594) | - | - | (5,507,594) | 5,507,594 | - | - | - |
| Other reserves | 138,642 | (18,263) | 120,379 | 21,082 | - | 141,461 | (31,385) | 110,076 | - | 110,076 |
| Foreign exchange reserve | 217,047 | - | 217,047 | (53,833) | - | 163,214 | (223,091) | (59,877) | - | (59,877) |
| (Accumulated losses)/Retained earnings | (12,321,978) | - | (12,321,978) | 4,505,362 | - | (7,816,616) | 2,421,817 | (5,394,799) | 5,394,799 | - |
| Total shareholders' (deficit)/funds | (8,762,141) | (18,263) | (8,780,404) | 4,472,611 | (2,623,077) | (6,930,870) | 7,674,935 | 744,065 | (2,000) | 742,065 |
| Non-controlling interests | (1,862,596) | - | (1,862,596) | 1,837,900 | - | (24,696) | - | (24,696) | - | (24,696) |
| Total equity | (10,624,737) | (18,263) | (10,643,000) | 6,310,511 | (2,623,077) | (6,955,566) | 7,674,935 | 719,369 | (2,000) | 717,369 |





Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

**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.

**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 (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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

**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 and AAB group after incorporating the effects of the Proposed Internal Reorganisation are as follows:

(a) AAAGL group

The adjusted net liabilities of AAAGL group after incorporating the effects of the Proposed Internal Reorganisation are as follows:

| | RM'000 |
|---|---|
| Net liabilities of AAAGL group as per accountants report as at 31 December 2023 | (5,187,037) |
| Add: Net assets adjustment arising from acquisition of AA Com Travel Philippines Inc | 356 |
| Adjustments relating to the Proposed Internal Reorganisation (Pro Forma 1): | |
| Capital contribution from CAB | 3,468,577 |
| Elimination of perpetual capital securities | (1,090,577) |
| Net liabilities of AAAGL group as at 31 December 2023 after incorporating effects of Proposed Internal Reorganisation | (2,808,681) |

(b) AAB group

The adjusted net liabilities of AAB group after incorporating the effects of the Proposed Internal Reorganisation are as follows:

| | RM'000 |
|---|---|
| Net liabilities of AAB group as per accountants report as at 31 December 2023 | (1,504,694) |
| Adjustments relating to the Material Subsequent Events (Pro Forma 1): | |
| Adjustment relating to Proposed Internal Reorganisation | |
| Reversal of impairment of perpetual capital securities | 1,090,577 |
| Proposed dividend to CAB from 2023 profits | (3,468,577) |
| Net liabilities of AAB group as at 31 December 2023 after incorporating effects of Proposed Internal Reorganisation | (3,882,694) |

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

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

**Pro Forma 2:**

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution.

a) Based on the conditional share sale purchase agreement ("SSPA") dated 25 April 2024, the Group intends to dispose 100% equity interest in AAAGL to AirAsia Group Berhad ("AAG") for a consideration to be satisfied via the issuance of 2,307,692,307 AAG shares ("Consideration Shares"). At the point of the signing of the original conditional 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, 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 volume weighted average price ("VWAP") of AAX Share price up to and including the latest practical date ("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.

   There is no assurance that the market price of the AAX Shares will maintain at RM1.55 per share on the completion date of the Proposed Disposal of AAAGL. The market price of the AAX Shares is influenced by, among others, the prevailing market sentiments, the volatility of the equity market, the liquidity of the AAX Shares, the outlook and prospects of the industries in which AAX operates, changes in regulatory requirements or market conditions. In addition, the performance of the Malaysian share market (where the AAX Shares is listed) is dependent on the economic and political conditions in Malaysia as well as external factors such as, among others, the performance of the world bourses and flows of foreign funds.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

**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 2 (contd.):**

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution (contd.).

a) (contd.)

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.

b) The Company proposes to reduce its issued and paid-up share capital via a distribution of fixed number of 1,692,307,692 AAX Shares to the shareholders of the Company. The Proposed Distribution will result in the deconsolidation of AAAGL and its subsidiaries as the Group's interest in AAX will be diluted from 67.44% to 19.18%. It is assumed that the Group will not be able to exercise significant influence in AAX and therefore recognises AAX as an investment in securities (under fair value through other comprehensive income).

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.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

**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 2 (cont'd.):**

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution (cont'd.)

The effect from the Proposed Distribution to CAB's investment in AAX is as follows:

| | No. of AAX Shares | RM'000 |
|---|---|---|
| AAX Shares owned by CAB after the Proposed Acquisition of AAX Shares by CAB | 57,072,850 | 88,463 |
| Fair value of purchase consideration to be received from the Proposed Disposal of AAAGL | 2,307,692,307 | 3,576,923 |
| Total AAX Shares after the Proposed Disposal of AAAGL | 2,364,765,157 | 3,665,386 |
| Less: Proposed Distribution | (1,692,307,692) | (2,623,077) |
| Remaining AAX Shares retained by CAB | 672,457,465 | 1,042,309 |

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

The Proposed Disposal of AAAGL and the Proposed Distribution will have the following effect to CAB's shareholder equity:

| | RM'000 |
|---|---|
| Fair value of purchase consideration for the Proposed Disposal of AAAGL | 3,576,923 |
| Add: Net liabilities of AAAGL and its subsidiaries | 2,808,681 |
| Less: Derecognition of goodwill in AAAGL in CAB | (7,334) |
| Less: Transaction costs | (7,759) |
| Less: Estimated capital gains tax (i) | (60,000) |
| Net effect from disposal of AAAGL prior to Proposed Distribution | 6,310,511 |
| Less: Proposed Distribution | (2,623,077) |
| Net effect from disposal of AAAGL after the Proposed Distribution | 3,687,434 |

(i) Capital gains tax has been calculated based on 2% of the gross disposal price of the capital asset in accordance with the Finance (No.2) Bill 2023.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

## 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 2 (cont'd.):**

The Pro Forma 2 incorporates the effects of Pro Forma 1 and the effect of the Proposed Disposal of AAAGL and Proposed Distribution (cont'd.)

The Proposed Disposal of AAAGL and the Proposed Distribution will have the following effect to CAB's shareholder equity (cont'd.):

The transaction costs in relation to the Proposed Disposal of AAAGL are estimated at RM7,759,000, which shall be charged out to the profit or loss of the Group accordingly.

The balances outstanding after the Proposed Corporate Exercises between AAX and CAB will be as follows:

| | RM'000 |
|---|---|
| Net balance due to AAX from CAB as at Pro forma 1 | (398,139) |
| Crystalisation of amount due to CAB from AAAGL subsequent to the Proposed Disposal of AAAGL | 652,572 |
| Net balance due from AAX to CAB as at Pro forma 2 | 254,433 |

**Pro Forma 3:**

The Pro Forma 3 incorporates the effects of Pro Forma 2 and the Proposed Disposal of AAB group.

Based on the conditional share sale purchase agreement dated 25 April 2024 (as supplemented by SSSPA dated 26 July 2024), the Group intends to dispose AAB and its subsidiaries to AAX for a cash consideration of RM3,800,000,000.

The effect of the Proposed Disposal of AAB is as follows:

| | RM'000 |
|---|---|
| Cash consideration for the Proposed Disposal of AAB | 3,800,000 |
| Add: Net liabilities of AAB | 3,882,694 |
| Less: Transaction cost | (7,759) |
| Gain on Proposed Disposal of AAB | 7,674,935 |

The Proposed Disposal of AAB will result in the realisation of the merger deficit of RM5,507,594 that arose from the acquisition of AAB by CAB in prior years. Accordingly, the entire merger deficit will be reclassified to accumulated losses in CAB.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

**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 3:**

The Pro Forma 3 incorporates the effects of Pro Forma 2 and the Proposed Disposal of AAB group (cont'd.)

The balances outstanding after the Proposed Corporate Exercises between AAX and CAB will be as follows:

| | RM'000 |
|---|---|
| Net balance due from AAX to CAB as at Pro forma 2 | 254,433 |
| Crystalisation of amount due to AAB from CAB subsequent to the Proposed Disposal of AAB | (3,823,365) |
| Amount due from AAX for the Proposed Disposal of AAB | 3,800,000 |
| Net balance due from AAX to CAB as at Pro forma 3 | 231,068 |

**Pro Forma 4:**

The Pro Forma 4 incorporates the effects of Pro Forma 3 and the Proposed Capital Reduction.

For the purpose of illustration in the Pro Forma Consolidated Statement of Financial Position as at 31 December 2023, the Company proposes a reduction of its issued share capital of RM5,396,799,000 being equivalent to the accumulated losses as per Pro Forma 3, pursuant to Section 116 of the Companies Act 2016.

The effect of the Proposed Capital Reduction is as follows:

**Share capital**

| | RM'000 |
|---|---|
| Share capital as at Pro forma 3 | 6,088,665 |
| Less: Reduction of issued share capital arising from the Proposed Capital Reduction | (5,396,799) |
| Share capital as at Pro forma 4 | 691,866 |

**Deposit, bank and cash balances**

| | RM'000 |
|---|---|
| Deposit, bank and cash balances as at Pro forma 3 | 313,290 |
| Less: Transaction cost | (2,000) |
| Deposit, bank and cash balances as at Pro forma 4 | 311,290 |

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

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

**Attachment A**

**Pro Forma 4:**

The Pro Forma 4 incorporates the effects of Pro Forma 3 and the Proposed Capital Reduction (cont'd.).

The effect of the Proposed Capital Reduction is as follows (cont'd.):

**Accumulated losses**

| | RM'000 |
|---|---|
| Accumulated losses as at Pro forma 3 | (5,394,799) |
| Less: Adjustment to accumulated losses arising from the Proposed Capital Reduction | 5,396,799 |
| Less: Transaction cost | (2,000) |
| Accumulated losses as at Pro forma 4 | - |

The transaction costs in relation to the Proposed Capital Reduction are estimated at RM2,000,000, which shall be charged out to the profit or loss of the Group accordingly.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

## 1. Combined Income Statements for the Remaining Businesses of Capital A Group (excluding the Aviation Segment)

The unaudited combined income statements for the Remaining Businesses of Capital A Group (excluding the Aviation Segment) for the FYE 31 December 2021 to FYE 31 December 2024 are set out below:

### (a) FYE 31 December 2021[(1)]

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | [(2)]Others | [(3)]Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 101,333 | 147,283 | 534,441 | 20,910 | 2,828 | - | 195,693 | (36,150) | 966,338 |
| Other income | - | (1,816) | 7,592 | 3,979 | 124 | - | (384) | (4,672) | 4,823 |
| Operating expenses | (95,079) | (327,924) | (591,580) | (149,619) | (7,484) | (35) | (292,326) | 31,091 | (1,432,956) |
| **Operating profit/(loss)** | **6,254** | **(182,457)** | **(49,547)** | **(124,730)** | **(4,532)** | (35) | **(97,017)** | **(9,731)** | **(461,795)** |
| Finance income | - | 2,260 | 303 | 893 | 16 | - | 31,309 | (6,778) | 28,003 |
| Finance costs | (3) | (12,459) | (1,064) | (14,824) | (158) | - | (1,422) | 6,778 | (23,152) |
| **Net operating profit/(loss)** | **6,251** | **(192,656)** | **(50,308)** | **(138,661)** | **(4,674)** | (35) | **(67,130)** | **(9,731)** | **(456,944)** |
| Other gains/(losses)[(4)] | 3 | (2,247) | (1,858) | (350) | (1) | - | (7,881) | - | (12,334) |
| Share of results of associates and joint ventures | - | (453) | 1,135 | - | - | - | - | - | 682 |
| **PBT/(LBT)** | **6,254** | **(195,356)** | **(51,031)** | **(139,011)** | **(4,675)** | **(35)** | **(75,011)** | **(9,731)** | **(468,596)** |
| Taxation | **(12,763)** | **304** | **(580)** | **-** | **-** | **-** | **158** | **-** | **(12,881)** |
| **LAT** | **(6,509)** | **(195,052)** | **(51,611)** | **(139,011)** | **(4,675)** | **(35)** | **(74,853)** | **(9,731)** | **(481,477)** |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)***

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | [2]Others | [3]Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| Operating profit/(loss) margin (%) | 6.2 | (123.9) | (9.3) | (596.5) | (160.3) | - | (49.6) | N/A | (47.8) |
| PBT/(LBT) margin (%) | 6.2 | (132.6) | (9.5) | (664.8) | (165.3) | - | (38.3) | N/A | (48.5) |
| LAT margin (%) | (6.4) | (132.4) | (9.7) | (664.8) | (165.3) | - | (38.3) | N/A | (49.8) |

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)***

**(b) FYE 31 December 2022[1]**

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | [2]Others | [3]Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 285,760 | 377,792 | 480,451 | 30,145 | 34,986 | - | 215,695 | (20,077) | 1,404,752 |
| Other income | 12 | 398 | 47 | 493 | 46 | - | 1,047 | - | 2,043 |
| Operating expenses | (238,327) | (406,643) | (542,261) | (155,322) | (35,847) | (47) | (358,578) | (62,640) | (1,799,665) |
| **Operating profit/(loss)** | **47,445** | **(28,453)** | **(61,763)** | **(124,684)** | **(815)** | (47) | **(141,836)** | **(82,717)** | **(392,870)** |
| Finance income | 1 | 3,058 | 601 | 2,216 | 97 | - | 91,284 | (11,635) | 85,622 |
| Finance costs | (1,390) | (19,886) | (4,037) | (17,804) | (145) | - | (61,917) | 11,621 | (93,558) |
| **Net operating profit/(loss)** | **46,056** | **(45,281)** | **(65,199)** | **(140,272)** | **(863)** | (47) | **(111,469)** | **(82,731)** | **(400,806)** |
| Other gains/(losses)[4] | 269 | (5,783) | 1,215 | 6,045 | (6) | | 38,526 | - | 40,266 |
| Share of results of associates and joint ventures | - | (675) | 384 | - | - | - | - | - | (291) |
| **PBT/(LBT)** | **46,325** | **(51,739)** | **(63,600)** | **(134,227)** | **(869)** | **(47)** | **(73,943)** | **(82,731)** | **(360,831)** |
| Taxation | (13,825) | (284) | (2,805) | (22) | - | - | (1,296) | - | (18,232) |
| **PAT/(LAT)** | **32,500** | **(52,023)** | **(66,405)** | **(134,249)** | **(869)** | **(47)** | **(75,239)** | **(82,731)** | **(379,063)** |
| Operating profit/(loss) margin (%) | 16.6 | (7.5) | (12.9) | (413.6) | (2.3) | - | (65.8) | N/A | (28.0) |
| PBT/(LBT) margin (%) | 16.2 | (13.7) | (13.2) | (445.3) | (2.5) | - | (34.3) | N/A | (25.7) |
| PAT/(LAT) margin (%) | 11.4 | (13.8) | (13.8) | (445.3) | (2.5) | - | (34.9) | N/A | (27.0) |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT)** ***(CONT'D)***

**(c) FYE 31 December 2023[(1)]**

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | [(2)]Others | [(3)]Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 573,996 | 668,893 | 740,383 | 45,742 | 133,600 | 44,685 | 173,269 | (43,349) | 2,337,219 |
| Other income | - | 2,200 | 2,980 | 278 | 541 | 12 | 19,943 | (18,000) | 7,954 |
| Operating expenses | (463,067) | (591,445) | (730,786) | (140,361) | (114,328) | (28,018) | (2,123,781) | 51,896 | (4,139,890) |
| **Operating profit/(loss)** | **110,929** | **79,648** | **12,577** | **(94,341)** | **19,813** | **16,679** | **(1,930,569)** | **(9,453)** | **(1,794,717)** |
| Finance income | 9 | 45 | 379 | - | 14 | - | 83,176 | (8,793) | 74,830 |
| Finance costs | (21,617) | (14,967) | (12,773) | (20,234) | (16) | - | (113,268) | 13,350 | (169,525) |
| **Net operating profit/(loss)** | **89,321** | **64,726** | **183** | **(114,575)** | **19,811** | **16,679** | **(1,960,661)** | **(4,896)** | **(1,889,412)** |
| Other gains/(losses)[(4)] | (1,347) | (121) | (4,613) | 11,299 | (20) | (557) | (10,788) | - | (6,147) |
| Share of results of associates and joint ventures | - | (220) | (516) | - | - | - | - | - | (736) |
| **PBT/(LBT)** | **87,974** | **64,385** | **(4,946)** | **(103,276)** | **19,791** | **16,122** | **(1,971,449)** | **(4,896)** | **(1,896,295)** |
| Taxation | 26,927 | (9,310) | 1,834 | - | (3,977) | (3,923) | (4,440) | - | 7,111 |
| **PAT/(LAT)** | **114,901** | **55,075** | **(3,112)** | **(103,276)** | **15,814** | **12,199** | **(1,975,889)** | **(4,896)** | **(1,889,184)** |
| Operating profit/(loss) margin (%) | 19.3 | 11.9 | 1.7 | (206.2) | 14.8 | 37.3 | (1,114.2) | N/A | (76.8) |
| PBT/(LBT) margin (%) | 15.3 | 9.6 | (0.7) | (225.8) | 14.8 | 36.1 | (1,137.8) | N/A | (81.1) |
| PAT/(LAT) margin (%) | 20.0 | 8.2 | (0.4) | (225.8) | 11.8 | 27.3 | (1,140.4) | N/A | (80.8) |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)***

**(d) FYE 31 December 2024**

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | [(2)]Others | [(3)]Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 727,243 | 552,795 | 1,088,156 | 38,313 | 193,455 | 220,329 | 178,203 | (81,487) | 2,917,007 |
| Other income/(losses) | (2,950) | 1,736 | 2,311 | 2,393 | 2,461 | - | 18,778 | - | 24,729 |
| Operating expenses | (630,001) | (438,542) | (1,051,373) | (119,642) | (184,696) | (45,998) | (263,658) | 81,487 | (2,652,423) |
| **Operating profit/(loss)** | **94,292** | **115,989** | **39,094** | **(78,936)** | **11,220** | **174,331** | **(66,677)** | **-** | **289,313** |
| Finance income | 27 | 2,303 | 759 | - | 6 | - | 94,229 | (21,705) | 75,619 |
| Finance costs | (65,308) | (17,000) | (55,774) | (23,966) | (15) | (4) | (43,373) | 21,705 | (183,735) |
| **Net operating profit/(loss)** | **29,011** | **101,292** | **(15,921)** | **(102,902)** | **11,211** | **174,327** | **(15,821)** | **-** | **181,197** |
| Other losses[(4)] | 6,054 | (3,277) | (1,351) | (28,290) | (28) | (2,949) | (12,341) | - | (42,182) |
| Share of results of associates and joint ventures | - | - | (245) | - | - | - | - | - | (245) |
| **PBT/(LBT)** | **35,065** | **98,015** | **(17,517)** | **(131,192)** | **11,183** | **171,378** | **(28,162)** | **-** | **138,770** |
| Taxation | 37,077 | (9,495) | 541 | (13) | (3,631) | (708) | (483) | - | 23,288 |
| **PAT/(LAT)** | **72,142** | **88,520** | **(16,976)** | **(131,205)** | **7,552** | **170,670** | **(28,645)** | **-** | **162,058** |
| Operating profit/(loss) margin (%) | 13.0 | 21.0 | 3.6 | (206.0) | 5.8 | 79.1 | (37.4) | N/A | 9.9 |
| PBT/(LBT) margin (%) | 4.8 | 17.7 | (1.6) | (342.4) | 5.8 | 77.8 | (15.8) | N/A | 4.8 |
| PAT/(LAT) margin (%) | 9.9 | 16.0 | (1.6) | (342.5) | 3.9 | 77.5 | (16.1) | N/A | 5.6 |

***Notes:***

*(1) The segmental financial information of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) is based on the audited accounts of our respective subsidiaries. The segmental financial information differs from the segmental financial information prepared based on the audited consolidated financial statements of our Group due to the difference in the materiality threshold at the subsidiary level and Capital A Group level. Certain adjustments made at the subsidiary level were not reflected at our Group level due to a lower materiality threshold adopted at our subsidiary level.*

*(2) 'Others' segment comprises Capital A and the other non-core businesses of Capital A Group under the following companies:*

| ***Company*** | ***Principal activities*** |
|---|---|
| *Move Digital Sdn Bhd, AAD Holdings Inc, Capital Aviation Services Sdn Bhd, Redbeat Capital Sdn Bhd and CAPI* | *Investment holding company* |
| *AirAsia SEA Sdn Bhd and AirAsia SEA Limited* | *Management services* |
| *Ikhlas Com Travel Sdn Bhd* | *Trading on e-commerce platform for Muslim-centric products and services* |
| *Outclass Education Technology and Employment Services Sdn Bhd* | *Training and consultancy services* |
| *Capital A Consultancy Sdn Bhd* | *Consultancy services* |
| *AirAsia Tech Centre Singapore* | *Research and experimental development on IT and software for cybersecurity* |
| *AirAsia Magic Sdn Bhd* | *Drone training and related drone services* |
| *Fleet Consolidated Pte Ltd* | *Renting of air transport equipment without operator* |

*(3) Consolidation elimination adjustments on inter-company transactions entered into between the Remaining Businesses.*

*(4) Comprise net fair value gain/(loss) on derivatives and foreign exchange gain/(loss).*

The key operating statistics of the Remaining Businesses of our Group are as follows:

| Key operating statistics | FYE 31 December 2021 | FYE 31 December 2022 | FYE 31 December 2023 | FYE 31 December 2024 |
|---|---|---|---|---|
| **ADE Group** | | | | |
| Number of C-checks | 12 | 48 | 66 | 63 |
| Number of aircraft serviced for line maintenance checks | 159 | 152 | 160 | 179 |
| | | | | |
| **AirAsia MOVE Group** | | | | |
| Unique transacting users ('mil) | 1.6 | 4.9 | 6.4 | 5.0 |
| Monthly active users ('mil) | 4.9 | 10.7 | 14.2 | 14.6 |
| | | | | |
| **Teleport Group** | | | | |
| Available cargo capacity (tonnes) | 313,297 | 839,950 | 1,430,830 | 1,643,558 |
| Chargeable weight (tonnes) | 101,178 | 105,571 | 209,023 | 295,926 |
| Utilisation rate (%) | 32.3 | 12.6 | 14.6 | 18.0 |
| | | | | |
| **BigPay Group** | | | | |
| Number of carded customers | 1,035,376 | 1,311,867 | 1,495,808 | 1,602,650 |
| Number of active carded customers | 386,595 | 308,319 | 267,993 | 266,693 |
| | | | | |
| **Santan** | | | | |
| In-flight products[(1)] ('mil) | - | 3.4 | 8.0 | 14.9 |
| Restaurant and café[(2)] ('mil) | 0.9 | 0.7 | 1.5 | 3.0 |

***Notes:***

*(1) Number of units sold for perishable and non-perishable F&B.*

*(2) Number of units sold for F&B.*

## 1.1 Revenue

**FYE 31 December 2021 vs FYE 31 December 2022**

Revenue from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM966.3 million for the FYE 31 December 2021 to approximately RM1,404.8 million for the FYE 31 December 2022, representing an increase of RM438.4 million or 45.4%.

The overall increase in revenue of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher revenue from:

(i) ADE Group, for which ADE Group recorded an increase in revenue from approximately RM101.3 million for the FYE 31 December 2021 to approximately RM285.8 million for the FYE 31 December 2022, representing an increase of approximately RM184.4 million or 182.0%. Such increase in revenue was mainly attributable to the relaxation of travel restrictions in various countries that have led to travel resumption and increased flights which drove the demand for aviation MRO services, in particular, line maintenance under the EMS and from the CWS;

(ii) AirAsia MOVE Group, for which AirAsia MOVE Group recorded an increase in revenue from approximately RM147.3 million for the FYE 31 December 2021 to approximately RM377.8 million for the FYE 31 December 2022, representing an increase of approximately RM230.5 million or 156.5%. Such increase in revenue was mainly driven by increased in sales of flight services as compared to the preceding financial year due to the continued resurgence in air travel demand from border reopening;

(iii) BigPay Group, for which BigPay Group recorded an increase in revenue from approximately RM20.9 million for the FYE 31 December 2021 to approximately RM30.1 million for the FYE 31 December 2022, representing an increase of approximately RM9.2 million or 44.2%. Such increase in revenue was mainly driven by growth in payments and remittance services which was in line with the expansion of BigPay Group's product offerings coupled higher transaction volume as a result of the resumption of domestic and international travelling. During the FYE 31 December 2022, BigPay Group began to allow users to transfer funds using DuitNow Transfer and DuitNow QR, and has also launched Stash which allows users to set aside funds to help them budget and manage their money or spending, allowing BigPay Group to earn interest yield from users' funds held in a trust account; and

(iv) Santan, for which Santan recorded an increase in revenue from approximately RM2.8 million for the FYE 31 December 2021 to approximately RM35.0 million for the FYE 31 December 2022, representing an increase of approximately RM32.2 million or 1,137.1%. Such increase in revenue was mainly attributable to the launch of its in-flight catering business in August 2022 coupled with the reopening of borders as well as the upliftment of social restrictions which led to higher footfall in Santan's F&B service outlets. Prior to the launch of its in-flight catering business, Santan's revenue was generated from the operation and management of F&B service chain.

The above was partly offset by a decrease in revenue from Teleport Group of approximately RM54.0 million or 10.1% from approximately RM534.4 million for the FYE 31 December 2021 to approximately RM480.5 million for the FYE 31 December 2022. Such decrease in revenue was mainly due to more logistics services provided using unused cargo belly space of passenger aircraft during the financial year, which generally have lower yield per kg (USD0.70 per kg) as compared to the yield per kg (USD2.15 per kg) of logistics services provided using freighter aircraft. For the FYE 31 December 2022, the chargeable weight of passenger aircraft was 88,663 tonnes, representing 84.0% of the total chargeable weight (FYE 31 December 2021: 27,072 tonnes representing 26.8% of the total chargeable weight). More logistics services were provided using unused cargo belly space of passenger aircraft as it was no longer economically viable to offer logistics services using freighter aircraft in line with the recovery of fleets from hibernation as international border restrictions began to ease.

**<u>FYE 31 December 2022 vs FYE 31 December 2023</u>**

Revenue from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM1,404.8 million for the FYE 31 December 2022 to approximately RM2,337.2 million for the FYE 31 December 2023, representing an increase of RM932.5 million or 66.4%.

The overall increase in revenue of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher revenue from:

(i) ADE Group, for which ADE Group recorded an increase in revenue from approximately RM285.8 million for the FYE 31 December 2022 to approximately RM574.0 million for the FYE 31 December 2023, representing an increase of approximately RM288.2 million or 100.9%. Such increase in revenue was mainly attributable to higher demand for aviation MRO services as a result of surge in flight activity driven by the relaxation of travel restrictions and reopening of borders, coupled with the expanded hangar capacity with the launch of 2 hangar lines in Senai International Airport, Johor in April 2023;

(ii) AirAsia MOVE Group, for which AirAsia MOVE Group recorded an increase in revenue from approximately RM377.8 million for the FYE 31 December 2022 to approximately RM668.9 million for the FYE 31 December 2023, representing an increase of approximately RM291.1 million or 77.1%. Such increase in revenue was mainly driven by higher sales of flight services which was in line with the growth in air travel activities which was primarily driven by the relaxation of travel restrictions, reopening of borders as well as the recovery of the tourism sector;

(iii) Teleport Group, for which Teleport Group recorded an increase in revenue from approximately RM480.5 million for the FYE 31 December 2022 to approximately RM740.4 million for the FYE 31 December 2023, representing an increase of approximately RM259.9 million or 54.1%. Such increase in revenue was mainly due to higher volume delivered by Teleport Group of 103,452 tonnes to 209,023 tonnes for the FYE 31 December 2023 (FYE 31 December 2022: 105,571 tonnes). The increase in cargo belly was mainly driven by higher flight counts as more aircrafts gradually returned to service following the upliftment of travel restrictions;

(iv) BigPay Group, for which BigPay Group recorded an increase in revenue from approximately RM30.1 million for the FYE 31 December 2022 to approximately RM45.7 million for the FYE 31 December 2023, representing an increase of approximately RM15.6 million or 51.7%. Such increase in revenue was mainly driven by the growth in usage and volume within its payments, remittance, top-up and lending businesses. BigPay Group also began to allow users to make payment using cross-border QR codes using the BigPay platform in May 2023; and

(v) Santan, for which Santan recorded an increase in revenue from approximately RM35.0 million for the FYE 31 December 2022 to approximately RM133.6 million for the FYE 31 December 2023, representing an increase of approximately RM98.6 million or 281.9%. Such increase in revenue was mainly attributable to the surge in demand for in-flight F&B in line with the recovery of AirAsia's flight frequencies and spending growth of passengers as well as higher footfall for its F&B service outlets.

For the FYE 31 December 2023, Brand AA recorded revenue of RM44.7 million (FYE 31 December 2022: nil) attributable to the royalty fee derived from AAAGL pursuant to the MBLA mainly attributable to sub-license royalty fees from TAA, IAA, PAA and AAB for period from 1 July 2023 to 31 December 2023. Brand AA did not generate any revenue for the FYE 31 December 2022 as it was a special purpose vehicle company with no business operations during the said financial year and the IP Assignment Agreement was only entered into on 27 June 2023.

**<u>FYE 31 December 2023 vs FYE 31 December 2024</u>**

Revenue from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM2,337.2 million for the FYE 31 December 2023 to approximately RM2,917.0 million for the FYE 31 December 2024, representing an increase of RM579.8 million or 24.8%.

The overall increase in revenue of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher revenue from:

(i) ADE Group, for which ADE Group recorded an increase in revenue from approximately RM574.0 million for the FYE 31 December 2023 to approximately RM727.2 million for the FYE 31 December 2024, representing an increase of approximately RM153.2 million or 26.7%. Such increase in revenue was mainly attributable to higher sales from CWS and EMS. The addition of new hangar capacity allowed ADE Group to provide more aircraft maintenance services;

(ii) Teleport Group, for which Teleport Group recorded an increase in revenue from approximately RM740.4 million for the FYE 31 December 2023 to approximately RM1,088.2 million for the FYE 31 December 2024, representing an increase of RM347.8 million or 47.0%. Such increase in revenue was mainly attributable to higher volumes from the e-commerce marketplaces in China, collaboration with third-party airlines, full year operations of own freighters as well as increase in capacity from cargo belly due to higher flight frequencies;

(iii) Santan, for which Santan recorded an increase in revenue from approximately RM133.6 million for the FYE 31 December 2023 to approximately RM193.5 million for the FYE 31 December 2024, representing an increase of approximately RM59.9 million or 44.8%. Such increase in revenue was mainly attributable to the higher sales of in-flight F&B in line with the recovery of AirAsia's flight frequencies as well as expansion of ready-to-eat food products; and

(iv) Brand AA, for which Brand AA recorded an increase in revenue from approximately RM44.7 million for the FYE 31 December 2023 to approximately RM220.3 million for the FYE 31 December 2024, representing an increase of approximately RM175.6 million or 393.1%. Such increase in revenue was mainly attributable to sub-license royalty fees received from AAB, TAA, IAA, PAA, CAA, TAAX, AAX for the full financial year.

The above was partly offset by a decrease in revenue from:

(i) AirAsia MOVE Group, for which AirAsia MOVE Group recorded a decrease in revenue from approximately RM668.9 million for the FYE 31 December 2023 to approximately RM552.8 million for the FYE 31 December 2024, representing a decrease of approximately RM116.1 million or 17.4%. Such decrease in revenue was mainly due to lower sales of flight services as a result of the price competition with other online travel agencies which lead to a decrease in online channel sales; and

(ii) BigPay Group, for which BigPay Group recorded a decrease in revenue from approximately RM45.7 million for the FYE 31 December 2023 to approximately RM38.3 million for the FYE 31 December 2024, representing a decrease of approximately RM7.4 million or 16.2%. Such decrease in revenue was mainly due to lower unprofitable payment transactions such as cross-border transactions, where the transaction costs exceeded revenue earned. To mitigate this, BigPay Group passed on the transaction costs to the customers which led to a decrease in these transactions.

**1.2 Other income**

<u>**FYE 31 December 2021 vs FYE 31 December 2022**</u>

Other income from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM4.8 million for the FYE 31 December 2021 to approximately RM2.0 million for the FYE 31 December 2022, representing a decrease of RM2.8 million or 57.6%.

The overall decrease in other income of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to lower other income from the following:

(i) Teleport Group, for which Teleport Group recorded a decrease in other income from approximately RM7.6 million for the FYE 31 December 2021 to less than RM0.1 million for the FYE 31 December 2022, representing a decrease of approximately RM7.5 million. Such decrease in other income was mainly due to the absence of one-off gain on disposal of platforms by AirAsia Com Travel Sdn Bhd during the financial year; and

(ii) BigPay Group, for which BigPay Group recorded a decrease in other income from approximately RM4.0 million for the FYE 31 December 2021 to RM0.5 million for the FYE 31 December 2022, representing a decrease of approximately RM3.5 million. Such decrease was mainly due to absence of government subsidies during the financial year. The government subsidies received by BigPay Group during the FYE 31 December 2021 mainly consist of one-off subsidies from Singapore Economic Development Board (EDB) Innovation Development Scheme to encourage companies' technology development and innovation activities, to bring about the development of product and processes from Singapore.

The above was partly offset by other income recorded by AirAsia MOVE Group of approximately RM0.4 million for the FYE 31 December 2022 as compared to other losses recorded by AirAsia MOVE Group of approximately RM1.8 million for the FYE 31 December 2021 due to one-off loss on disposal of investment in a subsidiary.

**FYE 31 December 2022 vs FYE 31 December 2023**

Other income from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM2.0 million for the FYE 31 December 2022 to approximately RM8.0 million for the FYE 31 December 2023, representing an increase of RM5.9 million or 289.3%.

The overall increase in other income of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher other income from:

(i) AirAsia MOVE Group, for which AirAsia MOVE Group recorded an increase in other income from approximately RM0.4 million for the FYE 31 December 2022 to approximately RM2.2 million for the FYE 31 December 2023, representing an increase of approximately RM1.8 million. Such increase in other income was mainly due to income generated from fees paid by AirAsia drivers for training classes offered for Public Service Vehicle License and wage subsidies from Social Security Organisation;

(ii) Teleport Group, for which Teleport Group recorded an increase in other income from less than RM0.1 million for the FYE 31 December 2022 to approximately RM3.0 million for the FYE 31 December 2023, representing an increase of approximately RM2.9 million. Such increase in other income was mainly due to the recognition of forfeited revenue pursuant to TAAX's restructuring plan, which Teleport Group and TAAX agreed to reduce the amount owed to each party. Such decrease in amount owed to TAAX was recorded as forfeited revenue during the FYE 31 December 2023; and

(iii) 'others' segment, for which 'others' segment recorded an increase in other income from approximately RM1.0 million for the FYE 31 December 2022 to approximately RM19.9 million for the FYE 31 December 2023, representing an increase of approximately RM18.9 million. Such increase in other income was mainly due to public relation fees charged to Brand AA.

**FYE 31 December 2023 vs FYE 31 December 2024**

Other income from the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM8.0 million for the FYE 31 December 2023 to approximately RM24.7 million for the FYE 31 December 2024, representing an increase of RM16.8 million or 210.9%.

The overall increase in other income of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher other income from:

(i) BigPay Group, for which BigPay Group recorded an increase in other income from approximately RM0.3 million for the FYE 31 December 2023 to approximately RM2.4 million for the FYE 31 December 2024, representing an increase of approximately RM2.1 million. Such increase in other income was mainly attributable to higher interest income from its lending business during the financial year; and

(ii) Santan, for which Santan recorded an increase in other income from approximately RM0.5 million for the FYE 31 December 2023 to approximately RM2.5 million for the FYE 31 December 2024, representing an increase of approximately RM1.9 million. Such increase in other income was mainly attributable to the commencement of warehouse and ground handling services offered during the financial year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)***

The above was partly offset by:

(i) ADE Group, for which ADE Group recorded other losses of approximately RM3.0 million for the FYE 31 December 2024 mainly due to rotable parts written off;

(ii) AirAsia MOVE Group, for which AirAsia MOVE Group recorded a decrease in other income from approximately RM2.2 million for the FYE 31 December 2023 to approximately RM1.7 million for the FYE 31 December 2024, representing a decrease of approximately RM0.5 million. Such decrease in other income was mainly due to the absence of fees received from a financial institution in Indonesia for a co-brand partnership during the financial year;

(iii) Teleport Group, for which Teleport Group recorded a decrease in other income from approximately RM3.0 million for the FYE 31 December 2023 to approximately RM2.3 million for the FYE 31 December 2024, representing a decrease of RM0.7 million. Such decrease in other income was mainly due to the absence of the recognition of forfeited revenue during the financial year; and

(iv) 'others' segment, for which 'others' segment recorded a decrease in other income from approximately RM19.9 million for the FYE 31 December 2023 to approximately RM18.8 million for the FYE 31 December 2024, representing a decrease of RM1.2 million or 5.8%. Such decrease in other income was mainly due to the absence of government grant received by AirAsia Tech Centre Singapore during the financial year (FYE 31 December 2023: RM0.83 million).

