

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. If you have sold or transferred all the RCUIDS (as defined below) you should at once hand this Notice together with the enclosed Form of Proxy to the purchaser or the transferee or to the stockbroker or other agent through whom you contracted or effected the sale or transfer for onward transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Notice as this is an Exempt Circular. Bursa Securities takes no responsibility for the contents of this Notice, 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 Notice.



CAPITAL A BERHAD

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

**NOTICE TO HOLDERS OF REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT
SECURITIES 2021/2028 ("RCUIDS")**

IN RELATION TO

NOTICE OF MEETING OF THE RCUIDS HOLDERS

The meeting of RCUIDS holders of Capital A Berhad ("**RCUIDS Holders Meeting**") will be conducted on a virtual manner through live streaming from the broadcast venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia and online remote voting using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online> on Monday, 14 October 2024 at 2.00 p.m. The Notice of the RCUIDS Holders Meeting together with the Form of Proxy are set out herein.

You are entitled to attend and vote at the RCUIDS Holders Meeting or appoint a proxy to attend and vote on your behalf. In such event, the Form of Proxy should be completed and lodged at the business address of Malaysian Trustees Berhad at Level 11, Tower 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur or electronically lodged with the poll administrator via TIIH Online website at <https://tiih.online> not later than 48 hours before the date and time of the RCUIDS Holders Meeting or any adjournment thereof. Please refer to the Administrative Note for the RCUIDS Holders Meeting on the procedures for 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 RCUIDS Holders Meeting should you subsequently wish to do so, but if you do so, your proxy shall be precluded from attending the RCUIDS Holders Meeting.

Last date and time for lodgement of the Form of Proxy : Saturday, 12 October 2024 at 2.00 p.m.
Date and time of the RCUIDS Holders Meeting : Monday, 14 October 2024 at 2.00 p.m.

This Notice is dated 20 September 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Notice:-

“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 Debt Novation”	:	The pre-completion intercompany debt adjustments whereby our Company shall assume AAAGL’s debt to AAB of RM2,820.6 million, whereby the debt shall be entirely set off against the AAB Dividend
“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 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
“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
“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

DEFINITIONS (CONT'D)

“AAB Disposal Consideration”	: The disposal consideration for the Proposed AAB Disposal of RM3,800.0 million which will be satisfied by way assumption by AAX of an amount of RM3,800.0 million owing by our Company to AAB on the AAB Completion Date
“AAB Dividend”	: Subject to the receipt of the written consent from the relevant lenders/financiers of AAB, the declaration of dividend of RM3,468.6 million by AAB to our Company, which is proposed to be set off pursuant to the AAAGL Debt Novation and existing amount owing by AAAGL to be capitalised by our Company of RM648.0 million
“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 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
“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
“AAG”	: AirAsia Group Berhad (formerly known as AirAsia Aviation Group Sdn Bhd)
“AAX”	: AirAsia X Berhad
“AAX Group”	: Collectively, AAX and its subsidiaries
“AAX Shares”	: Ordinary shares in AAX
“AAX Stake Transfer”	: The sale and transfer by AAB to our Company of 57,072,850 AAX Shares which represents 12.77% of the issued shares of AAX for RM106.7 million at RM1.87 per AAX Share
“Act”	: Companies Act 2016
“ADE”	: Asia Digital Engineering Sdn Bhd
“AirAsia MOVE”	: AirAsia Move Sdn Bhd (formerly known as AirAsia SuperApp Sdn Bhd)
“BigPay”	: Big Pay Pte Ltd
“Board”	: Board of Directors of our Company
“Brand AA”	: Brand AA Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad

DEFINITIONS (CONT'D)

“CAAM”	: Civil Aviation Authority of Malaysia
“CAAM Act”	: Civil Aviation Authority of Malaysia Act 2017, and includes any amendment and re-enactment thereof
“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”	: The circular to shareholders issued by our Company dated 20 September 2024 in relation to the Proposals, which can be downloaded from our Company’s website at www.capitala.com or Bursa Securities’ website at https://www.bursamalaysia.com
“Consideration Shares”	: 2,307,692,307 new AAX Shares to be issued at the Issue Price for the Proposed AAAGL Disposal
“DCAS”	: Deloitte Corporate Advisory Services Sdn Bhd
“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
“Distribution Shares”	: 1,692,307,692 Consideration Shares to be distributed to the Entitled Shareholders pursuant to the Proposed Distribution
“EGM”	: The extraordinary general meeting of our Company to be held on Monday, 14 October 2024 at 10.00 a.m. to obtain approval from our non-interested shareholders for the Proposals
“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
“Interested Directors”	: Collectively, Tan Sri Anthony Francis Fernandes, Datuk Kamarudin bin Meranun and Dato’ Fam Lee Ee
“Issue Price”	: Issue price of RM1.30 per Consideration Share
“LPD”	: 30 August 2024, being the latest practicable date prior to the date of this Notice
“Market Day”	: A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
“MAVCOM”	: Malaysian Aviation Commission or its successor-in-title or successor in such capacity

DEFINITIONS (CONT'D)

“MAVCOM Act”	: Malaysian Aviation Commission Act 2015
“MRO”	: Maintenance, repair and overhaul
“NA”	: Net assets
“New Aviation Group”	: The enlarged aviation group comprising AAX Group, AAAGL Group and AAB Group
“New Capital A Share”	: The new ordinary shares of our Company issued or to be issued to an RCUIDS Holder in accordance with the terms and conditions of the RCUIDS
“Notice”	: This notice to RCUIDS Holders dated 20 September 2024 in relation to the notice of meeting of the RCUIDS Holders in relation to the Proposals and Proposed Amendment
“Proposals”	: Collectively, the Proposed Disposals and Proposed Distribution
“Proposed AAAGL Disposal”	: The proposed disposal by our Company of our AAAGL Equity Interest to AAX for the AAAGL Disposal Consideration
“Proposed AAB Disposal”	: The proposed disposal by our Company of our AAB Equity Interest to AAX for the AAB Disposal Consideration
“Proposed Amendment”	: The proposed amendment to the Trust Deed as detailed in Section 5 of this Notice
“Proposed Disposals”	: Collectively, the Proposed AAAGL Disposal and Proposed AAB Disposal
“Proposed Distribution”	: The 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 proposed reduction and repayment of our Company’s share capital pursuant to Section 116 of the Act
“Proposed Pre-Completion Restructuring”	: Collectively, the AAAGL Debt Novation, the AAB Dividend and the AAX Stake Transfer
“RCUIDS”	: The 7-year redeemable convertible unsecured Islamic debt securities 2021/2028 issued by our Company and constituted by the Trust Deed
“RCUIDS Conversion Price”	: RM0.75, equivalent to the nominal value of the RCUIDS of RM0.75 for 1 New Capital A Share, or such adjusted price as may be for the time being applicable in accordance with the Trust Deed
“RCUIDS Conversion Ratio”	: The right of the RCUIDS Holders to surrender the nominal value of the RCUIDS of RM0.75 for conversion into New Capital A Shares at any time during the conversion period of the RCUIDS at the RCUIDS Conversion Price, in accordance with the Trust Deed
“RCUIDS Holders”	: Holders of the RCUIDS
“RCUIDS Holders Meeting”	: The RCUIDS Holders meeting of our Company to be held on Monday, 14 October 2024 at 2.00 p.m. to obtain approval from our non-interested RCUIDS Holders for the Proposals and Proposed Amendment