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 1.3 Operating expenses

The table below sets out the operating expenses for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

**(a) FYE 31 December 2021**

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Maintenance and overhaul | 5,795 | (76) | - | - | 31 | - | 18 | - | 5,768 |
| User charges and other related expenses | - | 35,506 | 538,043 | - | 1,977 | - | 205 | - | 575,731 |
| Staff costs | 72,215 | 124,252 | 36,226 | 27,626 | 2,207 | - | 204,816 | (2,791) | 464,551 |
| Depreciation and amortisation | 6,683 | 21,439 | 2,241 | 4,805 | 1,657 | - | 2,985 | - | 39,810 |
| Other operating expenses[(1)] | 10,386 | 146,803 | 15,070 | 117,188 | 1,612 | 35 | 84,302 | (28,300) | 347,096 |
| **Operating expenses** | **95,079** | **327,924** | **591,580** | **149,619** | **7,484** | **35** | **292,326** | **(31,091)** | **1,432,956** |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)***

**(b) FYE 31 December 2022**

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Maintenance and overhaul | 79,819 | 1,804 | - | - | 3 | - | 1,746 | - | 83,372 |
| User charges and other related expenses | - | 102,181 | 421,956 | - | 26,311 | - | 2,778 | - | 553,226 |
| Staff costs | 112,161 | 161,704 | 54,721 | 35,424 | 7,399 | - | 216,763 | - | 588,172 |
| Depreciation and amortisation | 16,405 | 20,096 | 3,524 | 9,534 | 2,062 | - | 1,989 | - | 53,610 |
| Other operating expenses[(1)] | 29,942 | 120,858 | 62,060 | 110,364 | 72 | 47 | 135,302 | 62,640 | 521,285 |
| **Operating expenses** | **238,327** | **406,643** | **542,261** | **155,322** | **35,847** | **47** | **358,578** | **62,640** | **1,799,665** |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE REMAINING BUSINESSES OF CAPITAL A GROUP (EXCLUDING THE AVIATION SEGMENT) *(CONT'D)***

**(c) FYE 31 December 2023**

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Maintenance and overhaul | 248,956 | 2,433 | 16,368 | - | - | - | 6 | - | 267,763 |
| User charges and other related expenses | 116 | 108,785 | 590,384 | - | 78,634 | - | 1,639 | - | 779,558 |
| Staff costs | 161,538 | 168,325 | 75,084 | 35,023 | 17,726 | 3,751 | 191,476 | - | 652,923 |
| Depreciation and amortisation | 33,933 | 5,171 | 12,508 | 1,332 | 614 | - | 1,823 | - | 55,381 |
| Other operating expenses(1) | 18,524 | 306,731 | 36,442 | 104,006 | 17,354 | 24,267 | (2)1,928,837 | 51,896 | 2,384,265 |
| **Operating expenses** | **463,067** | **591,445** | **730,786** | **140,361** | **114,328** | **28,018** | **2,123,781** | **51,896** | **4,139,890** |

**(d) FYE 31 December 2024**

| | ADE Group | AirAsia MOVE Group | Teleport Group | BigPay Group | Santan | Brand AA | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Fuel costs[3] | - | - | 17,425 | - | - | - | - | - | 17,425 |
| Maintenance and overhaul | 316,631 | 2,202 | 71,667 | - | 99 | - | 19 | - | 390,618 |
| User charges and other related expenses | 193 | 94,431 | 811,108 | - | 133,387 | - | 1,839 | (18,803) | 1,022,155 |
| Staff costs | 236,265 | 122,460 | 95,844 | 38,653 | 29,029 | 5,062 | 161,917 | - | 689,230 |
| Depreciation and amortisation | 45,859 | 9,918 | 19,990 | 8,172 | 1,898 | - | 887 | - | 86,724 |
| Other operating expenses[1] | 31,053 | 209,531 | 35,339 | 72,817 | 20,283 | 40,936 | 98,996 | (62,684) | 446,271 |
| **Operating expenses** | **630,001** | **438,542** | **1,051,373** | **119,642** | **184,696** | **45,998** | **263,658** | **(81,487)** | **2,652,423** |

***Notes:***

*(1) Other operating expenses comprise, among others, impairment loss on investment in subsidiary, marketing and promotion costs, professional fees and administrative expenses.*

*(2) Subsequent to the FYE 31 December 2023, our Company entered into the SSPAs on 25 April 2024 for the Proposed Disposals. Hence, for the FYE 31 December 2023, our Company recognised an impairment loss of RM1,853.0 million on our investment in AAB. Such impairment loss is non-recurring pursuant to the Proposed AAB Disposal.*

*(3) There were no fuel costs recorded for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023. For the FYE 31 December 2024, Teleport Group recorded fuel costs of approximately RM17.4 million due to the freighter lease expenses to AAB being allocated between fuel costs and maintenance and overhaul expenses starting from the 3-month FPE 30 September 2024. Prior to the 3-month FPE 30 September 2024, Teleport Group's freighter lease expenses was fully charged to maintenance and overhaul expenses.*

**<u>FYE 31 December 2021 vs FYE 31 December 2022</u>**

Operating expenses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM1,433.0 million for the FYE 31 December 2021 to approximately RM1,799.7 million for the FYE 31 December 2022, representing an increase of RM366.7 million or 25.6%.

Such increase was mainly attributable to the increase in operating expenses from:

(i) ADE Group of approximately RM143.2 million from approximately RM95.1 million for the FYE 31 December 2021 to approximately RM238.3 million for the FYE 31 December 2022 which was mainly due to:

(a) higher maintenance and overhaul expenses of approximately RM74.0 million in line with higher cost of consumables and freight charges as a result of the increase in demand for aviation MRO services in tandem with the resumption of air travel demand;

(b) higher staff costs of approximately RM39.9 million in line with higher headcount to support the expansion of aviation MRO activities carried out in support of increase in line maintenance work. For information purposes, the number of headcount for line maintenance work increased to 411 personnel as at 31 December 2022 (31 December 2021: 271 personnel);

(c) higher other operating expenses of approximately RM19.6 million attributable to higher expenses for rental of hangar as well as upkeep and maintenance costs; and

(d) higher depreciation and amortisation expenses of approximately RM9.7 million attributable to the increase in depreciation of rotables parts acquired from AAB in November 2021;

(ii) AirAsia MOVE Group of approximately RM78.6 million from approximately RM327.9 million for the FYE 31 December 2021 to approximately RM406.5 million for the FYE 31 December 2022 which was mainly due to the following:

(a) higher user charges and other related expenses of approximately RM66.7 million as a result of higher cost of sales of unlimited pass subscription, delivery cost for delivery business and e-hailing businesses, which was in line with the higher revenue as explained in Section 2.11.1 above; and

(b) higher staff costs of approximately RM37.5 million in line with higher headcount to support the business expansion as evidenced by the increase in revenue during the financial year. For information purposes, the number of headcount increased to 871 personnel as at 31 December 2022 (31 December 2021: 800 personnel).

The above was partly offset by lower other operating expenses of RM25.9 million mainly attributable to the absence of IT system expenses and lower outsourcing costs for web development;

(iii) BigPay Group of approximately RM5.7 million from approximately RM149.6 million for the FYE 31 December 2021 to approximately RM155.3 million for the FYE 31 December 2022 which was mainly attributable to:

  (a) higher staff costs of approximately RM7.8 million in line with higher headcount mainly for product and technology engineering roles for product development. For information purposes, the number of headcount increased to 192 personnel as at 31 December 2022 (31 December 2021: 162 personnel); and

  (b) higher depreciation and amortisation expenses of approximately RM4.7 million as a result of higher amortisation of intangible assets from the development costs of the BigPay platform.

  The above was partly offset by lower other operating expenses of RM6.8 million mainly attributable to lower marketing costs; and

(iv) Santan of approximately RM28.4 million from approximately RM7.5 million for the FYE 31 December 2021 to approximately RM35.8 million for the FYE 31 December 2022 which was mainly due to:

  (a) higher user charges and other related expenses of approximately RM24.3 million as a result of higher F&B costs and commission paid to airlines pursuant to the launching of Santan's in-flight catering business in August 2022; and

  (b) higher staff costs of approximately RM5.2 million as a result of higher costs relating to warehouse staff pursuant to the launching of Santan's in-flight catering business in August 2022; and

(v) 'others' segment of approximately RM66.3 million mainly attributable to the provision of impairment on other investment and provision of doubtful debts by MOVE Digital.

**<u>FYE 31 December 2022 vs FYE 31 December 2023</u>**

Operating expenses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM1,799.7 million for the FYE 31 December 2022 to approximately RM4,139.9 million for the FYE 31 December 2023, representing an increase of RM2,340.2 million or 130.0%.

Such increase was mainly attributable to:

(i) impairment loss of RM1,853.0 million on our investment in AAB pursuant to the SSPAs entered into by our Company on 25 April 2024 for the Proposed AAB Disposal which is not expected to recur in the future as Capital A will no longer hold an investment in AAB following the completion of the Proposed AAB Disposal;

(ii) the increase in the operating expenses of ADE Group of RM224.7 million from approximately RM238.3 million for the FYE 31 December 2022 to approximately RM463.1 million for the FYE 31 December 2023 which was mainly due to:

  (a) higher maintenance and overhaul expenses of approximately RM169.1 million as a result of higher cost of consumables and freight charges which is in line with the higher revenue (as explained in Section 2.11.1 above), as well as higher hangar rental, maintenance, and utility costs from the addition of 2 leased hangar lines in Senai International Airport;

(b) higher staff costs of approximately RM49.4 million as a result of higher headcount to support the expansion of aviation MRO activities carried out by 148 personnel. For information purposes, the number of headcount for ADE Group increased to 1,526 personnel as at 31 December 2023 (31 December 2022: 1,378 personnel); and

(c) higher depreciation and amortisation expenses of approximately RM17.5 million as a result of higher depreciation on right-of-assets for the hangars as well as the land allocated for the construction of new hangar lines in KLIA;

(iii) the increase in the operating expenses of AirAsia MOVE Group of approximately RM184.8 million from approximately RM406.6 million for the FYE 31 December 2022 to approximately RM591.4 million for the FYE 31 December 2023 mainly due to higher marketing and promotion costs, software expenses as well as system maintenance and development costs for the AirAsia MOVE platform, which were driven by the increase in travel demand due to the resumption of travel;

(iv) the increase in the operating expenses of Teleport Group of approximately RM188.5 million from approximately RM542.3 million for the FYE 31 December 2022 to approximately RM730.8 million for the FYE 31 December 2023 which was mainly due to:

(a) higher user changes and other related expenses of approximately RM168.4 million as a result of higher cargo belly costs which were in line with higher volumes and number of operating AirAsia aircrafts as well as the commencement of Teleport Group's own freighters in July 2023;

(b) maintenance and overhaul expenses of approximately RM16.4 million incurred during the financial year as Teleport Group commenced its own freighters in July 2023; and

(c) higher staff costs of approximately RM20.4 million as a result of higher headcounts to support sales and operational activities. For information purposes, the number of headcount increased to 697 personnel as at 31 December 2023 (31 December 2022: 661 personnel);

(v) the increase in the operating expenses of Santan of approximately RM78.4 million from approximately RM35.8 million for the FYE 31 December 2022 to approximately RM114.3 million for the FYE 31 December 2023 which was mainly due to the following:

(a) higher user charges and other related expenses of approximately RM52.3 million as a result of higher F&B cost and higher commission paid to airlines for full year operation of its in-flight catering business;

(b) higher other operating expenses of approximately RM17.3 million as a result of higher warehouse rental, maintenance expenses, fuel costs for motor vehicle, marketing and promotion expenses as well as shared services costs; and

(c) higher staff costs of approximately RM10.3 million as a result of higher warehouse staff costs under its in-flight catering services launched in August 2022. For information purposes, the number of headcount increased to 374 personnel as at 31 December 2023 (31 December 2022: 239 personnel); and

(vi) the increase in the operating expenses of Brand AA of approximately RM28.0 million from less than RM0.1 million for the FYE 31 December 2022 to approximately RM28.0 million for the FYE 31 December 2023 which was mainly due to, among others, public relation fees and management fees charged by Capital A.

The above was partly offset by a decrease in the operating expenses of BigPay Group of approximately RM15.0 million from approximately RM155.3 million for the FYE 31 December 2022 to approximately RM140.4 million for the FYE 31 December 2023 which was mainly due to:

(a) lower depreciation and amortisation expenses of approximately RM8.2 million mainly attributable to lower amortisation of intangible assets from development costs of BigPay platform; and

(b) lower other operating expenses of approximately RM6.4 million mainly due to the lower marketing costs and reduction in physical cards from fewer customers applied for physical cards.

**FYE 31 December 2023 vs FYE 31 December 2024**

Operating expenses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM4,139.9 million for the FYE 31 December 2023 to approximately RM2,652.4 million for the FYE 31 December 2024, representing a decrease of RM1,487.5 million or 35.9%.

Such decrease was mainly attributable to:

(i) the absence of impairment loss of RM1,853.0 million on our investment in AAB during the financial year;

(ii) the decrease in the operating expenses of AirAsia MOVE Group of RM152.9 million from approximately RM591.4 million for the FYE 31 December 2023 to approximately RM438.5 million for the FYE 31 December 2024 which was mainly attributable to:

    (a) lower other operating expenses of approximately RM97.2 million mainly attributable to lower marketing and promotion expenses for offline marketing during the financial year resulted from AirAsia MOVE Group's strategic decision to invest in online marketing and reduce spending on offline marketing; and

    (b) lower staff costs of approximately RM45.9 million mainly attributable to lower number of headcounts, lower bonuses as well as capitalisation of staff costs in relation to the development of platform and application. For information purpose, the number of headcount decreased to 740 personnel as at 31 December 2024 (31 December 2023: 905 personnel);

(iii) the decrease in the operating expenses of BigPay Group of approximately RM20.7 million from approximately RM140.4 million for the FYE 31 December 2023 to approximately RM119.6 million for the FYE 31 December 2024 which was mainly attributable to lower other operating expenses of approximately RM31.2 million mainly attributable to lower IT expenses in relation to migration of in-house lending system as well as optimisation in cloud expenses.

The above was partly offset by:

(i) the increase in the operating expenses of ADE Group of approximately RM166.9 million from approximately RM463.1 million for the FYE 31 December 2023 to approximately RM630.0 million for the FYE 31 December 2024 which was mainly due to;

    (a) higher staff costs of approximately RM74.7 million mainly due to increase in number of headcount to support the expansion of its business. For information purposes, the number of headcount increased to 1,932 personnel as at 31 December 2024 (31 December 2023: 1,526 personnel); and

(b) higher maintenance and overhaul expenses of approximately RM67.8 million mainly due to higher cost of consumables and freight charges, component repairs and overhauls cost which is in line with the higher revenue;

(ii) the increase in the operating expenses of Teleport Group of approximately RM320.6 million from approximately RM730.8 million for the FYE 31 December 2023 to approximately RM1,051.4 million for the FYE 31 December 2024 which was mainly due to;

(a) higher user charges and other related expenses of approximately RM220.7 million mainly due to higher cargo belly costs which were in line with higher volumes and number of operating AirAsia aircrafts as well as the commencement of Teleport Group's own freighters in July 2023;

(b) higher maintenance and overhaul expenses of approximately RM55.3 million mainly due to the full year operations of its 3 freighters; and

(c) higher staff costs of approximately RM20.8 million mainly due to higher salaries and wages in line with increase in e-commerce shipments as well as increase in number of headcount for the expansion of sale and operational activities. For information purposes, the number of headcount increased to 763 personnel as at 31 December 2024 (31 December 2023: 697 personnel);

(iii) the increase in the operating expenses of Santan of approximately RM70.4 million from approximately RM114.3 million for the FYE 31 December 2023 to approximately RM184.7 million for the FYE 31 December 2024 which was mainly due to:

(a) higher user charges and other related expenses of approximately RM54.8 million mainly due to higher shared service expenses for amongst others, finance, information communication technology, cybersecurity, recruitment and procurement; and

(b) higher staff costs of approximately RM11.3 million mainly due to increase in number of headcount as a result of absorption of staff from IAA and PAA as well as higher bonuses. For information purposes, the number of headcount increased to 449 personnel as at 31 December 2024 (31 December 2023: 374 personnel); and

(iv) the increase in the operating expenses of Brand AA of approximately RM18.0 million from approximately RM28.0 million for the FYE 31 December 2023 to approximately RM46.0 million for the FYE 31 December 2024 which was mainly due to higher other operating expenses mainly due to increase in sponsorship and marketing expenses as well as management fees charged by Capital A.

### 1.4 Operating profit/(loss) and operating profit/(loss) margin

The table below sets out the operating profit/(loss) and operating profit/(loss) margin for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

| | FYE 31 December 2021 | FYE 31 December 2022 | FYE 31 December 2023 | FYE 31 December 2024 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating profit/(loss) | (461,795) | (392,870) | (1,794,717) | 289,313 |
| Operating profit/(loss) margin (%) | (47.8) | (28.0) | (76.8) | 9.9 |

**<u>FYE 31 December 2021 vs FYE 31 December 2022</u>**

Operating losses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM461.8 million for the FYE 31 December 2021 to approximately RM392.9 million for the FYE 31 December 2022, representing a decrease of RM68.9 million or 14.9%. As a result, operating loss margin of the Remaining Businesses decreased to 28.0% for the FYE 31 December 2022 (FYE 31 December 2021: 47.8%).

The overall decrease in the operating losses of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to the following reasons:

(i) lower operating loss from AirAsia MOVE Group which decreased by approximately RM154.0 million to approximately RM28.5 million for the FYE 31 December 2022 (FYE 31 December 2021: RM182.5 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, AirAsia MOVE Group's operating loss margin decreased to 7.5% for the FYE 31 December 2022 (FYE 31 December 2021: 123.9%);

(ii) lower operating loss from Santan which decreased by approximately RM3.8 million to approximately RM0.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM4.5 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, Santan's operating loss margin decreased to 2.3% for the FYE 31 December 2022 (FYE 31 December 2021: 160.3%); and

(iii) higher operating profit from ADE Group which increased by approximately RM41.2 million to approximately RM47.4 million for the FYE 31 December 2022 (FYE 31 December 2021: RM6.3 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, ADE Group's operating profit margin increased to 16.6% for the FYE 31 December 2022 (FYE 31 December 2021: 6.2%).

The above decrease in operating losses was partly offset by:

(i) higher operating loss from Teleport Group which increased by approximately RM12.2 million to approximately RM61.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM49.5 million) which was in line with its lower revenue for the financial year as explained in Section 2.11.1 above. As a result, Teleport Group's operating loss margin increased to 12.9% for the FYE 31 December 2022 (FYE 31 December 2021: 9.3%); and

(ii) higher operating loss from 'others' segment which increased by approximately RM44.8 million to approximately RM141.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM97.0 million). Although the 'others' segment recorded higher revenue for the FYE 31 December 2022, it recorded higher operating loss due to higher operating expenses incurred during the financial year as explained in Section 2.11.3 above. In line with its higher operating loss, operating loss margin of 'others' segment increased to 65.8% (FYE 31 December 2021: 49.6%).

**FYE 31 December 2022 vs FYE 31 December 2023**

Operating losses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM392.9 million for the FYE 31 December 2022 to approximately RM1,794.7 million for the FYE 31 December 2023, representing an increase of RM1,401.8 million or 356.8%. As a result, operating loss margin of the Remaining Businesses increased to 76.8% for the FYE 31 December 2023 (FYE 31 December 2022: 28.0%).

The overall increase in operating losses of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher operating loss from 'others' segment which increased by approximately RM1,788.7 million to approximately RM1,930.6 million for the FYE 31 December 2023 (FYE 31 December 2022: RM141.8 million). Such increase in operating losses was mainly due to the recognition of impairment loss amounting to RM1,853.0 million on our investment in AAB as explained in Section 2.11.3 above.

**FYE 31 December 2023 vs FYE 31 December 2024**

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded an operating profit of approximately RM289.3 million and an operating profit margin of 9.9% for the FYE 31 December 2024 as compared to operating losses of approximately RM1,794.7 million and operating loss margin of 76.8% for the FYE 31 December 2023. This was mainly attributable to:

(i) lower operating loss from 'others' segment which decreased by approximately RM1,863.9 million to approximately RM66.7 million for the FYE 31 December 2024 (FYE 31 December 2023: RM1,930.6 million) which was mainly attributable to the absence of impairment loss amounting to RM1,853.0 million on our investment in AAB as explained in Section 2.11.3 above. In line with its lower operating loss, operating loss margin of 'others' segment decreased to 37.4% for the FYE 31 December 2024 (FYE 31 December 2023: 1,114.2%);

(ii) higher operating profit from AirAsia MOVE Group which increased by approximately RM36.3 million to approximately RM116.0 million for the FYE 31 December 2024 (FYE 31 December 2023: RM79.6 million) which was mainly attributable to lower operating expenses as explained in Section 2.11.3 above. As a result, operating profit margin of AirAsia MOVE Group increased to 21.0% for the FYE 31 December 2024 (FYE 31 December 2023: 11.9%);

(iii) higher operating profit from Teleport Group which increased by approximately RM26.5 million to approximately RM39.1 million for the FYE 31 December 2024 (FYE 31 December 2023: RM12.6 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, Teleport Group's operating profit margin increased to 3.6% for the FYE 31 December 2024 (FYE 31 December 2023: 1.7%);

(iv) lower operating loss from BigPay Group which decreased by approximately RM15.4 million to approximately RM78.9 million for the FYE 31 December 2024 (FYE 31 December 2023: RM94.3 million) which was mainly attributable to lower operating expenses as explained in Section 2.11.3 above. As a result, operating loss margin of BigPay Group decreased marginally to 206.0% for the FYE 31 December 2024 (FYE 31 December 2023: 206.2%); and

(v) higher operating profit from Brand AA which increased by approximately RM157.7 million to approximately RM174.3 million for the FYE 31 December 2024 (FYE 31 December 2023: RM16.7 million) which was in line with its higher revenue for the financial year as explained in Section 2.11.1 above. As a result, operating profit margin of Brand AA increased to 77.5% for the FYE 31 December 2024 (FYE 31 December 2023: 27.3%).

The above was partly offset by:

(i) lower operating profit from ADE Group which decreased by approximately RM16.6 million to approximately RM94.3 million for the FYE 31 December 2024 (FYE 31 December 2023: RM110.9 million) which was mainly due to the higher operating expenses as explained in Section 2.11.3 above. As a result, the operating profit margin of ADE Group decreased to 13.0% for the FYE 31 December 2024 (FYE 31 December 2023: 19.3%); and

(ii) lower operating profit from Santan which decreased by approximately RM8.6 million to approximately RM11.2 million for the FYE 31 December 2024 (FYE 31 December 2023: RM19.8 million) which was mainly due to the higher operating expenses as explained in Section 2.11.3 above. As a result, the operating profit margin of Santan decreased to 5.8% for the FYE 31 December 2024 (FYE 31 December 2023: 14.8%).

### 1.5 Finance income

**FYE 31 December 2021 vs FYE 31 December 2022**

Finance income of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM28.0 million for the FYE 31 December 2021 to approximately RM85.6 million for the FYE 31 December 2022, representing an increase of RM57.6 million or 205.8%.

Such increase in finance income was mainly due to the increase in finance income from 'others' segment of RM60.0 million to approximately RM91.3 million for the FYE 31 December 2022 (FYE 31 December 2021: RM31.3 million) mainly attributable to interest income on advances to subsidiaries.

**FYE 31 December 2022 vs FYE 31 December 2023**

Finance income of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM85.6 million for the FYE 31 December 2022 to approximately RM74.8 million for the FYE 31 December 2023, representing a decrease of RM10.8 million or 12.6%.

Such decrease in finance income was mainly due to the decrease in finance income from 'others' segment of RM8.1 million to approximately RM83.2 million for the FYE 31 December 2023 (FYE 31 December 2022: RM91.3 million) mainly attributable to lower interest charged by Move Digital for inter-company loan extended to BigPay Group.

**<u>FYE 31 December 2023 vs FYE 31 December 2024</u>**

Finance income of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased marginally from approximately RM74.8 million for the FYE 31 December 2023 to approximately RM75.6 million for the FYE 31 December 2024, representing an increase of RM0.8 million or 1.1%.

### 1.6 Finance costs

**<u>FYE 31 December 2021 vs FYE 31 December 2022</u>**

Finance costs of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM23.2 million for the FYE 31 December 2021 to approximately RM93.6 million for the FYE 31 December 2022, representing an increase of RM70.4 million or 304.1%.

Such increase in finance costs was mainly attributable to higher finance costs incurred by 'others' segment of RM60.5 million due to higher profit payment for RCUIDS.

**<u>FYE 31 December 2022 vs FYE 31 December 2023</u>**

Finance costs of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM93.6 million for the FYE 31 December 2022 to approximately RM169.5 million for the FYE 31 December 2023, representing an increase of RM76.0 million or 81.2%.

Such increase in finance costs was mainly attributable to:

(i) higher finance costs incurred by 'others' segment which increased by approximately RM51.4 million to approximately RM113.3 million for the FYE 31 December 2023 (FYE 31 December 2022: RM61.9 million) due to higher profit payment for RCUIDS; and

(ii) higher finance costs incurred by ADE Group which increased by approximately RM20.2 million to approximately RM21.6 million for the FYE 31 December 2023 (FYE 31 December 2022: RM1.4 million due to higher interest expenses on borrowings and lease liabilities pursuant to the addition of 2 leased hangar lines in Senai International Airport.

**<u>FYE 31 December 2023 vs FYE 31 December 2024</u>**

Finance costs of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM169.5 million for the FYE 31 December 2023 to approximately RM183.7 million for the FYE 31 December 2024, representing an increase of RM14.2 million or 8.4%.

Such increase in finance costs was mainly attributable to:

(i) higher finance costs incurred by ADE Group which increased by approximately RM43.7 million to approximately RM65.3 million for the FYE 31 December 2024 (FYE 31 December 2023: RM21.6 million) due to higher interest expenses on borrowings and interest expenses on lease liabilities for leased hangars; and

(ii) higher finance costs incurred by Teleport Group which increased by approximately RM43.0 million to approximately RM55.8 million for the FYE 31 December 2024 (FYE 31 December 2023: RM12.8 million) due to higher interest expenses on borrowings and interest expenses on lease liabilities.

The above was partly offset by lower finance costs incurred by 'others' segment by approximately RM69.9 million to approximately RM43.4 million for the FYE 31 December 2024 (FYE 31 December 2023: RM113.3 million) which was mainly attributable to lower profit payment for RCUIDS as a result of conversion of RCUIDS to ordinary shares of Capital A.

### 1.7 Other gains/(losses)

**FYE 31 December 2021 vs FYE 31 December 2022**

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded other gains of approximately RM40.3 million for the FYE 31 December 2022 as compared to other losses of approximately RM12.3 million for the FYE 31 December 2021.

This was mainly attributed to the fluctuation of exchange rates for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the end of the financial year as well as the fluctuation of exchange rates for the translation of receivables/payables at the point of transaction against the exchange rate as at the point of settlement and was mainly contributed by:

(i) gain on foreign exchange of approximately RM1.2 million recorded by Teleport Group for the FYE 31 December 2022 as compared to loss on foreign exchange of approximately RM1.9 million for the previous financial year;

(ii) gain on foreign exchange of approximately RM6.0 million recorded by BigPay Group for the FYE 31 December 2022 as compared to loss on foreign exchange of approximately RM0.4 million for the previous financial year; and

(iii) gain on foreign exchange of approximately RM38.6 million recorded by 'others' segment for the FYE 31 December 2022 as compared to loss on foreign exchange of approximately RM7.9 million for the previous financial year.

The above was partly offset by an increase in loss on foreign exchange of AirAsia MOVE Group of approximately RM3.6 million to RM5.8 million for the FYE 31 December 2022 (FYE 31 December 2021: RM2.2 million).

**FYE 31 December 2022 vs FYE 31 December 2023**

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded other losses of approximately RM6.1 million for the FYE 31 December 2023 as compared to other gains of approximately RM40.3 million for the FYE 31 December 2023.

This was mainly attributed to:

(i) decrease in gain on foreign exchange of approximately RM22.6 million mainly due to the fluctuation of exchange rates for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the end of the financial year as well as the fluctuation of exchange rate for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the point of settlement; and

(ii) loss on fair value of derivatives amounting to RM23.8 million for the FYE 31 December 2023 (FYE 31 December 2022: nil) arising from fair value loss on RCUIDS.

**FYE 31 December 2023 vs FYE 31 December 2024**

Other losses of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased by approximately RM36.0 million from approximately RM6.1 million for the FYE 31 December 2023 to approximately RM42.2 million for the FYE 31 December 2024, representing an increase of RM36.0 million or 586.2%.

This was mainly due to the fluctuation of exchange rates for the translation of receivables/payables of the Remaining Businesses at the point of transaction against the exchange rate as at the end of the financial year as well as the fluctuation of exchange rates for the translation of receivables/payables at the point of transaction against the exchange rate as at the point of settlement and was mainly contributed by loss on foreign exchange of approximately RM28.3 million recorded by BigPay Group for the FYE 31 December 2024 as compared to gain on foreign exchange of approximately RM11.3 million for the previous financial year.

**1.8 Share of results of associates and joint ventures**

**FYE 31 December 2021 vs FYE 31 December 2022**

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded share of losses of associates and joint ventures of approximately RM0.3 million for the FYE 31 December 2022 as compared to share of gains of associates and joint ventures of approximately RM0.7 million for the FYE 31 December 2021 which was mainly attributed to:

(i) the decrease in share of gains of associates and joint ventures of Teleport Group of RM0.7 million to approximately RM0.4 million for the FYE 31 December 2022 (FYE 31 December 2021: RM1.1 million) due to the absence of share of results of an associate company as a result of consolidation of its financials as it became a subsidiary during the financial year; and

(ii) the increase in share of losses of associates and joint ventures of AirAsia MOVE Group of approximately RM0.2 million to approximately RM0.7 million for the FYE 31 December 2022 (FYE 31 December 2021: RM0.5 million) as a result of losses incurred by its joint venture, RedRecords Sdn Bhd, due to higher marketing costs.

**FYE 31 December 2022 vs FYE 31 December 2023**

Share of losses of associates and joint ventures of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM0.3 million for the FYE 31 December 2022 to approximately RM0.7 million for the FYE 31 December 2023, representing an increase of RM0.4 million or 153.8%. The increase was mainly attributable to share of losses of associates and joint ventures from Teleport Group of approximately RM0.5 million for the FYE 31 December 2023 mainly due to losses incurred by its associate company, Teleport Commerce Philippines, Inc due to recognition of tax settlement during the FYE 31 December 2023.

**FYE 31 December 2023 vs FYE 31 December 2024**

Share of losses of associates and joint ventures of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM0.7 million for the FYE 31 December 2023 to approximately RM0.2 million for the FYE 31 December 2024, representing a decrease of RM0.5 million or 66.7%. Such decrease was mainly attributable to:

(i) the absence of share of losses of associates and joint ventures of AirAsia MOVE Group during the financial year as we did not recognise losses relating to a joint venture, RedRecords Sdn Bhd during the financial year where its share of losses exceeds our Group's investment in the joint venture; and

(ii) the decrease in share of losses of associates and joint ventures of Teleport Group of approximately RM0.3 million to approximately RM0.2 million for the FYE 31 December 2024 (FYE 31 December 2023: RM0.5 million) as a result of consolidation of an associate's financials, Teleport Commerce Philippines, Inc as it became a subsidiary during the financial year.

### 1.9 PBT/(LBT) and PBT/(LBT) margin

The table below sets out the PBT/(LBT) and PBT/(LBT) margin for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

| | FYE 31 December 2021 | FYE 31 December 2022 | FYE 31 December 2023 | FYE 31 December 2024 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| PBT/(LBT) | (468,596) | (360,831) | (1,896,295) | 138,770 |
| PBT/(LBT) margin (%) | (48.5) | (25.7) | (81.1) | 4.8 |

**<u>FYE 31 December 2021 vs FYE 31 December 2022</u>**

LBT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM468.6 million for the FYE 31 December 2021 to approximately RM360.8 million for the FYE 31 December 2022, representing a decrease of RM107.8 million or 23.0%.

The overall decrease in LBT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to:

(i) higher PBT from ADE Group of approximately RM40.0 million which was in line with its higher revenue as explained in Section 2.11.1 above; and

(ii) lower LBT from AirAsia MOVE Group of approximately RM143.6 million which was in line with its higher revenue as explained in Section 2.11.1 above.

In line with the above, the Remaining Businesses recorded lower LBT margin of 25.7% for the FYE 31 December 2022 (FYE 31 December 2021: 48.5%).

**<u>FYE 31 December 2022 vs FYE 31 December 2023</u>**

LBT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM360.8 million for the FYE 31 December 2022 to approximately RM1,896.3 million for the FYE 31 December 2023, representing an increase of RM1,535.5 million or 425.5%.

The overall increase in LBT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to higher operating expenses from 'others' segment due to the recognition of impairment loss amounting to RM1,853.0 million on our investment in AAB (as explained in Section 2.11.3 above) and was partly offset by:

(i) higher PBT from ADE Group of approximately RM41.7 million which was in line with its higher revenue as explained in Section 2.11.1 above; and

(ii) PBT recorded from AirAsia MOVE Group, Santan and Brand AA of approximately RM64.4 million, RM19.8 million and RM16.1 million for the FYE 31 December 2023 respectively as compared to LBT of approximately RM51.7 million, RM0.9 million and less than RM0.1 million for the previous financial year respectively which was in line with their higher revenue as explained in Section 2.11.1 above;

(iii) lower LBT from Teleport Group of approximately RM58.7 million which was in line with its higher revenue as explained in Section 2.11.1 above; and

(iv) lower LBT from BigPay Group of approximately RM31.0 million which was in line with its higher revenue as explained in Section 2.11.1 above.

In line with the above, the Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded higher LBT margin of approximately 81.1% for the FYE 31 December 2023 (FYE 31 December 2022: 25.7%).

**FYE 31 December 2023 vs FYE 31 December 2024**

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded a PBT of approximately RM138.8 million for the FYE 31 December 2024 as compared to LBT of approximately RM1,896.3 million for the FYE 31 December 2023. This was mainly contributed by:

(i) lower LBT from 'others' segment of approximately RM1,943.3 million which was in line with lower operating expenses as explained in Section 2.11.3 above;

(ii) higher PBT from AirAsia MOVE Group of approximately RM98.0 million for the FYE 31 December 2024 which was in line with the higher operating profit as explained in Section 2.11.4 above; and

(iii) higher PBT from Brand AA of approximately RM155.3 million which was in line with its higher revenue as explained in Section 2.11.1 above.

The above was partly offset by the:

(i) lower PBT from ADE Group of approximately RM52.9 million mainly due to higher operating expenses and finance costs as explained in Sections 2.11.1 and 2.11.6 above;

(ii) higher LBT from Teleport Group of approximately RM12.6 million mainly due to higher finance costs as explained in Section 2.11.6 above which was partly offset by higher revenue;

(iii) higher LBT from BigPay Group of approximately RM27.9 million mainly due to the other losses of approximately RM28.3 million recorded during the financial year; and

(iv) lower PBT from Santan of approximately RM8.6 million mainly due to lower operating profit as explained in Section 2.11.4 above.

In line with the above, the Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded PBT margin of 4.8% for the FYE 31 December 2024 as compared to LBT margin of 81.1% for the FYE 31 December 2023.

### 1.10 PAT/(LAT) and PAT/(LAT) margin

The table below sets out the PAT/(LAT) and PAT/(LAT) margin for the Remaining Businesses (excluding the Aviation Segment) for the financial years under review:

| | FYE 31 December 2021 | FYE 31 December 2022 | FYE 31 December 2023 | FYE 31 December 2024 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| PAT/(LAT) | (481,477) | (379,063) | (1,889,184) | 162,058 |
| PAT/(LAT) margin (%) | (49.8) | (27.0) | (80.8) | 5.6 |

**FYE 31 December 2021 vs FYE 31 December 2022**

LAT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) decreased from approximately RM481.5 million for the FYE 31 December 2021 to approximately RM379.1 million for the FYE 31 December 2022, representing a decrease of RM102.4 million or 21.3%. The overall decrease in LAT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to the reasons as explained in Section 2.11.9 above.

In line with the lower LAT recorded by the Remaining Businesses, its LAT margin decreased to 27.0% for the FYE 31 December 2022 (FYE 31December 2021: 49.8%).

**FYE 31 December 2022 vs FYE 31 December 2023**

LAT of the Remaining Businesses of Capital A Group (excluding the Aviation Segment) increased from approximately RM379.1 million for the FYE 31 December 2022 to approximately RM1,889.2 million for the FYE 31 December 2023, representing an increase of RM1,510.1 million or 398.4%. The overall increase in LAT of the Remaining Business of Capital A Group (excluding the Aviation Segment) was mainly due to the reasons as explained in Section 2.11.9 above.

In line with the higher LAT recorded by the Remaining Businesses, its LAT margin increased to 80.8% for the FYE 31 December 2023 (FYE 31December 2022: 27.0%).

**FYE 31 December 2023 vs FYE 31 December 2024**

The Remaining Businesses of Capital A Group (excluding the Aviation Segment) recorded PAT of approximately RM162.1 million and PBT margin of 5.6% which was mainly attributable to the reasons as explained in Section 2.11.9 above and tax income from ADE Group of RM37.1 million as a result of the reversal of taxation for the years of assessment 2022 and 2023 pursuant to the income tax exemption granted by the Ministry of Finance.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT)**

The following discussion and analysis of our Group's financial condition and results of operations should be read in conjunction with the audited consolidated financial statements of Capital A for the FYE 31 December 2019 to FYE 31 December 2023 as well as the unaudited consolidated financial statements of Capital A for the FYE 31 December 2024.