DEFINITIONS (CONT'D)

“RHB Investment Bank”	: RHB Investment Bank Berhad
“Santan”	: Santan Restaurant Sdn Bhd
“Surprise Holiday”	: A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
“TASB”	: Tune Air Sdn Bhd
“Teleport”	: Teleport Everywhere Pte Ltd
“TLSB”	: Tune Live Sdn Bhd
“Trust Deed”	: The trust deed dated 18 November 2021 between our Company and the Trustee, which constitutes the RCUIDS
“Trustee”	: Malaysian Trustees Berhad
“VWAP”	: Volume weighted average market price
“Warrants”	: Warrants 2021/2028 in our Company

References to “our Company” in this Notice 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 Notice are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to “you” in this Notice 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 Notice 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 Notice 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 Notice 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 (save for the Interested Directors) 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 Notice should not be regarded as a representation or warranty that our Company’s and/or our Group’s plans and objectives will be achieved.

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CAPITAL A BERHAD

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

Registered Office

RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa Kuala Lumpur
64000 KLIA
Selangor Darul Ehsan
Malaysia

20 September 2024

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*)

To: Our RCUIDS Holders

Dear Sir/Madam,

NOTICE OF MEETING OF RCUIDS HOLDERS IN RELATION TO THE:

- I. PROPOSED AAAGL DISPOSAL;
- II. PROPOSED AAB DISPOSAL;
- III. PROPOSED DISTRIBUTION; AND
- IV. PROPOSED AMENDMENT

1. INTRODUCTION

On 25 April 2024, RHB Investment Bank had, on behalf of our Board, announced that our Company proposes to undertake the following corporate proposals:

- (i) our Company had on 25 April 2024 entered into the following:
 - (a) the AAAGL SSPA in respect of the proposed disposal of our AAAGL Equity Interest to AAG for the AAAGL Disposal Consideration to be satisfied entirely via the allotment and issuance of 2,307,692,307 new ordinary shares in AAG at an issue price of RM1.30 each; and

- (b) the AAB SSPA in respect of the proposed disposal of our AAB Equity Interest to AAG for the AAB Disposal Consideration to be satisfied entirely via the assumption by AAG of an amount of RM3,800.0 million owing by our Company to AAB.
- (ii) the proposed distribution of the Distribution Shares to the Entitled Shareholders based on their respective shareholdings in our Company by way of a reduction and repayment of our Company's issued share capital pursuant to Section 116 of the Act. The Proposed Distribution will be undertaken as part of the AAAGL Completion.

Prior to the completion of the Proposed Disposals, our Group will undertake the Proposed Pre-Completion Restructuring comprising the following:

- (a) the sale and transfer by AAB to our Company of 57,072,850 AAX Shares owned by AAB which represents 12.77% of the issued shares of AAX for RM106.7 million or RM1.87 per AAX Share which is the last closing price of AAX Shares as at 31 December 2023, being the valuation date adopted by DCAS, being the independent valuer appointed by our Company for the valuation of the AAB Target Entities. The AAX Stake Transfer is intended to be undertaken by our Company to avoid AAX as the purchaser of the AAB Equity Interest to hold its own shares;
- (b) our Company shall assume AAAGL's debt to AAB of RM2,820.6 million pursuant to the AAAGL Debt Novation to streamline and organise the AAAGL and AAB intercompany debt between them for clarity of valuation of AAAGL and AAB individually; and
- (c) subject to the receipt of the written consent from the relevant lenders/financiers of AAB, AAB shall declare a dividend of RM3,468.6 million to our Company, which is proposed to set off the aforesaid AAAGL Debt Novation and existing amount owing by AAAGL to be capitalised by our Company of RM648.0 million, to settle the amount owing by our Company to AAB. For the avoidance of doubt, in the event the written consent from the relevant lenders/financiers of AAB for the proposed declaration of dividend by AAB is not obtained, the Proposed AAB Disposal will not be completed.

On 26 July 2024, RHB Investment Bank had, 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 has 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 had, 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. 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.

In addition, our Company is hereby proposing to undertake the Proposed Amendment as set out in Section 5 of this Notice.

In connection with the above, our Company is now seeking the RCUIDS Holders' approval for the Proposals and Proposed Amendment as set out in Sections 2 to 5 of this Notice.

THE PURPOSE OF THIS NOTICE IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND PROPOSED AMENDMENT AND TO ACCORDINGLY SEEK YOUR APPROVAL FOR THE RESOLUTIONS RELATING TO THE PROPOSALS AND PROPOSED AMENDMENT TO BE TABLED AT THE FORTHCOMING RCUIDS HOLDERS MEETING.

RCUIDS HOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS NOTICE CAREFULLY BEFORE VOTING ON THE RESOLUTIONS AT THE FORTHCOMING RCUIDS HOLDERS MEETING TO GIVE EFFECT TO THE PROPOSALS AND PROPOSED AMENDMENT.

2. PROPOSED AAAGL DISPOSAL

The Proposed AAAGL Disposal entails the disposal by our Company of our AAAGL Equity Interest to AAX for the AAAGL Disposal Consideration subject to the terms of the AAAGL SSPA, the salient terms of which are set out in Appendix I of this Notice.

Pursuant to the terms of the AAAGL SSPA, our Company has agreed to sell and AAX has agreed to purchase the AAAGL Equity Interest free from claims, liens, charges and encumbrances and together with all rights and advantages attaching to them as at the AAAGL Completion, including the right to receive all dividends or distributions declared, made or paid on or after the AAAGL Completion Date.

2.1 Mode of settlement of the AAAGL Disposal Consideration

Subject to the requisite approvals being obtained, the AAAGL Disposal Consideration shall be satisfied by AAX, in the following manner:

- (a) 1,692,307,692 new AAX Shares, representing 73.33% of the total Consideration Shares which shall, on the Entitlement Date, be allotted and issued directly by AAX to the Entitled Shareholders pursuant to the Proposed Distribution on the AAAGL Completion Date; and
- (b) the remaining 615,384,615 new AAX Shares, representing 26.67% of the total Consideration Shares shall be allotted and issued to our Company on the AAAGL Completion Date, and such Consideration Shares will be retained by our Company.

2.2 Salient terms of the AAAGL SSPA

Please refer to Appendix I of this Notice for the salient terms of the AAAGL SSPA.

2.3 Liabilities which will remain with our Company

There are no liabilities, including contingent liabilities and guarantees, in relation to AAAGL which will remain with our Company after the completion of the AAAGL SSPA. For the avoidance of doubt, 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 certain lenders/financiers of the AAAGL Group pursuant to the condition precedent under the AAAGL SSPA (as set out in Paragraph 3.1(iii)(f) of Appendix I of this Notice) are not obtained, the Proposed AAAGL Disposal will not be completed.