## 1. HISTORICAL FINANCIAL STATEMENTS

### 1.1 Consolidated Income Statements

The table below sets out a summary of our Group's audited consolidated income statements for the FYE 31 December 2019 to FYE 31 December 2023 as well as our Group's unaudited consolidated income statements for the FYE 31 December 2024 which includes the Aviation Segment and the Remaining Businesses:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | [(1)](Restated) FYE 31 December 2020 | [(2)](Restated) FYE 31 December 2021 | [(3)](Restated) FYE 31 December 2022 | FYE 31 December 2023 | [(4)]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 11,860,403 | 3,274,399 | 1,682,896 | 6,437,068 | 14,692,536 | 1,497,790 |
| Other income | 648,826 | 342,718 | 264,994 | 154,264 | 303,074 | 30,782 |
| Operating expenses | (11,784,652) | (9,039,371) | (4,793,499) | (7,985,141) | (14,850,299) | (2,293,883) |
| **Operating profit/(loss)** | **724,577** | **(5,422,254)** | **(2,845,609)** | **(1,393,809)** | **145,311** | **(765,311)** |
| Finance income | 119,990 | 115,944 | 35,314 | 40,305 | 38,804 | 3,816 |
| Finance costs | (775,733) | (713,651) | (679,807) | (1,004,922) | (1,339,680) | (158,457) |
| **Net operating profit/(loss)** | **68,834** | **(6,019,961)** | **(3,490,102)** | **(2,358,426)** | **(1,155,565)** | **(919,952)** |
| Other gains/(losses) | (141,620) | 532,177 | (39,707) | (1,211,487) | 1,103,724 | (40,854) |
| Share of results of associates and joint ventures | (448,874) | (63,515) | (45,227) | (345,393) | (16,729) | (247) |
| **PBT/(LBT)** | **(521,660)** | **(5,551,299)** | **(3,575,036)** | **(3,915,306)** | **(68,570)** | **(961,053)** |
| Taxation | 238,437 | (336,629) | (145,739) | (511) | (27,744) | 14,490 |
| **Loss for the financial year from continuing operations** | **(283,223)** | **(5,887,928)** | **(3,720,775)** | **(3,915,817)** | **(96,314)** | **(946,563)** |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT)** ***(CONT'D)***

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | [1](Restated) FYE 31 December 2020 | [2](Restated) FYE 31 December 2021 | [3](Restated) FYE 31 December 2022 | FYE 31 December 2023 | [4]FYE 31 December 2024 |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Profit for the financial year from discontinued operations** | **-** | **-** | **-** | **-** | **-** | **455,376** |
| **Loss for the financial year** | **(283,223)** | **(5,887,928)** | **(3,720,775)** | **(3,915,817)** | **(96,314)** | **(491,186)** |
| **Net profit/(loss) for the financial year attributable to:** | | | | | | |
| - Owners of our Company: | | | | | | |
| from continuing operations | (315,807) | (5,111,667) | (2,991,075) | (3,238,029) | 336,789 | (897,312) |
| from discontinuing operations | - | - | - | - | - | 422,201 |
| | (315,807) | (5,111,667) | (2,991,075) | (3,238,029) | 336,789 | (475,111) |
| - Non-controlling interests: | | | | | | |
| from continuing operations | 32,584 | (776,261) | (729,700) | (677,788) | (433,103) | (49,250) |
| from discontinuing operations | - | - | - | - | - | 33,175 |
| | 32,584 | (776,261) | (729,700) | (677,788) | (433,103) | (16,075) |
| | **(283,223)** | **(5,887,928)** | **(3,720,775)** | **(3,915,817)** | **(96,314)** | **(491,186)** |
| Operating profit/(loss) margin (%) | 6.1 | (165.6) | (169.1) | (21.7) | 1.0 | (51.1) |
| LBT margin (%) | (4.4) | (169.5) | (212.4) | (60.8) | (0.5) | (64.2) |
| LAT margin from continuing operations (%) | (2.4) | (179.8) | (221.1) | (60.8) | (0.7) | (63.2) |
| Weighted average number of ordinary shares in issue ('000) | 3,341,974 | 3,341,974 | 3,785,670 | 4,053,123 | 4,187,400 | 4,286,579 |
| Basic EPS/(LPS) (sen): | | | | | | |
| from continuing operations | (9.4) | (153.0) | (79.0) | (79.9) | 8.0 | (20.9) |
| from discontinuing operations | - | - | - | - | - | 9.8 |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT)** ***(CONT'D)***

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (1)(Restated) FYE 31 December 2020 | (2)(Restated) FYE 31 December 2021 | (3)(Restated) FYE 31 December 2022 | FYE 31 December 2023 | (4)FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Operating statistics of the Aviation Segment** | | | | | | |
| Passengers carried | 51,559,070 | 13,309,353 | 4,812,364 | 24,247,725 | 49,250,326 | 63,188,637 |
| Capacity | 60,884,616 | 17,941,988 | 6,500,182 | 28,931,734 | 55,907,707 | 70,831,032 |
| Load factor (%) | 85 | 74 | 74 | 84 | 88 | 89 |
| RPK (million) | 63,382 | 14,268 | 4,149 | 24,378 | 57,389 | 74,568 |
| ASK (million) | 74,642 | 19,121 | 5,723 | 29,196 | 66,164 | 84,674 |
| Aircraft utilisation (hours per day) | 13.0 | 9.6 | 6.2 | 12.0 | 12.0 | 13.0 |
| Average fare (RM) | 178 | 175 | 160 | 192 | 224 | 243 |

Please refer to Appendix IV (A) for the unaudited combined income statements of the Remaining Businesses of our Group (excluding the Aviation Segment) together with the commentaries for the FYE 31 December 2021 to FYE 31 December 2024.

***Notes:***

*(1)* *Capital A Group's audited consolidated income statements for the FYE 31 December 2020 was restated due to reclassification of digital travel and lifestyle services revenue from other income to revenue following the expansion of our Group's core business.*

*(2)* *Capital A Group's audited consolidated income statements for the FYE 31 December 2021 was restated due to reclassification of aircraft operating lease income from revenue to other income to better reflect the revenue generation source as lease income does not form part of our Group's core business.*

*(3)* *Capital A Group's audited consolidated income statements for the FYE 31 December 2022 was restated as certain foreign exchange gains or losses arising from intra-group transactions were accounted in the statement of other comprehensive income rather than in the consolidated income statements.*

*(4)* *Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.*

## 1.2 Consolidated Statements of Financial Position

The table below sets out a summary of our Group's audited consolidated statements of financial position for the FYE 31 December 2019 to FYE 31 December 2023 as well as our Group's unaudited consolidated statements of financial position for the FYE 31 December 2024 which includes the Aviation Segment and the Remaining Businesses:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | As at 31 December 2019 | [1](Restated) As at 31 December 2020 | [2](Restated) As at 31 December 2021 | [3](Restated) As at 31 December 2022 | As at 31 December 2023 | [4]As at 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Total non-current assets | 20,302,355 | 17,104,717 | 17,580,133 | 18,158,572 | 25,956,319 | 1,552,881 |
| Total current assets | 5,292,363 | 2,761,116 | 2,449,748 | 1,768,957 | 2,498,832 | 732,324 |
| Disposal groups and assets held for sale | - | - | - | - | - | 26,692,278 |
| **Total assets** | **25,594,718** | **19,865,833** | **20,029,881** | **19,927,529** | **28,455,151** | **28,977,483** |
| Share capital | 8,023,268 | 8,023,268 | 8,457,172 | 8,654,977 | 8,711,742 | 8,768,569 |
| Merger deficit | (5,507,594) | (5,507,594) | (5,507,594) | (5,507,594) | (5,507,594) | (5,507,594) |
| Foreign exchange reserve | 171,137 | (57,378) | 601,494 | 1,178,273 | 217,047 | 756,976 |
| Retained earnings/(accumulated losses) | 1,664,452 | (3,447,215) | (7,094,693) | (10,254,769) | (12,321,978) | (12,853,347) |
| Other reserves | 147,067 | (225,368) | 161,321 | 204,020 | 138,642 | 47,379 |
| **Total shareholders' funds/(deficit)** | **4,498,330** | **(1,214,287)** | **(3,382,300)** | **(5,725,093)** | **(8,762,141)** | **(8,788,017)** |
| Non-controlling interests | (1,587,590) | (2,355,507) | (3,040,603) | (3,791,865) | (1,862,596) | (1,312,394) |
| **Total equity** | **2,910,740** | **(3,569,794)** | **(6,422,903)** | **(9,516,958)** | **(10,624,737)** | **(10,100,411)** |
| Total non-current liabilities | 15,548,509 | 14,772,023 | 17,248,860 | 19,166,464 | 23,911,817 | 1,451,043 |
| Total current liabilities | 7,135,469 | 8,663,604 | 9,203,924 | 10,278,023 | 15,168,071 | 797,992 |

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)***

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | As at 31 December 2019 | [(1)](Restated) As at 31 December 2020 | [(2)](Restated) As at 31 December 2021 | [(3)](Restated) As at 31 December 2022 | As at 31 December 2023 | [(4)]As at 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Liabilities associated with disposal groups | - | - | - | - | - | 36,828,859 |
| **Total liabilities** | **22,683,978** | **23,435,627** | **26,452,784** | **29,444,487** | **39,079,888** | **39,077,894** |
| **Total equity and liabilities** | **25,594,718** | **19,865,833** | **20,029,881** | **19,927,529** | **28,455,151** | **28,977,483** |
| Number of issued Shares ('000) | 3,341,974 | 3,341,974 | 3,898,053 | 4,161,793 | 4,254,582 | 4,308,106 |
| Net assets (RM'000) | 4,498,330 | (1,214,287) | (3,382,300) | (5,725,093) | (8,762,141) | (8,788,017) |
| Net assets per Share (RM) | 1.35 | (0.36) | (0.87) | (1.38) | (2.06) | (2.04) |

***Notes:***

*(1)* *Capital A Group's audited statements of financial position as at 31 December 2020 was restated due to reclassification of negative balance in prepaid agent from receivables and prepayments to trade and other payables.*

*(2)* *Capital A Group's audited statements of financial position as at 31 December 2021 was restated due to recognition of certain foreign exchange gains or losses arising from intra-group transactions in the statement of other comprehensive income, rather than in the statement of profit or loss.*

*(3)* *Capital A Group's audited statements of financial position as at 31 December 2022 was restated as certain foreign exchange gains or losses arising from intra-group transactions were accounted in the statement of other comprehensive income rather than in the consolidated income statements.*

*(4)* *Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.*

### 1.3 Consolidated Statements of Cash Flow

The table below sets out a summary of our Group's audited consolidated statements of cash flow for the FYE 31 December 2019 to FYE 31 December 2023 as well as our Group's unaudited consolidated statements of cash flow for the FYE 31 December 2024 which includes the Aviation Segment and the Remaining Businesses:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | **FYE 31 December 2019** | **FYE 31 December 2020** | **FYE 31 December 2021** | **[1](Restated) FYE 31 December 2022** | **FYE 31 December 2023** | **[2]FYE 31 December 2024** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Net cash generated from/(used in) operating activities | 2,552,817 | (2,168,247) | (677,699) | (283,499) | 1,413,430 | 3,343,892 |
| Net cash generated from/(used in) investing activities | 4,721,847 | 489,316 | 389,037 | (209,104) | (101,588) | (25,731) |
| Net cash generated from/(used in) financing activities | (8,086,909) | (412,483) | 1,070,348 | (313,701) | (1,169,722) | (2,928,468) |
| **Net increase/(decrease) for the financial year** | **(842,245)** | **(2,091,414)** | **781,686** | **(806,304)** | **142,120** | **(389,693)** |
| Currency translation differences | 41,507 | 65,043 | (69,660) | (34,869) | 43,212 | 522,090 |
| Cash and cash equivalents at the beginning of the year | 3,293,014 | 2,492,276 | 465,905 | 1,177,931 | 336,758 | 32,608 |
| **Cash and cash equivalents at the end of the year** | **2,492,276** | **465,905** | **1,177,931** | **336,758** | **522,090** | **944,391** |

***Note:***

*(1) Capital A Group's audited statements of cash flows for the FYE 31 December 2022 was restated as certain foreign exchange gains or losses arising from intra-group transactions were accounted in the statement of other comprehensive income rather than in the consolidated income statements.*

*(2) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.*

## 2. COMMENTARY ON HISTORICAL FINANCIAL PERFORMANCE

### 2.1 Revenue

Our Group's revenue can be segregated into the following:

**(i) Aviation Segment**

The Aviation Segment comprises the businesses of AAAGL Group and AAB Group. AAAGL Group is principally involved in the provision of short-haul domestic and international passenger air transport services for the respective airlines' markets in Thailand, the Philippines, Indonesia and Cambodia. Meanwhile, the AAB Group is principally involved in the provision of short-haul domestic and international passenger air transport services for the Malaysian market.

**(ii) ADE Group**

ADE Group is principally involved in the provision of aviation MRO services for aircraft. Their services include EMS, CWS, ESS and DIS.

**(iii) AirAsia MOVE Group**

AirAsia MOVE Group is principally involved in the operations and management of the AirAsia MOVE platform. The AirAsia MOVE platform offers a comprehensive suite of travel-related services, including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides.

**(iv) Teleport Group**

Teleport Group is principally involved in the provision of logistics services and solutions under the trade name "Teleport". It has 3 types of services, namely:

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

**(v) BigPay Group**

BigPay Group is principally involved in the provision of digital financial services through the BigPay platform. The services offered through the BigPay platform include payments, international remittances and domestic transfers, utilities, Analytics and Stash and lending services.

**(vi) Santan**

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

**(vii) Others**

Others comprise the businesses of Brand AA as well as the businesses of the companies as set out in note (2) of Section 2.11 of this Appendix.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)***

The table below sets out our Group's revenue by business segments for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | FYE 31 December 2024 |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Aviation Segment | 11,571,588 | 3,044,911 | 1,570,042 | 5,639,687 | 13,616,656 | [(1)]- |
| Remaining Businesses | 288,815 | 453,187 | 1,002,488 | 1,424,830 | 2,380,568 | 2,998,494 |
| | 11,860,403 | 3,498,098 | 2,572,530 | 7,064,517 | 15,997,224 | 2,998,494 |
| Eliminations | - | (223,699) | (889,634) | (627,449) | (1,304,688) | (1,500,704) |
| **Total** | **11,860,403** | **3,274,399** | **1,682,896** | **6,437,068** | **14,692,536** | **1,497,790** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**FYE 31 December 2019 vs FYE 31 December 2020**

Our Group's revenue decreased to approximately RM3.3 billion for the FYE 31 December 2020 from RM11.9 billion for the FYE 31 December 2019, representing a decrease of approximately RM8.6 billion or 72.4%.

The decline in revenue was mainly due to decrease in revenue from the Aviation Segment by approximately RM8.5 billion or 73.7% to approximately RM3.0 billion for the FYE 31 December 2020 from RM11.6 billion for the FYE 31 December 2019. This was primarily due to the COVID-19 pandemic, whereby governments worldwide have imposed travel restrictions and various containment measures at different points to curb the spread of COVID-19, which subdued travel demand. This resulted in our Group operating at only 29% of its seat capacity in 2019.

**FYE 31 December 2020 vs FYE 31 December 2021**

Our Group's revenue decreased to approximately RM1.7 billion for the FYE 31 December 2021 from approximately RM3.3 billion for the FYE 31 December 2020, representing a decrease of approximately RM1.6 billion or 48.6%.

The decline in revenue was mainly due to decrease in revenue from the Aviation Segment by approximately RM1.5 billion or 48.4% to approximately RM1.6 billion for the FYE 31 December 2021 from RM3.0 billion for the FYE 31 December 2020. This was primarily due to our Group operating at only 36% of its seat capacity in 2020, given that domestic and international flight operations were disrupted due to travel restrictions and government lockdowns in the operating countries as a result of the COVID-19 pandemic.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group's revenue increased to approximately RM6.4 billion for the FYE 31 December 2022 from approximately RM1.7 billion for the FYE 31 December 2021, representing an increase of approximately RM4.8 billion or 282.5%.

The increase in our Group's revenue was mainly attributable to the increase in revenue from the Aviation Segment by approximately RM4.1 billion or 259.2% to approximately RM5.6 billion for the FYE 31 December 2022 from approximately RM1.6 billion for the FYE 31 December 2021. This was primarily attributable to the lifting of domestic and international travel restrictions in most of our Group's core markets, which led to a surge in air travel demand for the domestic and international travel. Our Group's capacity for the FYE 31 December 2022 was 28.9 million seats flown with a load factor of 84%, which increased by 22.4 million seats from the previous corresponding year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)***

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group's revenue increased to approximately RM14.7 billion for the FYE 31 December 2023 from approximately RM6.4 billion for the FYE 31 December 2022, representing an increase of approximately RM8.3 billion or 128.2%.

The increase in our Group's revenue was mainly attributable to the increase in revenue from the Aviation Segment by approximately RM8.0 billion or 141.4% to approximately RM13.6 billion for the FYE 31 December 2023 from approximately RM5.6 billion for the FYE 31 December 2022. This was mainly attributable to the reopening of international borders and a surge in travel demand, together with the increase in average fares by RM32 or 16.7% from RM192 for the FYE 31 December 2022 to RM224 for the FYE 31 December 2023. Our Group's capacity for the FYE 31 December 2023 was 55.9 million seats flown with a load factor of 88%, which increased by 27.0 million seats from the FYE 31 December 2022. The increase in revenue from Aviation Segment was also partly due to the increase in ancillary income (which comprises of baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise) by RM1.5 billion or 156.9% as a result of higher number of passengers, resulting from our Group bringing more aircraft back into service.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 2.2 Other Income

The table below sets out our Group's other income by business segments for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [(1)]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Aviation Segment | 4,392,659 | 794,499 | 550,543 | 88,388 | 380,365 | [(1)] |
| Remaining Businesses | 196,579 | 27,710 | 9,496 | 2,043 | 25,954 | 24,729 |
| | 4,589,238 | 822,209 | 560,039 | 90,431 | 406,319 | 24,729 |
| Eliminations | (3,940,412) | (479,491) | (295,045) | 63,833 | (103,245) | 6,053 |
| **Total** | **648,826** | **342,718** | **264,994** | **154,264** | **303,074** | **30,782** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)***

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Gain/(loss) on disposal of property, plant and equipment | 101,544 | 184,139 | 32,921 | (56,364) | 78,991 | (3,588) |
| Gain on recognition of finance lease receivables | 22,458 | - | - | - | - | - |
| Fees charged to associates providing commercial air transport services | 73,584 | 29,807 | - | - | - | - |
| Fees charged to related parties providing commercial air transport services | 35,866 | 7,679 | - | 9,568 | - | - |
| Dividend income from investment in securities | 3,729,849 | 487,315 | 285,549 | - | - | - |
| Aircraft operating lease income | - | - | 153,290 | 63,631 | 61,655 | - |
| Others[(1)] | 625,937 | 113,269 | 84,659 | 73,726 | 290,035 | 21,141 |
| Eliminations | (3,940,412) | (479,491) | (291,425) | 63,703 | (127,607) | 6,053 |
| **Total** | **648,826** | **342,718** | **264,994** | **154,264** | **303,074** | **30,782** |

***Note:***

*(1) Comprise, amongst others, commission, advertising income, forfeited revenue, insurance claims, management fee for provision of shared services to associates and deferred gain on the disposal of aircraft engine. For avoidance of doubt, others in FYE 31 December 2019 also include non-aviation revenue such as BigPay and Santan.*

**FYE 31 December 2019 vs FYE 31 December 2020**

Our Group's other income decreased to approximately RM342.7 million for the FYE 31 December 2020 from approximately RM648.8 million for the FYE 31 December 2019, representing a decrease of approximately RM306.1 million or 47.2%.

The decrease in other income was mainly due to lower other income from the Aviation Segment by RM3.6 billion, which in turn was mainly due to the lower dividend income from investment securities by RM3.2 billion.

**FYE 31 December 2020 vs FYE 31 December 2021**

Our Group's other income decreased to approximately RM265.0 million for the FYE 31 December 2021 from approximately RM342.7 million for the FYE 31 December 2020, representing a decrease of approximately RM77.7 million or 22.7%.

The decrease in other income was mainly due to lower other income from the Aviation Segment by approximately RM244.0 million, which in turn was due to lower dividend income from investment securities by approximately RM201.8 million.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group's other income was approximately RM154.3 million for the FYE 31 December 2022 as compared to approximately RM265.0 million for the FYE 31 December 2021, representing a decrease of approximately RM110.7 million or 41.8%.

The decrease in other income was mainly due to the lower other income from the Aviation Segment by approximately RM462.2 million, which in turn was mainly due to the following:

(i) absence of dividend income from investment securities of approximately RM285.5 million;

(ii) decrease in aircraft operating lease income by approximately RM89.7 million; and

(iii) losses on disposal of property, plant and equipment of approximately RM56.4 million for the FYE 31 December 2022 as compared to gain on disposal of property, plant and equipment of approximately RM32.9 million for the FYE 31 December 2021.

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group's other income increased to approximately RM303.1 million for the FYE 31 December 2023 from approximately RM154.3 million for the FYE 31 December 2022, representing an increase of approximately RM148.8 million or 96.5%.

The increase in other income was mainly due to higher other income from the Aviation Segment by approximately RM292.0 million attributable to the following:

(i) increase in others by approximately RM166.5 million mainly attributable to the recognition of deferred gain on disposal of aircraft engine relating to sales and leaseback arrangement; and

(ii) gain on disposal of property, plant and equipment of approximately RM80.7 million.

### 2.3 Operating Expenses

The table below sets out our Group's operating expenses by business segments for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [(1)]FYE 31 December 2024 |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Aviation Segment | 11,245,958 | 8,227,311 | 4,081,362 | 6,726,812 | 14,133,969 | [(1)]- |
| Remaining Businesses | 714,196 | 854,339 | 1,464,047 | 1,737,024 | 4,191,786 | 2,733,910 |
| | 11,960,154 | 9,081,650 | 5,545,409 | 8,463,836 | 18,325,755 | 2,733,910 |
| Eliminations | (175,502) | (42,279) | (751,910) | (478,695) | (3,475,456) | (440,027) |
| **Total** | **11,784,652** | **9,039,371** | **4,793,499** | **7,985,141** | **14,850,299** | **2,293,883** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)***

The table below sets out our Group's operating expenses by cost components for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Aircraft fuel expenses | 4,204,771 | 1,962,679 | 393,941 | 2,956,244 | 5,813,251 | 17,425 |
| Maintenance and overhaul | 1,331,260 | 636,931 | 817,603 | 1,124,096 | 2,633,765 | 390,618 |
| User charges and other related expenses | 1,758,689 | 961,730 | 837,062 | 1,488,583 | 3,114,445 | 1,040,958 |
| Staff costs | 1,876,196 | 1,166,818 | 797,202 | 1,230,220 | 2,119,072 | 689,230 |
| Depreciation of property, plant and equipment | 225,153 | 150,920 | 164,685 | 132,042 | 139,677 | 65,444 |
| Depreciation of right-of-use assets | 1,241,749 | 1,922,078 | 1,655,887 | 1,309,533 | 1,566,935 | 21,280 |
| Other operating expenses | 1,322,336 | 2,280,494 | 688,741 | 289,094 | 1,061,329 | 508,955 |
| | 11,960,154 | 9,081,650 | 5,355,121 | 8,529,812 | 16,448,474 | 2,733,910 |
| Eliminations | (175,502) | (42,279) | (561,622) | (544,671) | (1,598,175) | (440,027) |
| **Total** | **11,784,652** | **9,039,371** | **4,793,499** | **7,985,141** | **14,850,299** | **2,293,883** |

**<u>FYE 31 December 2019 vs FYE 31 December 2020</u>**

Our Group's operating expenses decreased to RM9.0 billion for the FYE 31 December 2020 from RM11.8 billion for the FYE 31 December 2019, representing a decrease of RM2.7 billion or 23.3%.

The decrease in operating expenses was mainly attributable to the decrease in operating expenses from the Aviation Segment by approximately RM3.0 billion. The decrease in operating expenses from the Aviation Segment was mainly attributable to the following:

(i) decrease in aircraft fuel expenses by approximately RM2.2 billion mainly due to lower fuel consumption as our Group aircraft were operating at only 29% of its seat capacity in 2019 as a result of the travel restrictions and various containment measures to curb the spread of COVID-19;

(ii) decrease in user charges and other related expenses by approximately RM1.1 billion mainly due to the savings from ground handling as a result of the implementation of innovations including contactless procedures; and

(iii) decrease in staff costs by approximately RM656.1 million mainly attributable to the headcount rationalisation, salary cuts and natural attrition,

which was partially offset by the increase in other operating expenses by approximately RM1.1 billion mainly due to the higher provision of doubtful debts by approximately RM1.1 billion.

**<u>FYE 31 December 2020 vs FYE 31 December 2021</u>**

Our Group's operating expenses decreased to approximately RM4.8 billion for the FYE 31 December 2021 from approximately RM9.0 billion for the FYE 31 December 2020, representing a decrease of approximately RM4.2 billion or 47.0%.

The decrease in operating expenses was mainly attributable to the decrease in operating expenses from the Aviation Segment by RM4.1 billion which was mainly attributable to the following:

(i) decrease in aircraft fuel expenses by approximately RM1.6 billion mainly due to lower fuel consumption as our Group's aircraft were operating at only 36% of its seat capacity in 2020, given that domestic and international flight operations was disrupted due to the travel restrictions and various containment measures to curb the spread of COVID-19. For information purposes, fuel consumption from flight operations decreased to 190,048 tonnes for FYE 31 December 2021 as compared to 617,369 tonnes for FYE 31 December 2020;

(ii) decrease in other operating expenses by approximately RM1.5 billion mainly due to the lower provision of doubtful debts by approximately RM1.2 billion; and

(iii) decrease in staff costs by approximately RM554.6 million mainly attributable to a major cost control measure undertaken by our Group which includes right sizing of manpower and salary cuts for management, staff and directors.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group's operating expenses increased to approximately RM8.0 billion for the FYE 31 December 2022 from approximately RM4.8 billion for the FYE 31 December 2021, representing an increase of approximately RM3.2 billion or 66.6%.

The increase in operating expenses was mainly due to the increase in operating expenses from the Aviation Segment by approximately RM2.6 billion which was mainly due to the increase in aircraft fuel expenses by approximately RM2.6 billion as a result of higher jet fuel price and fuel consumption primarily attributable to the lifting of domestic and international travel restrictions in most of our Group's core markets, which led to a surge in air travel demand for the domestic and international travel, which was in line with the increase in flight operations from the Aviation Segment as explained in Section 2.1 above. For information purposes, fuel consumption from flight operations increased to 821,212 tonnes for the FYE 31 December 2022 as compared to 190,048 tonnes for the FYE 31 December 2021.

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group's operating expenses increased to approximately RM14.9 billion for the FYE 31 December 2023 from approximately RM8.0 billion for the FYE 31 December 2022, representing an increase of approximately RM6.9 billion or 86.0%.

The increase in operating expenses was mainly due to the increase in operating expenses from the Aviation Segment by approximately RM7.4 billion. The increase in operating expenses from the Aviation Segment was mainly due to the following:

(i) increase in aircraft fuel expenses by approximately RM2.9 billion as a result of higher fuel consumption from flight operations mainly attributable to a surge in travel demand following the reopening of international borders. For information purposes, fuel consumption from flight operations increased to 1,528,233 tonnes for the FYE 31 December 2023 as compared to 821,212 tonnes for the FYE 31 December 2022;

(ii) increase in user charges and other related expenses by approximately RM1.4 billion mainly due to the increase in route charges, landing charges, check-in counter charges, passenger service charges, credit card commission as well as commission to the travel agents, which were in tandem with the increase in revenue; and

(iii) increase in maintenance and overhaul expenses by approximately RM1.3 billion mainly due to the increase in expenses for repair and overhaul components, increased consumables and refurbishment of off-wing engines, which were in tandem with the increase in revenue.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 2.4 Operating Profit/(Loss) and Operating Profit/(Loss) Margin

The table below sets out our Group's operating profit/(loss) and operating profit/(loss) margin by business segments for the financial years under review:

| | Audited | | | | | | | | | | Unaudited | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | | (Restated) FYE 31 December 2020 | | (Restated) FYE 31 December 2021 | | (Restated) FYE 31 December 2022 | | FYE 31 December 2023 | | [2]FYE 31 December 2024 | |
| | **RM'000** | **[1]%** | **RM'000** | **[1]%** | **RM'000** | **[1]%** | **RM'000** | **[1]%** | **RM'000** | **[1]%** | **RM'000** | **[1]%** |
| Aviation Segment | 4,718,289 | 40.8 | (4,387,901) | (144.1) | (1,960,777) | (124.9) | (998,737) | (17.7) | (136,948) | (1.0) | [2]- | [2]- |
| Remaining Businesses | (228,802) | (79.2) | (373,442) | (82.4) | (452,063) | (45.1) | (310,151) | (21.8) | (1,785,264) | (75.0) | 289,313 | 9.6 |
| | 4,489,487 | 37.9 | (4,761,343) | (136.1) | (2,412,840) | (93.8) | (1,308,888) | (18.5) | (1,922,212) | (120) | 289,313 | 9.6 |
| Eliminations | (3,764,910) | - | (660,911) | - | (432,769) | - | (84,921) | - | 2,067,523 | - | (1,054,624) | - |
| **Total** | **724,577** | **6.1** | **(5,422,254)** | **(165.6)** | **(2,845,609)** | **(169.1)** | **(1,393,809)** | **(21.7)** | **145,311** | **1.0** | **(765,311)** | **(51.1)** |

***Notes:***

*(1) Computed as operating profit/(loss) divided by the total revenue of the Aviation Segment, Remaining Businesses or Capital A Group (as the case may be) before eliminations.*

*(2) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**FYE 31 December 2019 vs FYE 31 December 2020**

Our Group recorded an operating loss of approximately RM5.4 billion for the FYE 30 December 2020 as compared to an operating profit of approximately RM724.6 million for the FYE 30 December 2019. The operating loss from the Aviation Segment accounted for 80.9% of our Group's operating loss for the FYE 31 December 2020. This was mainly due to the decrease in revenue from the Aviation Segment following the COVID-19 pandemic, as explained in Section 2.1 above, and other expenses, including a fuel swap loss of approximately RM972 million as well as the impairment of right-of-use assets, receivables, amount due from an associate and related parties, investment in an associate, and finance lease receivables totalling RM1.9 billion. In addition, during the FYE 31 December 2020, our Group only operated at 29% of its capacity in 2019.

As a result of the above, our Group recorded an overall operating loss margin of 165.6% for the FYE 31 December 2020 as compared to an operating profit margin of 6.1% for the FYE 31 December 2019.

**FYE 31 December 2020 vs FYE 31 December 2021**

Our Group's operating loss decreased by approximately RM2.6 billion or 47.5% to approximately RM2.8 billion for the FYE 31 December 2021. The decrease in operating loss was mainly due to the decrease in operating loss from the Aviation Segment by approximately RM2.4 billion resulting from our Group's effort to undertake major cost control measures, as explained in Section 2.3 above.

Despite that our Group's operating loss decreased by 47.5%, our Group's overall operating loss margin increased to 169.1% for FYE 31 December 2021 as compared to an operating loss margin of 165.6% for FYE 31 December 2020 mainly due to the reclassification of the aircraft operating lease income of RM153.3 million from revenue to other income, which will better reflect the revenue generation source as lease income does not form part of our Group's core business.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group's operating loss decreased by approximately RM1.5 billion or 51.0% to approximately RM1.4 billion for the FYE 31 December 2022. The decreased in operating loss was mainly attributable to the following:

(i) decrease in operating loss from Aviation Segment by approximately RM962.0 million as a result of the increase in revenue from the Aviation Segment as explained in Section 2.1 of this Appendix, and

(ii) decrease in operating loss from AirAsia MOVE Group by approximately RM145.5 million as a result of the increase in revenue from AirAsia Move Group as explained in Section 2.11.1 of this Appendix.

As a result of the above, our Group's overall operating loss margin narrowed to 21.7% for the FYE 31 December 2022 from 169.1% for the FYE 31 December 2021.

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group achieved operating profit of approximately RM145.3 million for the FYE 31 December 2023. This was mainly attributable to the following:

(i) decrease in operating loss from Aviation Segment by approximately RM861.8 million as a result of increase in revenue from the Aviation Segment as explained in Section 2.1;

(ii) AirAsia MOVE Group achieved operating profit of approximately RM122.1 million for the FYE 31 December 2023 as compared to an operating loss of approximately RM12.0 million for the FYE 31 December 2022 as a result of increase in revenue as explained in Section 2.11.1 of this Appendix; and

(iii) ADE Group's operating profit for the FYE 31 December 2023 increased by RM70.7 million or 151.9% as compared to preceding financial year as a result of increase in revenue as explained in Section 2.11.1 of this Appendix.

As a result of the above, our Group recorded operating profit margin of 1.0% for the FYE 31 December 2023 as compared to operating loss margin of 21.7% for the FYE 31 December 2022.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2.5 Finance Income

The table below sets out the components of our Group's finance income for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [1]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income from | | | | | | |
| - Deposits, cash and bank balances with licensed banks | 38,800 | 9,585 | 1,169 | 2,053 | 3,784 | 1,396 |
| - Amounts due from associates | 11,426 | 29,018 | 12,851 | 9,074 | - | 2,420 |
| - Finance lease receivables | 61,402 | 50,768 | 16,143 | 18,064 | 5,886 | - |
| Impact of discounting effect on financial instruments | 8,362 | 25,249 | 4,760 | 10,434 | 27,573 | - |
| Others | - | 1,324 | 391 | 680 | 1,561 | - |
| **Total** | **119,990** | **115,944** | **35,314** | **40,305** | **38,804** | **3,816** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**FYE 31 December 2019 vs FYE 31 December 2020**

Our Group's finance income decreased by approximately RM4.1 million or 3.4% to approximately RM115.9 million for the FYE 31 December 2020 from approximately RM120.0 million for the FYE 31 December 2019. The decrease in finance income was mainly due to the following:

(i) lower interest income from deposits, cash and bank balances with licensed banks by approximately RM29.2 million. Our Group's deposits, cash and bank balances with licensed banks stood at approximately RM533.3 million as at 31 December 2020 (FYE 31 December 2019: RM2.6 billion); and

(ii) lower interest income from finance lease receivables by approximately RM10.6 million as a result of lower finance lease receivables as at 31 December 2020 of approximately RM938.2 million (FYE 31 December 2019: RM1.2 billion).

The decrease in interest income was partially offset by the following:

(i) higher income from the impact of discounting effect on financial instruments by approximately RM16.9 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit; and

(ii) higher interest income from amounts due from associates by approximately RM17.6 million mainly attributable to the higher interest income received by our Group on the loans to AirAsia Japan Co., Ltd.

**FYE 31 December 2020 vs FYE 31 December 2021**

Our Group's finance income decreased by approximately RM80.6 million or 69.5% to approximately RM35.3 million for the FYE 31 December 2021 from approximately RM115.9 million for the FYE 31 December 2020. The decrease in finance income was mainly due to the following:

(i) lower interest income from finance lease receivables by approximately RM34.6 million as a result of lower finance lease receivables as at 31 December 2021 of approximately RM490.4 million (FYE 31 December 2020: RM938.2 million);

(ii) lower income from the impact of discounting effect on financial instruments by approximately RM20.5 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit; and

(iii) lower interest income from the amount due from associates by approximately RM16.2 million.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group's finance income increased by approximately RM5.0 million or 14.1% to RM40.3 million for the FYE 31 December 2022 from approximately RM35.3 million for the FYE 31 December 2021. The increase in finance income was mainly attributable to the following:

(i) higher income from the impact of discounting effect on financial instruments by approximately RM5.7 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit;

(ii) higher interest income from finance lease receivables by approximately RM1.9 million; and

(iii) higher interest income from deposits, cash and bank balances with licensed banks by approximately RM0.9 million as a result of higher weighted average effective annual interest rate of deposits of 2.93% for the FYE 31 December 2022 as compared to 1.83% for the FYE 31 December 2021.

The increase in interest income was partially offset by the lower interest income from amounts due from associates by approximately RM3.8 million.

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group's finance income decreased slightly by approximately RM1.5 million or 3.7% to approximately RM38.8 million for the FYE 31 December 2023 from approximately RM40.3 million for the FYE 31 December 2022. The decrease in finance income was mainly attributable to the following:

(i) lower interest income from finance lease receivables by approximately RM12.2 million as a result of lower finance lease receivables as at 31 December 2023 of approximately RM158.0 million (FYE 31 December 2022: RM375.8 million); and

(ii) absence of interest income from amounts due from associates by approximately RM9.1 million.

The decrease in interest income due to above was partially offset by the higher finance income from the impact of discounting effect on financial instruments by approximately RM17.1 million mainly due to the adjustment on discount rate applied on unwinding of lease security deposit.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2.6 Finance Costs

The table below sets out the components of our Group's finance costs for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [(1)]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest expense | | | | | | |
| - Bank borrowings | 157,839 | 53,883 | 101,584 | 210,224 | 319,194 | 41,279 |
| - Lease liabilities | 503,093 | 578,211 | 500,044 | 705,152 | 852,954 | 18,088 |
| - Provision of retirement benefits | - | - | 5,350 | 4,809 | 3,808 | 14 |
| Impact of discounting effect on financial instruments | 101,753 | 75,521 | 70,101 | - | 3,209 | (9) |
| RCUIDS profit payment | - | - | - | 61,879 | 112,406 | 81,027 |
| Others | 13,048 | 6,036 | 2,728 | 22,858 | 48,109 | 18,058 |
| **Total** | **775,733** | **713,651** | **679,807** | **1,004,922** | **1,339,680** | **158,457** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**FYE 31 December 2019 vs FYE 31 December 2020**

Our Group's finance costs decreased by approximately RM62.1 million or 8.0% to approximately RM713.7 million for the FYE 31 December 2020 from approximately RM775.7 million for the FYE 31 December 2019. The decrease in finance costs was mainly attributable to the following:

(i) lower interest expenses on bank borrowing by approximately RM104.0 million; and

(ii) lower expenses from the impact of discounting effect on financial instruments by approximately RM26.2 million.

The decrease in finance costs was partially offset by higher finance costs on lease liabilities by approximately RM75.1 million as a result of the sale and leaseback of 14 aircrafts in the second half of 2019.

**FYE 31 December 2020 vs FYE 31 December 2021**

Our Group's finance costs decreased by approximately RM33.8 million or 4.7% to approximately RM679.8 million for the FYE 31 December 2021 from approximately RM713.7 million for the FYE 31 December 2020. The decrease in finance costs was mainly attributable to the lower interest expenses on lease liabilities by approximately RM78.2 million as a result of restructuring of aircraft leases where our Group extended the leases for longer period with lower lease rental, which was partially offset by the higher interest expenses on bank borrowing by approximately RM47.7 million due to the increase in borrowings by approximately RM1.0 billion for the FYE 31 December 2021.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group's finance costs increased by approximately RM325.1 million or 47.8% to approximately RM1.0 billion for the FYE 31 December 2022 from approximately RM679.8 million for the FYE 31 December 2021. The increase in finance cost was mainly due to the following:

(i) higher interest expenses on lease liabilities by approximately RM205.1 million as a result of the extension of lease period of aircrafts which lead to higher lease liabilities as at 31 December 2022 of approximately RM15.1 billion (FYE 31 December 2021: RM14.3 billion);

(ii) higher interest expenses on bank borrowings by approximately RM108.6 million mainly due to the increase in borrowings by approximately RM0.6 billion for the FYE 31 December 2022 and higher interest rates; and

(iii) RCUIDS profit payment amounting to approximately RM61.9 million.