2.4 Amount owing to our Group (excluding AAAGL Group and AAB Group)

As at 31 December 2023, AAAGL Group has non-trade amount owing to our Group of RM54.8 million which mainly comprise advances made by our Company and other subsidiaries to AAAGL Group. Any non-trade amount owing between the AAAGL Group and our Group on the AAAGL Completion Date shall be fully settled in cash within 1 year from the AAAGL Completion. For the avoidance of doubt, the aforesaid non-trade amount owing from AAAGL Group shall be payable in cash instead of capitalised into capital contribution as our Company is of the view that the inflow of cash repayment would be beneficial to our Group's cash flows. The repayment term of 1 year from the AAAGL Completion was provided to AAAGL Group after a series of negotiations with AAX to provide AAAGL Group time to undergo the recovery phase of the aviation industry and to allow an interim period for AAAGL Group to strengthen its cash flows after the completion of the Proposed AAAGL Disposal.

The non-trade amount owing by AAAGL Group to our Group on the AAAGL Completion Date is estimated to be approximately RM96.2 million.

The rationale and benefits of the Proposed Disposals, including the Proposed AAAGL Disposal, are as follows:

Rationale and Benefits of the Proposed Disposals

The Proposed Disposals are intended to be undertaken by our Company to streamline our Group's core business activities to focus on aviation services, logistics, digital and brand management businesses which are essential and complementary to the passenger airlines business. Upon completion of the Proposed Disposals, our Group's businesses mainly encompasses the following segments:

- (i) Aviation MRO segment carried out by ADE, a wholly-owned subsidiary of our Company;
- (ii) super app segment carried out by AirAsia MOVE, a 96.19%-owned subsidiary of our Company;
- (iii) logistics segment carried out by Teleport, a 77.56%-owned subsidiary of our Company;
- (iv) digital payments segment carried out by BigPay, a 99.56%-owned subsidiary of our Company;
- (v) in-flight catering segment carried out by Santan, a wholly-owned subsidiary of our Company; and
- (vi) intellectual property segment carried out by Brand AA, a wholly-owned subsidiary of our Company.

Additionally, the Entitled Shareholders will be able to continue participating in the business of the New Aviation Group via AAX Shares to be allotted and issued to the Entitled Shareholders pursuant to the Proposed Distribution.

The Proposed Disposals are also expected to result in greater clarity of investment between our Company, being the aviation services, logistics, digital and brand management businesses provider, and AAX, a pure aviation business consolidating both long and short haul routes under the AirAsia brand name, enabling the capital market and other stakeholders to better ascertain the merits and prospects of each entity. This would facilitate business-centric valuation of the separate entities.

Our Company is expected to record a gain on remeasurement of interest in AAAGL and gain on disposal of AAB and thereby is expected to improve the shareholders' equity of our Group in our effort to regularise our financial conditions.

Based on the latest audited consolidated statements of financial position of our Company as at 31 December 2023 and assuming that the Proposals had been effected on that date as well as none of the outstanding RCUIDS are converted and none the outstanding Warrants are exercised into new Shares prior to the Entitlement Date, the pro forma effects of the Proposals on the NA per Share and gearing of our Group are as follows:

	Audited as at 31 December 2023 RM'million	(I) After the Proposed AAAGL Disposal and Proposed Distribution ⁽²⁾ RM'million	(II) After (I) and the Proposed AAB Disposal ⁽³⁾ RM'million
Share Capital	8,711.7	6,477.9	6,477.9
Merger Deficit	(5,507.6)	(5,507.6)	-
Other Reserves	138.7	128.3	110.1
Foreign Exchange Reserve	217.1	163.2	(59.9)
Accumulated Losses	(12,322.0)	(8,287.3)	(5,878.7)
Shareholders' equity/ NA	(8,762.1)	(7,025.5)	649.4
Number of ordinary shares in issue ('million)	4,254.58	4,254.58	4,254.58
NA per Share (RM)	(2.06)	(1.65)	0.15
Total borrowings (RM'million)	24,180	17,784	1,734
Gearing ratio (times)	⁽¹⁾ N/A	N/A	2.67

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) the share consideration received for the Proposed AAAGL Disposal of approximately RM3.0 billion. For the purpose of illustration in the pro forma effects above, the purchase consideration was illustrated at approximately RM3.0 billion which was based on the issue price of each Consideration Share of RM1.32, 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 pursuant to the Proposed Distribution was illustrated based on market price of AAX Shares of RM1.32 each, being the 5-day VWAP of AAX Shares up to and including the LPD;
 - (d) the decrease in accumulated losses is due to the pro forma gain arising from the remeasurement of remaining interest of our Company in AAAGL of RM3.6 billion and the transfer of AAAGL's other reserves to accumulated losses of RM428.7 million; and
 - (e) the reduction in total borrowings is 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 is 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 RM241.3 million, which is offset by the reclassification of merger deficit of RM5.5 billion; and
 - (e) the reduction in total borrowings is 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 Proposals 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.

By reason of certain covenants in the Trust Deed, in particular Clause 12.2(e) of the Trust Deed as set out below, your consent is required for the Proposed AAAGL Disposal:

“12.2 The Issuer hereby covenants with the Trustee (for the benefit of the RCUIDS Holders) that, from the date hereof until all its liabilities and obligations under this Trust Deed and the RCUIDS have been discharged, except with the prior written consent of the Trustee:

(e) **Disposal:** it shall not sell, transfer, lease (other than by way of operating lease) or otherwise dispose of or in any case, cease to exercise control over, whether by a single transaction or a number of transactions, related or not, the whole or part of its undertaking, business or assets.”

3. PROPOSED AAB DISPOSAL

The Proposed AAB Disposal entails the disposal by our Company of our AAB Equity Interest to AAX for the AAB Disposal Consideration subject to the terms of the AAB SSPA, the salient terms of which are set out in Appendix II of this Notice.

Pursuant to the terms of the AAB SSPA, our Company has agreed to sell and AAX has agreed to purchase the AAB Equity Interest free from encumbrances (save as disclosed in our Company’s disclosure letter in respect of the AAB SSPA⁽¹⁾) and together with all rights and advantages attaching to them as at the AAB Completion, including the right to receive all dividends or distributions declared, made or paid on or after the AAB Completion Date.

Note:

(1) On 21 August 2024, AAB’s wholly-owned subsidiary, AirAsia RB1 Ltd (“AARB1”), 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 September 2026 and August 2028, with AAB as a third party security provider, and both AAB and our Company as corporate guarantors (“Revenue Bond”). Bank Negara Malaysia (“BNM”) has vide its letters dated 26 March 2024 and 4 July 2024 approved the issuance of the Revenue Bond together with the proposed security under BNM’s Foreign Exchange Policy. The Revenue Bond was issued on 23 August 2024. The rationale for the issuance of the Revenue Bond is to raise proceeds which shall be on-lend 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 (“Revenue Bond Trust Deed”), 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 release of our Company as a corporate guarantor under the Revenue Bond 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 Company after the completion of the Proposed Disposals.