The increase in finance costs was partially offset by absence of the expenses from the impact of discounting effect on financial instruments for the FYE 31 December 2022 (FYE 31 December 2021: RM70.1 million).

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group's finance costs increased by approximately RM0.3 billion or 33.3% to approximately RM1.3 billion for the FYE 31 December 2023 from approximately RM1.0 billion for the FYE 31 December 2022. The increase in finance costs was mainly due to the following:

(i) higher interest expense on lease liabilities by approximately RM147.8 million mainly due to higher lease liabilities as at 31 December 2023 as a result of the deemed acquisition of AAV (previously held as an associate) as a subsidiary;

(ii) higher interest expense on bank borrowing by approximately RM109.0 million due to the increase in borrowings by approximately RM1.5 billion for the FYE 31 December 2023; and

(iii) higher RCUIDS profit payment by approximately RM50.5 million due to valuation of derivative assets from RCUIDS not taken up in prior year amounting to RM42 million.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2.7 Other Gains/Losses

The table below sets out the components of our Group's other gains/losses for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [(2)]FYE 31 December 2024 |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Foreign exchange gains/(losses) | 105,973 | 444,763 | (71,084) | (1,256,508) | (328,455) | (40,854) |
| Net fair value gains/(losses) on derivatives | (247,593) | (141,953) | 31,377 | 45,021 | (13,254) | - |
| Gain on disposal of investment in an associate | - | [(1)]152,911 | - | - | - | - |
| Fair value of the retained interest in a previous associate | - | [(1)]76,456 | - | - | - | - |
| Gain on remeasurement of previously held interest in associates | - | - | - | - | 1,445,433 | - |
| **Total other gains/(losses)** | **(141,620)** | **532,177** | **(39,707)** | **(1,211,487)** | **1,103,724** | **(40,854)** |

***Notes:***

*(1) On 29 December 2020, our Group executed a share purchase agreement with Tata Sons Private Limited to dispose 32.7% equity interest in AirAsia (India) Limited for a consideration of approximately RM152.9 million, which resulted in a gain on disposal of RM152.9 million for the FYE 31 December 2020. The share purchase agreement provides for an option for the sale of remaining 16.3% equity interest of our Group in AirAsia (India) Limited, for which the total consideration of the option is approximately RM76.5 million. As a result, our Group reclassified the remaining equity interest in AirAsia (India) Limited from "investment in associates" to "investment securities" and remeasured to a fair value of approximately RM76.5 million in accordance with MFRS 9.*

*(2) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**FYE 31 December 2019**

Our Group recorded other losses of approximately RM141.6 million for the FYE 31 December 2019, which was mainly due to the fair value losses on derivatives of approximately RM247.6 million, of which approximately RM198.6 million was due to the losses from the foreign currency hedging contract. The losses on derivatives were partially offset by the foreign exchange gain of approximately RM106.0 million for the FYE 31 December 2019 arising from the amount due to/from our Group's associates and joint ventures.

**FYE 31 December 2020**

Our Group has recorded other gains of approximately RM532.2 million for the FYE 31 December 2020, which was mainly attributable to the foreign exchange gains of approximately RM444.8 million, out of which RM436.3 was unrealised gain.

**FYE 31 December 2021**

Our Group has recorded other losses of approximately RM39.7 million for the FYE 31 December 2021, which was mainly due to foreign exchange losses of approximately RM71.1 million, out of which approximately RM50.0 million were unrealised losses. The foreign exchange losses were partially offset by the fair value gain from interest rate hedging contracts of approximately RM31.4 million for the FYE 31 December 2021.

**FYE 31 December 2022**

Our Group has recorded other losses of approximately RM1.2 billion for the FYE 31 December 2022, which was mainly due to the foreign exchange losses of approximately RM1.3 billion, of which approximately RM1.2 billion was unrealised losses. The foreign exchange losses were partially offset by the gain on termination of hedging contracts of approximately RM45.0 million for the FYE 31 December 2022.

**FYE 31 December 2023**

Our Group has recorded other gains of approximately RM1.1 billion for the FYE 31 December 2023, which was mainly due to the gain on remeasurement of previously held interest in associates of approximately RM1.4 billion as a result of the deemed acquisition of AAV as a subsidiary. The gain on remeasurement of previously held interest in associates was partially offset by the foreign exchange losses of approximately RM328.5 million, of which approximately RM205.1 million was realised losses.

## 2.8 Share of Results of Joint Ventures and Associates

The table below sets out the details of our Group's share of results of joint ventures and associates for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [(1)]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Share of results of joint ventures | - | (693) | (453) | (658) | (220) | - |
| Share of results of associates | (448,874) | (62,822) | (44,774) | (344,735) | (16,509) | (247) |
| **Total** | **(448,874)** | **(63,515)** | **(45,227)** | **(345,393)** | **(16,729)** | **(247)** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

### FYE 31 December 2019 vs FYE 31 December 2020

Our Group recorded a share of losses of associates and joint ventures of approximately RM63.5 million for the FYE 31 December 2020 as compared to approximately RM448.9 million for the FYE 31 December 2019, representing a decrease of approximately RM385.4 million or 85.9%. The decrease in the share of losses of associates was mainly attributable to the absence of share of losses in AirAsia (India) Limited of RM280 million including recognition of prior year losses as a result of an increase in our Group's investment in AirAsia (India) Limited.

### FYE 31 December 2020 vs FYE 31 December 2021

Our Group recorded a share of losses of associates and joint ventures of approximately RM45.2 million for the FYE 31 December 2021 as compared to approximately RM63.5 million for the FYE 31 December 2020, representing a decrease of approximately RM18.3 million or 28.8%. The decrease in the share of losses of associates was mainly attributable to our Group has not recognised losses relating to TAA, where its share of losses exceeds our Group's interest in this associate as a result of grim earnings brought about by the COVID-19 pandemic.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group recorded a share of losses of associates and joint ventures of approximately RM345.4 million for the FYE 31 December 2022 as compared to approximately RM45.2 million for the FYE 31 December 2021, representing an increase of approximately RM300.2 million or 663.7%. This was mainly due to share of losses of AAV which became our 43% associate following the completion of a restructuring plan for AAV and TAA in January 2022 (FYE 31 December 2021: our Group's equity interest in AAV is nil).

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group recorded a share of losses of associates and joint ventures of approximately RM16.7 million for the FYE 31 December 2023 as compared to approximately RM345.4 million for the FYE 31 December 2022, representing a decrease of approximately RM328.7 million or 95.2%. This was mainly due to lower losses in AAV for the current financial year.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2.9 Taxation

The table below sets out a summary of our Group's taxation, as well as a comparison of our Group's effective tax rate and statutory tax rate in Malaysia for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [(1)]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| LBT | (521,660) | (5,551,299) | (3,575,036) | (3,915,306) | (68,570) | (961,053) |
| Taxation | (238,437) | 336,629 | 145,739 | 511 | 27,744 | 14,490 |
| Effective tax rate (%) | 45.7 | (6.1) | (4.1) | (0.01) | (40.5) | 1.5 |
| Malaysia statutory tax rate (%) | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**FYE 31 December 2019**

Our Group recorded a reversal of tax of approximately RM238.4 million for the FYE 31 December 2019. This was mainly attributable to the reversal of deferred tax liabilities of approximately RM779.2 million as a result of the sale and leaseback transaction in the prior year, which was partially offset by the tax effect of the following:

(i) non-deductible expenses amounting to approximately RM275.5 million;

(ii) deferred tax assets not recognised amounting to approximately RM247.7 million; and

(iii) deferred tax asset derecognised on investment tax allowance of approximately RM161.4 million.

**FYE 31 December 2020**

Despite our Group having recorded a LBT of approximately RM5.6 billion, our Group recorded a tax expense of approximately RM336.6 million. This was mainly due to the tax effect of the following:

(i) deferred tax assets not recognised amounting to approximately RM1.5 billion; and

(ii) non-deductible expenses amounting to approximately RM313.6 million,

which was partially offset by the following:

(i) non-taxable income of approximately RM91.7 million;

(ii) overprovision of deferred tax in respect of previous years amounting to approximately RM79.5 million; and

(iii) joint venture's and associates' results reported net of tax amounting to approximately RM15.2 million.

**FYE 31 December 2021**

Despite our Group having recorded a LBT of approximately RM3.6 billion, our Group recorded a tax expense of approximately RM145.7 million for the FYE 31 December 2021. This was mainly due to the tax effect of the following:

(i) deferred tax assets not recognised of approximately RM649.4 million; and

(ii) non-deductible expenses amounting to approximately RM327.1 million.

**FYE 31 December 2022**

Despite our Group having recorded a LBT of approximately RM3.9 billion, our Group recorded a tax expense of approximately RM0.5 million for the FYE 31 December 2022. This was mainly due to the tax effect of the following:

(i) non-deductible expenses amounting to approximately RM1.0 billion; and

(ii) deferred tax assets not recognised approximately RM59.3 million; and

(iii) underprovision of income tax in respect of previous years amounting to approximately RM1.8 million, which was partially offset by the following:

(i) joint venture's and associates' results reported net of tax amounting to approximately RM82.9 million;

(ii) non-taxable income of approximately RM30.4 million; and

(iii) overprovision of deferred tax in respect of previous years amounting to approximately RM7.7 million.

**FYE 31 December 2023**

Despite our Group having recorded a LBT of approximately RM68.6 million, our Group recorded a tax expense of approximately RM27.7 million for the FYE 31 December 2023. This was mainly due to the tax effect of the following:

(i) non-deductible expenses amounting to approximately RM267.8 million;

(ii) deferred tax assets not recognised amounting to approximately RM212.0 million,

which was partially offset by the following:

(i) remeasurement of previously held interest in associate of approximately RM347.0 million; and

(ii) non-taxable income of approximately RM84.7 million.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2.10 LBT, LBT margin, LAT and LAT margin

The table below sets out our Group's LBT, LBT margin, LAT and LAT margin for the financial years under review:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [1]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| LBT | (521,660) | (5,551,299) | (3,575,036) | (3,915,306) | (68,570) | (961,053) |
| LBT margin (%) | (4.4) | (169.5) | (212.4) | (60.8) | (0.5) | (64.2) |
| LAT | (283,223) | (5,887,928) | (3,720,775) | (3,915,817) | (96,314) | (491,186) |
| LAT margin (%) | (2.4) | (179.8) | (221.1) | (60.8) | (0.7) | (32.8) |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**FYE 31 December 2019 vs FYE 31 December 2020**

Our Group's LBT and LAT increased to approximately RM5.6 billion and approximately RM5.9 billion in the FYE 31 December 2020 from approximately RM521.7 million and approximately RM283.2 million in the FYE 31 December 2019, representing an increase of approximately RM5.0 billion or 964.2% and approximately RM5.6 billion or 1,978.9% respectively. The increase in LBT and LAT was mainly due to the increase in operating loss by approximately RM6.1 billion as a result of lower revenue recorded for the FYE 31 December 2020, as explained in Section 2.4 above, which was partially offset by the other gains of approximately RM532.2 million as compared to other losses of approximately RM141.6 million as recorded in the previous financial year. Please refer to Section 2.7 above for the details on our Group's other gains/losses.

Our Group's LBT and LAT margins also increased substantially to 169.5% and 179.8%, respectively in the FYE 31 December 2020. This was mainly due to the lower operating margin as a result of the COVID-19 pandemic which adversely affected our Group's revenue for the said financial year, as explained in Section 2.4 above.

**FYE 31 December 2020 vs FYE 31 December 2021**

Our Group's LBT and LAT decreased to approximately RM3.6 billion and approximately RM3.7 billion in the FYE 31 December 2021 from approximately RM5.6 billion and approximately RM5.9 billion in the FYE 31 December 2020, representing a decrease of approximately RM2.0 billion or 35.6% and approximately RM2.2 billion or 36.8% respectively. The decrease in LBT and LAT was mainly attributable to the decrease in operating loss by approximately RM2.6 billion, as explained in Section 2.4 above.

Notwithstanding, our Group's LBT and LAT margins increased to 212.4% and 221.1%, respectively in the FYE 31 December 2021. The increase in our Group's LBT and LAT margin was mainly due to the increase in operating loss margin as explained in Section 2.4 and due to foreign exchange loss of RM71.1 million and share of losses of associate of RM44.8 million.

**FYE 31 December 2021 vs FYE 31 December 2022**

Our Group's LBT and LAT increased to approximately RM3.9 billion in the FYE 31 December 2022 from approximately RM3.6 billion and approximately RM3.7 billion in the FYE 31 December 2021, representing an increase of approximately RM0.3 billion or 9.5% and approximately RM0.2 billion or 5.2% respectively. The increase in LBT and LAT was mainly due to higher finance costs and foreign exchange loss as explained in Sections 2.6 and 2.7 above, which was partially offset by higher revenue as explained in Section 2.1.

As a result, our Group's LBT and LAT margin narrowed to 60.8% in the FYE 31 December 2022.

**FYE 31 December 2022 vs FYE 31 December 2023**

Our Group's LBT and LAT decreased to approximately RM68.6 million and approximately RM96.3 million in the FYE 31 December 2023 from approximately RM3.9 billion in the FYE 31 December 2022, representing a decrease of approximately RM3.8 billion or 98.2% and RM3.8 billion or 97.5% respectively. The decrease in LBT and LAT was mainly due to our Group achieving an operating profit of approximately RM145.3 million for the current financial year, as explained in Section 2.4 above as well as other gains recorded of approximately RM1.1 billion as compared to other losses incurred of approximately RM1.2 billion for the previous year, was however partially offset by the increase in finance cost by approximately RM334.8 million as explained in Section 2.6 above.

As a result, our Group's LBT and LAT margin improved to 0.5% and 0.7% in the FYE 31 December 2023 respectively.

## 3. CASH FLOWS

The table below sets out the summary of our Group's cash flows for the financial years under review which includes the Aviation Segment and the Remaining Business:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | **FYE 31 December 2019** | **FYE 31 December 2020** | **FYE 31 December 2021** | **(Restated) FYE 31 December 2022** | **FYE 31 December 2023** | **[(1)]FYE 31 December 2024** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Net cash generated from/(used in) operating activities | 2,522,817 | (2,168,247) | (677,699) | (283,499) | 1,413,430 | 3,343,892 |
| Net cash generated from/(used in) investing activities | 4,721,847 | 489,316 | 389,037 | (209,104) | (101,588) | (25,731) |
| Net cash generated from/(used in) financing activities | (8,086,909) | (412,483) | 1,070,348 | (313,701) | (1,169,722) | (2,928,468) |
| **Net increase/(decrease) for the financial year** | **(842,245)** | **(2,091,414)** | **781,686** | **(806,304)** | **142,120** | **(389,693)** |
| Currency translation differences | 41,507 | 65,043 | (69,660) | (34,869) | 43,212 | 522,090 |
| Cash and cash equivalents at the beginning of the year | 3,293,014 | 2,492,276 | 465,905 | 1,177,931 | 336,758 | 32,608 |
| **Cash and cash equivalents at the end of the year** | **2,492,276** | **465,905** | **1,177,931** | **336,758** | **522,090** | **944,391** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.*

**FYE 31 December 2019**

**Net cash for operating activities**

For the FYE 31 December 2019, our Group's operating profit before working capital changes was approximately RM2.7 billion. Our Group's net cash generated from operating activities was approximately RM2.5 billion after adjusting for the following key items:

(i) interest paid amounting to approximately RM193.0 million;

(ii) decrease in payable and provisions of approximately RM167.5 million; and

(iii) decrease in receivables and prepayments of approximately RM154.3 million.

**Net cash for investing activities**

For the FYE 31 December 2019, our Group recorded net cash generated from investing activities of approximately RM4.7 billion, which was mainly attributable to the proceeds from the disposal of property, plant and equipment of approximately RM4.8 billion mainly consisting of aircraft engines, airframes and service potential (including the disposal of 14 aircraft pursuant to the sale and leaseback arrangement with Castlelake LP and Aircastle Limited).

The cash inflow was partially offset by the addition of property, plant and equipment amounting to approximately RM295.7 million which was mainly attributable to the enhancement of buildings.

**Net cash for financing activities**

For the FYE 31 December 2019, our Group recorded net cash used in financing activities of approximately RM8.1 billion, which was mainly due to the following:

(i) dividend paid to shareholders of approximately RM3.4 billion;

(ii) repayment of borrowings amounting to approximately RM3.3 billion; and

(iii) repayment of lease liabilities amounting to approximately RM2.1 billion.

**FYE 31 December 2020**

**Net cash for operating activities**

For the FYE 31 December 2020, our Group's operating loss before working capital changes was approximately RM1.3 billion. Our Group's net cash used in operating activities was approximately RM2.2 billion after adjusting for the following:

(i) amounts due from/to associates, joint venture and related parties of approximately RM1.0 billion; and

(ii) increase in payables and provision of approximately RM251.0 million.

**Net cash for investing activities**

For the FYE 31 December 2020, our Group recorded net cash generated from investing activities of approximately RM489.3 million, which was mainly attributable to the following:

(i) proceeds from the disposal of property, plant and equipment of approximately RM277.3 million mainly consisting of aircraft engines, airframes and service potential; and

(ii) proceeds from the disposal of 32.7% equity interest in AirAsia (India) Limited of approximately RM152.9 million to Tata Sons Private Limited pursuant to the share purchase agreement dated 29 December 2020.

**Net cash for financing activities**

For the FYE 31 December 2020, our Group recorded net cash used in financing activities of approximately RM412.5 million, which was mainly due to the repayment of lease liabilities and borrowings amounting to approximately RM880.2 million and approximately RM136.9 million respectively, which was partially offset by the proceeds from borrowings of approximately RM604.6 million for our Group's working capital purposes.

**FYE 31 December 2021**

**Net cash for operating activities**

For the FYE 31 December 2021, our Group's operating loss before working capital changes was approximately RM776.2 million. Our Group's net cash used in operating activities was approximately RM677.7 million after adjusting for the following key items:

(i) amounts due from/to associates, joint venture and related parties of approximately RM356.6 million;

(ii) decrease in payable and provision of approximately RM154.0 million; and

(iii) interest paid amounting to approximately RM93.9 million.

**Net cash for investing activities**

For the FYE 31 December 2021, our Group recorded net cash generated from investing activities of approximately RM389.0 million, which was mainly attributable to the following:

(i) proceeds of approximately RM240.0 million from the disposal of 3,333,333 common shares, representing 10.94% of the outstanding shareholding of Fly Leasing Ltd to Carlyle Aviation Elevate Ltd, which was completed on 5 August 2021; and

(ii) receipt of finance lease receivables of approximately RM102.4 million.

**Net cash for financing activities**

For the FYE 31 December 2021, our Group recorded net cash generated from financing activities of approximately RM1.1 billion, which was mainly attributable to the proceeds of approximately RM1.0 billion raised from the issuance of 1,299,350,959 RCUIDS with a nominal value of approximately RM974.5 million which was completed on 31 December 2021.

**FYE 31 December 2022**

**Net cash for operating activities**

For the FYE 31 December 2022, our Group's operating loss before working capital changes was approximately RM188.1 million. Our Group's net cash used in operating activities was approximately RM283.5 million after adjusting for the following key items:

(i) increase in receivables and prepayments of approximately RM739.0 million;

(ii) increase in sales in advance of approximately RM497.5 million as a result of increased in booking of flights;

(iii) increase in payable and provisions of approximately RM259.8 million;

(iv) interest paid of approximately RM233.1 million;

(v) amounts due from/to associates, joint venture and related parties of approximately RM215.1 million; and

(vi) increase in inventories of approximately RM50.9 million mainly attributable to the higher purchases on duty free and in-flight inventories at the end of the year to fulfil the demand for the sale in-flight next year in tandem with the lifting of the domestic and international travel restrictions.

**Net cash for investing activities**

For the FYE 31 December 2022, our Group recorded net cash used in investing activities of approximately RM209.1 million, which was mainly due to the following:

(i) additional investment in an associate amounting to approximately RM177.3 million;

(ii) addition of property, plant, equipment amounting to RM89.3 million mainly consisting aircraft spares, work in progress for office renovation, office equipment, furniture and fittings as well as operating plant and ground equipment; and

(iii) proceeds from disposal of an investment security of approximately RM83.0 million;

**Net cash for financing activities**

For the FYE 31 December 2022, our Group recorded net cash used in financing activities of approximately RM313.7 million, which was mainly due to the following:

(i) payment of lease liabilities amounting to approximately RM1.2 billion;

(ii) proceeds from borrowings of approximately RM1.2 billion for working capital purposes and purchase of aircrafts; and

(iii) repayment of borrowings amounting to approximately RM309.5 million.

**FYE 31 December 2023**

**Net cash for operating activities**

For the FYE 31 December 2023, our Group's operating profit before working capital changes was approximately RM2.5 billion. Our Group's net cash generated from operating activities was approximately RM1.4 billion after adjusting for the following key items:

(i) increase in receivables and prepayments by approximately RM757.3 million;

(ii) amounts due from/to associates, joint venture and related parties by approximately RM732.1 million mainly due to the deemed acquisition of AAV as a subsidiary as well as increase in amount due to related parties;

(iii) decrease in payables and provisions by approximately RM691.4 million; and

(iv) interest paid of approximately RM431.6 million.

**Net cash for investing activities**

For the FYE 31 December 2023, our Group recorded net cash used in investing activities of approximately RM101.6 million, which was mainly due to the following:

(i) addition of property, plant and equipment of approximately RM357.7 million mainly consisting work in progress for new hangars, purchase of office equipment and furniture, aircraft spares and operating plant and ground equipment;

(ii) net of cash acquired from the acquisition of subsidiary of approximately RM228.4 million;

(iii) proceeds from disposal of property, plant and equipment of approximately RM196.0 million mainly consisting aircraft engines, airframes and service potential;

(iv) acquisition of non-controlling interest in AAI of approximately RM75.7 million;

(v) deposit paid for aircraft purchase of approximately RM62.9 million; and

(vi) increase in deposit with licensed banks of approximately RM24.5 million.

**Net cash for financing activities**

For the FYE 31 December 2023, our Group recorded net cash used in financing activities of approximately RM1.2 billion, which was mainly due to the following:

(i) payment of lease liabilities amounting to approximately RM2.0 billion;

(ii) receipt of proceeds from borrowings of approximately RM1.3 billion for working capital purposes; and

(iii) repayment of borrowings amounting to approximately RM397.0 million.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)***

## 4. KEY FINANCIAL RATIOS

The key financial ratios of our Group which includes the Aviation Segment and the Remaining Businesses are as follows:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | FYE 31 December 2020 | FYE 31 December 2021 | FYE 31 December 2022 | FYE 31 December 2023 | (6)FYE 31 December 2024 |
| Revenue per ASK (sen)(1) | 15.60 | 15.06 | 16.67 | 19.04 | 20.27 | 22.20 |
| Cost per ASK (sen)(2) | 15.02 | 35.24 | 69.62 | 25.71 | 18.29 | 23.72 |
| Cost per ASK - excluding fuel (sen)(3) | 9.39 | 24.96 | 62.68 | 15.58 | 9.50 | 14.82 |
| Current ratio (times)(4) | 0.74 | 0.32 | 0.27 | 0.17 | 0.16 | 0.92 |
| Gearing ratio (times)(5) | 2.29 | N/A | N/A | N/A | N/A | N/A |

***Notes:***

*(1) Revenue excluding lease income divided by available seat kilometres.*

*(2) Revenue less net operating profit divided by available seat kilometres.*

*(3) Revenue less net operating profit and aircraft fuel expenses, divided by available seat kilometres.*

*(4) Computed based on current assets divided by current liabilities.*

*(5) Computed based on total borrowings and lease liabilities less deposit, cash and bank balances divided by total shareholders' equity.*

*(6) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements of Capital A Group for the FYE 31 December 2024. As a result, there are no commentaries for the Capital A Group (including Aviation Segment) for the FYE 31 December 2024.*

### 4.1 Revenue per ASK

**FYE 31 December 2019 vs FYE 31 December 2020**

The revenue per ASK decreased to 15.06 sen for the FYE 31 December 2020 from 15.60 sen for the FYE 31 December 2019, representing a decrease of 0.54 sen or 3.5%. The decrease in revenue per ASK was mainly due to imposition of travel restrictions and various containment measures at different points to curb the spread of COVID-19.

**FYE 31 December 2020 vs FYE 31 December 2021**

The revenue per ASK increased to 16.67 sen for the FYE 31 December 2021 from 15.06 sen for the FYE 31 December 2020, representing an increase of 1.61 sen or 10.7%. The increase in revenue per ASK was mainly due to the encouraging fare environment with rational competition. While our Group's ASK decreased 13.4 billion or 70.1% to 5.7 billion for the FYE 31 December 2021, our Group's revenue decreased RM1.6 billion or 48.6% to RM1.7 billion for the FYE 31 December 2021.

**FYE 31 December 2021 vs FYE 31 December 2022**

The revenue per ASK increased to 19.04 sen for the FYE 31 December 2022 as compared to 16.67 sen for the FYE 31 December 2021, representing an increase of 2.37 sen or 14.2%. The increase in revenue per ASK was mainly attributable to higher revenue recorded as a result of the surge in domestic and international travel demand in our Group's core markets, as explained in Section 2.1 above, which was backed by a higher number of operating aircraft. As at 31 December 2022, our Group operated a total of 84 aircrafts, restoring 35 aircrafts to service compared to the year prior. In addition, average fare increased by 20.0% from RM160 for the FYE 31 December 2021 to RM192 for the FYE 31 December 2022.

**FYE 31 December 2022 vs FYE 31 December 2023**

The revenue per ASK increased to 20.27 sen for the FYE 31 December 2023 as compared to 19.04 sen for the FYE 31 December 2022, representing an increase of 1.23 sen or 6.5%. The increase in revenue per ASK was mainly attributable to the encouraging growth in passengers carried coupled which was backed by a higher number of operating aircraft. As at 31 December 2023, our Group operated a total of 162 aircrafts as compared to 84 aircrafts as at 31 December 2022. In addition, the average fare increased by 16.7% from RM192 for the FYE 31 December 2022 to RM224 for the FYE 31 December 2023.

### 4.2 Cost per ASK

**FYE 31 December 2019 vs FYE 31 December 2020**

The cost per ASK increased to 35.24 sen for the FYE 31 December 2020 from 15.02 sen for the FYE 31 December 2019, representing an increase of 20.22 sen or 134.6%. The increase in cost per ASK was mainly due to the increase in depreciation cost on right-of-use assets and finance costs for the year due to the higher number of leased aircraft for the FYE 31 December 2020. While our Group had successfully negotiated for deferrals with lessors, pursuant to the practical expedient provision available under Amendments to MFRS16: COVID-19 Related Rent Concessions, the income statement charges for depreciation and interest were not adjusted. In addition, the ASK for the FYE 31 December 2020 was also reduced to 19.1 billion from 74.6 billion as a result of the COVID-19 pandemic.

**FYE 31 December 2020 vs FYE 31 December 2021**

Despite the operating expenses for the Aviation Segment being reduced by 50.4% for the FYE 31 December 2021, the cost per ASK increased to 69.62 sen for the FYE 31 December 2021 from 35.24 sen for the FYE 31 December 2020, representing an increase of 34.38 sen or 97.6%. The increase in cost per ASK was mainly due to reduction of ASK from 19.1 billion for FYE 31 December 2020 to 5.7 billion for FYE 31 December 2021 following the COVID-19 pandemic.

**FYE 31 December 2021 vs FYE 31 December 2022**

Despite that the operating expenses for the Aviation Segment increased by 64.8% for the FYE 31 December 2022, the cost per ASK decreased to 25.71 sen for the FYE 31 December 2022 from 69.62 sen for the FYE 31 December 2021, representing a decrease of 43.91 sen or 63.1%. The decrease in cost per ASK was mainly attributable to the growth in ASK by 23.5 billion or 410.2% as a result of the surge in domestic and international travel demand in our Group's core markets following the easing of travel restrictions, which led to an increase in the number of flights with the higher number of operating aircraft, 84 aircraft as at 31 December 2022 (FYE 31 December 2021: 49 aircraft).

**FYE 31 December 2022 vs FYE 31 December 2023**

The cost per ASK decreased to 18.29 sen for the FYE 31 December 2023 from 25.71 sen for the FYE 31 December 2022, representing a decrease of 7.42 sen or 28.9%. The decrease in cost per ASK was driven by the operational cost efficiencies, lower average fuel prices and increase in ASK due to recovery of air travel demand.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 4.3 Cost Per ASK – Excluding Fuel

**FYE 31 December 2019 vs FYE 31 December 2020**

The cost per ASK – excluding fuel increased to 24.96 sen for the FYE 31 December 2020 as compared to 9.39 sen for the FYE 31 December 2019, representing an increase of 15.57 sen or 165.8%. The increase in cost per ASK – excluding fuel was mainly due to an increase in depreciation cost on right-of-use assets and finance costs for the year due to the higher number of leased aircraft for the FYE 31 December 2020. While our Group had successfully negotiated for deferrals with lessors, pursuant to the practical expedient provision available under Amendments to MFRS16: COVID-19 Related Rent Concessions, the income statement charges for depreciation and interest were not adjusted. In addition, the ASK for the FYE 31 December 2020 was also reduced to 19.1 billion from 74.6 billion as a result of the COVID-19 pandemic.

**FYE 31 December 2020 vs FYE 31 December 2021**

The cost per ASK – excluding fuel increased to 62.68 sen for the FYE 31 December 2021 as compared to 24.96 sen for the FYE 31 December 2020, representing an increase of 37.72 sen or 151.1%. The increase in cost per ASK – excluding fuel was mainly due to reduction of ASK from 19.1 billion for FYE 31 December 2020 to 5.7 billion for FYE 31 December 2021 as a result of the COVID-19 pandemic.

**FYE 31 December 2021 vs FYE 31 December 2022**

The cost per ASK – excluding fuel decreased to 15.58 sen for the FYE 31 December 2022 as compared to 62.68 sen for the FYE 31 December 2021, representing a decrease of 47.1 sen or 75.1%. The decrease in cost per ASK – excluding fuel was mainly attributable to the growth in ASK by 23.5 billion or 410.2% as a result of the surge in domestic and international travel demand in our Group's core markets following the easing of travel restrictions, which led to an increase in the number of flights with the higher number of operating aircraft, 84 aircraft as at 31 December 2022 (FYE 31 December 2021: 49 aircraft).

**FYE 31 December 2022 vs FYE 31 December 2023**

The cost per ASK – excluding fuel decreased to 9.50 sen for the FYE 31 December 2022 as compared to 15.58 sen for the FYE 31 December 2022, representing a decrease of 6.08 sen or 39.0%. The decrease in cost per ASK – excluding fuel was mainly attributable to operational cost efficiencies and increase in ASK due to recovery of air travel demand.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 4.4 Current Ratio

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [1]FYE 31 December 2024 |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current assets | 5,292,363 | 2,761,116 | 2,449,748 | 1,768,957 | 2,498,832 | 732,324 |
| Current liabilities | 7,135,469 | 8,663,604 | 9,203,924 | 10,278,023 | 15,168,071 | 797,992 |
| **Net current liabilities** | **(1,843,106)** | **(5,902,488)** | **(6,754,176)** | **(8,509,066)** | **(12,669,239)** | **(65,668)** |
| Current ratio (times) | 0.74 | 0.32 | 0.27 | 0.17 | 0.16 | 0.92 |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

Our Group's current ratio decreased to 0.32 times as at the 31 December 2020 from 0.74 times as at the 31 December 2019. The decrease in the current ratio as at 31 December 2020 was mainly due to the decrease in deposits, cash and balances by RM2.1 billion, as explained in Section 3 of this Appendix. Our Group's current ratio decreased to 0.27 times as at 31 December 2021 mainly due to the increase in lease liabilities by approximately RM658.6 million and decrease in receivables and prepayments by approximately RM496.7 million.

Our Group's current ratio decreased to 0.17 times as at 31 December 2022 from 0.27 times as at 31 December 2021. The decrease in the current ratio as at 31 December 2022 was mainly due to the decrease in deposits, cash and balances by RM0.8 billion as explained in Section 3 of this Appendix. Our Group's current ratio decreased slightly to 0.16 times as at 31 December 2023.

## 4.5 Gearing Ratio

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | FYE 31 December 2019 | (Restated) FYE 31 December 2020 | (Restated) FYE 31 December 2021 | (Restated) FYE 31 December 2022 | FYE 31 December 2023 | [3]FYE 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Net debt[1]/(net cash) | 10,300,570 | 13,190,831 | 15,348,430 | 17,524,609 | 22,928,869 | 1,577,778 |
| Net assets /Total shareholders' equity | 4,498,330 | (1,214,287) | (3,382,300) | (5,725,093) | (8,762,141) | (8,788,017) |
| Gearing ratio (times) | 2.29 | [2]N/A | [2]N/A | [2]N/A | [2]N/A | [2]N/A |

***Notes:***

*(1) Net debt refers to total borrowings and lease liabilities less deposit, cash and bank balances.*

*(2) No gearing ratio is presented as our Group has negative total shareholders' equity.*

*(3) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, there are no commentaries for the FYE 31 December 2024 in this Appendix.*

As at 31 December 2019, our Group gearing ratio was 2.29 times mainly due to the adoption of MFRS 16 Leases by our Group effective 1 January 2019, which gave rise to an increase in lease liabilities of RM12.5 billion as at 31 December 2019.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 5. WORKING CAPITAL

We have been financing our Group's operations through internal and external sources of funds. The internal sources of funds comprise shareholders' equity and cash generated from our Group's business operations, while the external sources of funds mainly comprise banking facilities from financial institutions, credit extended by our Group's suppliers/principals as well as proceeds raised from the issuance of debts and equity securities. The decision to utilise either internally generated funds or borrowings for our Group's business operations depends on, amongst others, the cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Our Board is confident that the working capital will be sufficient for our Group's existing and foreseeable requirements for a period of at least 12 months from the date of this Circular after taking into consideration, amongst others, the following:

(i) the expected cash inflows and outflows, future working capital requirements, future capital expenditure requirements and the interest expenses of the Group (excluding the Aviation Segment); and

(ii) the resumption of the collection of the Deferred Brand Licence Payments from AAAGL no later than 30 September 2025. Capital A endeavours to complete the Proposed Corporate Exercise by end of March 2025 and accordingly, the brand deferral condition under the Brand Deferral Letter would be uplifted immediately upon the completion of the AAX Private Placement.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 6. BORROWINGS

The total borrowings of our Group which includes the Aviation Segment and the Remaining Businesses are as follows:

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| | As at 31 December 2019 | (Restated) As at 31 December 2020 | (Restated) As at 31 December 2021 | (Restated) As at 31 December 2022 | As at 31 December 2023 | [(1)]As at 31 December 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current** | | | | | | |
| Term loans | 86,714 | 266,447 | 600,224 | 1,302,468 | 2,282,067 | 192,432 |
| Revenue bond | - | - | - | - | - | - |
| Other facilities | - | - | - | 447,789 | 613,407 | 508,518 |
| Swap creditors loan | - | 6,110 | - | - | - | - |
| RCUIDS | - | - | 822,437 | 655,499 | 685,125 | 492,051 |
| | **86,714** | **272,557** | **1,422,661** | **2,405,756** | **3,580,599** | **1,193,001** |
| **Current** | | | | | | |
| Term loans | 238,524 | 313,688 | 332,262 | 233,564 | 579,181 | 29,821 |
| RCUIDS | - | - | - | - | - | 164,008 |
| Other facilities | - | - | - | - | - | - |
| Revolving credit | 3,628 | 120,000 | 85,010 | 31,760 | 7,000 | - |
| Commodity Murabahah Finance | 100,000 | - | - | - | - | - |
| Swap creditors loan and deferral | - | 582,624 | 219,896 | - | - | - |
| Convertible loan note | - | - | 250,060 | 265,634 | 276,127 | 76,612 |
| | **342,152** | **1,016,312** | **887,228** | **530,958** | **862,308** | **270,441** |
| **Total borrowings** | **428,866** | **1,288,869** | **2,309,889** | **2,936,714** | **4,442,907** | **1,463,442** |

***Note:***

*(1) Pursuant to the Proposed Corporate Exercises, the financial condition and result of operations of the Aviation Segment have been presented as discontinued operations in the unaudited consolidated financial statements for the FYE 31 December 2024. As a result, borrowings of Aviation Segment were not accounted in current liabilities or non-current liabilities of the Capital A Group as at 31 December 2024 and there are no commentaries for the FYE 31 December 2024 in this Appendix.*

**As at 31 December 2019 vs as at 31 December 2020**

Our Group's borrowings increased by approximately RM860.0 million or 200.5% from approximately RM428.9 million as at 31 December 2019 to approximately RM1,288.9 million as at 31 December 2020. This was mainly due to our Group restructuring its exposure in hedges through financing the commodity hedging contracts settlement either via deferral instalment payments or conversion into working capital loan. During the FYE 31 December 2020, our Group drewdown a term loan of approximately RM280 million with a revolving credit of approximately RM20 million for working capital purposes. The increase in borrowings was partially offset by the full repayment of Commodity Murabaha finance during the FYE 31 December 2020.

**As at 31 December 2020 vs as at 31 December 2021**

Our Group's borrowings increased by approximately RM1.0 billion or 79.2% from approximately RM1.3 billion as at 31 December 2020 to approximately RM2.3 billion as at 31 December 2021. This was mainly due to our Group completing a renounceable right issue of 7-year RCUIDS at nominal value of RM0.75 each based on the Shariah principal of Murabahah comprising 1,299,350,959 RCUIDS together with 649,675,479 free detachable warrants. The profit rate for the RCUIDS is 8% per annum. Our Group also secured an investment of up to USD100 million convertible loan notes at coupon of 6% from a South Korean conglomerate. During the FYE 31 December 2021, our Group drewdown a working capital loan from a non-financial institution amounting to USD 100 million at interest rate of 11.75% per annum as well as a short-term working capital loan from a non-financial institution amounting to USD25 million at interest rate of LIBOR+2.5% per annum.

**As at 31 December 2021 vs as at 31 December 2022**

Our Group's borrowings increased by approximately RM0.6 billion or 27.1% from approximately RM2.3 billion as at 31 December 2021 to approximately RM2.9 billion as at 31 December 2022. This was mainly attributable to our Group obtaining a term loan facility amounting to USD75 million from a non-financial institution as well as drawdown the working capital loan from a non-financial institution amounting to USD50 million. During the FYE 31 December 2022, our Group secured a Predelivery Payment financing at a net borrowing amount of USD102.5 million from a non-financial institution. The increase in borrowings was partially offset by repayment of swap creditors loan and deferral.

**As at 31 December 2022 vs as at 31 December 2023**

Our Group's borrowings increased by approximately RM1.5 billion or 51.3% from approximately RM2.9 billion as at 31 December 2022 to approximately RM4.4 billion as at 31 December 2023. This was mainly attributable to our Group obtaining a USD131 million term loan from a financial institution, a USD 75 million term loan facility from a non-financial institution as well as TAA entering into a long-term agreement with a financial institution for a loan facility of THB1,000 million. During the FYE 31 December 2023, our Group also obtained a senior secured loan facility of USD100 million from a non-financial institution.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CAPITAL A GROUP (INCLUDING THE AVIATION SEGMENT) *(CONT'D)***

**(i) As at 31 December 2023**

As at 31 December 2023, our Group's total borrowings were approximately RM4.4 billion, all of which were interest-bearing.

The details of our Group's bank borrowings as at 31 December 2023 are set out below:

| Types | Purpose | Tenure | Weighted average interest rate | Less than 1 year | Between 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| | | Year | % | RM'000 | RM'000 | RM'000 | RM'000 |
| Convertible loan note[(1)] | For AirAsia Digital's business units' product and market expansion | 1 year | 6.00 | 276,127 | - | - | 276,127 |
| Revolving credit | To enhance e-commerce platforms and marketability of Sabah products; and to further promote Sabah tourism destinations on airasia.com, the digital super app of AirAsia | 8 years | 7.00 | 7,000 | - | - | 7,000 |
| RCUIDS | Fuel hedging settlement, aircraft lease and maintenance payments, marketing expenses, technology development costs and product and market expansion costs for AirAsia Digital's business units, general working capital and expenses in relation to the rights issue of RCUIDS | 7 years | 8.00 | - | 685,125 | - | 685,125 |
| Other facilities | Pre-delivery payment to aircraft manufacturers, and construction and setup of MRO facility | 3 – 4 years | 11.06 | 38,678 | 613,407 | - | 652,085 |
| Term loans[(2)] | Working capital | 5 – 8 years | 8.49 | 540,503 | 1,592,067 | 690,000 | 2,822,570 |
| **Total** | | | | 862,308 | 2,890,599 | 690,000 | 4,442,907 |

***Notes:***

*(1) Approximately RM276.1 million of the total convertible loan note is denominated in USD.*

*(2) Approximately RM1,167 million of the total term loans are denominated in USD.*

**(ii) As at 31 December 2024**

As at 31 December 2024, our Group's total borrowings were approximately RM1.5 billion, all of which were interest-bearing.

The details of our Group's bank borrowings as at 31 December 2024 are set out below:

| Types | Purpose | Tenure | Weighted average interest rate | Less than 1 year | Between 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| | | **Year** | **%** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Convertible loan note | For AirAsia Digital's business units' product and market expansion | 1 year | 6.00 | 76,612 | - | - | 76,612 |
| Revenue Bond | Aircraft lease and maintenance payments | 4 years | 14.00 | - | - | - | - |
| Revolving credit | To enhance e-commerce platforms and marketability of Sabah products; and to further promote Sabah tourism destinations on airasia.com, the digital super app of AirAsia | 8 years | 7.00 | - | - | - | - |
| RCUIDS | Fuel hedging settlement, aircraft lease and maintenance payments, marketing expenses, technology development costs and product and market expansion costs for AirAsia Digital's business units, general working capital and expenses in relation to the rights issue of RCUIDS | 7 years | 8.00 | 164,008 | 492,051 | - | 656,059 |
| Other facilities | Pre-delivery payment to aircraft manufacturers, and construction and setup of MRO facility | 3 – 4 years | 11.06 | - | 508,518 | - | 508,518 |
| Term loans | Working capital | 5 – 8 years | 8.49 | 29,821 | 192,432 | - | 222,253 |
| **Total** | | | | 270,441 | 1,193,001 | | 1,463,442 |

## INDEPENDENT MARKET RESEARCH REPORT

PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 11 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/Madam,

**Independent Market Research ("IMR") Report on the Aviation Maintenance, Repair and Overhaul ("MRO") Service Industry, the Logistics Service Industry, the Mobile Application ("Mobile App") Industry, the Digital Financial Service Industry, the In-flight Catering Service Market and Food and Beverage ("F&B") Market and the Airline Industry in conjunction with the Proposed Regularisation Plan of Capital A Berhad**

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this IMR report on the Aviation MRO Service Industry, the Logistics Service Industry, the Mobile App Industry, the Digital Financial Service Industry, the In-flight Catering Service Market, the F&B Market and the Airline Industry for Capital A Berhad.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.



For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

***About PROVIDENCE STRATEGIC PARTNERS SDN BHD:***

*PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.*

***About MELISSA LIM:***

*Melissa Lim is the Executive Director of PROVIDENCE. She has more than 15 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.*

Capital A Berhad and its subsidiaries (collectively referred to as "**Capital A Group**") are principally involved in the aviation, digital and logistics businesses which comprise 6 main business segments, i.e. aviation MRO services, logistics services, travel-related service platform, digital financial services, in-flight catering and the F&B services. Thus, this IMR report will cover the following industries:

- The aviation MRO service industry, which is an industry in which Capital A Group operates through Asia Digital Engineering Sdn Bhd ("**ADE**") and its subsidiaries (collectively referred to as "**ADE Group**");
- The logistics service industry, which is an industry in which Capital A Group operates through Teleport Everywhere Pte Ltd and its subsidiaries (collectively referred to as "**Teleport Group**");
- The mobile app industry, which denotes demand for mobile apps including AirAsia MOVE platform, which is operated and managed by AirAsia MOVE Sdn Bhd and its subsidiaries (collectively referred to as "**AirAsia MOVE Group**");
- The digital financial service industry, which denotes the performance of the digital financial services business offered by BigPay Pte Ltd and its subsidiaries (collectively referred to as "**BigPay Group**");
- The in-flight catering service market, which is an industry in which Capital A Group operates through Santan Food Services Sdn Bhd ("**Santan**");
- The F&B market, which is a market which Capital A Group serves through Santan; and
- The airline industry, which correlates to the growth of the aviation MRO service, logistics service, mobile app and digital financial service industries, and in-flight catering service market. The industry size was computed based on the airline industry size in Malaysia, Indonesia, Thailand and the Philippines as these are the key markets Capital A Group had previously generated revenue from. For the FYE 31 December 2023, revenue generated from Malaysia, Indonesia, Thailand and the Philippines comprised 95.0% of Capital A Group's total revenue.

The above is summarised in the table below:

| Industry | Applicable Capital A subsidiary(ies) | Business description of Capital A business segment |
|---|---|---|
| Aviation MRO service | ADE Group | Aviation MRO services |
| Logistics service | Teleport Group | Logistics services<br>- Airport-to-airport logistics services under Teleport Air Cargo<br>- Customisable first- to last-mile cross-border delivery services under Teleport eCommerce<br>- Cross-border door-to-door parcel delivery services under Teleport Next Day |
| Mobile app | AirAsia MOVE Group | Travel-related services platform operation and management<br>- Travel-related services including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides |
| Digital financial service | BigPay Group | Digital financial services provided in Malaysia, Singapore and Thailand<br>- Payments<br>- International remittances and domestic transfers<br>- Utilities<br>- Analytics and Stash<br>- Lending services |
| In-flight catering service | Santan | In-flight catering services |
| F&B | Santan | F&B businesses in Malaysia relating to:<br>- Operation and management of a F&B service chain<br>- Preparation and sale of frozen ready-to-eat food products |
| Airline | - | The key end-user industry for ADE Group, AirAsia MOVE Group, BigPay Group and Santan, and correlates with the growth of Teleport Group which leverages on passenger and freighter aircraft to provide logistics services. |

# 1 THE AVIATION MRO SERVICE INDUSTRY IN SOUTHEAST ASIA

## INTRODUCTION

Aviation MRO services refer to the maintenance, repair, modification and overhaul services of aircraft. These services mainly comprise:

- Line maintenance – refers to any maintenance activities carried out before a flight to ensure the aircraft is fit for the intended flight. This service is performed without the requirement of hangar space;
- Base maintenance – refers to routine hangar maintenance checks, or ad hoc defect investigations or rectification or refurbishment activities. This service requires the aircraft to be docked in a hangar; and
- Component and parts repair – refers to the restoration, replacement or repair of aircraft components which are damaged, faulty, worn out or not functioning as intended.

Other products and services may also be provided alongside the abovementioned aviation MRO services such as sale of consumables, parts, equipment and tool inventory access, repair management works, technical services (such as fleet management, and technical and design support), and provision of related digital tools.

Generally, aviation MRO services are vital to ensure an aircraft's airworthiness, which depicts that the aircraft is in a safe condition for operations. At the same time, timely aviation MRO servicing would extend the lifespan of an aircraft as this would reduce occurrences of unanticipated downtime and need for ad hoc repairs. As such, this would improve operational efficiency which would improve profitability for the airline.

Capital A Group is involved in the provision of aviation MRO services through ADE Group.

## INDUSTRY PERFORMANCE, SIZE AND GROWTH

The industry size of the aviation MRO service industry in Southeast Asia, as measured by revenues of industry players, increased from USD7.2 billion (RM31.0 billion[1]) in 2017 to USD7.8 billion (RM32.3 billion[1]) in 2019 at a compound annual growth rate ("**CAGR**") of 4.1%.

In 2020, the airline industry was adversely impacted by the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") pandemic, which resulted in the implementation of border closures and nationwide lockdowns. This led to a fall in the demand for certain types of aviation MRO services in Southeast Asia such as line maintenance services which are typically carried out before a flight to ensure the aircraft is fit for the intended flight. As such, the industry size decreased by approximately 34.6% to USD5.1 billion (RM21.4 billion[1]) in 2020, before increasing by approximately 3.9% to USD5.3 billion (RM22.0 billion[1]) in 2021.

In 2022, the aviation MRO service industry size in Southeast Asia improved further by approximately 20.8% to USD6.4 billion (RM28.2 billion[1]). The aviation MRO service industry size in Southeast Asia grew to USD7.0 billion (RM32.1 billion[1]) in 2023 and subsequently grew to an estimated USD7.3 billion (RM33.4 billion) in 2024.

Moving forward, PROVIDENCE forecasts the aviation MRO service industry in Southeast Asia to grow by a CAGR of 5.0%, from an estimated USD7.7 billion (RM35.2 billion[1]) in 2025 to USD8.5 billion (RM38.9 billion[1]) in 2027.

[1] Exchange rate from USD to RM was converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia at:
2017: USD1 = RM4.3008
2019: USD1 = RM4.1427
2020: USD1 = RM4.2016
2021: USD1 = RM4.1454
2022: USD1 = RM4.4005
2023: USD1 = RM4.5900
2024-2027: USD1 = RM4.5711(based on 2024 average annual exchange rates)

**Aviation MRO service industry size in Southeast Asia by country**

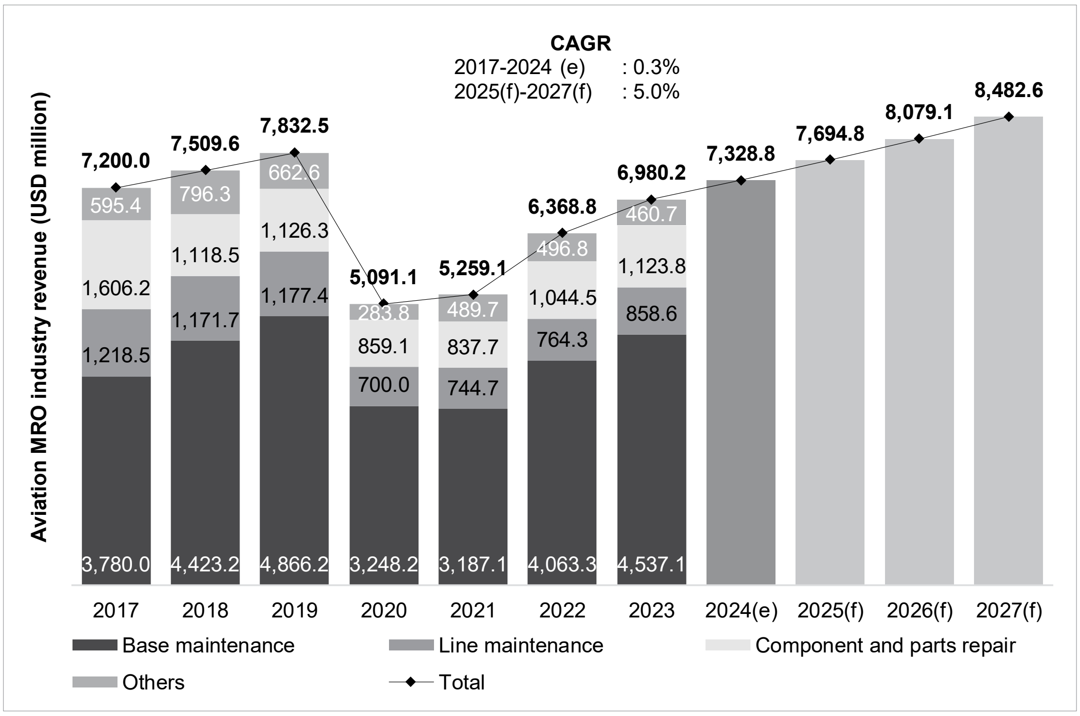
| Year | USD million | | | |
|---|---|---|---|---|
| | Malaysia | Indonesia | Philippines | Total Southeast Asia[(1)] |
| 2017 | 1,404.0 | 1,000.8 | 446.4 | 7,200.0 |
| 2018 | 1,516.9 | 1,053.1 | 473.1 | 7,509.6 |
| 2019 | 1,684.0 | 1,108.1 | 501.3 | 7,832.5 |
| 2020 | 1,115.0 | 726.7 | 351.3 | 5,091.1 |
| 2021 | 1,146.5 | 757.3 | 352.4 | 5,259.1 |
| 2022 | 1,439.4 | 891.6 | 414.0 | 6,368.8 |
| 2023 | 1,598.5 | 956.3 | 418.8 | 6,980.2 |
| 2024(e) | | | | 7,328.8 |
| 2025(f) | | | | 7,694.8 |
| 2026(f) | | | | 8,079.1 |
| 2027(f) | | | | 8,482.6 |
| **CAGR (2017-2024(e))** | | | | **0.3%** |
| **CAGR (2025(f)-2027(f))** | | | | **5.0%** |

Notes:

(i) Southeast Asia countries include Malaysia, Indonesia and the Philippines and other countries, namely Singapore, Vietnam, Laos, Brunei and Cambodia, Thailand and Myanmar
(ii) (e) - Estimate
(iii) (f) – Forecast

Source: Allied Market Research, PROVIDENCE analysis

**Aviation MRO service industry size in Southeast Asia by type of service**




Notes:
(i) (e) - Estimate
(ii) (f) – Forecast

Source: Allied Market Research, PROVIDENCE analysis

Generally, base maintenance services is the largest contributor to the aviation MRO service industry in Southeast Asia, having contributed 52.5% to 65.0% of the total aviation MRO service industry in Southeast Asia between 2017 and 2023. Meanwhile, sale of components and parts repair is the second largest contributor to the aviation MRO service industry size in Southeast Asia, with 14.4% to 22.3% of the total aviation MRO service industry in Southeast Asia generated from this service segment between 2017 and 2023. Line maintenance services contributed 12.0% to 16.9% of the total aviation MRO service industry in Southeast Asia.

**DEMAND CONDITIONS: KEY GROWTH DRIVERS**

**Emergence of new airlines in the Southeast Asian region will result in an increased demand for aviation MRO services**

Several new airlines in Southeast Asia emerged in the past 5 years, or are in the process of starting operations. Examples of these airlines include:

- **MJets Air (formerly known as "Kargo Xpress")** is a Malaysian cargo airline which commenced operations in 2021. Currently, the airline owns a fleet of 6 aircraft[2];
- **Super Air Jet** is an Indonesian low-cost passenger airline which commenced operations in 2021. Currently, the airline holds a fleet of 61 aircraft[2];
- **BBN Airlines Indonesia** is an Indonesian cargo airline which was established in 2022. It has a fleet of 7 aircraft[2];
- **Vietravel Airlines** is a Vietnamese passenger airline that was founded in 2019 and commenced operations in 2020. The airline has a fleet size of 3 aircraft.[2] The airline plans to increase its fleet to 20 aircraft by 2026[3];
- **Sun Air** is a new Vietnamese airline that offers private jet-charter flights. It commenced operations in 2022, and currently has a fleet consisting of 3 aircraft[4];
- **Pattaya Airways** is a Thai cargo airline which commenced operations in 2024. It currently has 2 aircraft[2]; and
- **Really Cool Airlines** is a new Thai passenger airline that aims to start operations by the end of 2025. It holds an Air Operating License from the Civil Aviation Authority of Thailand, and is awaiting consideration for an Air Operator Certificate[5];
- **Indonesia Airlines** is a new Indonesian airline which will commence operations in 2025. Currently, the airline has yet to apply for an Air Operator Certificate from the Indonesian Ministry of Transportation[6].

With the emergence of these new airlines in Southeast Asia, there would be an increase in the number of flights as well as the number of aircraft in service. This is expected to increase demand for aviation MRO services within the region.

**Rise in airline passenger and cargo volume will drive the aviation MRO service industry in Southeast Asia**

As the airline industry is the end-user industry of the aviation MRO service industry, a rise in airline passenger and cargo volumes will result in the growth of demand for aviation MRO services to undertake services such as line maintenance services. Please refer to **Chapter 7: Airline Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on the airline industry in Southeast Asia.

**Growth of airline fleets will lead to increased demand for aviation MRO services**

As airlines in Southeast Asia expand their aircraft fleets, the number of aircraft in service within the region will grow. This will result in increased demand for aviation MRO services as the number of aircraft to

[2] Source: Planespotters.net
[3] Source: Vietnamplus (11 October 2023) "Vietravel Airlines targets to operate 20 aircraft by 2026"
[4] Source: Sunair.vn
[5] Source: The Straits Times (15 November 2024) "Thai airline Really Cool hopes to start flying in December to regional cities including Singapore"
[6] Source: Travel And Tour World (10 March 2025) "Indonesia Airlines aims to boost global aviation connectivity with a strategic expansion under Singapore-based Calypte Holding and a strong aircraft fleet"

carry out aviation MRO services (such as base and line maintenance) for increases. Some of the announcements of fleet expansions by airlines include:

- **Vietnam Airlines**, which currently has 96 aircraft[2] under its fleet, intends to issue requests for proposals to aircraft manufacturers to purchase 50 narrow-body aircraft in 2025[7];
- **Malaysia Airlines**, which currently has 84 aircraft[2] under its fleet, has placed a lease for 25 new narrow-body aircraft which are expected to be delivered by 2026[8], as well as acquire 20 new wide-body aircraft which are expected to be delivered by 2028[9];
- **Thai Airways International**, which currently owns 78 aircraft[2] (including its regional subsidy Thai Smile), announced its plan to acquire 45 aircraft to replace decommissioned aircraft[10]; and
- **Singapore Airlines**, which currently owns 162 aircraft under its fleet[11], is also in the midst of procuring another 31 aircraft to be included into its fleet by 2025.[12] The airline also intends to purchase up to 12 new aircraft to be utilised for air freight cargo.[13] The delivery of these aircraft is expected begin in the fourth quarter of 2025.

As such, the aviation MRO service industry is expected to benefit as the number of aircraft within the Southeast Asian region grows.

**Introduction of digital tools will benefit the aviation MRO service industry in Southeast Asia**

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

## SUPPLY CONDITIONS

**Availability of aircraft components, parts and consumables**

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

**Availability of human resources**

A critical element for providing aviation MRO services include the availability of trained and experienced engineers and technicians. It is essential that an aviation MRO service provider is able to hire, train and retain talented employees with the required technical skills and engineering capabilities, and experience. Generally, there is no shortage of skilled resources as the number of graduates in the fields of engineering, manufacturing and construction in Malaysia accounted for 19.5% of total graduates in 2023[14].

[7] Source: Reuters (13 November 2024) "Vietnam Airlines to request bids for 50 narrowbody jets next year "
[8] Source: Malaysia Airlines (14 February 2022) "Air Lease Corporation Announces Lease Placement of 25 New Boeing 737-8 Aircraft with Malaysia Aviation Group"
[9] Source: Reuters (15 August 2022) "Malaysia Airlines signs provisional deal for 20 Airbus A330neos"
[10] Source: The Nation Thailand (14 February 2024) "Not all 45 new planes acquired will be bought, says THAI CEO"
[11] Source: Civil Aviation Authority of Singapore
[12] Source: New Straits Times (9 November 2023) "Singapore Airlines expands fleet size"
[13] Source: Singapore Airlines (15 December 2021) "Singapore Airlines Selects Airbus A350F To Renew Freighter Fleet"
[14] Source: Ministry of Higher Education. Latest publicly available information is in 2023.

## RELEVANT LAWS AND REGULATIONS

Aviation MRO service providers must obtain approvals from local civil aviation authorities in each respective country they operate in order to provide aviation MRO services such as line maintenance or base maintenance. They must also obtain approvals from the respective local civil aviation authorities of a registered aircraft to provide line maintenance for the said aircraft in airports located in another country.

## COMPETITIVE OVERVIEW

PROVIDENCE has identified 20 industry players, including ADE, on the basis that the companies are involved in the provision of aviation MRO services for passenger and freighter aircraft, and are based in Malaysia. The table below sets out the details of the industry players:

| Company name | Latest audited financial year end ("FYE") | Revenue (RM '000) | Gross Profit ("GP") (RM '000) | GP margin (%) [a] | Profit/Loss After Tax ("PAT/LAT") (RM '000) | PAT margin (%) [b] |
|---|---|---|---|---|---|---|
| Admal Sdn Bhd | 31 March 2024 | 3,300 | 2,121 | 64.3 | 141 | 4.3 |
| APR Aerospace Engineering Sdn Bhd | 31 December 2023 | 725 | 502 | 69.3 | 73 | 10.0 |
| Asia AeroTechnic Sdn Bhd | 31 December 2023 | 37,047 | 2,437 | 6.6 | (7,384) | - |
| **ADE Group** | **31 December 2023** | **573,996** | **169,775** | **29.6** | **115,325** | **20.1** |
| Asia Pacific Aircraft Component Services Sdn Bhd (formerly known as SR Technics Malaysia Sdn Bhd) | 31 March 2024 | 49,932 [d] | 29,417 [e] | 58.9 | (7,351) [e] | - |
| Berjaya Air Sdn Bhd | 30 June 2024 | 8,780 | 8,009 | 91.2 | (1,923) | - |
| Dviation Technics Sdn Bhd | 31 December 2023 | 16,057 | 4,965 | 30.9 | 728 | 4.5 |
| EJA Sdn Bhd | 31 December 2023 | 5,908 | 2,301 | 38.9 | 205 | 3.5 |
| ExecuJet MRO Services Malaysia Sdn Bhd | 31 December 2023 | 80,115 | 43,088 | 53.8 | 9,949 | 12.4 |
| Honeywell Aerospace Avionics Malaysia Sdn Bhd | 31 December 2023 | 1,123,904 | 239,949 | 21.3 | 282,662 | 25.2 |
| Kop Aviation Sdn Bhd | 31 December 2023 | 1,887 | 244 | 12.9 | (552) | - |
| Layang Layang Aerospace Sdn Bhd | 30 September 2024 | 71,989 | 2,754 | 3.8 | 680 | 0.9 |
| Pos Aviation Engineering Services Sdn Bhd | 31 December 2023 | 18,761 | (5,530) | (29.5) | (7,174) | - |
| Prima Air Sdn Bhd [c] | 31 December 2023 | N/A | N/A | N/A | N/A | N/A |
| Raya Airways Sdn Bhd | 31 December 2023 | 366,580 | 32,650 | 8.9 | (31,864) | - |
| Safeair Technical Sdn Bhd | 31 December 2023 | 2,747 | 1,135 | 41.3 | 474 | 17.3 |

| Company name | Latest audited financial year end ("FYE") | Revenue (RM '000) | Gross Profit ("GP") (RM '000) | GP margin (%) [a] | Profit/Loss After Tax ("PAT/LAT") (RM '000) | PAT margin (%) [b] |
|---|---|---|---|---|---|---|
| Scandinavian Avionics (Malaysia) Sdn Bhd | 31 December 2023 | 8,750 | 1,423 | 16.3 | 617 | 7.1 |
| Sepang Aircraft Engineering Sdn Bhd | 31 December 2023 | 153,062 | 35,269 | 23.0 | 45,448 | 29.7 |
| SR Aviation Sdn Bhd | 31 December 2023 | 2,634 | 2,305 | 87.5 | 384 | 14.6 |
| Systematic Aviation Services Sdn Bhd [c] | 31 August 2023 | N/A | N/A | N/A | N/A | N/A |

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) [a] GP margin is computed based on GP over revenue
(iii) [b] PAT margin is computed based on PAT over revenue
(iv) [c] Not available as it is a private exempt company
(v) [d] Financial information is based on segmental financial information of its aviation MRO services
(vi) [e] Financial information is based on consolidated financial information as segmental financial information of its aviation MRO services is not publicly available

Source: Companies Commission of Malaysia, various company websites, ADE Group, PROVIDENCE

**INDUSTRY REVENUE SHARE**

ADE Group's industry revenue share in the aviation MRO service industry in Southeast Asia in 2023, in accordance with the type of aviation MRO service, is as follows:

| Type of aviation MRO services | Industry size (USD million) | Industry size [a] (RM million) | ADE Group 's revenues (RM million) | Industry revenue share (%) |
|---|---|---|---|---|
| Base maintenance | 4,537.1 | 20,825 | 71.9 | 0.3 |
| Line maintenance | 858.6 | 3,941 | 139.4 | 3.5 |
| Component and parts repair | 1,123.8 | 5,158 | 330.9 | 6.4 |
| Total aviation MRO service industry size | 6,980.2 | 32,039 | 574.0 | 1.8 |

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1= RM4.5900

Source: Allied Market Research, ADE Group, PROVIDENCE

ADE Group's industry revenue share in the aviation MRO service industry in Southeast Asia in 2024, in accordance with the type of aviation MRO service, is as follows:

| Type of aviation MRO services | Industry size (USD million) | Industry size [a] (RM million) | ADE Group 's unaudited revenues (RM million) | Industry revenue share (%) |
|---|---|---|---|---|
| Base maintenance | Not available [b] | Not available [b] | 95.1 | - |
| Line maintenance | Not available [b] | Not available [b] | 179.5 | - |
| Component and parts repair | Not available [b] | Not available [b] | 398.3 | - |
| Total aviation MRO service industry size | 7,328.8 | 33,501 | 724.3 | 2.2 |

Notes:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1= RM4.5711

(ii) [b] Industry size for the type of services is not yet available for 2024

Source: Allied Market Research, ADE Group, PROVIDENCE

**PROSPECTS AND OUTLOOK FOR ADE GROUP**

Moving forward, the aviation MRO service industry in Southeast Asia is expected to continue to grow and record a CAGR of 5.0% between 2025 and 2027. This will be largely driven by the emergence of new airlines, rise in airline passenger and cargo volume, growth of airline fleets and introduction of digital tools.

In light of the growing aviation MRO service industry in Southeast Asia, ADE Group stands to benefit in light of its plans to expand its capacity by increasing the number of hangar lines and expanding into other countries in Southeast Asia.

**[The rest of this page is intentionally left blank]**

# 2 THE LOGISTICS SERVICE INDUSTRY IN SOUTHEAST ASIA

## INTRODUCTION

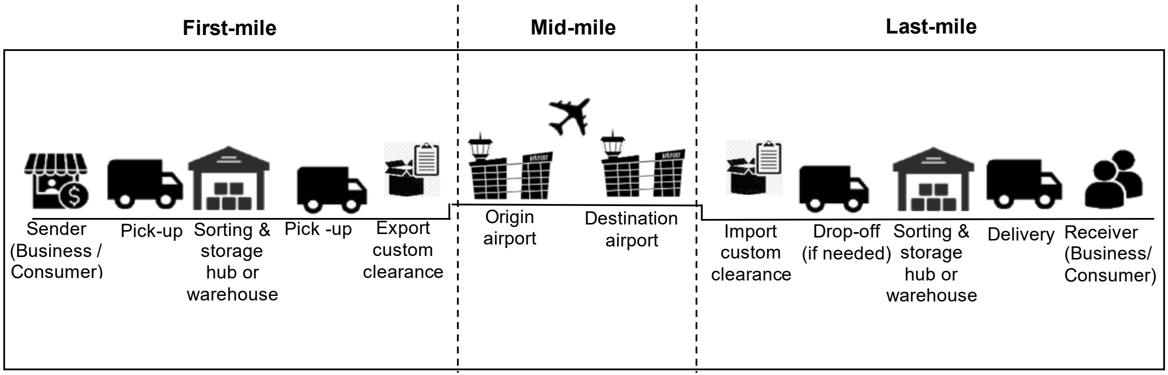
Logistics services involve the coordination and management of transportation, storage and delivery of parcels and cargos from one location to another. Parcels and cargos include parcels (which are generally small parcels weighing less than approximately 35 kg or have a total dimension of 140cm in height and 70 cm in width and depth), loose cargo (which are goods that are carried in bulk) and palletised cargo (which are goods carried in bulk using palletised equipment).

Logistics services include the following:

(a) **First-mile** – where parcels and cargos are picked up from the merchant's premises and sent to the hub, and includes custom clearance processes;

(b) **Mid-mile** – where the parcels and cargos are picked up from the hub and delivered to the airport where it is transported via air to the destination airport; and

(c) **Last-mile** – where the parcels and cargos undergo custom clearance and are dropped off at the hub, and delivered to the customers' premises.




Logistic services can be executed and customised to provide various types of services. Examples of types of logistics services provided include:

(i) Air freight services – delivery of parcels, loose cargos and/or palletised cargos from the origin airport to destination airport;

(ii) First- to last-mile delivery – refers to logistics services involving a combination of first-mile, mid-mile and last-mile delivery services as mentioned above;

(iii) Express parcel delivery services – refers to the delivery of parcels in a short span of time.

Teleport Group is involved in the abovementioned logistics services.

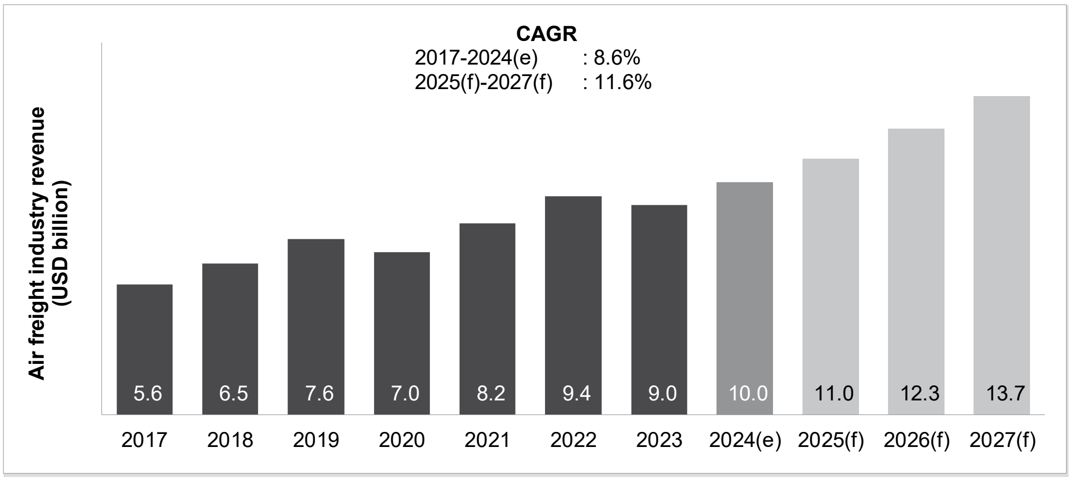
## INDUSTRY PERFORMANCE, SIZE AND GROWTH

The air freight industry size in Southeast Asia grew at a CAGR of 8.6% between 2017 and 2024, from USD5.6 billion (RM24.1 billion[1]) to an estimated USD10.0 billion (RM45.7 billion[1]). In 2023, the air freight industry in Southeast Asia fell by 4.3% from USD9.4 billion (RM41.4 billion[1]) in 2022 to USD9.0 billion (RM41.3 billion[1]). This fall was largely due to challenging economic conditions after inflationary pressures post the COVID-19 pandemic led to lower consumer spending, which resulted in lower global trade in early 2023. However, household spending in Southeast Asia improved from USD1.9 billion (RM8.3 billion[1]) in 2022 to USD2.0 billion (RM9.2 billion[1]) in 2023.[15] The air freight industry in Southeast Asia has recovered in 2024 to reach an estimated USD10.0 billion (RM45.7 billion[1]), buoyed by improved consumer spending which resulted in higher global trade activities.

The air freight industry size in Southeast Asia is forecast to grow by a CAGR of 11.6%, from an estimated USD11.0 billion (RM50.3 billion[1]) in 2025 to USD13.7 billion (RM62.6 billion[1]) in 2027.

[15] Source: The GlobalEconomy.com. Latest publicly available information is in 2023.

**Air freight industry size in Southeast Asia**




Notes:

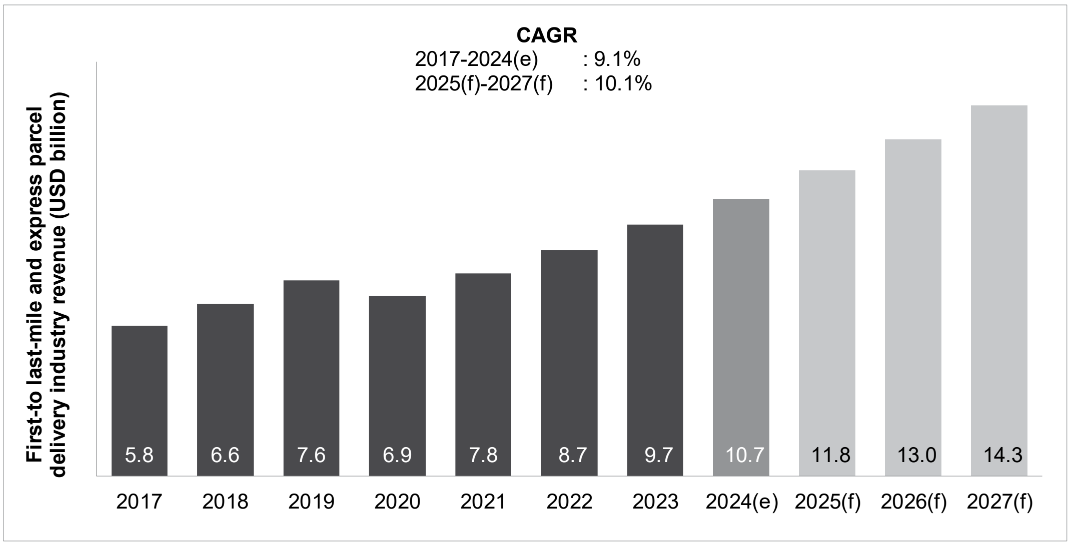
(i) (e) - Estimate
(ii) (f) – Forecast

Source: Mordor Intelligence, PROVIDENCE analysis

The first- to last-mile and express parcel delivery industry size in Southeast Asia grew at a CAGR of 9.1% between 2017 and 2024, from USD5.8 billion (RM24.9 billion[1]) in 2017 to an estimated USD10.7 billion (RM48.9 billion[1]) in 2024.

Moving forward, the first- to last-mile and express parcel delivery industry size in Southeast Asia is forecast to grow by a CAGR of 10.1%, from an estimated USD11.8 billion (RM53.9 billion[1]) in 2025 to USD14.3 billion (RM65.4 billion[1]) in 2027.

**First-to last-mile delivery and express parcel delivery industry size in Southeast Asia**




Notes:

(i) (e) - Estimate
(ii) (f) – Forecast

Source: Mordor Intelligence, PROVIDENCE analysis

## DEMAND CONDITIONS: KEY GROWTH DRIVERS

**The growth of e-commerce will drive the demand for logistics services**

E-commerce in Southeast Asia has been largely driven by growing disposable income, growing number of Internet users as well as the proliferation of mobile devices.

The average gross domestic product ("**GDP**") per capita in Southeast Asia grew from USD11,058 (RM47,558[1]) in 2017 to USD11,919 (RM54,708[1]) in 2023, registering a CAGR of 1.3%.[16] This signifies a steady increase in disposable income amongst the population in Southeast Asia which will lead to higher consumer spending, thus benefitting the e-commerce industry.

In addition, the number of Internet users across the region has also been growing. The Internet adoption in Southeast Asia, as represented by the percentage of individuals using the Internet, increased from 50.1% in 2017 to an estimated 73.5% in 2023.[17] There is also a proliferation of mobile devices such as smartphones and tablets in Southeast Asia, with mobile cellular subscriptions growing from 919.8 million subscriptions in 2017 to an estimated 928.3 million subscriptions in 2023, registering a CAGR of 0.2%.[18] This indicates that a growing number of persons with access to the Internet and mobile devices, thereby increasing accessibility to shopping online.

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

The growth of e-commerce in Southeast Asia will result in an increase in demand for air freight services as well as first- to last-mile and express parcel delivery services to facilitate the transportation of parcels delivered to e-commerce consumers.

**The growth in global trade will lead to increased demand for logistics services**

Global trade has generally been growing, albeit some troughs and peaks over the years. In Southeast Asia, the total value of imports and exports grew from USD2.6 trillion (RM12.0 trillion[1]) in 2017 to USD3.8 trillion (RM16.7 trillion[1]) in 2022, registering a CAGR of 7.9%.[19] While global trade was impacted early in 2023 by challenging economic conditions, it began to recover towards the end of 2023.