The Revenue Bond and/or AAB’s corporate guarantee (as the case may be), are also secured by, amongst others:-

- (i) a first ranking charge by AAB over all present and future revenue proceeds generated by AAB from passenger seat sales and ancillary revenue from the selected specified routes after deduction of any refunds, merchant discount fees and bank charges which are held by AAB;
- (ii) a floating charge by AAB over certain sub-accounts of AAB’s general operating account, which shall receive all present and future passenger seat sale proceeds and ancillary revenue generated by AAB through distribution channels other than AirAsia MOVE;
- (iii) a first ranking share charge by AAB over 100% of the shares of AARB1 Ltd held; and
- (iv) upon completion of the Proposed Disposals, a first ranking share charge by AAX in respect of 49% of the shares of AAB held.

For detailed information on the Revenue Bond, please refer to Section 12 of Appendix III of the Circular which can be downloaded from our Company’s website at www.capitala.com or Bursa Securities’ website at <https://www.bursamalaysia.com>.

3.1 Mode of settlement of the AAB Disposal Consideration

The AAB Disposal Consideration will be satisfied by way of AAX's assumption of 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.

The details of the debt by our Company to AAB as at 31 December 2023 are as follows:

Description	RM'million
Amount owing from our Company to AAB as at 31 December 2023 ^(a)	3,793.0
Add: AAX Stake Transfer	106.7
Adjusted amount owing from our Company to AAB as at 31 December 2023	<u>3,899.7</u>

Note:

- (a) *To streamline AAAGL and AAB intercompany debt, our Company will undertake the AAAGL Debt Novation as part of the Proposed Pre-Completion Restructuring.*

As a result of the assumption of debt, the following shall occur simultaneously:

- (i) AAB shall fully release our Company from the liability for the payment of the amount owing from our Company to AAB; and
- (ii) AAX shall fully assume the liability for the payment of the amount owing from our Company to AAB,

by way of the issue of promissory note from AAX to AAB, which will substitute and cancel the existing promissory note issued by our Company to AAB in connection with the amount owing from our Company to AAB.

The remaining amount owing from our Company to AAB of RM99.7 million after the Debt Settlement shall be payable within 1 year from the AAB Completion Date. In the event the remaining amount owing by our Company to AAB as at the AAB Completion Date deviates from RM99.7 million, the differences shall be fully settled in cash within 1 year from the completion of the Proposed AAB Disposal. The aforesaid amount is excluded from the AAB Disposal Consideration as the consideration was negotiated by our Company and AAX, on a willing-buyer willing-seller basis, after taking into consideration, amongst others, AAX's consideration of the future prospects of AAB Group and the equity value of AAB Equity Interest as at 31 December 2023 based on an independent valuation conducted by DCAS.

3.2 Salient terms of the AAB SSPA

Please refer to Appendix II of this Notice for the salient terms of the AAB SSPA.

3.3 Liabilities which will remain with our Company

There are no liabilities, including contingent liabilities and guarantees, in relation to AAB which will remain with our Company after the completion of the AAB SSPA. For the avoidance of doubt, 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 certain lenders/financiers of the AAB Group pursuant to the condition precedent under the AAB SSPA (as set out in Paragraph 3.1(iii)(h) of Appendix II of this Notice) are not obtained, the Proposed AAB Disposal will not be completed.

The rationale and benefits of the Proposed Disposals, including the Proposed AAB Disposal, are set out in Section 2 of this Notice.

By reason of certain covenants in the Trust Deed, in particular Clause 12.2(e) of the Trust Deed as set out below, your consent is required for the Proposed AAB Disposal:-

“12.2 The Issuer hereby covenants with the Trustee (for the benefit of the RCUIDS Holders) that, from the date hereof until all its liabilities and obligations under this Trust Deed and the RCUIDS have been discharged, except with the prior written consent of the Trustee:

*(e) **Disposal:** it shall not sell, transfer, lease (other than by way of operating lease) or otherwise dispose of or in any case, cease to exercise control over, whether by a single transaction or a number of transactions, related or not, the whole or part of its undertaking, business or assets.”*

4. PROPOSED DISTRIBUTION

As part of the Proposed AAAGL Disposal, our Company intends to distribute approximately RM2,200.0 million in value of the Consideration Shares to the Entitled Shareholders based on their respective shareholdings 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. Accordingly, the number of Distribution Shares shall be fixed at 1,692,307,692 Consideration Shares, based on the Issue Price of RM1.30.

An order of the High Court of Malaya will be sought to confirm our Company's issued share capital reduction and repayment pursuant to Section 116 of the Act to facilitate the Proposed Distribution, after obtaining the approval from the Shareholders of our Company at the forthcoming EGM. The share capital reduction and repayment will take effect upon lodgement of the sealed court order of the High Court of Malaya with the Registrar of Companies.

For illustration, based on 1,692,307,692 Consideration Shares and the 5-day VWAP of AAX Shares up to the LPD of RM1.32, the issued share capital of our Company shall be reduced by RM2,233.8 million from RM8,769.4 million as at the LPD to RM6,536.6 million. The credits arising from the capital reduction and repayment of RM2,233.8 million will be transferred to the retained earnings of our Company to facilitate the distribution of 1,692,307,692 Consideration Shares received from the Proposed AAAGL Disposal to the Entitled Shareholders. The exact amount of issued share capital of our Company to be reduced is dependent on the prevailing market price of AAX Shares (i) immediately prior to our application to the High Court of Malaya for the issued share capital reduction and repayment of our Company and (ii) the Entitlement Date. Accordingly, our Board shall be given the full authority and empowerment to decide the final amount of issued share capital to be reduced to facilitate the Proposed Distribution of 1,692,307,692 Consideration Shares.

The reduction and repayment of our Company's issued share capital pursuant to the Proposed Distribution will not result in:

- (i) a cancellation of Capital A Shares;
- (ii) a change in the number of Capital A Shares held by any of our shareholders; and
- (iii) a change in the proportion of Capital A Shares held by any of our shareholders.

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 Proposals.

The Entitled Shareholders will not be required to pay for their entitlements to the Distribution Shares. The actual number of Distribution Shares which the Entitled Shareholders will receive under the Proposed Distribution will be calculated based on the following formula:

$$\frac{\text{No. of Shares held by Entitled Shareholder on the Entitlement Date}}{\text{No. of Capital A Shares in issue on the Entitlement Date}} \times \text{Total Distribution Shares of 1,692,307,692 AAX Shares}$$

The Distribution Shares will be allotted and issued to the Entitled Shareholders and credited directly into their central depository accounts based on their shareholdings in our Company on the Entitlement Date.

For illustration purpose, based on the total issued share capital of our Company of RM8,769.4 million comprising 4,306.9 million ordinary shares as at the LPD, the Distribution Shares are expected to be distributed on the basis of 392 new AAX Shares for every 1,000 of Capital A Shares held by the Entitled Shareholders.

Fractional entitlements to the Distribution Shares, if any, will be disregarded and dealt with in such manner or terms as our Board (save for the Interested Directors) in its absolute discretion deems fit and expedient, and in the best interest of our Company.