Logistics services enable consumers and businesses to have better access to goods regardless of location, and enable the export of resources including fuel, crops, meat and metals, to other parts of the world. As such, the growth in global trade will lead to higher demand for logistics services to facilitate the movement of goods from one country to another.

**Improvement and development of infrastructure will contribute to the growth of the logistics service industry**

The improvement and development of infrastructure, such as airports, highways, roads, seaports and railway tracks, across the region will improve connectivity. This will enable faster deliveries of parcels and cargos as travel time is reduced, ease traffic congestion allowing for faster and more predictable transportation timing, and reduce transit time for parcels and cargos as they can be delivered directly to the city with an airport or seaport.

For example, improved highway and road and railway connectivity would shorten travel time and ease traffic congestions, which will benefit first-mile, last-mile and express parcel deliveries. Meanwhile, the expansion in the number of airports will also enable greater connectivity in reaching certain cities, which would reduce transit times and costs. This would benefit mid-mile deliveries in the particular city.

Therefore, as infrastructure connectivity across Southeast Asia continues to improve, logistics service providers will have the opportunity to optimise costs, shorten their delivery times and expand their geographical coverage.

[16] Source: World Bank. Latest publicly available information is in 2023.
[17] Source: World Bank, Trading Economics. Latest publicly available information is in 2023.
[18] Source: World Bank. Latest publicly available information is in 2023.
[19] Source: UN Comtrade. Latest publicly available data is as at 2022.

**Growth in demand for express parcel delivery services from consumers and businesses will drive the logistics service industry**

Express parcel delivery services may involve a combination of different modes of transportation including air freight and land transport, to arrive at the customers' doorstep within a short span of time. The express parcel delivery industry in Southeast Asia grew from USD3.7 billion (RM15.9 billion[1]) in 2017 to an estimated USD6.8 billion (RM31.1 billion[1]) in 2024, registering a CAGR of 9.1%.[20]

Increasingly hectic lifestyles as urbanisation rate grows in the region have led to a growth in demand for parcels to be delivered within the next-day or on-demand. This has increased the demand for express parcel delivery services to fulfil consumer demands and business needs across various industries including, but not limited to retail products, food and beverages, documents, pharmaceuticals and groceries. As such, express parcel delivery services create new opportunities for logistics service providers, thus contributing to the growth of the overall logistics service industry.

**Government initiatives to support the logistics and transportation industry in Southeast Asia**

Governments across Southeast Asia have been implementing various initiatives and policies aimed at supporting the logistics and transportation industries in the respective countries.

In Malaysia, the Government of Malaysia launched the National Transport Policy 2019-2030 in 2019 which is aimed towards developing an efficient, integrated and secure transport infrastructure, thereby contributing towards a sustainable transportation industry. Under the Budget 2025, the Government of Malaysia announced the intensification of major road projects to improve connectivity and boost the local economy, including the Phase 1b of the Pan Borneo Sabah Highway project, Phase 2 of the Sarawak-Sabah Link Road project, as well as the North-South Expressway expansion from 4 lanes to 6 lanes between Sedenak and Simpang Renggam.

Further, the Government of Malaysia has also established Digital Free Trade Zones ("**DFTZ**") to allow the facilitation of seamless cross-border trade as well as enable local businesses to export their goods with priority provided to goods sold via e-commerce. The DFTZ also promotes efficiency in fulfilment in cross-border custom clearance to cater to high volumes of small parcels. In addition, the Government of Malaysia has also announced developments aimed at improving the logistics infrastructure in the country, including East Coast Rail Link and the KLIA Aeropolis.

In Singapore, the Government of Singapore has also implemented initiatives aimed at driving the logistics service industry in the country. This includes the Industry Transformation Map ("**ITM**"), which was launched in 2016 and subsequently refreshed in 2022. The Logistics ITM 2025 aims to grow the logistics service industry by transforming existing warehouses, upskilling workers to house digital technologies, digitalising the logistics sector as well as building specialisation to capture opportunities internationally. Additionally, under the ITM, the Government of Singapore has also implemented the Logistics Industry Digital Plan in 2017 as a method to enable the digitalisation of logistics service providers.

In Indonesia, the Government of Indonesia has launched the National Logistics Ecosystem ("**NLE**") platform in 2020, as a method to reduce the percentage of logistics cost of GDP from 23.5% to 17.0%.[21] The NLE is a platform that aims to provide an ecosystem that allows an easy flow of international goods and documentation throughout the delivery process of goods, thus benefiting logistics service providers. Through the NLE, the Government of Indonesia aims to promote cooperation between the Government of Indonesia and private agencies through data exchange, improvements in supply chain, reduction in repetitions and duplications of processes as well as provide support to information technology systems which focuses on logistics process, and connecting existing logistics systems.

In Vietnam, the Government of Vietnam adopted the Action Plan Improvement of Competitiveness and Development of Vietnam's Logistics Service by 2025 in 2017 ("**Action Plan 2017**"). Through the Action Plan 2017, the Government of Vietnam aims to develop the logistics service industry into a high value-added sector in order to support the development of manufacturing industry, import and exports as well as commercial activities. The Action Plan 2017 targets to achieve various goals by 2025, including the growth of contribution of the logistics service industry to the GDP to reach 8-10%, costs of logistics services to reduce to 16-20% of GDP, as well as the improvement in Logistics Performance Index ("**LPI**") ranking across the globe. In addition, the Action Plan 2017 involves the implementation of various initiatives aimed to achieve the abovementioned goals, such as improving policies and laws relating to

[20] Source: Mordor Intelligence
[21] Source: Cabinet Secretariat of the Republic of Indonesia

logistics services, developing logistics infrastructure and market for the logistics services, as well as training, raising awareness and quality of human resources.

In Thailand, the Government of Thailand has implemented the Thailand 4.0 strategy in 2018 which is a 20-year strategy aimed at promoting the development of infrastructure and people. The strategy aims to transform the country into an innovative, value-based industry with emphasis on various industries including the aviation and logistics service industry. Through the Thailand 4.0 strategy, the Government of Thailand aims to develop infrastructure, build liveable smart cities and financial centres, target industries that utilise advanced technology, promote tourism as well as sectors such as human resources, education, research and technology. These measures aim to increase the accumulation of capital, knowledge and advanced technologies, as well as develop the nation into a centre of regional commerce, investment and transportation. Further, the Government of Thailand has also implemented the Motorways-Rail Map (MRM), which is a master plan aimed at improving transportation by constructing 10 new routes connecting motorways and railways in the entire country by 2037. Through the construction of these new routes, the logistics service industry is expected to benefit as it will offer new routes for logistics service providers which could shorten the routes or ease traffic congestions.

Meanwhile, in Laos, the Government of Laos has implemented the Trade and Transport Facilitation Strategy 2025 – 2030 in 2025 which is expected to improve trade and logistics facilitation in the country. The strategy comprises 12 measures and 23 programs which includes, amongst others, streamlining border procedures, as well as logistics efficiency. Through the strategy, the Government aims to, amongst others, accelerate the clearance and processing time for goods at international checkpoints by 50%, as well as improve Laos' logistics efficiency index on World Bank to a minimum of 3.4.

The abovementioned Government initiatives are expected to support the growth of the logistics service industry. Initiatives aimed at developing new infrastructure and promoting digitalisation will benefit logistics service providers as it will optimise routes resulting in shorter and less congested routes. This will enable logistics service providers to optimise costs and shorten their delivery times, thus allowing them to provide more efficient services, reduce costs and take on more orders.

## SUPPLY CONDITIONS

The critical supply factor for the logistics service providers is the availability of modes of transportation such as cars, bikes, trucks, passenger aircraft (where packages and cargos are stored in the cargo belly) and freighter aircraft to transport packages and cargos. The rates of these modes of transportation are determined by various factors including price of fuel and other supply and demand factors. Logistics service providers may either work with third-parties to leverage on their fleet of vehicles and aircraft, or own or lease their own vehicles and aircraft.

## RELEVANT LAWS AND REGULATIONS

In order to operate, logistics service providers must obtain the relevant permits and certificates for courier services. For example in Malaysia, this includes the Non-Universal Service Licence – Courier Service from the Malaysian Communications and Multimedia Commission ("**MCMC**") while in Indonesia, this includes the Courier Services Permit from the Ministry of Communication and Digital Affairs in Indonesia. In Thailand, logistics service providers must obtain the Multimodal Transportation Operator Licence from the local Ministry of Transportation to operate in the country is required to provide air freight services.

**[The rest of this page is intentionally left blank]**

PROVIDENCE

## COMPETITIVE OVERVIEW

PROVIDENCE has identified 9 industry players, including Teleport Group, on the basis that the companies:

(i) Provide air freight and/or first- to last-mile and express parcel delivery services;
(ii) Are headquartered in Southeast Asia; and
(iii) Has a revenue of RM2.0 million and above.

The table below sets out the details of the industry players:

| Company name | Air freight | First- to last-mile and express parcel delivery services | Headquarters | Latest FYE | Revenue (RM'000) | GP (RM '000) | GP margin (%) [a] | PAT/LAT (RM'000) | PAT margin (%) [b] |
|---|---|---|---|---|---|---|---|---|---|
| Asia Cargo Network Sdn Bhd | ✓ | - | Malaysia | 31 December 2022 | 706,062 | 110,916 | 15.7 | 6,619 | 0.9 |
| GD Express Sdn Bhd | ✓ | ✓ | Malaysia | 31 December 2023 | 275,142 | 47,274 | 17.2 | (25,499) | - |
| MAB Kargo Sdn Bhd | ✓ | - | Malaysia | 31 December 2023 | 1,681,416 | 54,944 | 3.3 | 454,517 | 27.0 |
| Ninja Logistics Pte Ltd | - | ✓ | Singapore | 30 June 2024 | 3,150,085 [c] | NA | NA | (679,835) [c] | - |
| Parcel to Post Services Sdn Bhd | - | ✓ | Malaysia | 30 June 2024 | 15,095 | 2,755 | 18.3 | (689) | - |
| Taurus One Pte Ltd (formerly known as Janio Technologies Pte Ltd) | - | ✓ | Singapore | 30 June 2023 | 146,238 [d] | NA | NA | (63,956) [d] | - |
| **Teleport Group** | ✓ | ✓ | **Malaysia** | **31 December 2023** | **744,719** [e] | **126,223** [e] | **16.9** | **(3,129)** [e] | - |
| Tiong Nam Logistic Holdings Berhad | - | ✓ | Malaysia | 31 March 2024 | 758,617 | 111,952 | 14.8 | 57,725 | 7.6 |
| Xend Sdn Bhd | - | ✓ | Malaysia | 31 December 2023 | 6,190 | 1,119 | 18.1 | (722) | - |

Notes:

(i) This list contains information based on publicly disclosed information as at 7 April 2025
(ii) Freight forwarding companies have been excluded from the list
(iii) This list is not exhaustive

(iv) [a] GP margin is computed based on GP over revenue
(v) [b] PAT margin is computed based on PAT over revenue
(vi) [c] Exchange rate from SGD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at SGD1 = RM3.4208
(vii) [d] Exchange rate from SGD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at SGD1 = RM3.3981
(viii) [e] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900

Source: Companies Commission of Malaysia, various company websites, Teleport Group, PROVIDENCE

## INDUSTRY REVENUE SHARE

Teleport Group's industry revenue share in the logistics service industry in Southeast Asia in 2023, in accordance to the type of logistics services is as follows:

| Type of logistics services | Industry size (USD billion) | Industry size [a] (RM billion) | Teleport Group's revenues (RM million) | Industry revenue share (%) |
|---|---|---|---|---|
| Air freight | 9.0 | 41.3 | 599.7 | 1.5 |
| First- to last-mile and express parcel delivery services | 9.7 | 44.5 | 145.0 | 0.3 |

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1= RM4.5900

Source: Mordor Intelligence, Teleport Group, PROVIDENCE

Teleport Group's industry revenue share in the logistics service industry in Southeast Asia in 2024, in accordance to the type of logistics services is as follows:

| Type of logistics services | Industry size (USD billion) | Industry size [a] (RM billion) | Teleport Group's unaudited revenues (RM million) | Industry revenue share (%) |
|---|---|---|---|---|
| Air freight | 10.0 | 45.7 | 728.3 | 1.6 |
| First- to last-mile and express parcel delivery services | 10.7 | 48.9 | 314.9 | 0.6 |

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1= RM4.5711

Source: Mordor Intelligence, Teleport Group, PROVIDENCE

## PROSPECTS AND OUTLOOK FOR TELEPORT GROUP

Moving forward, the air freight industry size in Southeast Asia is forecast to grow by a CAGR of 11.6% between 2025 and 2027. Meanwhile, the first- to last-mile and express parcel delivery industry size in Southeast Asia is forecast to grow by a CAGR of 10.1% over the same period.

The logistics service industry size in Southeast Asia is expected to be driven by the growth of e-commerce in Southeast Asia, growth in global trade, improvement and development of infrastructure, growth in demand for express parcel delivery services and Government initiatives to support the logistics and transportation industries in Southeast Asia.

Teleport Group stands to benefit from the growth of the logistics service industry in Southeast Asia in light of its plans to grow its Teleport Air Cargo, Teleport eCommerce and Teleport Next Day services.

PROVIDENCE

# 3 THE MOBILE APP INDUSTRY IN SOUTHEAST ASIA

## INTRODUCTION

A mobile app refers to a platform which is designed to run on a mobile device such as a smartphone or tablet. A mobile app is purpose-built to fulfil specific functionality(ies), such as communication, e-commerce, financial transactions, travel-related service booking, mobile games and/or entertainment.

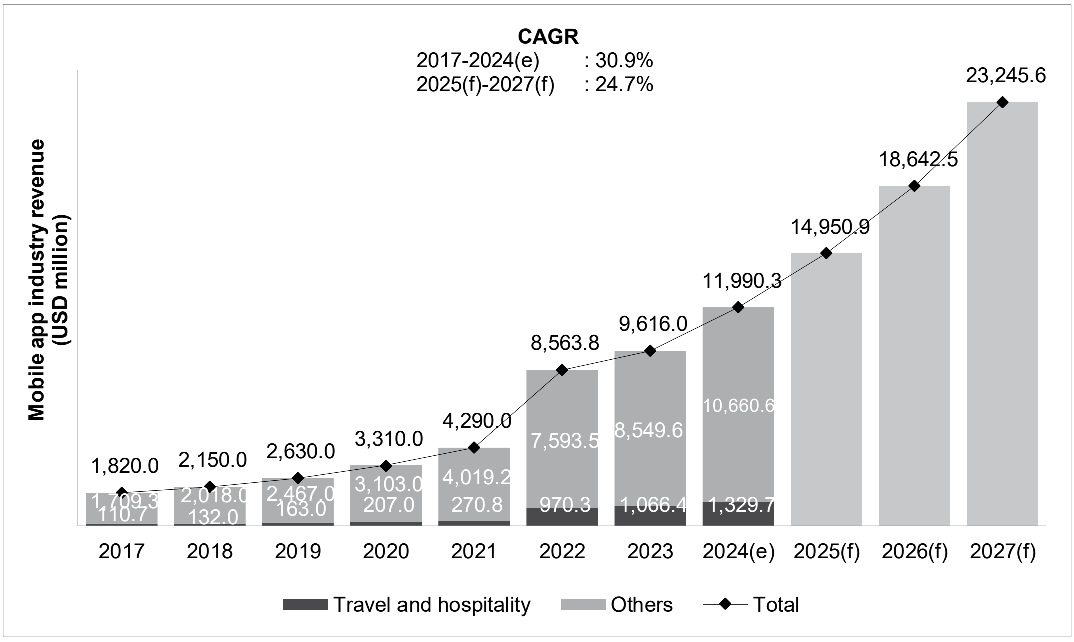
AirAsia MOVE Group is involved in the operations and management of a travel-related services platform, namely the AirAsia MOVE platform. AirAsia MOVE platform offers a variety of travel-related services, including flights, hotels, duty-free shopping, travel insurance, airport transfers and e-hailing rides.

## INDUSTRY PERFORMANCE, SIZE AND GROWTH

The mobile app industry size, as measured by revenue, increased from USD1.8 billion (RM7.7 billion[1]) in 2017 to an estimated USD12.0 billion (RM54.9 billion[1]) in 2024 at a CAGR of 30.9%. Specifically, the travel and hospitality mobile app segment grew from USD110.7 million (RM476.1 million[1]) in 2017 to an estimated USD1.3 billion (RM6.1 billion[1]) in 2024, registering a CAGR of 42.2%.

Moving forward, the mobile app industry size in Southeast Asia is forecast to grow by a CAGR of 24.7%, from an estimated USD15.0 billion (RM68.6 billion[1]) million in 2025 to USD23.2 billion (RM106.0 billion[1]) in 2027.

**Mobile app industry size in Southeast Asia by type**




Notes:

(i) (e) - Estimate
(ii) (f) - Forecast

Source: Allied Market Research, PROVIDENCE analysis

## DEMAND CONDITIONS: KEY GROWTH DRIVERS

**Proliferation of mobile devices, and increasing mobile broadband penetration will widen the target market for the mobile app industry in Southeast Asia**

The proliferation of mobile devices as well as increased mobile broadband penetration are expected to drive the mobile app industry in Southeast Asia.

In recent years, mobile devices, including smartphones, have become a necessity for urban dwellers to conduct day-to-day activities including work, socialising, booking travel-related services and shopping, as well as conduct transactions and make payments. In Southeast Asia, the number of mobile cellular subscriptions grew from approximately 919.8 million in 2017 to approximately 936.0 million in 2021, registering a CAGR of 0.4%.[22] This indicates the growing number of mobile device users in the region.

Meanwhile, the total number of mobile broadband subscriptions in the region grew from 531.6 million subscriptions in 2017 to 745.4 million subscriptions in 2023, at a CAGR of 5.8%.[23] The rise in adoption of mobile broadband subscriptions signifies an increasing number of mobile devices with Internet access. This poses as a larger potential market for mobile apps.

In addition, various Governments in countries in Southeast Asia have introduced initiatives to encourage the use of smartphones and the Internet. The Government of Malaysia has implemented various initiatives for low-income and/or senior citizens to increase the adoption rate of smartphones as well as improve Internet coverage. This includes the National Fiberisation and Connectivity Plan (NFCP) 2019-2023, which aims to improve broadband quality and coverage, and reduce the cost of broadband services to allow greater Internet access across all spectrums of society. Under the said plan, the Government of Malaysia plans to optimise digital infrastructure development and deployment across the nation, enhance connectivity in socio-economic sectors including education, agriculture and healthcare, as well as utilise local mobile networks to extensively connect regional and international networks. As a result, mobile broadband has reached a penetration rate of 131.1% as at December 2024.[24] Further, the Government of Malaysia has also introduced the Smart Phone Financing Scheme under the 12 Malaysia Plan which aims to provide subsidies for civil servants to purchase computers, smartphones or smart watches.

In Singapore, the Government of Singapore has introduced various initiatives aimed at improving the adoption rate of smartphones among low-income and/or senior citizens. Among the initiatives includes the Go Digital programme which was launched in 2020. The programme aims to raise the digital skills of 100,000 senior citizens by offering special plans which are available to them, which includes larger data bundles at a lower cost, thus allowing senior citizens to enjoy the benefits of digital services provided by mobile apps. Further, the Government of Singapore implemented the Mobile Access for Seniors initiative for lower-income senior citizens. The initiative will provide subsidies for smartphones as well as a one-year subsidised mobile data subscription plan from local mobile service providers. In addition, the Government of Singapore has also introduced the Digital Readiness Blueprint, which aims to expand and enhance digital access for inclusivity by providing computers and tablets at subsidised rates to low-income households.

Meanwhile in Vietnam, the Government of Vietnam has implemented initiatives focused on increasing the smartphone adoption rate for low-income and/or senior citizens. The Government of Vietnam also approved the Digital Infrastructure Strategy to 2025 which aims to boost the smartphone adoption rate among the population to 85% by the end of 2022.[25] In March 2024, the smartphone adoption rate in Vietnam was over 84.0%.[26] Additionally, the Vietnamese Ministry of Information and Communications also plans to support the production of low-cost smartphones by selling smartphones at an estimated cost of USD50 per piece through various subsidies, to achieve the goal of smartphone penetration rate at 100%.[27]

Therefore, the affordability of smartphones and mobile devices as well as incentives implemented by the Governments across Southeast Asia will support the proliferation of smartphones and mobile devices with Internet access in the region. This in turn will result in the growth of the mobile app industry, as the rise in number of mobile device users and increased mobile broadband penetration rate will lead to a wider target market for mobile apps.

[22] Source: World Bank. Latest publicly available information is as at 2021.
[23] Source: International Telecommunication Union. Latest publicly available information is as at 2023.
[24] Source: MCMC
[25] Source: OpenGov Asia
[26] Source: Edtech Agency (4 March 2024) "Vietnam aiming for 100% smartphone use by the end of 2024"
[27] Source: Hanoi Times

**Growing economy and increasing disposable income over the long term signifies growth potential for the mobile app industry**

Southeast Asia is a developing region with positive economic growth. The total GDP of Southeast Asia rose from approximately USD2.8 trillion (RM12.0 trillion[1]) in 2017 to USD3.4 trillion (RM15.6 trillion[1]) in 2023, registering a CAGR of 3.3% over the period.[28]

Meanwhile, the average GDP per capita in Southeast Asia has also been growing from approximately USD11,058 (RM47,558[1]) in 2017 to USD11,919 (RM54,708[1]) in 2023, at a CAGR of 1.3%.[29] This depicts a rise in disposable income amongst the population in Southeast Asia, which indicates a more affluent population with more spending power.

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

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

**Use of big data analytics and artificial intelligence ("AI") in mobile apps will encourage the use of mobile apps and improve user retention**

By using big data analytics, mobile app providers are able to gather and analyse data provided by users which allows mobile app providers to better understand customer needs and preferences. Therefore, this allows mobile app providers to enhance their mobile apps to cater to individual needs and preferences and enhance user experience. Additionally, with big data analytics, targeted promotions and marketing activities may be personalised to suit individual users based on the data gathered. This will in turn encourage the usage of mobile apps.

In addition, the emergence of AI has also changed the way mobile apps enable customer service. Through the use of AI, mobile app providers are able to utilise AI chatbots instead of human workers to provide customer service and after-sales support. By utilising AI chatbots, mobile app users can easily tend to basic customer queries 24 hours daily, thus providing users with easy access to customer service and after-sales support services at any time of the day.

Therefore, with the use of big data analytics and AI, mobile apps are expected to improve user experience, which will subsequently encourage more users to utilise mobile apps to conduct day-to-day activities. Additionally, this could also result in greater user retention as users would be loyal to mobile apps which satisfies their needs, goals and interest.

## SUPPLY CONDITIONS

A critical component for operating a mobile app is the talent in charge of developing, enhancing and maintaining the mobile app as well as the hosting services to store data gathered by the platform. This can either be undertaken in-house or outsourced to third-party mobile app developers. Meanwhile, mobile app providers using big data analytics to personalise user experience on their mobile app will also require data engineers, scientists and/or analysts to analyse and interpret the data gathered. Thus, there is a need for mobile app providers to hire, retain and train data engineers, scientists and/or analysts, or outsource such services to third-party providers.

[28] Source: World Bank. Latest publicly available information is as at 2023.
[29] Source: World Bank. Latest publicly available information is as at 2023.

## RELEVANT LAWS AND REGULATIONS

Generally, mobile app providers do not require any licence, approval or permit to operate a mobile app. However, they may require certain approvals to provide the services offered through the mobile app. For instance, for mobile apps that offer travel-related services in Malaysia, mobile app providers are required to obtain Inbound Tour Operating Business Licence and Travel Agency Business Licence from the Ministry of Tourism, Arts and Culture Malaysia to carry out domestic tour and travel agency businesses in Malaysia or the Intermediation Business (E-Hailing) License from the Ministry of Transport Malaysia to carry out e-hailing services.

## COMPETITIVE OVERVIEW

PROVIDENCE has identified 7 industry players, including AirAsia MOVE Group, on the basis that the companies:

(i) Offer travel services, i.e. flight and hotel bookings;
(ii) Offer their services to country(ies) in Southeast Asia; and
(iii) Offer at least 3 more other travel and/or lifestyle services.

The table below sets out the details of the industry players:

| Company name | Mobile app name | Service offerings | Headquarters | Countries served | Latest FYE | Revenue (RM '000) | GP (RM '000) | GP margin (%) [a] | PAT (RM '000) | PAT margin (%) [b] |
|---|---|---|---|---|---|---|---|---|---|---|
| **AirAsia MOVE Group** | **AirAsia MOVE** | **Hotel, flight, travel add-ons, e-hailing, transport, e-commerce, insurance, rewards, financial services, games** | **Malaysia** | **Malaysia, Thailand, the Philippines, Indonesia** | **31 December 2023** | **668,896 [c]** | **539,747 [c]** | **80.7** | **55,075 [c]** | **8.2** |
| PT Global Digital Niaga | BliBli | Hotel, flight, travel add-ons, transport, groceries, insurance, vouchers, e-commerce, purchase vehicle, mobile top-up | Indonesia | Indonesia | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] |
| JD.com, Inc. | JD.com | Hotel, flight, transport, groceries, e-commerce, financial services, insurance, medical | PRC | Malaysia, PRC, Macau, Hong Kong, United States, Japan, Singapore, Thailand, Korea | 31 December 2023 | 698,630,794 [e f] | 102,865,346 [e f] | 14.7 | 14,979,834 [e f] | 2.1 |

| Company name | Mobile app name | Service offerings | Headquarters | Countries served | Latest FYE | Revenue (RM '000) | GP (RM '000) | GP margin (%) [a] | PAT (RM '000) | PAT margin (%) [b] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | services, vouchers, games | | | | | | | | |
| Klook Travel Technology Limited | Klook | Hotel, flight, travel add-ons, e-hailing, transport, insurance, food, car rental, entertainment, mobile top-up | Hong Kong | International | N/A | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] |
| M-Service JSC | MoMo | Hotel, flight, transport, groceries, insurance, food, financial services, ticketing, games, mobile top-up | Vietnam | Vietnam | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] |
| Sea Limited | Shopee | Hotel, flight, transport, groceries, insurance, food, financial services, ticketing, games, mobile top-up, insurance, e-commerce | Singapore | Singapore, Indonesia, Taiwan, Thailand, Malaysia, Vietnam, the Philippines, Brazil, Mexico Colombia, and Chile | 31 December 2023 | 36,192,999 [c g] | 12,456,452 [c g] | 34.4 | 746,710 [c g] | 2.1[h] |
| PT Trinusa Travelindo | Traveloka | Hotel, flight, travel add-ons, e-hailing, transport, entertainment, insurance, financial services, games, car rental | Indonesia | Australia, Indonesia, Japan, the Philippines, Malaysia, Singapore, Thailand, and Vietnam | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] |

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) [a] GP margin is computed based on GP over revenue
(iii) [b] PAT margin is computed based on PAT over revenue
(iv) [c] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900
(v) [d] Not available as it is a private exempt company
(vi) [e] Exchange rate from RMB to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at RMB1 = RM0.6441
(vii) [f] Financial information is based on consolidated financial information and may include other businesses, as the segmental financial information is not publicly available
(viii) [g] Financial information is based on segmental financial information
(ix) [h] PAT margin is computed based on consolidated financial information as segmental financial information is not publicly available

Source: Companies Commission of Malaysia, various company websites, AirAsia MOVE Group, PROVIDENCE

## INDUSTRY REVENUE SHARE

AirAsia MOVE Group's industry revenue share in the mobile app industry in Southeast Asia in 2023 is as follows:

| | Industry size (USD million) | Industry size [a] (RM million) | AirAsia MOVE Group's revenue (RM million) | Industry revenue share (%) |
|---|---|---|---|---|
| Mobile apps focusing on travel and hospitality | 1,066.4 | 4,894.8 | 668.9 | 13.7 |
| Total mobile apps industry | 9,616.0 | 44,137.4 | | 1.5 |

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1= RM4.5900

Source: Allied Market Research, AirAsia MOVE Group, PROVIDENCE

AirAsia MOVE Group's industry revenue share in the mobile app industry in Southeast Asia in 2024 is as follows:

| | Industry size (USD million) | Industry size [a] (RM million) | AirAsia MOVE Group's unaudited revenue (RM million) | Industry revenue share (%) |
|---|---|---|---|---|
| Mobile apps focusing on travel and hospitality | Not available [b] | Not available [b] | 530.5 | - |
| Total mobile apps industry | 11,990.3 | 54,808.9 | | 1.0 |

Notes:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1= RM4.5711
(ii) [b] Industry size for the type of services is not yet available for 2024

Source: Allied Market Research, AirAsia MOVE Group, PROVIDENCE

## PROSPECTS AND OUTLOOK FOR AIRASIA MOVE GROUP

Moving forward, the mobile app industry size in Southeast Asia is forecast to grow by a CAGR of 24.7% between 2025 and 2027. This growth is expected to be driven by the proliferation of mobile devices and increased mobile broadband penetration, growing economy and increasing disposable income, use of big data analytics and AI in mobile apps.

AirAsia MOVE Group stands to benefit from the growing mobile app industry in Southeast Asia in light of its future plans to grow its sales through the AirAsia MOVE platform and the growing airline industry in Southeast Asia as illustrated in Chapter 7 of this IMR report.

# 4 DIGITAL FINANCIAL SERVICE INDUSTRY IN SOUTHEAST ASIA

## INTRODUCTION

Digital financial services refer to the financial-related services offered through a digital platform. Such digital financial services include the following:

(i) Payments and fund transfer – include payments, fund transfers and remittances using virtual cards, electronic wallets ("**e-wallets**"), DuitNow QR, cross-border QR, other digital platform users as well as local and international bank accounts;

(ii) Insurance, personal finance and loans – include insurance plans, lending services and instalment plans sold through digital platforms;

(iii) Wealth management – includes financial advisory and planning, investment management and stock market trading services through digital platforms.

BigPay Group offers the BigPay platform which provides digital financial services, including payments, fund transfer and remittance, insurance and lending services, amongst others. These digital financial services are offered in Malaysia, Singapore and Thailand.

## INDUSTRY PERFORMANCE, SIZE AND GROWTH

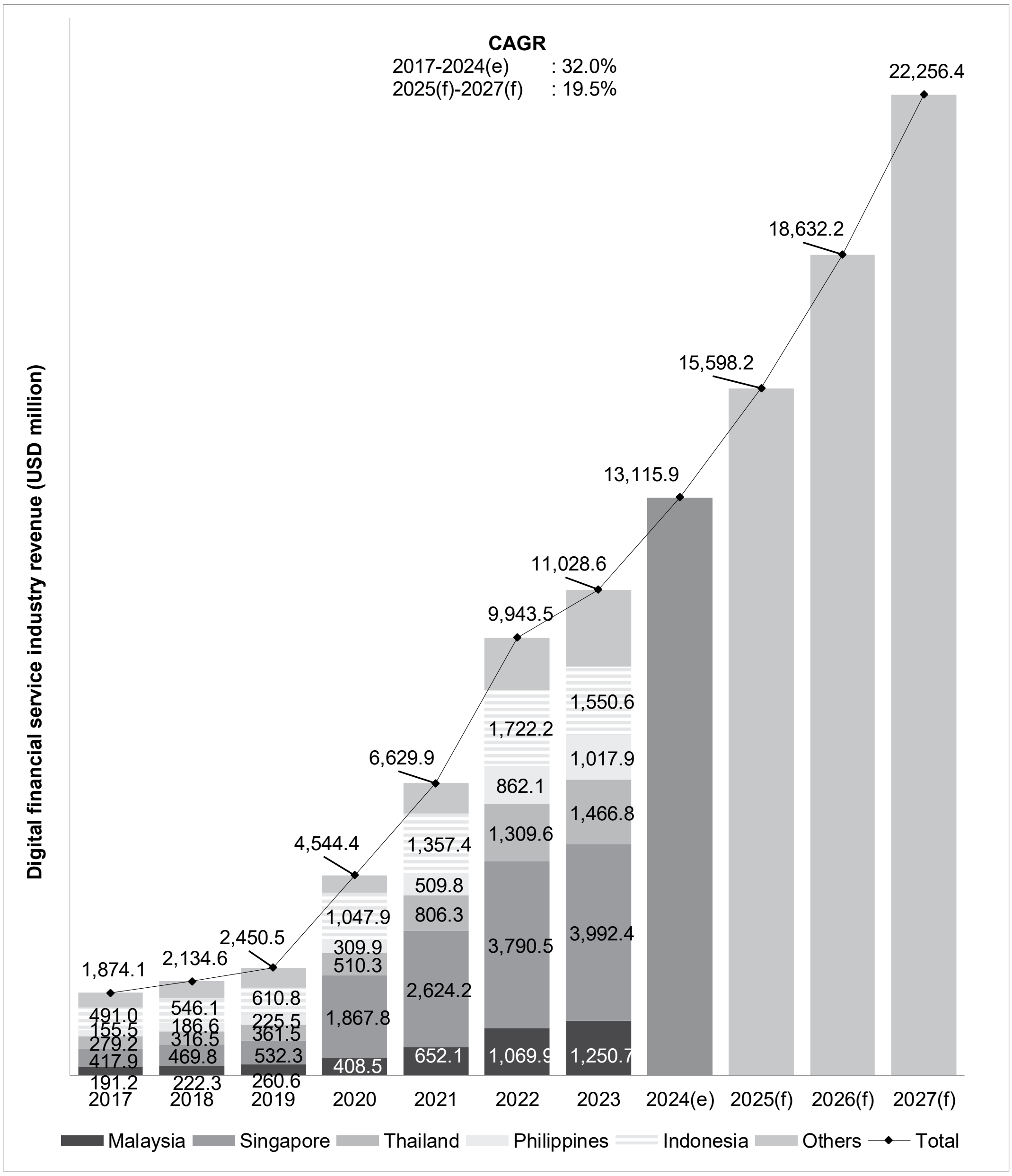
The digital financial service industry in Southeast Asia, as measured by revenue, grew from USD1.9 billion (RM8.2 billion[1]) in 2017 to an estimated USD13.1 billion (RM59.9 billion[1]) in 2024, registering a CAGR of 32.0%.

Specifically, the digital financial service industry in Malaysia increased from USD191.2 million (RM822.3 million[1]) in 2017 to USD1.3 billion (RM6.0 billion[1]) in 2023 at a CAGR of 36.8%, whereas the digital financial service industry in Singapore grew from USD417.9 million (RM1.8 billion[1]) in 2017 to USD4.0 billion (RM18.4 billion[1]) in 2023 at a CAGR of 45.7%. Meanwhile the digital financial service industry in Thailand increased from USD279.2 million (RM1.2 billion[1]) in 2017 to USD1.5 billion (RM6.9 billion[1]) in 2023 at a CAGR of 31.8%.

Moving forward, the digital financial service industry in Southeast Asia is forecast to grow by a CAGR of 19.5%, from an estimated USD15.6 billion (RM71.3 billion[1]) in 2025 to USD22.3 billion (RM101.9 billion[1]) in 2027.

**[The rest of this page is intentionally left blank]**

**Digital financial service industry in Southeast Asia (by country)**




Notes:

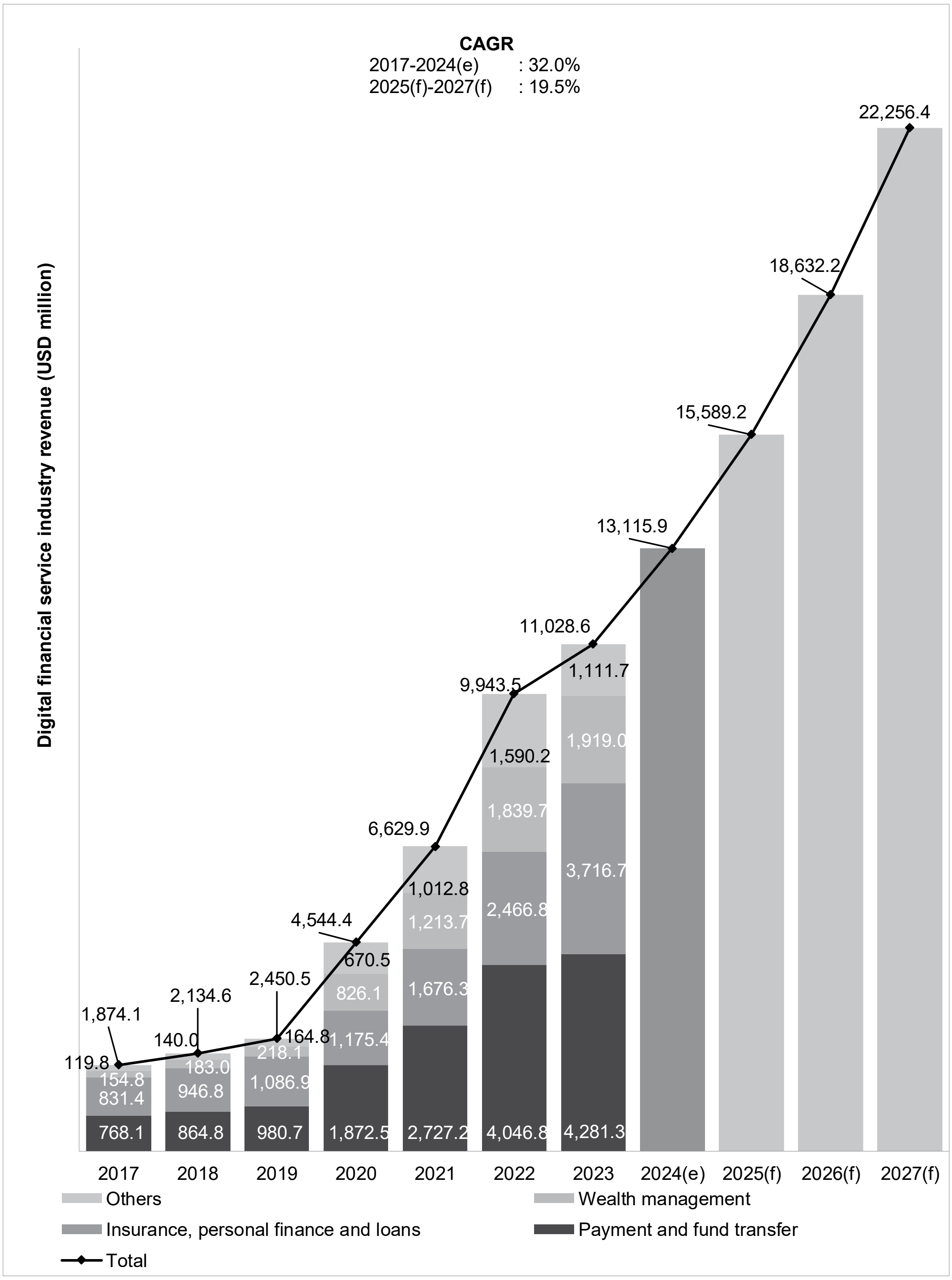
(i) (e) – Estimate
(ii) (f) - Forecast

Source: Allied Market Research, PROVIDENCE analysis

The digital financial service industry in Southeast Asia can also be segmented by types of services offered. In particular, the industry size for payment and fund transfers grew from USD768.1 million (RM3.3 billion[1]) in 2017 to USD4.3 billion (RM19.7 billion[1]) in 2023 at a CAGR of 33.2%, while revenue for insurance, personal finance and loans grew from USD831.4 million (RM3.6 billion[1]) to USD3.7 billion (RM17.0 billion[1]) over the same period at a CAGR of 30.2%.

PROVIDENCE

**Digital financial service industry in Southeast Asia (by type of services)**




Notes:

(i) (e) – Estimate
(ii) (f) - Forecast

Source: Allied Market Research, PROVIDENCE analysis

## DEMAND CONDITIONS: KEY GROWTH DRIVERS

**Economic growth and rising disposable income in Southeast Asia will contribute to the growth of the digital financial service industry**

Please refer to **Chapter 4: The Mobile App Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on growing economy and disposable income in Southeast Asia. As the economies in the region develop and disposable incomes of the population in Southeast Asia grow, the population is expected to spend more frequently and make more payments and purchases. This in turn will create more demand for payments using digital financial services, primarily due to its convenience and accessibility.

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

**Underbanked and unbanked population in Southeast Asia indicates potential for the growth of digital financial service industry**

In Southeast Asia, the rate of underbanked or unbanked people among the Southeast Asian population stood at over 37.0% in 2021.[30] The unbanked population comprises adult population who do not own any bank account to deposit or withdraw money. Typically, this constitutes adults who either do not have any income, or do not believe in the need to use the financial system, and more than half of them are not from the urban areas in Southeast Asia.

Digital financial platforms are widely accessible to underbanked or unbanked people as compared to banks and financial institutions as digital financial service platforms do not require pre-requisites compared to a bank or financial institution. As such, lending services offered through digital financial service platforms and virtual cards are more accessible as long as the customer can undergo the know-your-customer (KYC) process imposed by the digital financial service platform provider as proof of identity.

With a lack of proof of income and credit score rating, the underbanked and unbanked population will divert towards digital financial services for short-term financing services, and this has been driving, and will continue to drive, demand for digital financial services in Southeast Asia.

**Proliferation of mobile devices and increasing mobile broadband penetration will drive the digital financial service industry in Southeast Asia**

The proliferation of mobile devices as well as increasing mobile broadband penetration are expected to drive the digital financial service industry in Southeast Asia. Please refer to **Chapter 4: The Mobile App Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on increasing usage of mobile devices and mobile broadband penetration rates.

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

**Benefits of using e-wallets will contribute to the growth of the digital financial service industry**

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

[30] Source: World Bank. Does not include Brunei, Timor-Leste and Vietnam. Latest publicly available information is as at 2021.

**Government initiatives aimed at driving the usage of digital financial services will support the growth of the digital financial service industry in Southeast Asia**

Various initiatives and policies have been introduced in Southeast Asia to drive the adoption of digital financial services.

The Association of Southeast Asian Nations ("**ASEAN**") has implemented the ASEAN Digital Masterplan 2025 which aims to encourage businesses and people to participate in the digital economy by providing the ASEAN community with improved digital services, and create a digitally-inclusive society through the adoption and utilisation of these digital services. Further, ASEAN has also implemented the ASEAN Digital Integration Framework Action Plan 2019-2025 as a method to help overcome the barriers of digital integration. The action plan places priority on various areas in order to accelerate ASEAN's plans to realise digital integration, such as enabling seamless digital payments to promote safe and secure, efficient and interoperable e-payment systems.

In Malaysia, the Government of Malaysia has released the Malaysia Digital Economy Blueprint in 2021, which plans to accelerate Malaysia into a technologically advanced economy. Under this blueprint, the Government of Malaysia aims to drive digital transformation in the public sector by ensuring government agencies adopt cashless payments as the preferred method for payment, as well as create an inclusive digital society through the promotion of electronic payment onboarding programme for merchants and consumers.

Meanwhile in Singapore, the Government of Singapore has implemented the Digital Readiness Blueprint. Among the strategic thrusts in the blueprint include expanding and enhancing digital access for inclusivity by promoting the usage of electronic or cashless payment methods through customised mobile packages for those with specific needs, and widening the access to basic digital enablers.

In Thailand, the Bank of Thailand issued the Directions for Development of Payment Systems Under the New Financial Sector Landscape of Thailand, which illustrates Thailand's 3-year payment systems development strategy. Through this development strategy, digital financial service platforms will act as a catalyst to support efficient and sustainable transition of the financial sector within Thailand to a digital economy.

The abovementioned Government initiatives implemented by ASEAN and the Governments are expected to drive the adoption of digital financial services across Southeast Asia.

## SUPPLY CONDITIONS

A critical component for operating a digital financial services platform is the talent required to develop, enhance and maintain the platform. The platform can either be developed in-house or outsourced to third-party platform developers. Meanwhile, digital financial service providers using big data analytics to personalise user experience on their platform will also require data engineers, scientists and/or analysts to analyse and interpret the data gathered. Thus, there is a need for digital financial service providers to hire, retain and train data engineers, scientists and/or analysts, or outsource such services to third-party providers.

## RELEVANT LAWS AND REGULATIONS

Generally, mobile app providers do not require any licence, approvals or permits to operate a mobile app. However, they may require certain approvals to provide the services offered through the mobile app. For instance, digital financial service providers will need to obtain e-money licences in Malaysia and Thailand or Major Payment Institutions to allow for digital payments and fund transfers.

PROVIDENCE

**COMPETITIVE OVERVIEW**

PROVIDENCE has identified 6 industry players, including BigPay Group, on the basis that the companies:

(i) Offer digital financial services; and
(ii) Are headquartered in Southeast Asia.

The table below sets out the details of the industry players:

| Company name | Platform name | Payments and fund transfer | Lending | Insurance plans | Money management feature | Others | Headquarters | Countries served | Latest FYE | Revenue (RM '000) | GP (RM '000) | GP margin [a] (%) | PAT (RM '000) | PAT margin [b] (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BigPay Group** | **BigPay** | ✓ | ✓ | ✓ | ✓ | ✓ | **Malaysia** | **Malaysia, Singapore** | **31 December 2023** | **46,010[c]** | **45,955[c]** | **99.9** | **(103,881[c])** | **-** |
| Boost Holdings Sdn Bhd | Boost | ✓ | - | ✓ | - | ✓ | Malaysia | Malaysia, Singapore, Thailand | 31 December 2023 | 152,001 | 136,845 | 90.0 | (179,240) | - |
| Globe Digital financial services Innovations Inc. | GCash | ✓ | ✓ | ✓ | ✓ | ✓ | The Philippines | The Philippines, United States, Canada, the United Kingdom, Spain, Italy, Germany, Qatar, Kuwait, Japan, South Korea, Taiwan, Singapore, Hong Kong, Australia | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] |
| Grab Holdings Ltd | Grab Pay | ✓ | - | ✓ | ✓ | ✓ | Singapore | Singapore, Malaysia, Indonesia, Thailand, | 31 December 2023 | 844,560 [c e] | 3,947,400 [c f] | 36.5 [g] | (2,226,150) [c f] | - |

| Company name | Platform name | Payments and fund transfer | Lending | Insurance plans | Money management feature | Others | Headquarters | Countries served | Latest FYE | Revenue (RM '000) | GP (RM '000) | GP margin [a] (%) | PAT (RM '000) | PAT margin [b] (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Vietnam, the Philippines, Myanmar, Cambodia | | | | | | |
| Touch 'n Go Sdn Bhd | Touch 'n Go eWallet | ✓ | ✓ | ✓ | ✓ | ✓ | Malaysia | Malaysia, PRC, Singapore, Japan, South Korea, the Philippines, Australia, the United Kingdom, France, Germany, Italy | 31 December 2023 | 192,392 | 126,524 | 65.8 | (65,156) | - |
| Ascend Money | True Money | ✓ | ✓ | ✓ | ✓ | ✓ | Thailand | Thailand, Cambodia, Indonesia, Myanmar, the Philippines, Vietnam | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] | N/A[d] |

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) This list is not exhaustive
(iii) [a] GP margin is computed based on GP over revenue
(iv) [b] PAT margin is computed based on PAT over revenue
(v) [c] Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900
(vi) [d] N/A – Financial information not publicly available
(vii) [e] Financial information is based on segmental financial information
(viii) [f] Financial information is based on consolidated financial information and may include other businesses, as the segmental financial information is not publicly available
(ix) [g] GP margin is computed based on consolidated financial information as segmental financial information is not publicly available

Source: Companies Commission of Malaysia, various company websites, BigPay Group, PROVIDENCE

## INDUSTRY REVENUE SHARE

BigPay Group's industry revenue share in the digital financial service industry in Southeast Asia in 2023 is as follows:

| Type of digital financial services | Industry size (USD million) | Industry size (RM million) [a] | BigPay Group's revenues (RM '000) | Industry revenue share (%) |
|---|---|---|---|---|
| Payments, fund transfer, insurance, personal finance and loans | 2,371.2 | 36,711.0 | 46,010 | 0.1 |
| Total digital financial service industry | 11,028.6 | 50,621.3 | 46,010 | 0.1 |

Note:

(i) [a] Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900

Source: Allied Market Research, BigPay Group, PROVIDENCE

BigPay Group's industry revenue share in the digital financial service industry in Southeast Asia in 2024 is as follows:

| Type of digital financial services | Industry size (USD million) | Industry size (RM million) [a] | BigPay Group's unaudited revenues (RM '000) | Industry revenue share (%) |
|---|---|---|---|---|
| Payments, fund transfer, insurance, personal finance and loans | Not available [b] | Not available [b] | 39,873 | - |
| Total digital financial service industry | 13,115.9 | 59,954.1 | 39,873 | 0.1 |

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5711

(ii) [b] Industry size for the type of services is not yet available for 2024

Source: Allied Market Research, BigPay Group, PROVIDENCE

## PROSPECTS AND OUTLOOK FOR BIGPAY GROUP

Moving forward, the digital financial service industry in Southeast Asia is forecast to grow at a CAGR of 19.5% between 2025 and 2027. The growth is expected to be driven by the economic growth and rising disposable income, underbanked and unbanked population, proliferation of mobile devices and increasing broadband penetration, and Government initiatives in Southeast Asia as well as benefits of using e-wallets.

BigPay Group stands to benefit from the growing digital financial service industry in Southeast Asia.

**[The rest of this page is intentionally left blank]**

# 5 THE IN-FLIGHT CATERING SERVICE MARKET IN SOUTHEAST ASIA

## INTRODUCTION

In-flight catering services refer to the provision of in-flight food and beverages ("**F&B**") to airline passengers during a flight. Depending on the route, duration of the flight and cabin class, these in-flight F&B may vary from simple snacks to a full meal consisting of several courses, while drinks can include alcoholic or non-alcoholic options.

In-flight catering services may either be performed in-house or outsourced. Airlines which outsource their catering typically engage the services of an in-flight catering service provider which specialises in providing in-flight F&B to airlines.

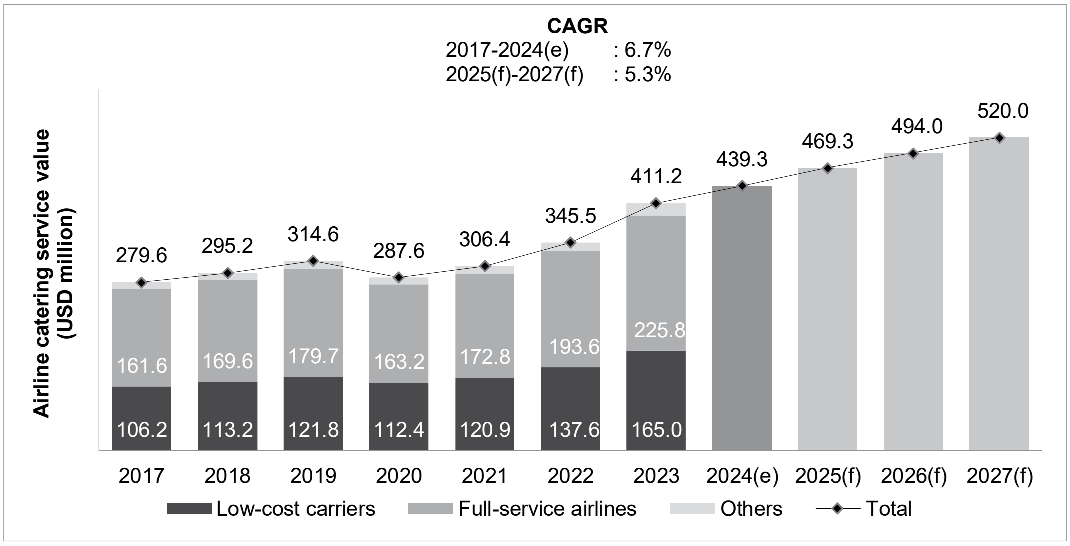
Santan is presently involved in the provision of in-flight catering services.

## MARKET PERFORMANCE, SIZE AND GROWTH

The in-flight catering service market size in Southeast Asia, as measured by service value, grew from USD279.6 million (RM1.2 billion[1]) in 2017 to an estimated USD439.3 million (RM2.0 billion[1]) in 2024, registering a CAGR of 6.7%. In 2023, in-flight catering services for low-cost carriers constituted 40.1% of the total in-flight catering service market in Southeast Asia. Between 2017 and 2023, in-flight catering services for low-cost carriers increased from USD106.2 million (RM456.7 million[1]) in 2017 to USD165.0 million (RM757.4 million[1]) in 2023 at a CAGR of 7.6%.

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

**In-flight catering service market size in Southeast Asia**




Notes:

(i) (e) - Estimate
(ii) (f) – Forecast
(iii) Others include charter flights

Source: HTF Market Intelligence, PROVIDENCE analysis

## DEMAND CONDITIONS: KEY GROWTH DRIVERS

**Growth of the airline industry will drive the growth of the in-flight catering service market**

The in-flight catering service market is mainly driven by the growth of the airline industry, being the end-user industry that it serves. In particular, growing airline passenger volumes will lead to an increased demand for in-flight catering services, as passengers consumes or purchases in-flight F&B.

Please refer to **Chapter 7: Airline Industry in Southeast Asia (Demand Conditions: Key Growth Drivers)** for more details on the growth of the airline industry.

## SUPPLY CONDITIONS

Preparation of in-flight F&B can either be undertaken in-house or outsourced to third-party central kitchens. If undertaken in-house, one of the critical supply factors for in-flight catering service providers is the availability of ingredients needed for the preparation of in-flight F&B.

## RELEVANT LAWS AND REGULATIONS

In order to provide in-flight catering services, the airlines or in-flight catering service in Malaysia must obtain a full Ground Handling Licence from the Malaysian Aviation Commission.

**[The rest of this page is intentionally left blank]**

**COMPETITIVE OVERVIEW**

PROVIDENCE has identified 23 industry players, including Santan, on the basis that the companies:

(i) Are involved in the provision of in-flight catering services; and
(ii) Are headquartered in Southeast Asia.

The table below sets out the details of the industry players:

| Company name | Headquarters | Latest audited FYE | Revenue (RM'000) | GP (RM'000) | GP margin (%) [a] | PAT/LAT (RM'000) | PAT margin (%) [b] |
|---|---|---|---|---|---|---|---|
| Bangkok Air Catering Co., Ltd | Thailand | 31 December 2024 | 167,854 [c f] | 700,533[d f] | 20.7 [e f] | 492,41[d f] | 14.6 [e f] |
| Brahim's Food Services Sdn Bhd | Malaysia | 31 December 2023 | 163,422 | 74,743 | 45.7 | 11,650 | 7.1 |
| Cambodia Air Catering Services Ltd | Cambodia | N/A | N/A | N/A | N/A | N/A | N/A |
| Danang Airport Services JSC | Vietnam | 31 December 2023 | 19,377 [c g] | 2,795 [c g] | 14.4 | 698 [d g] | 2.5 [e] |
| Global Catering JSC | Vietnam | N/A | N/A | N/A | N/A | N/A | N/A |
| Global Catering Services Corporation | The Philippines | N/A | N/A | N/A | N/A | N/A | N/A |
| Lao Fly Services Co Ltd | Laos | N/A | N/A | N/A | N/A | N/A | N/A |
| MacroAsia Corporation | The Philippines | 31 December 2023 | 326,647 [c h] | 106,104 [c h] | 32.5 | 87,876 [d h] | 26.9 [e] |
| MAS Awana Services Sdn Bhd | Malaysia | 31 December 2023 | 97,028 [c] | 53,503 [d] | 47.0 [e] | 11,118 [d] | 9.8 [e] |
| NoiBai Catering Services JSC | Vietnam | N/A | N/A | N/A | N/A | N/A | N/A |
| Phuket Air Catering Co., Ltd | Thailand | N/A | N/A | N/A | N/A | N/A | N/A |
| POS Aviation Sdn Bhd | Malaysia | 31 December 2023 | 291,331 [c] | 62,825 [d] | 10.2 [e] | (32,247) [d] | - |
| PT Aerofood Indonesia | Indonesia | N/A | N/A | N/A | N/A | N/A | N/A |
| PT Parewa Aero Catering | Indonesia | N/A | N/A | N/A | N/A | N/A | N/A |
| PT Pengembangan Jaya Papua | Indonesia | N/A | N/A | N/A | N/A | N/A | N/A |
| PT Purantara Mitra Angkasa Dua | Indonesia | N/A | N/A | N/A | N/A | N/A | N/A |
| Royal Brunei Culinary | Brunei | N/A | N/A | N/A | N/A | N/A | N/A |
| Sajian Ambang Sdn Bhd | Malaysia | 31 December 2023 | 28,261 | 5,676 | 20.1 | 689 | 2.4 |
| **Santan** | **Malaysia** | **31 December 2023** | **124,856**[c] | **54,966**[d] | **41.1**[e] | **15,814**[d] | **11.8**[e] |
| SATS Ltd | Singapore | 31 March 2024 | 3,764,755 [c i] | 829,816 [d i] | 4.7 | 110,098 [d i] | 1.2 [e i] |

| Company name | Headquarters | Latest audited FYE | Revenue (RM'000) | GP (RM'000) | GP margin (%) [a] | PAT/LAT (RM'000) | PAT margin (%) [b] |
|---|---|---|---|---|---|---|---|
| Thai Airways International PLC | Thailand | 31 December 2023 | 1,211,785 [c j] | 556,464 [d j] | 2.7 [e] | 3,686,206 [c j] | 17.9 [e] |
| Vietnam Airlines Caterers Ltd | Vietnam | N/A | N/A | N/A | N/A | N/A | N/A |
| Vietnam Air Catering Services JSC | Vietnam | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:

(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) This list is not exhaustive
(iii) N/A - Not available
(iv) [a] GP margin is computed based on GP over revenue
(v) [b] PAT margin is computed based on PAT over revenue
(vi) [c] Financial information is based on segmental financial information
(vii) [d] Financial information is based on consolidated financial information and may include other businesses, as segmental financial information is not publicly available
(viii) [e] GP/PAT margin is computed based on consolidated financial information as segmental financial information is not publicly available
(ix) [f] Exchange rate from THB to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at THB100 = RM12.9647
(x) [g] Exchange rate from VND to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at VND100 = RM0.0191
(xi) [h] Exchange rate from PHP to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at PHP100 = RM8.2035
(xii) [i] Exchange rate from SGD to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at SGD1 = RM3.3981
(xiii) [f] Exchange rate from THB to RM was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at THB100 = RM13.1073

Source: Companies Commission of Malaysia, various company websites, Santan, PROVIDENCE

## MARKET SHARE

Santan's market share in the in-flight catering service market in Malaysia in 2023 is as follows:

| | Industry size (USD million) | Industry size (RM million) | Santan's revenues (RM '000) | Market share (%) |
|---|---|---|---|---|
| F&B services | 411.2 | 1,877.3 | 124,856 | 6.7 |

Note:

(i) [a] Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5900

Source: HTF Market Intelligence, Santan, PROVIDENCE

Santan's market share in the in-flight catering service market in Malaysia in 2024 is as follows:

| | Industry size (USD million) | Industry size (RM million) | Santan's revenues (RM '000) | Market share (%) |
|---|---|---|---|---|
| F&B services | 439.3 | 2008.1 | 162,618 | 8.1 |

Note:

(i) [a] Exchange rate from USD to RM was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5711

Source: HTF Market Intelligence, Santan, PROVIDENCE

# 6 THE F&B MARKET IN MALAYSIA

## INTRODUCTION

The F&B market in Malaysia encompasses F&B products and F&B services.

F&B services refer to the provision of services related to the preparation and serving of F&B to customers. There are various types if F&B service sub-segments:

(i) Self-service restaurants – refer to eateries without waitstaff, where customers have to order, pay for and collect their own food or drinks;

(ii) Full-service restaurants – refer to sit-down F&B service establishments where customers are attended to by waitstaff, with food served directly to their table;

(iii) Cafés/bars – refer to establishments which focus on serving alcoholic or non-alcoholic beverages, and may also offer food and snacks;

(iv) Limited-service restaurants – refer to establishments with limited menus, often focusing on fast food and takeaway; and

(v) Street stalls/kiosks – refer to stalls and kiosks set up by the road pavement, or in the concourse area of shopping complexes and commercial buildings. Street stalls/kiosks offer a variety of F&B to serve the mass public, including local food and delicacies, bakery products, ice cream, snacks and coffee, at lower price levels.

Meanwhile, F&B products include the preparation and sale of ready-to-eat food products, which refer to food or meals which can be directly consumed directly or after heating.

As Santan operates and manages a F&B service chain and prepares and sells frozen ready-to-eat meals to F&B service providers, retailers and hotel operators, these segments will be the area of focus in this IMR Report.

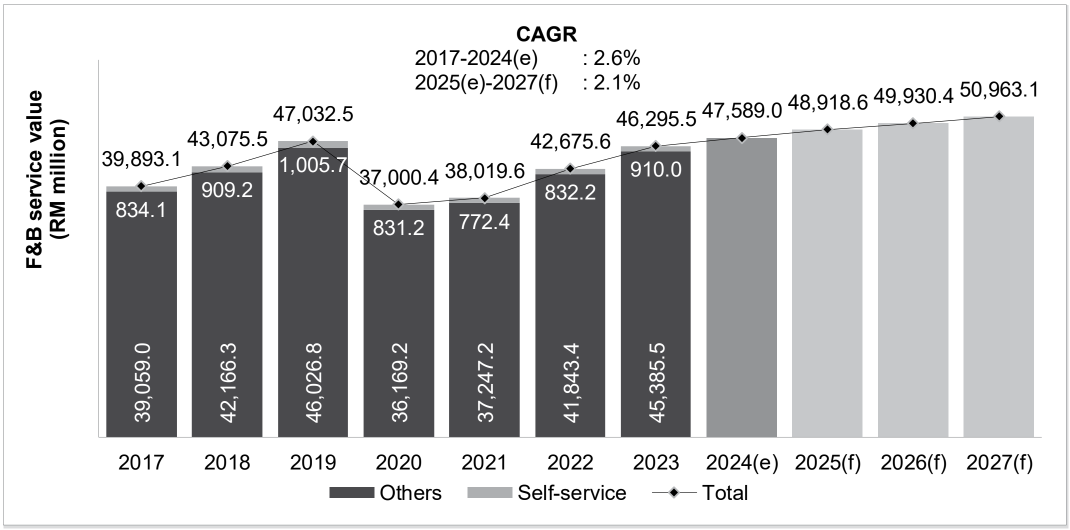
## MARKET PERFORMANCE, SIZE AND GROWTH

The F&B service market size in Malaysia, as measured by service value, grew from RM39.9 billion in 2017 to an estimated RM47.6 billion in 2024, registering a CAGR of 2.6%. As a subset of the overall F&B service market, the self-service restaurant segment is estimated to have accounted for 2.0% of the total market size in 2023. The self-service restaurant segment grew at a CAGR of 1.5% during the period of 2017 to 2023, from RM834.1 million to RM910.0 million.

Moving forward, the F&B service market size is forecast to reach RM51.0 billion in 2027, growing from an estimated RM48.9 billion in 2025 at a CAGR of 2.1%.

PROVIDENCE

**F&B services market size in Malaysia**



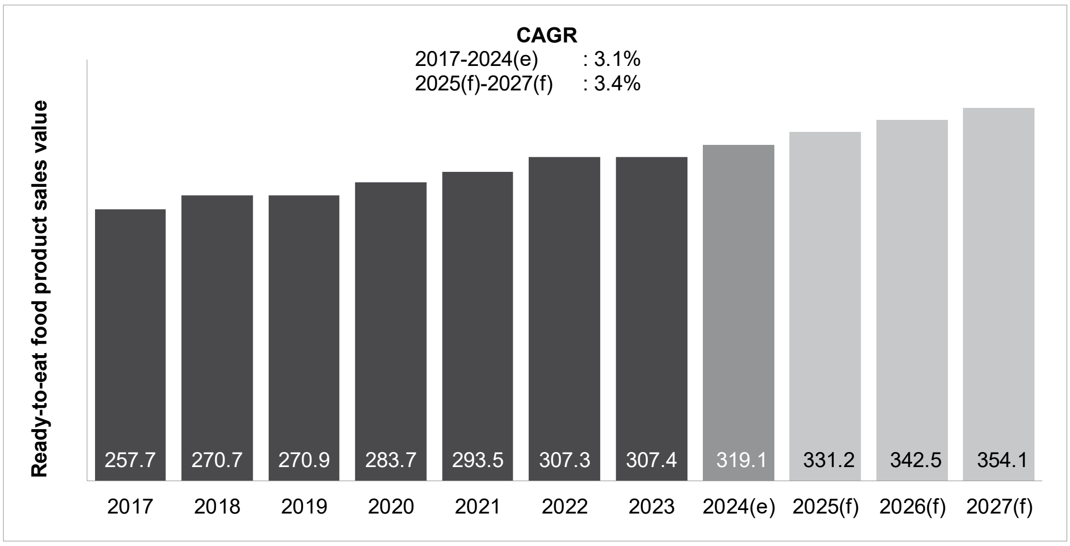

Notes:

(i) (e) - Estimate
(ii) (f) – Forecast

Source: Euromonitor International, PROVIDENCE analysis

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

**Ready-to-eat food product market size in Malaysia**




Notes:

(i) (e) - Estimate
(ii) (f) – Forecast

Source: Euromonitor International, PROVIDENCE analysis

## DEMAND CONDITIONS: KEY GROWTH DRIVERS

**Growing disposable income levels will lead to greater spending power for dining out and/or consuming ready-to-eat food products**

The disposable income of the population in Malaysia has been growing in the long-term, especially amongst urban households. Malaysia's GDP per capita grew from USD10,416 (RM44,797[1]) in 2017 to USD11,691 (RM53,662[1]) in 2023.[31]

The long-term growth of disposable income will support the urban population's growing demand for dining out in restaurants, including self-service restaurants, and/or buying ready-to-eat food products.

**Rising urbanisation will lead to greater demand for dining out and/or consuming ready-to-eat food products**

Malaysia continues to experience a rise in urbanisation, resulting in more women joining the workforce and people working longer hours. Compared to rural dwellers, urban residents lead busier lives and thus, typically demand convenience.

As such, the growing demand for convenience due to busy lifestyles is expected to continue driving the growth of the F&B market, including the F&B service and ready-to-eat food markets in Malaysia.

## SUPPLY CONDITIONS

One of the critical supply factors for the F&B market is the availability of materials, namely the ingredients needed for the preparation of food. These ingredients for food preparation are available locally. However, some imported ingredients may be used if they are not produced locally.

The F&B market also require the necessary talent to prepare and/or serve food. These personnel may either be local or foreign workers, and are readily available in Malaysia.

## RELEVANT LAWS AND REGULATIONS

F&B service providers in Malaysia are subject to laws and regulations which encompass food safety, food handling, food storage and hygiene, among others. The laws pertaining to the F&B market include Food Hygiene Regulations 2009, Food Act 1983 and Food Regulations 1985. In addition, food handling licence, premise licence and certificate of registration of food premises are required.

**[The rest of this page is intentionally left blank]**

[31] Source: World Bank. Latest publicly available information is as at 2023.

**COMPETITIVE OVERVIEW**

PROVIDENCE has identified 13 industry players, including Santan, on the basis that the companies:

(i) Operate outlets in the Klang Valley region;
(ii) Operate local or local fusion cuisine chains; and
(iii) Have a revenue of RM1.0 million and above

The table below sets out the details of the industry players:

| Company name | Café chain name | Latest audited FYE | Revenue (RM'000) | GP (RM'000) | GP margin [a] (%) | PAT/LAT (RM'000) | PAT margin [b] (%) |
|---|---|---|---|---|---|---|---|
| Ah Cheng Laksa Sdn Bhd | Ah Cheng Laksa | N/A[c] | N/A[c] | N/A[c] | N/A[c] | N/A[c] | N/A[c] |
| Dessert Captain Sdn Bhd | Penang Chendul | 31 December 2023 | 18,318 | 10,738 | 58.6 | 1,560 | 8.5 |
| G&T Brand Sdn Bhd | Bungkus Kaw Kaw | 31 December 2023 | 47,262 | 25,179 | 53.3 | 916 | 1.9 |
| Hailam Kopitiam Sdn Bhd | Hailam Kopitiam | 31 December 2023 | 1,160 [d] | 1,147 [e] | 69.5 [f] | 87 [e] | 5.3 [f] |
| Nasi Lemak Gempak Sdn Bhd | Ali, Muthu & Ah Hock | 30 September 2023 | 36,948 | 19,848 | 53.7 | (2,439) | - |
| Little Cravings Sdn Bhd [c] | Nyonya Colors | N/A[c] | N/A[c] | N/A[c] | N/A[c] | N/A[c] | N/A[c] |
| Old Town Kopitiam Sdn Bhd | OldTown White Coffee | 31 December 2023 | 56,544 | (7,255) | (13.3) | (15,068) | - |
| Oriental Kopi Holdings Berhad | Oriental Kopi | 30 September 2024 | 260,878 [d] | 75,948 [d] | 29.1 | 43,132 [e] | 15.6 [f] |
| **Santan** | **Santan** | **31 December 2023** | **8,744 [d]** | **54,966 [e]** | **41.1 [f]** | **15,814 [e]** | **11.8 [f]** |
| Suez Top Ventures Sdn Bhd | Madam Kwan's | 31 December 2023 | 84,267 | 52,903 | 62.8 | 8,376 | 9.9 |
| Tea Garden Restaurant (MY) Sdn Bhd | Tea Garden | 31 December 2023 | 40,969 | 10,106 | 24.7 | 1,731 | 4.2 |
| Teh Tarik Place Sdn Bhd | Teh Tarik Place | 30 June 2024 [g] | 4,235 [d] | 4,426 [e] | 64.2 [f] | (1,437) [e] | - |
| Uncle Don's Restaurants Sdn Bhd | Uncle Don's | 31 December 2023 | 16,613 [d] | 11,830 [e] | 53.7 [f] | 2,604 [e] | 11.8 [f] |

Notes:
(i) The list contains information based on publicly disclosed information as at 7 April 2025
(ii) This list is not exhaustive
(iii) [a] GP margin is based on GP over revenue
(iv) [b] PAT margin is based on PAT over revenue
(v) [c] Not available as it is a private exempt company
(vi) [d] Financial information is based on segmental financial information of its provision of F&B services
(vii) [e] Financial information is based on consolidated financial information as segmental financial information is not publicly available
(viii) [f] GP/PAT margin is computed based on consolidated financial information as segmental financial information is not publicly available
(ix) [g] The company changed its financial year end from 31 December to 30 June, therefore the financial statement have been made up for a period of 18 months

Source: Companies Commission of Malaysia, Santan, various company websites, PROVIDENCE

### MARKET SHARE

Santan's share in the F&B market in Malaysia in 2023 is as follows:

| | Market size (RM million) | Santan's revenues (RM '000) | Market share (%) |
|---|---|---|---|
| F&B | 46,295.5 | 8,744 | 0.02 |

Source: Euromonitor International, Santan, PROVIDENCE

Santan's share in the F&B service market in Malaysia in 2024 is as follows:

| | Market size (RM million) | Santan's revenues (RM '000) | Market share (%) |
|---|---|---|---|
| F&B service | 47,589.0 | 22,848 | 0.05 |

Source: Euromonitor International, Santan, PROVIDENCE

### PROSPECTS AND OUTLOOK FOR SANTAN

Moving forward, the F&B service market size is forecast to grow at a CAGR of 2.1% between 2025 and 2027. Meanwhile, the ready-to-eat food product market size is forecast to grow at a CAGR of 3.4% over the same period. The growth in demand for F&B services and ready-to-eat food products will be driven by the growing disposable income and rising urbanisation in Malaysia.

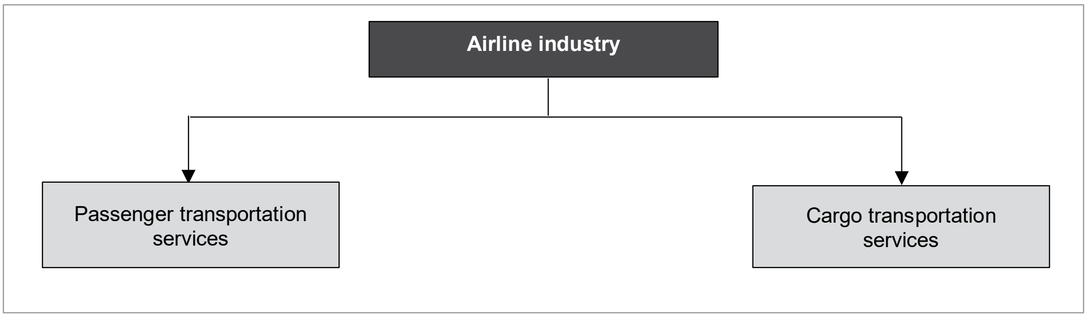
Santan stands to benefit from the growing F&B market in Malaysia.

## 7 OVERVIEW OF THE AIRLINE INDUSTRY IN SOUTHEAST ASIA

### DEFINITION AND SEGMENTATION

Airlines refer to companies that provide commercial air transportation for passengers and/or cargo on domestic or international routes. Besides transporting passengers, airlines are also a vital part of the logistics service industry. Airlines facilitate air freight (i.e. shipment of cargo via aircraft) using freighter aircraft or the unused cargo belly space of passenger aircraft. The airline industry can thus be segmented as follows:

**Segmentation of the airline industry**




Source: PROVIDENCE

(i) Passenger transportation services, where airlines provide domestic and international air transportation to passengers, for both business and leisure purposes. These services comprise:

- **Full-service airlines** – refer to airlines which offer passengers the choice of economy, business or first-class travel. The air ticket costs typically include allocated seating, check in baggage allowance, in-flight entertainment, in-flight F&B, as well as flight amenities; and
- **Low-cost carriers** – refer to airlines which typically sells the transportation service without additional services such as such as seat selection, check-in baggage allowance and in-flight F&B. Customers have the option of paying for these services if they require them.

(ii) Cargo transportation services, which involve the shipping of parcels and cargos via aircraft, either domestically or internationally.

**INDUSTRY PERFORMANCE, SIZE AND GROWTH**

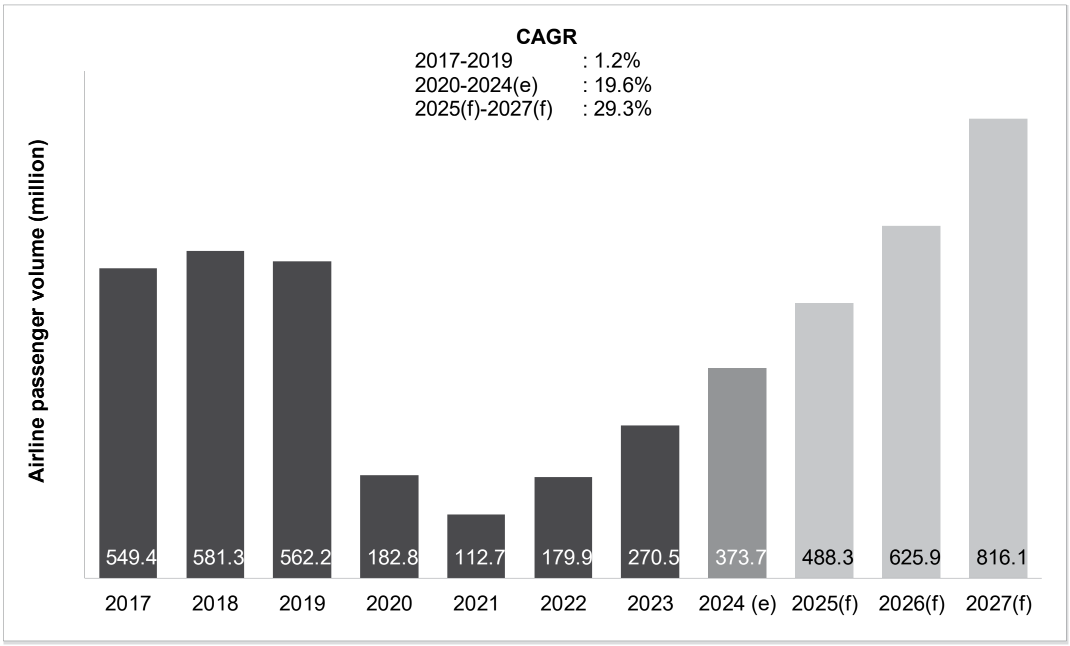
The industry size of the airline industry can be measured by passenger and cargo volumes.