Post Proposed Distribution, our Company will retain approximately 672.5 million AAX Shares. Our percentage of shareholding in AAX would depend on the number of AAX Placement Shares to be issued under the AAX Proposed Private Placement. On the assumption that the issue price of AAX Placement Shares is fixed at RM1.13 each which is assumed based on a 14.39% discount to the 5-day VWAP of AAX Shares up to the LPD of RM1.32, the total number of AAX Placement Shares to be issued would be approximately 885.0 million. Accordingly, our Company's shareholding in AAX would represent 18.48% of the enlarged issued share capital of AAX post completion of the Proposals. In the event the issue price of the AAX Placement Shares is higher than the illustrative price of RM1.13 each, the total number of AAX Placement Shares to be issued would be lower than the illustrated 885.0 million AAX Placement Shares, which would result in our Company holding a higher percentage of shareholding in AAX than 18.48%. On the contrary, should the issue price of the AAX Placement Shares be lower than the illustrative price of RM1.13 each, the total number of AAX Placement Shares to be issued would be higher than the illustrated 885.0 million AAX Placement Shares, which would result in our Company holding a lower percentage of shareholding in AAX than 18.48%.

The Proposed Distribution will result in an adjustment to the reference price of Capital A Shares by Bursa Securities upon completion of the Proposed Distribution.

The theoretical ex-price of Capital A Shares shall be adjusted based on the following formula:

$$T_x = P_F - \left(P_E \times \frac{X}{Y} \right)$$

where,

T_x = Theoretical ex-price of Capital A Shares (RM)

P_F = Closing price on last cum date of Capital A Shares (RM)

P_E = Closing price on last cum date of AAX Shares (RM)

X = Number of Distribution Shares (unit)

Y = Number of existing Shares (unit)

Solely for illustrative purposes only, based on the closing price of Capital A Shares and AAX Shares of RM0.77 and RM1.31 respectively as at the LPD, the theoretical ex-price of Capital A Shares is as below:

$$T_x = \text{RM}0.77 - \left(\text{RM}1.31 \times \frac{1,692,307,692}{4,306,905,831} \right)$$

$$T_x = \text{RM}0.26$$

Rationale and Benefits of the Proposed Distribution

The Proposed Distribution to be undertaken in conjunction with the Proposed AAAGL Disposal is intended to:

- (i) reward the Entitled Shareholders for their continuous support by providing them with an opportunity to invest directly in AAX, while allowing clarity of investment in two distinct entities with different business activities namely, the aviation businesses and the aviation services, logistics, digital and brand management businesses; and
- (ii) enable the Entitled Shareholders to potentially benefit directly from the future performance of AAX.

By reason of certain covenants in the Trust Deed, in particular Clause 12.2(b) of the Trust Deed as set out below, your consent is required for the Proposed Distribution:

“12.2 The Issuer hereby covenants with the Trustee (for the benefit of the RCUIDS Holders) that, from the date hereof until all its liabilities and obligations under this Trust Deed and the RCUIDS have been discharged, except with the prior written consent of the Trustee:

(b) **Share capital:** *it shall not reduce its issued and paid-up share capital.”*

5. PROPOSED AMENDMENT

Further, our Company intends to delete paragraph (d) of Clause 12.2 (as set out below) from the Trust Deed, with effect from the date of the Trust Deed:

“12.2 The Issuer hereby covenants with the Trustee (for the benefit of the RCUIDS Holders) that, from the date hereof until all its liabilities and obligations under this Trust Deed and the RCUIDS have been discharged, except with the prior written consent of the Trustee:

(d) **Negative pledge:** *it shall not create or permit to exist any security interest over any of its property, assets, rights or undertaking, or all or any part of the assets, or enter into any other preferential arrangement with any person having a similar effect.”*

Rationale of the Proposed Amendment

As the financiers and proposed financiers of our Company and/or our Group may require our Company to provide security over assets of our Company as part of the Group’s fundraising exercises, the proposed deletion of the negative pledge will allow our Company to provide such security to further the fundraising exercises of our Company and/or the Group.

For the avoidance of doubt, our Company will not provide security and/or continue providing security in favour of lenders/ financiers of the AAAGL Group and AAB Group, in respect of the obligations of the AAAGL Group and AAB Group, upon completion of the Proposed AAAGL Disposal and Proposed AAB Disposal respectively.

6. EFFECTS OF THE PROPOSALS AND PROPOSED AMENDMENT

6.1 Effects of the Proposals

The effects of the Proposals are as set out in Section 10 of Part A of the Circular.

In particular, the Proposed Distribution may give rise to an adjustment to the RCUIDS Conversion Price and any such adjustments shall be made in accordance with the relevant provisions of the Trust Deed to ensure that the status of the RCUIDS Holders is not prejudiced as a result of the Proposed Distribution.

Paragraph 2(c)(i) of the Third Schedule of the Trust Deed stipulates that the existing conversion price of the outstanding RCUIDS shall be adjusted if and whenever our Company makes a Capital Distribution (as defined below) to the shareholders of our Company by way of a reduction of capital (but excluding any cancellation of capital which is lost or unrepresented by available assets), by multiplying the existing conversion price by the following fraction:

$$\frac{C - D}{C}$$

where,

C = the 5-day VWAP of Capital A Share on the Market Day immediately preceding the date on which Capital A Shares are traded on an “ex-entitlement basis” (as prescribed by Bursa Securities) for the Capital Distribution; and

D = the fair market value, in consultation with RHB Investment Bank and certification of the external auditors of our Company of that portion of the Capital Distribution attributable to 1 Capital A Share.

“**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Capital A Shares or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves. Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the shareholders of our Company as shown in the audited consolidated income statements of our Company.

The adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the Entitlement Date for the Proposed Distribution.

Solely for illustrative purposes only, the illustrative adjusted RCUIDS Conversion Price pursuant to the Proposed Distribution (based on the assumptions set out below) is as follows:

$$\begin{aligned} \text{Illustrative adjusted RCUIDS Conversion Price} &= \text{Existing RCUIDS Conversion Price} \times \frac{C - D}{C} \\ &= \text{RM0.75} \times \frac{\text{RM0.7838} - \left(\text{RM1.3166} \times \frac{1,692,307,692}{4,306,905,831} \right)}{\text{RM0.7838}} \\ &= \text{RM0.26} \end{aligned}$$

based on the following assumptions,

- C = RM0.7838, being the 5-day VWAP of Capital A Shares up to and including the LPD; and
- D = the fair market value of the portion of the Capital Distribution pursuant to the Proposed Distribution attributable to 1 Capital A Share. The fair value of 1 Distribution Share will be determined based on the 5-day VWAP of AAX Shares immediately prior to the Entitlement Date. For illustrative purposes, the fair value of 1 Distribution Share would be based on the 5-day VWAP of AAX Shares up to and including the LPD of RM1.3166 multiplied by the total number of 1,692,307,692 Distribution Shares over the total number of 4,306,905,831 Capital A Shares in issue.

Accordingly, the illustrative RCUIDS Conversion Ratio based on the illustrative adjusted RCUIDS Conversion Price is as follows:

$$\begin{aligned} \text{Illustrative RCUIDS Conversion Ratio} &= \frac{\text{Nominal value of RCUIDS}}{\text{Illustrative adjusted RCUIDS Conversion Price}} \\ &= \frac{\text{RM0.75}}{\text{RM0.26}} \\ &= 2.8846 \\ &= \mathbf{288 \text{ New Capital A Shares for every 100 RCUIDS}} \end{aligned}$$

In summary, the illustrative adjustments to the RCUIDS Conversion Price and RCUIDS Conversion Ratio pursuant to the Proposed Distribution is as follows:

	<u>Before illustrative adjustment</u>	<u>After illustrative adjustment</u>
RCUIDS Conversion Price	RM0.75	RM0.26
RCUIDS Conversion Ratio	100 New Capital A Share for every 100 RCUIDS	288 New Capital A Shares for every 100 RCUIDS

6.2 Effects of the Proposed Amendment

The effects of the Proposed Amendment are such that our Company is able to create or permit to exist security interests over its assets, with effect from the date of the Trust Deed. For the avoidance of doubt, there is no credit rating for the RCUIDS and as such, the Proposed Amendment will not have any impact on credit rating.

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

Save as disclosed below, 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 Proposals and Proposed Amendment:

- (a) Tan Sri Anthony Francis Fernandes, the Non-Independent Executive Director and Chief Executive Officer and a major shareholder of our Company, is deemed interested in the Proposals and Proposed Amendment by virtue of him being a major shareholder of AAX via his direct and indirect shareholding in AAX via Tune Group Sdn Bhd and AAB;

- (b) Datuk Kamarudin bin Meranun, the Non-Independent Executive Chairman and a major shareholder of our Company, is deemed interested in the Proposals and Proposed Amendment by virtue of him being a Non-Independent Executive Director and major shareholder of AAX via his direct and indirect shareholding in AAX via Tune Group Sdn Bhd and AAB;
- (c) Dato' Fam Lee Ee, the Independent Non-Executive Director of our Company, is deemed interested in the Proposals and Proposed Amendment by virtue of him being the Non-Independent Non-Executive Chairman of AAX;
- (d) TLSB, a major shareholder of our Company, is deemed interested in the Proposals and Proposed Amendment as TLSB is a person connected with Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun where they are major shareholders of TLSB; and
- (e) TASB, a major shareholder of our Company, is deemed interested in the Proposals and Proposed Amendment as TASB is a person connected with Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun where they are major shareholders of TASB.

The Interested Directors have abstained and will continue to abstain from deliberating and voting on the Proposals and Proposed Amendment at the relevant Board meetings.

The Interested Directors and the Interested Major Shareholders will abstain from voting in respect of their respective RCUIDS holdings in our Company, if any, on the resolutions pertaining to the Proposals and Proposed Amendment at the forthcoming RCUIDS Holders Meeting.

The Interested Directors and the Interested Major Shareholders will ensure that persons connected with them will abstain from voting in respect of their respective RCUIDS holdings in our Company, if any, on the resolutions pertaining to the Proposals and Proposed Amendment at the forthcoming RCUIDS Holders Meeting.

The direct and indirect RCUIDS holdings of the Interested Directors and Interested Major Shareholders in our Company as at the LPD are as follows:

Name	Direct		Indirect	
	No. of RCUIDS	%	No. of RCUIDS	%
Tan Sri Anthony Francis Fernandes	-	-	343,028,359 ^(a)	38.52
Datuk Kamarudin bin Meranun	-	-	343,028,359 ^(a)	38.52
Dato' Fam Lee Ee	-	-	-	-
TLSB	-	-	-	-
TASB	-	-	-	-
Person connected with Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun				
Sky Accord Sdn Bhd	343,028,359	38.52	-	-

Note:

- (a) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn Bhd.

8. DIRECTORS' RESPONSIBILITY STATEMENT

This Notice 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 Notice or other facts, the omission of which would make any statement in this Notice false or misleading.

9. RCUIDS HOLDERS MEETING

The RCUIDS Holders Meeting, the notice of which is enclosed herewith, will be conducted on a virtual manner through live streaming from the broadcast venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia and online remote voting using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online> on Monday, 14 October at 2.00 p.m., or at any adjournment thereof, for the purpose of consideration and if thought fit, the passing of the resolutions to give effect to the Proposals and Proposed Amendment.

You are entitled to attend and vote at the RCUIDS Holders Meeting or appoint a proxy to attend and vote on your behalf, by completing, signing and returning the Form of Proxy in accordance with the instructions thereon. In such event, your Form of Proxy should be completed and lodged at the business address of Malaysian Trustees Berhad at Level 11, Tower 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur or electronically lodged with the poll administrator via TIIH Online website at <https://tiih.online> not later than 48 hours before the date and time fixed of the RCUIDS Holders Meeting or any adjournment thereof. Please refer to the Administrative Note for the RCUIDS Holders Meeting on the procedures for 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 RCUIDS Holders Meeting if you subsequently wish to do so, but if you do so, your proxy shall be precluded from attending the RCUIDS Holders Meeting.

10. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

Yours faithfully,
For and on behalf of our Board
CAPITAL A BERHAD

DATO' MOHAMED KHADAR BIN MERICAN
Independent Non-Executive Director

SALIENT TERMS OF THE AAAGL SSPA

The salient terms of the AAAGL SSPA as supplemented by the AAAGL Supplemental SSPA and the AAAGL Second Supplemental SSPA are set out below:

1. Sale and purchase

On and subject to the terms of the AAAGL SSPA, our Company agrees to sell, and AAX agrees to purchase the entire AAAGL Equity Interest (including any forms of capital contribution and any unissued capital).

The AAAGL Equity Interest shall be sold by our Company free from encumbrances and together with all rights and advantages attaching to them as at AAAGL Completion (including the right to receive all dividends and distributions declared, made or paid on or after AAAGL Completion).

2. AAAGL Disposal Consideration

The consideration for the sale and purchase of the AAAGL Equity Interest under the AAAGL SSPA shall be RM3,000,000,000 which is to be satisfied fully by the allotment and issuance of 2,307,692,307 Consideration Shares at an issue price of RM1.30 per Consideration Share.

The Consideration Shares shall, upon allotment and issuance, rank equally in all respects with each other and with the then existing AAX Shares, save and except that the holder of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders of AAX, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares.

3. AAAGL SSPA Conditions Precedent

3.1 The obligations of our Company and AAX to consummate the transactions contemplated by the AAAGL SSPA are subject to the satisfaction or fulfilment, or mutual written waiver, on or before the AAAGL Cut-Off Date (as defined below), of each of the following conditions precedent (collectively, the “**AAAGL Conditions Precedent**”):

- (i) the approval of the non-interested shareholders of our Company being obtained at an extraordinary general meeting to be convened for the Proposed Distribution and the Proposed AAAGL Disposal;
- (ii) the approval of the non-interested holders of the RCUIDS issued by our Company being obtained for the Proposed Distribution and the Proposed AAAGL Disposal;
- (iii) the approval/ consent of the governmental entity, financiers/ lenders or any third party, as may be necessary, being obtained by (where applicable) our Company, our Company’s subsidiaries or the relevant entity within the AAAGL Group (“**AAAGL Target Entity**”) for the Proposed Pre-Completion Restructuring, the Proposed Distribution and the Proposed AAAGL Disposal as set out below:-