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

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

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

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




Notes:

(i) (e) – Estimate
(ii) (f) – Forecast

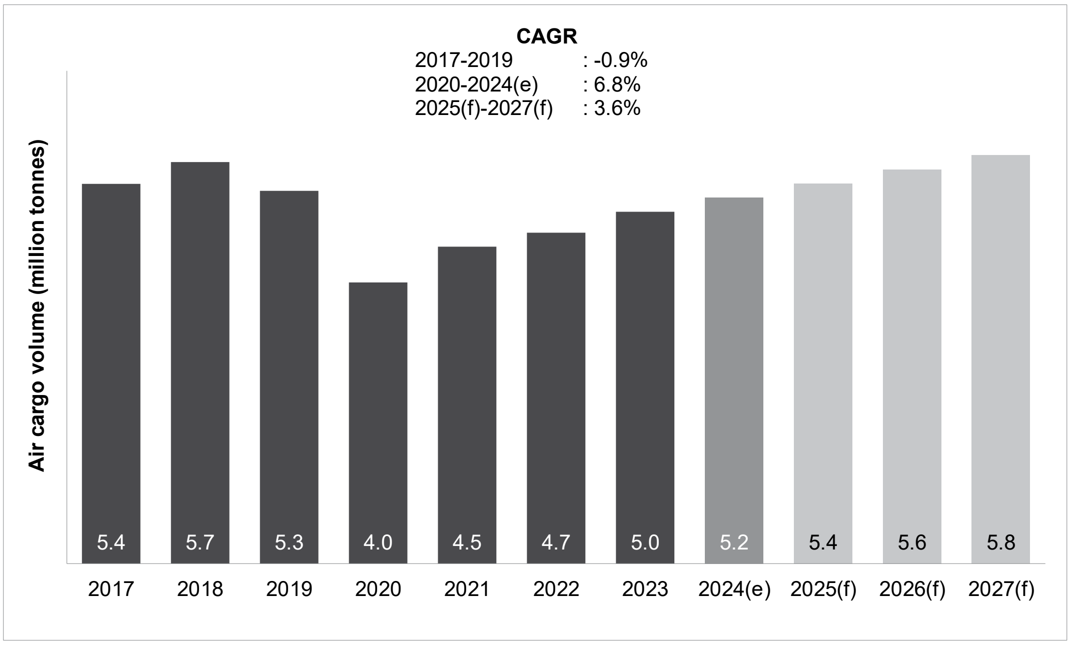
Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand, PROVIDENCE analysis

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

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

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

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




Notes:

(i) (e) – Estimate
(ii) (f) – Forecast

Source: Malaysian Aviation Commission, Philippine Statistics Authority, Ministry of Transportation Indonesia, Civil Aviation Authority of Thailand, PROVIDENCE analysis

**DEMAND CONDITIONS: KEY GROWTH DRIVERS**

**The growth of the tourism industry will create demand for the airline industry**

The performance of the airline industry typically grows in line with the tourism industry, as passenger transportation generally rises with domestic and international travelling activities.

Moving forward, the tourism industry in Malaysia, Thailand, the Philippines and Indonesia is expected to grow as a result of the following factors:

**(i) Economic growth**

The economies in Malaysia, Thailand, the Philippines and Indonesia have generally been growing steadily in the long-term. Malaysia's GDP per capita grew from USD10,416 (RM44,797[1]) in 2017 to USD11,691 (RM53,662[1]) in 2023, registering a CAGR of 1.9%.[32] Thailand's GDP per capita also rose over the same period, from USD6,099 (RM26,231[1]) in 2017 to USD6,385 (RM29,307[1]) in 2023, growing at a CAGR of 0.8%.[33] Meanwhile, the Philippines's GDP per capita also grew from USD3,289 (RM14,147[1]) in 2017 to USD3,668 (RM16,836[1]) in 2023, registering a CAGR of 1.8%.[34] Indonesia's GDP per capita also rose from USD3,592 (RM15,448[1]) in 2017 to USD4,248 (RM19,498[1]) in 2023, at a CAGR of 2.8%.[35] As economic growth results in a more affluent population with greater spending power, this will subsequently lead to higher domestic and international travels, thus fuelling the growth of the airline industry.

[32] Source: World Bank. Latest publicly available information is in 2023.
[33] Source: World Bank. Latest publicly available information is in 2023.
[34] Source: World Bank. Latest publicly available information is in 2023.
[35] Source: World Bank. Latest publicly available information is in 2023.

**(ii) Government initiatives to boost tourism**

In Malaysia, the Government of Malaysia had implemented various initiatives and programmes to promote tourisms. Under Budget 2025, the Government is allocating a total of RM1.4 billion for initiatives to further boost tourism activities, including the Visit Malaysia 2026 campaign, International and Charter Flights Matching Grant to increase the number of international flights, improving and enhancing key tourist areas, as well as restoration of heritage buildings to uplift Kuala Lumpur as a creative and cultural district. In particular, Visit Malaysia 2026 aims to attract 26.1 million foreign tourists, with an estimated domestic expenditure of RM97.6 billion.

Additionally, the Government of Malaysia has launched the National Tourism Policy 2020-2030, as part of the strategic thrusts under the 12 Malaysia Plan 2021-2025, which aims to ensure the continuity of the tourism industry, while targeting to make Malaysia a global top 10 tourism destination in terms of arrivals and receipts. The policy will focus on strengthening governance capacity, creating new tourism investment zones, embracing smart tourism, enhancing demand sophistication, practicing sustainable and responsible tourism and upskilling of human capital.

Further, under the Ministry of Tourism, Art and Culture, the Government of Malaysia has also launched various tourism funds and tax incentives, as well as implemented programmes and campaigns aimed to attract foreign tourists to Malaysia as well as promote domestic tourism. Among these tourism programmes and campaigns includes Volunteer Tourism (Voluntourism), Malaysia My Second Home (MM2H), Agrotourism, Homestay and Kampungstay, Visit Malaysia Year, Year of Festivals, and Malaysia Truly Asia.

In Thailand, the Government of Thailand expanded its visa exemption scheme from 57 to 93 countries, allowing tourists to stay for up to 60 days; as well as enabling visa on arrival for 19 to 31 countries in July 2024. The Ignite Tourism Thailand 2025 campaign was announced in April 2024 to boost the national economy by making Thailand a tourism hub. Among the strategies to achieve this are elevating tourist experience, promoting must-do activities, raising awareness of hidden-gem destinations, developing intra-regional travel linkage with neighbouring countries and hosting more world-class events. In addition, the Government of Thailand has also implemented various measures aimed to stimulate international travel in Thailand. Among these measures includes promoting and upgrading tourism operators to meet tourism standards, promoting the development of accommodation for tourism, installing closed-circuit television (CCTV) in key tourist attraction areas to ensure tourist safety, and projects to improve and develop the capacity of entrepreneurs and personnel in the tourism industry to provide better service to tourists.

In the Philippines, the Government of the Philippines approved the National Tourism Development Plan 2023-2028, which is an initiative aimed to promote safe yet competitive tourism, pursue a sustainable, inclusive and resilient tourism industry and strengthen governance and destination management. The Department of Tourism projects to have projected 51.9 million of international tourist arrivals and 34.7 million tourism-related jobs by 2028.

In Indonesia, the Government of Indonesia increased the allocated budget for the tourism industry to provide incentives for the tourism and creative industries, as well as provided grants to minimize the impact of the tourism sector, hotels and restaurants. Further, the Ministry of Tourism and Creative Economy has also entered into an agreement with the Indonesia Investing Coordinating Agency which aims to develop tourist destinations and the creative economy, and its infrastructure as well as improve the skill level of workers within the tourism industry.

The various Government initiatives mentioned above are expected to promote tourism in the respective countries, which will in turn lead to a growth in the airline industry.

**[The rest of this page is intentionally left blank]**

**Increase in the number of commercial airports in Malaysia, Thailand, the Philippines and Indonesia will lead to the growth of the airline industry**

The increase in the number of commercial airports will provide people with increased accessibility to the location through air travel. At the same time, there would also be an increase in the number of flight paths and flights to accommodate for people flying to or from these new airports. As at March 2025, there are a total of 184 commercial airports located across Malaysia, Thailand, the Philippines and Indonesia, with the Philippines having the highest number of commercial airports, standing at 70 airports[36], followed by Malaysia (40 airports[37]), Thailand (38 airports[38]), and Indonesia (35 commercial airports[39]).

Moving forward, Malaysia is constructing 2 new airports to replace the existing airports, namely Kuantan International Airport and Kuching International Airport which are expected to be operational by 2026. Meanwhile, Thailand introduced a new international airport, Betong International Airport in March 2022. Further, Thailand is also in the midst of planning for the construction of two new airports, namely the Andaman Airport and the Lanna Airport. In addition, the Philippines is currently constructing 3 new commercial airports, namely the New Manila International Airport, Tacloban Airport and Central Mindanao Airport. The Philippines is also in the midst of planning for the construction of 4 new airports located in Zamboanga, Dumaguete, Masbate and Bukidnon. Meanwhile, Indonesia is in the midst of constructing the North Bali Airport (which is expected to be completed in 2025).

The growth in the number of airports across Malaysia, Thailand, the Philippines and Indonesia is expected to result in an increase in both flight routes and the frequency of flights, thereby stimulating growth in the airline industry within these countries.

**The growth in demand for air freight services will contribute to the growth of the airline industry**

The growth in demand for air freight services is expected to drive the airline industry as it will result in an increase in parcels and cargos transported via freighter aircraft of unused cargo belly spaces of passenger aircraft. The growth of air freight services is as elaborated in **Chapter 2 – The Logistics Service Industry in Southeast Asia** of this IMR report. The demand for air freight services is expected to be driven by the growth of e-commerce in Southeast Asia, growth in global trade, improvement and development of infrastructure, growth in demand for express parcel delivery services (which may require air freight services) and Government initiatives to support the logistics and transportation industries in Southeast Asia.

**[The rest of this page is intentionally left blank]**

[36] Source: Prokerala
[37] Source: Ministry of Transport Malaysia. This includes airport aerodrome which are short take-off landing ports.
[38] Source: IndiGo
[39] Source: International Trade Administration, U.S. Department of Commerce

BDO

# Capital A Berhad

Final Report

Risk Management & Internal Control Review

11 April 2025

Tel: +603 2616 2888
Fax: +603 2616 2829
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

**Capital A Berhad**
Wisma Capital A,
19-04-02, 19, Lorong Dungun,
Bukit Damansara,
50490 Kuala Lumpur

11 April 2025

Dear Sir/Madam,

**Risk Management and Internal Control Review of Capital A Berhad ("Capital A")**

Pursuant to Paragraph 5.6 of Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Capital A and its Principal Adviser must review the risk management and internal control system of Capital A, and submit to Bursa Securities the results of such review together with its action plans to address the weaknesses identified.

In this connection, we have undertaken an independent review of risk management and internal control system of Capital A and hereby enclose our report summarising our findings, recommendations for improvement, and management comments.

This report supersedes our report issued on 18 December 2024.

Should you require any clarification on the report, please do not hesitate to contact us.

Yours faithfully,

Sanjay Sidhu
Executive Director – Advisory

## Limitations

i. This report is prepared by BDO Governance Advisory Sdn Bhd ("BDO") strictly for the use of Capital A pursuant to Paragraph 5.6 of Practice Note 17 of the Main Market Listing Requirements of Bursa Securities ("PN17").

ii. Save for the express statements of BDO made in this report, BDO does not make any representation or give any warranty expressed or implied as to the truth, accuracy or completeness of any information given to BDO in this report. The accuracy and completeness of such information remain the responsibility of the management. In finalising the report, discussions have been held with the management of Capital A for confirmation of factual accuracy.

iii. Our scope of work does not constitute an examination made in accordance with approved auditing standards. It is different from that of a statutory audit, and it cannot be relied upon to provide the same level of assurance. As our scope of work will not include procedures necessary to enable us to express an opinion on the completeness and accuracy of the financial information contained in our draft and final report, we will not accordingly express such opinion.

iv. This report must be read in conjunction with the above limiting conditions.

# Contents

## Definitions

In this report, unless otherwise indicated, expressions used shall have the following meanings:

| | |
|---|---|
| AirAsia MOVE | AirAsia Move Sdn Bhd (f.k.a. AirAsia SuperApp Sdn Bhd) |
| AirAsia MOVE Group | Collectively, AirAsia MOVE and its subsidiaries |
| AirAsia Ride | AirAsia Ride Sdn. Bhd. (a subsidiary of AirAsia MOVE) |
| BDOGA | BDO Governance Advisory Sdn Bhd |
| BigPay | Big Pay Pte Ltd |
| BigPay Group | Collectively, BigPay and its subsidiaries |
| Bursa Securities | Bursa Malaysia Securities Berhad |
| Capital A | Capital A Berhad |
| Capital A Group or the Group | Collectively, Capital A and its subsidiaries |
| HR | Human Resources, a.k.a. People and Culture Department |
| MCCG | The Malaysian Code on Corporate Governance |
| MRO | Maintenance, Repair and Overhaul |
| Principal Adviser | RHB Investment Bank Berhad |
| SOP | Standard Operating Procedure |
| Teleport | Teleport Everywhere Pte Ltd |
| Teleport Group | Collectively, Teleport and its subsidiaries |

## Executive Summary

**1. Introduction**

We have been appointed by Capital A to perform a risk management and internal control review as part of the requirement under Paragraphs 5.6 of Practice Note 17 of Main Market Listing Requirements of Bursa Securities.

**2. Purpose and Scope**

Our scope of work involved internal control review of the following areas:

- Corporate governance;
- Risk management;
- Business development, sales and marketing;
- Procurement;
- Revenue, billing, collection and credit control;
- Finance and fixed assets;
- Inventory management;
- Information Technology General Controls; and
- Human Resources.

Our scope of review is limited to cargo/logistics, AirAsia Move, BigPay, and MRO business segments of Capital A. The review is focused on these key business segments due to their strategic importance, materiality, higher risk exposure, and impact on the organisation's overall performance, profitability, or reputation. Notwithstanding this limitation, our review areas encompass the centralised functions (i.e. Corporate Governance, Risk Management, Procurement, Information Technology, and Human Resources) that support the entire Group including Santan and other entities, thus extending the coverage to business segments outside the scope of our review.

**3. Summary of the Outcome from the Review**

| No. | Area of Review | Grading | Internal Control Gaps | Status |
|---|---|---|---|---|
| A | Corporate Governance and Risk Management | Medium to Low | • Improving Anti-Bribery and Anti-Corruption ("ABAC") policies and procedures, particularly in the areas of high risk transactions, third party management, training and awareness, as well as monitoring and review.<br>• Absence of policy and procedure on third party | Mostly resolved, with the remaining issues to be implemented over time.<br>• The ABAC policy has been enhanced.<br>• The onboarding procedures for third parties are in place. Management is advised to revisit the need to develop a third-party |

| No. | Area of Review | Grading | Internal Control Gaps | Status |
|---|---|---|---|---|
| | | | management (other than suppliers).<br>• Improving the Enterprise Risk Management ("ERM") and regulatory compliance frameworks, including the integration and alignment of risks and exposure to laws and regulations across all business operations within the Group.<br>• Absence of a Quality Assurance and Improvement Programme ("QAIP") for the Internal Audit function.<br>• Enhancing the board composition and board effectiveness evaluation in accordance with the recommended practices outlined in the MCCG. | management policy to enhance governance.<br>• The ERM and regulatory compliance frameworks have been enhanced.<br>• The QAIP processes have now been incorporated into the Audit Manual. However, the review/audit will be carried out at a future date.<br>• Management targets to implement the recommended practices in the MCCG by Q4 2025. |
| B | Business Development, Sales and Marketing | Medium to Low | • Lack of merchant onboarding procedures (AirAsia MOVE Group).<br>• Lapses in the onboarding and monitoring procedures for AirAsia Ride's Drivers.<br>• Lack of formal approval procedures for setting minimum selling rates (Teleport Group). | Resolved.<br>• Formal procedures have been established. |
| C | Procurement | Medium | • Enhancing the Group Procurement Management, including vendor bribery risk management and business continuity plans.<br>• Lapses in the goods receipt processing arising from the lack of proof of delivery | Resolved.<br>• The Group Procurement Management has been enhanced.<br>• The relevant SOP has been updated to mandate the attachment of proof of delivery, along with the necessary documentation. |
| D | Revenue, Billing, Collection and Credit Control | Low | • Lapses in Credit Note ("CN") processing due inadequate supporting documents. | Resolved.<br>• The CN process has been enhanced. |

| No. | Area of Review | Grading | Internal Control Gaps | Status |
|---|---|---|---|---|
| E | Finance and Fixed Assets | Medium to Low | • Delays in the preparation of Transfer Pricing Documentation ("TPD").<br>• Absence of fixed assets verification and tagging.<br>• Delays and lack of review in the creditors' reconciliation process. | Resolved.<br>• The transfer pricing and creditors' reconciliation management have been enhanced.<br>• Large and valuable assets are now tagged and verified, where feasible. |
| F | Inventory Management | High | • Unorganised Inventory Storage and Safety Hazards in the Redchain warehouse. | Resolved. |
| G | Information Technology General Controls | High to Medium | • Ongoing penetration testing is recommended to better safeguard against cybersecurity risks.<br>• Weaknesses in the Personal Mobile Devices Policy.<br>• Lapses in logical user access management, including the lack of periodic reviews of superuser accounts and the use of active generic-based user accounts. | Resolved.<br>• Immediate penetration testing was performed, and it will be conducted on a routine basis.<br>• An upgrade to the system has been implemented to restrict access from personal devices.<br>• The logical user access management has been enhanced. |
| H | Human Resource ("HR") | High | • Lapses in Group HR procedures, including the lack of documentation in pre-employment background checks and the exit interview process. | Resolved.<br>• The Group HR procedures have been enhanced accordingly. |
| | | Low | • Absence of proper documentation in both the hiring and performance evaluation processes. (BigPay Group) | Resolved.<br>• The documentation processes have been enhanced, with further improvements underway. |

Our findings are graded on their potential impact to the business, and are classified into risk levels as follows:

1. *Low Risk* – Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

2. *Medium Risk* – A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value of money. Such a risk could impact on operational objectives and should be of concern to senior management and require prompt specific action.
3. *High Risk* – A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.

## 4. Conclusion

Based on our follow-up review, most of the observations have been addressed and closed, as indicated in the table above. The remaining observations that could not be addressed at the time of our review will be implemented gradually over time by the management. The Board and key management are committed to maintaining an effective risk management and internal control framework in achieving long-term organisational success.

**FURTHER INFORMATON**

## 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accepts full responsibility for the accuracy of the information given and contained herein. Our Board hereby confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

## 2. CONSENT AND CONFLICT OF INTEREST

### 2.1 RHB Investment Bank

RHB Investment Bank, being the Principal Adviser to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of our Company and/or our affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person, hold long or short positions in the securities offered by our Company and/or our affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Company and/or our affiliates.

The businesses of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group had extended various credit facilities amounting to RM469.78 million ("**Credit Facilities**") (with an amount of approximately RM467.45 million outstanding) to our Group. The Credit Facilities represent approximately 1.45% of the audited consolidated NA of RHB Bank of approximately RM32.49 billion as at 31 December 2024.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Regularisation Plan are mitigated by the following:

(a) RHB Investment Bank is a licenced investment bank and its appointment as the Principal Adviser to our Company for the Proposed Regularisation Plan is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to our Company for the Proposed Regularisation Plan;

(b) the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM32.49 billion as at 31 December 2024;

(c) the Corporate Finance division of RHB Investment Bank is required under its investment banking licence to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and BNM governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and

(d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

Save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Regularisation Plan.

**2.2 EY**

EY, being the Reporting Accountants to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its reports on the pro forma consolidated statements of financial position of our Group as at 31 December 2023 and all references thereto in the form and context in which they appear in this Circular.

EY confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Reporting Accountants to our Company for the Proposed Regularisation Plan.

**2.3 Providence**

Providence, being the Independent Market Researcher to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its independent market research report and all references thereto in the form and context in which they appear in this Circular.

Providence confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Independent Market Researcher to our Company for the Proposed Regularisation Plan.

### 2.4 BDO Consulting Sdn Bhd

BDO Consulting Sdn Bhd, being the internal control reviewer to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Internal Control and Risk Management Review Report and all references thereto in the form and context in which they appear in this Circular.

BDO Consulting Sdn Bhd confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the internal control reviewer to our Company for the Proposed Regularisation Plan.

## 3. MATERIAL COMMITMENTS

Save as disclosed below, there is no material commitment incurred or known to be incurred by our Group which may have a material impact on the financial results/position of our Group:

| **Capital commitment** | **Unaudited as at the LPD** |
|---|---|
| | **RM'million** |
| Contracted but not provided for: | |
| • Not later than 1 year | 1,827.83 |
| • Later than 1 year and not later than 5 years | 11,194.69 |
| • Later than 5 years | 94,577.99 |
| **Total** | **107,600.51** |

***Note:***

*The approved and contracted for capital commitments for our Group are in respect of aircraft purchase.*

## 4. CONTINGENT LIABILITIES

As at the LPD, there is no contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/position of our Group.

## 5. MATERIAL CONTRACTS

As at the LPD, save for the AAAGL SSPA, AAB SSPA and as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past 2 years immediately preceding the date of this Circular:

On 3 September 2024, our Company entered into a deed of settlement ("**Deed of Settlement**") with SK Malaysia Investment I Pte. Ltd. ("**SK**"), MOVE Digital and BigPay in respect of the settlement of debts amounted to approximately USD60.00 million (equivalent to approximately RM266.01 million*) as at the LPD arising from the financing granted by SK to BigPay ("**SK Financing**").

Pursuant to the Deed of Settlement, our Company shall pay the principal sum of USD60.00 million (equivalent to approximately RM266.01 million*) together with the accrued interest to SK in accordance with the agreed repayment schedule, in consideration of all agreements relating to the SK Financing being terminated and parties being discharged from its respective obligations or liabilities under the agreements.

**Note: Based on BNM's exchange rate of USD1.00:RM4.4335, being the middle rate published on BNM's website as at the LPD.*

## 6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, save as disclosed below, our Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group or any facts which are likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group:

(i) Arbitration matter involving Mr. Christopher Davison and Mr. Navin Rajagopalan (as claimants) v AirAsia Digital Sdn Bhd ("**AA Digital**"), AAB and BigPay (as respondents) at Singapore International Arbitration Centre in respect of disputes arising from the shareholder disputes in relation to BigPay

On 17 March 2017, the claimants, AAB and BigPay have entered into the following agreements in relation to the regulation of affairs of BigPay:

(1) Shareholders' agreement which sets out the terms governing the relationship between the shareholders of BigPay ("**BigPay SHA**"); and

(2) Investment agreement which sets out the terms and conditions relating to AAB's investment in BigPay ("**BigPay IA**").

On 18 November 2021, the claimants issued a notice of arbitration against AA Digital, AAB and BigPay under the Arbitration Rules of the Singapore International Arbitration Centre 2016, in respect of the decision taken by AA Digital to terminate the BigPay SHA and BigPay IA. The claimants, as minority shareholders of BigPay, claimed for breaches and wrongful termination of the BigPay IA and BigPay SHA by the respondents and minority oppression under section 216(1) of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"). The claimants made claims in the region of USD140,000,000 to USD183,000,000 (equivalent to approximately RM620,690,000 to RM811,330,500*), and the main relief sought by the claimants was a buy-out by AA Digital of the shares held by the claimants in BigPay.

On 27 December 2024, the Singapore International Arbitration Centre issued a partial award wherein AA Digital was ordered to buy out the BigPay shares held by the claimants at the buyout price of USD14,736,000 (equivalent to RM65,332,056*).

The arbitral tribunal will next consider the issue of costs and interest. In relation thereto, parties have filed their respective submissions to the arbitral tribunal on 20 January 2025.

AA Digital, through its solicitors, filed an application in the Singapore High Court on 26 March 2025 to set aside the aforementioned partial award. A case conference has been scheduled for 24 April 2025. The claimants have 14 days to reply to the application, though they are expected to seek an extension of time.

**Note: Based on BNM's exchange rate of USD1.00:RM4.4335, being the middle rate published on BNM's website as at the LPD.*

(ii) Litigation involving AirAsia (India) Limited ("**AAIL**") and Commissioner of Central Tax, Bangalore North

During the course of the operations of AAIL, AAIL had received certain demands and assessment orders from the tax authorities in India in respect of assessment years 2016-17, 2017-18, 2018-19 and 2020-21. The maximum liability of our Group which may arise from the tax demands is approximately RM253.7 million based on 49% of the aggregate liability of AAIL of INR10,022.2 million (equivalent to approximately RM517.8 million*).

In the midst of the ongoing litigation, the Indian Government announced a litigation settlement scheme i.e., Vivad Se Vishwas scheme ("**VSV**") which provides an option to pay only the base tax, and the underlying interest and penalty shall be waived. Considering the facts of the case, an application was filed under VSV on 30 December 2024, a pre-requisite of which was payment of the base tax amounting to INR1,543.4 million (equivalent to approximately RM79.7 million*), of which the Group was liable for 49% which amounted to INR756.3 million (equivalent to approximately RM39.1 million*). Currently, the VSV application for all assessment years have been approved by the Principal Commissioner, save for the VSV application for assessment year 2018-19 which is still pending approval from the Principal Commissioner.

**Note: Based on BNM's exchange rate of INR100:RM5.1664, being the middle rate published on BNM's website as at the LPD.*

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's registered office at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia from Mondays to Fridays (except public holidays) during normal business hours from the date of this Circular up to and including the date of the forthcoming EGM:

(a) Constitution of our Company;

(b) audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2023 and the latest unaudited consolidated financial statements of our Company for the FYE 31 December 2024;

(c) Reporting Accountants' report on the pro forma consolidated statements of financial position of our Group as at 31 December 2023 together with the notes thereto as set out in Appendix III of this Circular;

(d) Independent market research report by Providence as set out in Appendix V of this Circular;

(e) Internal control and risk management review report as set out in Appendix VI of this Circular;

(f) letters of consent and declaration of conflict of interest referred to in Section 2 of Appendix VII of this Circular;

(g) material contracts referred to in Section 5 of Appendix VII of this Circular; and

(h) cause papers in respect of the material litigations referred to in Section 6 of Appendix VII of this Circular.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

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

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of Capital A Berhad ("**Capital A**" or the "**Company**") will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

**SPECIAL RESOLUTION**

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

"**THAT** subject to the sanction of the High Court of Malaya pursuant to Section 116 of the Companies Act 2016 ("**Act**"), and approvals of all relevant authorities and/or parties being obtained (if required), approval be and is hereby given to the Company to reduce the issued ordinary share capital of the Company via the cancellation of up to RM6,000.0 million from the issued share capital of the Company in accordance with Section 116 of the Act ("**Proposed Capital Reduction**").

**THAT** the corresponding credit arising from the Proposed Capital Reduction is to be used to eliminate the accumulated losses of the Company and its subsidiaries ("**Group**") and any surplus after the elimination of the accumulated losses of the Group shall then be credited to a capital reserve account of the Company.

**THAT** the Board of Directors of the Company ("**Board**") be and is hereby empowered and authorised with full powers to take all steps that it deems fit and expedient for the Proposed Capital Reduction which shall include but is not limited to, determining the exact quantum of share capital to be reduced pursuant to the Proposed Capital Reduction which shall not exceed RM6,000.0 million based on (1) the accumulated losses of the Group; and (2) the resultant issued share capital of the Company, which will be determined on the entitlement date of the Proposed Distribution under the Proposed Corporate Exercises (as defined in the Circular dated 15 April 2025 issued by the Company), as the Board shall in its absolute discretion deem fit and expedient, and in the best interest of the Company.

**AND THAT** the Board be and is hereby authorised and empowered to take all steps and to do all acts, deeds and things and to execute, enter into, sign and deliver for and on behalf of the Company, all documents as it may consider necessary or expedient to give full effect to the Proposed Capital Reduction with full power to assent to and accept any terms, conditions, modifications, variations, arrangements and/or amendments in any manner as may be required or imposed or permitted by the relevant authorities, parties and/or the High Court of Malaya."

**BY ORDER OF THE BOARD**

**CHEW MEI LING (SSM PC NO. 201908003178) (MAICSA 7019175)**
**CYNTHIA GLORIA LOUIS (SSM PC NO. 201908003061) (MAICSA 7008306)**
Company Secretaries

Kuala Lumpur
15 April 2025

***Notes:***

*(i) A member is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where two (2) proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*

*(ii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

*(iii) A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.*

*(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.*

*(v) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by our Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned meeting:*

*a. <u>In hard copy form</u>*
*In the case of an appointment made in hard copy, the Form of Proxy must be duly executed and deposited at the Registered Office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.* ***Faxed copies of the duly executed form of proxy are not acceptable.***

*b. <u>By electronic forms</u>*
*In the case of an appointment made via electronic means, the Form of Proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Note for further information on submission via TIIH Online website.*

*(vi) Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the EGM.*

*(vii) For the purpose of determining members who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 29 April 2025. Only depositors whose names appear on the Record of Depositors as at 29 April 2025 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.*

*(viii) Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) set out in the notice of EGM will be put to vote by poll.*

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will fully and wholly indemnify the Company on full indemnity basis (whether demanded or not) in respect of any penalty, liability, claim, demand, loss and damage as a result of the member's breach of warranty.

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

**FORM OF PROXY**

| | |
|---|---|
| CDS Account No. (Nominees Account Only) | |
| No of Shares Held | |

I/We ……………………………………………………………………………………………………………………………………………………………

[Full name in block, NRIC/Passport/Company No.]

Tel: ……………………………………… of ………………………………………………………………………………………………………………………

[Address]

……………………………………………………………………………………………………………………………………………………………………

being a member of **CAPITAL A BERHAD** hereby appoints:

| Full Name (in Block): | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No of Shares | % |
| Address: | | | |
| Email Address: | | | |
| Mobile Number: | | | |

and/or* (delete as appropriate)

| Full Name (in Block): | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No of Shares | % |
| Address: | | | |
| Email Address: | | | |
| Mobile Number: | | | |

or failing whom, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. or at any adjournment thereof.

| NO. | SPECIAL RESOLUTION | FOR | AGAINST |
|---|---|---|---|
| 1. | **PROPOSED REGULARISATION PLAN** | | |

Please indicate an "X" in the space provided below on how you wish your votes to be casted. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed on this………….. day of ……………. 2025

______________________________________
Signature of Member(s)/ Common Seal

** Manner of execution:*

*(a) If you are an individual member, please sign where indicated.*

*(b)* *If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the constitution of your corporation.*

*(c)* *If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your company (if any) and executed by:*

*(i)* *at least two (2) authorised officers, of whom one shall be a director; or*

*(ii)* *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

***Notes:***

*(i)* *A member is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where two (2) proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*

*(ii)* *A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

*(iii)* *A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.*

*(iv)* *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.*

*(v)* *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by our Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned meeting:*

*a.* *In hard copy form*
*In the case of an appointment made in hard copy, the Form of Proxy must be duly executed and deposited at the Registered Office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.* ***Faxed copies of the duly executed form of proxy are not acceptable.***

*b.* *By electronic forms*
*In the case of an appointment made via electronic means, the Form of Proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Note for further information on submission via TIIH Online website.*

*(vi)* *Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the EGM.*

*(vii)* *For the purpose of determining members who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 29 April 2025. Only depositors whose names appear on the Record of Depositors as at 29 April 2025 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.*

*(viii)* *Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) set out in the notice of EGM will be put to vote by poll.*

**PERSONAL DATA PRIVACY**

*By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 April 2025.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

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

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

1st fold here

**CAPITAL A BERHAD**
[Registration No.: 201701030323 (1244493-V)]
("the Company" or "Capital A")
(Incorporated in Malaysia)

**ADMINISTRATIVE NOTE**
**EXTRAORDINARY GENERAL MEETING OF CAPITAL A BERHAD**

| | | |
|---|---|---|
| **Date** | **:** | Wednesday, 7 May 2025 |
| **Time** | **:** | 10.00 a.m. |
| **Venue** | **:** | Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia |

**MODE OF MEETING**

- The Extraordinary General Meeting ("**EGM**") of the Company will be held physically at the venue as mentioned above.

**REGISTRATION**

- The registration counter will start at 8.00 a.m. on 7 May 2025 and will remain open until the conclusion of the EGM or such time as may be determined by the Chairman of the meeting.

- Shareholders/proxies are requested to produce your original MyKad or Passport (for non-Malaysian) during registration for verification purposes. Please ensure the original MyKad or Passport is returned to you.

- Upon registration, you will be issued an identification wristband (printed with passcode). Please retain the same for entry to and for voting at the EGM of the Company. There will be no replacement in the event that you lose or misplace your identification wristband.

- If you have any enquiry, please proceed to the Help Desk. The Help Desk will be located next to the registration counters.

**APPOINTMENT OF PROXY**

- Shareholders who wish to appoint proxy(ies) to attend the EGM must ensure that the duly executed Form of Proxy is deposited in a hard copy form at the registered office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia ("**Registered Office**") or by electronic lodgement via TIIH Online website at https://tiih.online not later than 10.00 a.m. on 5 May 2025. Faxed copies of the duly executed form of proxy are not acceptable.

- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

  (i) **In Hard Copy:**

  By hand or post to the Registered Office of the Company at Wisma Capital A, 19-04-02, 19, Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof, <u>otherwise the Form of Proxy shall not be treated as valid</u>.

  (ii) **By Electronic Form:**

  All shareholders have the option to submit the Form of Proxy electronically via TIIH Online not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The steps to submit electronic proxy form are summarised below:

| **Procedure** | | **Action** |
|---|---|---|
| **i.** | **Steps for Individual Shareholders** | |
| (a) | Register as a User with TIIH Online | ● Using your computer, please access the website at <u>https://tiih.online</u>. Register as a user under the "e-Services" select "**Create Account by Individual Holder**". Please do refer to the tutorial guide posted on the homepage for assistance.<br>● Registration as a user will be approved within one (1) working day and you will be notified via e-mail.<br>● If you are already a user with TIIH Online, you are not required to register again. |
| (b) | Proceed with submission of Form of Proxy | ● After the release of the notice of EGM by the Company, login with your username (i.e. email address) and password.<br>● Select the corporate event: "**CAPITAL A EGM 2025 – Submission of Proxy Form**".<br>● Read and agree to the Terms & Conditions and confirm the Declaration.<br>● Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.<br>● Appoint your proxy(ies) and insert the required details of your proxy(s) or appoint the Chairman of the meeting as your proxy.<br>● Indicate your voting instructions for the resolutions that are tabled for voting – FOR or AGAINST, otherwise your proxy will decide your vote.<br>● Review and confirm your proxy(ies) appointment.<br>● Print Form of Proxy for your record. |
| **ii.** | **Steps for Corporation or Institutional Shareholders** | |
| (a) | Register as a User with TIIH Online | ● Access TIIH online at <u>https://tiih.online</u><br>● Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "**Create Account by Representative of Corporate Holder**".<br>● Complete the registration form and upload the required documents.<br>● Registration will be verified, and you will be notified by email within one (1) to two (2) working days.<br>● Proceed to activate your account with the temporary password given in the email and re-set your own password. |

| | | |
|---|---|---|
| | | *(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)* |
| (b) | Proceed with submission of Form of Proxy | ● Login to TIIH Online at https://tiih.online<br>● Select the corporate event: "**CAPITAL A EGM 2025 – Submission of Proxy Form**".<br>● Read and agree to the Terms & Conditions and confirm the Declaration.<br>● Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.<br>● Prepare the file for the appointment of proxies by inserting the required data.<br>● Proceed to upload the duly completed proxy appointment file.<br>● Select "Submit" to complete your submission.<br>● Print the confirmation report of your submission for your record. |

**GENERAL MEETING RECORD OF DEPOSITORS ("ROD")**

- Only a depositor whose name appears on the **ROD as of 29 April 2025** shall be entitled to attend, speak and vote or appoint proxy(ies) to attend, speak and/or vote on his/her behalf at the EGM.

**POLL VOTING**

- The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**VOTING**

- Shareholders and proxy holders ("voters") are advised to download "Tricor e-Vote" app onto their smartphone/tablets ("devices") before attending the meeting.

- Tricor e-Vote app is available for download at no cost from Goole Play Store or Apple App Store.

- To use Tricor e-Vote, you need to connect to the Wi-Fi network provided by Tricor.

- On the meeting day, go to your device setting, choose the Wi-Fi name and enter the password to join:-

  Wi-Fi name: Tricor_eVote I Password: CAPITALA1404

- You are encouraged to approach Tricor's personnel to check your devices' readiness to participate the poll voting.

## ACCESS TO TRICOR E-VOTE APP

- You will be required to allow the use the camera function of your device to capture the passcode printed on the identification wristband to access Tricor e-Vote app.

- Detailed instruction on how to vote will be provided in the meeting before the start of the voting session.

- Voting for all the resolutions set out in the Notice of EGM will take place concurrently upon the conclusion of the deliberations of all the business to be transacted at the EGM.

- Upon completion of the voting session for the EGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

## CIRCULAR TO SHAREHOLDERS

- The Circular to Shareholders dated 15 April 2025, Notice of the EGM, Form of Proxy and this Administrative Note are available at the Company's Investor Relations website at www.capitala.com

- You may request for a printed copy of the Circular to Shareholders at https://tiih.online by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, you may also make your request through telephone/e-mail to our Share Registrar at the numbers/email addresses given below. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

## RECORDING OR PHOTOGRAPHY

- Strictly **NO** unauthorised recording or photography of the proceedings of the EGM is allowed.

## NO DOOR GIFT/FOOD VOUCHER

- There will be **no distribution of door gifts or food vouchers**.

- We would like to thank our shareholders for your kind cooperation and understanding during these challenging times.

## ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

**Tricor Investor & Issuing House Services Sdn. Bhd.**

| | | | |
|---|---|---|---|
| General Line | : | +603-2783 9299 | |
| Fax Number | : | +603-2783 9222 | |
| Email | : | is.enquiry@vistra.com | |
| Contact | : | Mr. Jake Too | : +603-2783 9285 |
| Persons | : | Mr. Muhamad Aiman | : +603-2783 9262 |
| | : | Mr. Muhamad Asyraf | : +603-2783 9244 |