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

- (a) Either:
- (A) (1) Agreement between our Company and AAX after consultation with MAVCOM or CAAM or any successor thereof (as the case may be), or (2) confirmation or concurrence of MAVCOM or CAAM or any successor thereof (as the case may be), that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be)⁽¹⁾ is not applicable to the Proposed AAAGL Disposal; or
- (B) A decision issued by MAVCOM or CAAM or any successor thereof (as the case may be) that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be)⁽¹⁾ is not infringed if the Proposed AAAGL Disposal is carried into effect;

Note:-

(1) *Section 54(1) of the MAVCOM Act and/or Section 36T(1) of the CAAM Act (as the case may be) provides that mergers that have resulted, or may be expected to result, in a substantial lessening of competition in any aviation service market are prohibited.*

- (b) BNM, Foreign Exchange Administration with regards to the AAAGL Debt Novation;
- (c) financiers / lenders in respect of the RCUIDS as well as banking facilities granted to the Capital A Group;
- (d) third parties in respect of certain aircraft lease as well as operational agreements entered into by the Capital A Group;
- (e) any other approvals, waivers or consents and/or notifications as may be required by law or regulation or deemed necessary and mutually agreed by our Company and AAX; and
- (f) the approvals and/or consents for the release and/or discharge of any corporate guarantee and/or security provided by our Group (excluding the AAAGL Target Entities) in favour of lenders/financiers of the AAAGL Target Entities shall be obtained before the AAAGL Completion Date. For the avoidance of doubt, our Company and AAX agree that we and AAX shall not be entitled to waive this condition precedent;
- (iv) the completion of the Proposed Pre-Completion Restructuring;
- (v) the sanction of the High Court of Malaya being obtained for the capital reduction pursuant to the Proposed Distribution;
- (vi) the AAAGL Target Entities collectively do not incur or record an aggregate loss exceeding RM50,000,000⁽¹⁾ during the 3-month period immediately preceding the AAAGL Completion Date;

Note:

(1) *Together with the conditions precedent in the AAAGL SSPA, the AAAGL Group and AAB Group shall not incur or record an aggregate loss exceeding RM100.00 million during the 3-month period immediately preceding the dates of completion of the Proposed Disposals. The amount of RM100.00 million is determined based on 10% of the total gross proceeds of RM1,000.00 million to be raised from the AAX Proposed Private Placement.*

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

- (vii) the completion of the due diligence exercise comprising examination and verification of the financial, legal and other affairs of the AAAGL Target Entities by accountants, valuers, solicitors or such other professionals (if required) and the results of the due diligence exercise being reasonably satisfactory to AAX;
- (vii) the approval of the shareholders of AAX being obtained at an extraordinary general meeting to be convened for the Proposed AAAGL Disposal;
- (ix) the approval / consent of the governmental entity, financiers / lenders or any third party, as may be necessary, being obtained by (where applicable) AAX or its subsidiaries for the Proposed AAAGL Disposal as set out below:-
 - (a) Either:
 - (A) (1) Agreement between our Company and AAX after consultation with MAVCOM or CAAM or any successor thereof (as the case may be), or (2) confirmation or concurrence of MAVCOM or CAAM or any successor thereof (as the case may be), that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be) is not applicable to the Proposed AAAGL Disposal; or
 - (B) A decision issued by MAVCOM or CAAM or any successor thereof (as the case may be) that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be) is not infringed if the Proposed AAAGL Disposal is carried into effect;
 - (b) Takeover Panel of Securities and Exchange Commission, Thailand in respect of the proposed exemption under the applicable takeover rules in Thailand to be sought by AAX from the obligation to undertake a tender offer to acquire all remaining shares in Asia Aviation Public Company Limited not already owned by AAX on completion of the Proposed AAAGL Disposal;
 - (c) Bursa Securities for (1) the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities and (2) the listing and quotation of new AAX Shares issued pursuant to AAX's Proposed Pre-Completion Private Placement Exercise (as defined below) on the Main Market of Bursa Securities; and
 - (d) any other approvals, waivers or consents and/or notifications as may be required by law or regulation or deemed necessary and mutually agreed by our Company and AAX;
- (x) AAX raising RM1,000,000,000 within AAX's financial year ending 31 December 2024, 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 ("**Proposed Pre-Completion Private Placement Exercise**").

"AAAGL Cut-Off Date" means –

- (i) 6 months after the date of the AAAGL SSPA for the AAAGL Conditions Precedent (save for the AAAGL Condition Precedent referred to in paragraph 3.1(vii) above); and

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

- (ii) for the AAAGL Condition Precedent referred to in paragraph 3.1(vii) above, 60 days after the date of the AAAGL SSPA with an automatic extension for a further period of 60 days,

or such other date as mutually agreed between our Company and AAX in writing.

- 3.2 If the AAAGL Conditions Precedent are not satisfied or waived on or before 5:00 p.m. on the AAAGL Cut-Off Date, our Company and AAX may, acting reasonably and by mutual agreement in writing extend the AAAGL Cut-Off Date or failing agreement to extend, the AAAGL SSPA (other than the surviving provisions as stipulated in the AAAGL SSPA) shall lapse and consequently each party thereto shall have no claim against the other party, save for a claim arising out of antecedent breaches of the AAAGL SSPA.
- 3.3 Between the date of the AAAGL SSPA and the AAAGL Completion Date, except for (a) the Proposed AAAGL Disposal, (b) the issuance of free warrants on the basis of one (1) warrant for every two (2) AAX Shares to be undertaken prior to AAAGL Completion, (c) the Proposed Pre-Completion Private Placement Exercise and (d) the Proposed Post-Completion Options, AAX agrees that unless the prior written approval of our Company has been obtained, it shall not seek and/or obtain its shareholders' approval for AAX to undertake any corporate exercise or approve any proposed amendment(s) to any existing corporate exercise(s) which has the effect of increasing or enlarging the number of shares of AAX including, without limitation, any issue of shares or other securities convertible into shares or securities with rights to acquire or subscribe for shares or other securities in consideration or part consideration for or in connection with the acquisition of any securities, assets or business, failing which, our Company may terminate the AAAGL SSPA (other than the surviving provisions as stipulated in the AAAGL SSPA) at any time prior to AAAGL Completion with our Company's interest in the AAAGL Equity Interest intact.

"Proposed Post-Completion Options" means any grant by AAX to third parties of option(s) to subscribe for AAX Shares, comprising of up to 12% of the enlarged issued share capital of AAX as at the AAAGL Completion Date (excluding treasury shares, if any) via three (3) equal subscription options capped at 4% each ("**Options**"), PROVIDED THAT, the terms of such Options are as follows:-

- (i) the Options granted may be individually accepted in full or in part at any point of time within twenty-four (24) months from the AAAGL Completion Date (being the date of grant of the Options);
- (ii) upon acceptance of an Option, the Options may be exercised at any point of time during a period of forty-eight (48) months from the date of grant of the Options ("**Option Period**"); and
- (iii) the exercise price of such Options shall be based on the market value of the AAX Shares, at the point of acceptance of the Options by such third parties during the Option Period.

4. Completion of the Proposed AAAGL Disposal

- 4.1 Completion of the sale and purchase of the AAAGL Equity Interest under the AAAGL SSPA shall take place 1 month following the date on or by which all AAAGL Conditions Precedent have been satisfied, fulfilled and/or waived, other than those AAAGL Conditions Precedent that by their nature are to be satisfied at completion (and have been satisfied, fulfilled and/or waived at completion) or at such other time as our Company and AAX may mutually agree in writing.

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

- 4.2 At AAAGL Completion, our Company shall deliver or make available to AAX the following:
- (i) a certified true copy of the approvals referred to in paragraph 3.1(i) to (iii) above;
 - (ii) the original instrument of transfer and all other necessary documents duly completed and executed in favour of AAX or its nominee(s) to enable title to the AAAGL Equity Interest to pass fully and effectively into the name of AAX or its nominee(s) and together with the duly sealed original share certificates in relation thereto;
 - (iii) the written resignations of each of the directors of the AAAGL Target Entities nominated by our Company (except for person(s) whom AAX wishes to retain, and notice of such request shall be served to our Company at least seven (7) Business Days prior to the AAAGL Completion Date) from his office as a director to take effect on the date of AAAGL Completion, with acknowledgements signed by each of them;
 - (iv) certified true copies of the resolutions passed by AAAGL's board of directors;
 - (v) the statutory books and records of AAAGL and each of the other AAAGL Target Entities, complete and up-to-date and all other records and documents of AAAGL and each of the other AAAGL Target Entities, including but not limited to the original share certificates for shares in the AAAGL Target Entities, certificate of incorporation, any certificates of incorporation on change of name or re registration, licences, share certificate books, minute books, all unused cheque books and the common seal of the AAAGL Target Entities;
 - (vi) all assets, machinery, office and other equipment and all other chattels of AAAGL and each of the other AAAGL Target Entities capable of being delivered which shall be deemed delivered upon AAX's representative sighting the same at the office of the AAAGL Target Entities;
 - (vii) all financial and accounting records of AAAGL and each of the other AAAGL Target Entities in the possession of the AAAGL Target Entities, including but not limited to the accounting books, financial statements, balance sheets of the AAAGL Target Entities (as may be required by AAX) which shall be deemed delivered upon AAX's representative sighting the same at the office of the AAAGL Target Entities;
 - (viii) all documents of title, certificates and other documents evidencing title to the assets of AAAGL and each of the other AAAGL Target Entities capable of being delivered, including the original share certificates for each of the AAAGL Target Entities which shall be deemed delivered upon AAX's representative sighting the same at the office of the AAAGL Target Entities; and
 - (ix) all other papers and documents relating to the AAAGL Target Entities which are in the possession of or under control of our Company.
- 4.3 In exchange for delivery of the documents referred to in paragraph 4.2 above, AAX shall:
- (i) deliver a certified true copy of the approvals referred to in paragraph 3.1(viii) to (ix) above; and

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

- (ii) allot and issue the Consideration Shares and take all necessary steps to issue (and procure its share registrar to issue) the relevant share certificates under a single jumbo certificate for the Consideration Shares to Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and procure Bursa Depository to credit the Consideration Shares into the Central Depository System accounts of: (i) the entitled shareholders of our Company for the implementation of the Proposed Distribution; and (ii) insofar as that there are any balance Consideration Shares that will not be allotted to any of the entitled shareholders of our Company pursuant to the Proposed Distribution, our Company.

- 4.4 If any provision of the completion clause under the AAAGL SSPA is not fully complied with, AAX, in the case of a default or non-compliance by our Company, or our Company, in the case of a default or non-compliance by AAX, shall be entitled (in addition to and without prejudice to all other rights or remedies available to it):-
 - (i) to effect the AAAGL Completion so far as practicable having regard to the defaults which have occurred; or
 - (ii) to fix a new date for the AAAGL Completion not being later than 1 month after the intended AAAGL Completion Date, but on the basis that such deferral may only occur once; or
 - (iii) to terminate the AAAGL SSPA (other than the surviving provisions as stipulated in the AAAGL SSPA and save in respect of rights arising out of any antecedent breach of the AAAGL SSPA including with respect to a breach of the relevant completion obligations) without liability on the part of the non-defaulting party with our Company's interest in the AAAGL Equity Interest intact.

- 4.5 Notwithstanding the above, our Company and AAX shall be at liberty to take such action in law as may be necessary to compel the other party by way of specific performance to complete the transaction contemplated in the AAAGL SSPA (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions in the AAAGL SSPA) or to claim damages for the breach of the other party.

5. Right to claim for breach of warranties

Each of our Company and AAX has a right to claim for breach of warranties by the other party only following and subject to AAAGL Completion. In the event the AAAGL Completion does not occur and the AAAGL SSPA is terminated, the non-defaulting party shall not be able to claim against the defaulting party for breach of warranties save for antecedent breaches under the AAAGL SSPA.

Nevertheless, the non-defaulting party has the right to terminate the AAAGL SSPA at any time prior to AAAGL Completion in any of the following events:

- (i) the non-defaulting party becomes aware that any of the defaulting party's warranties was untrue or inaccurate; or
- (ii) any inconsistency with the warranties given by the defaulting party is discovered; and/or
- (iii) a Material Adverse Change⁽¹⁾ has occurred; or
- (iv) any other breach on the part of the defaulting party of the terms of the AAAGL SSPA occurring.

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

Note:-

- (1) A **“Material Adverse Change”** means any occurrence, condition, change, event or effect that is materially adverse to the AAAGL Target Entities or AAX and its subsidiaries (**“Purchaser Group”**) (as the case may be), taken as a whole, which results in an impact on the financial position or profit / loss after tax of the group of RM65,000,000 or more, provided that none of the following constitutes a Material Adverse Change:-
- (i) any occurrence, condition, change, event or effect resulting from or relating to changes in general economic conditions or financial market conditions (whether relating to equity, debt or currencies);
 - (ii) the occurrence of any natural disasters, pandemics and acts of terrorism, except in the event, and only to the extent, of any damage or destruction to or loss of the physical properties of the AAAGL Target Entities or the Purchaser Group (as the case may be);
 - (iii) any occurrence, condition, change, event or effect resulting from or relating to:-
 - (a) the announcement or pendency of the proposed sale and/or purchase of the AAAGL Equity Interest (whichever applicable);
 - (b) compliance by any of our Company or AAX with the terms of the AAAGL SSPA; and
 - (c) actions made by any of our Company or AAX which are expressly contemplated and permitted by the AAAGL SSPA, or if not so permitted, otherwise consented to by our Company and AAX in writing; and
 - (d) any change in laws, regulations, rules or administrative practices of any governmental entity, including a change in tax regime or treatment or the introduction of currency controls which have an effect on the AAAGL Target Entities or the Purchaser Group (as the case may be) or the contemplated transaction.

6. Indemnities

Our Company shall not be liable in respect of a specific indemnity claim in the AAAGL SSPA (with regards to identified matters in the AAAGL SSPA relating to the conduct of the AAAGL Target Entities' business prior to completion of the Proposed AAAGL Disposal and any other specific indemnities as may be mutually agreed by our Company and AAX upon completion of the due diligence exercise on the AAAGL Target Entities by AAX) if it does not exceed RM5,000,000 and in respect of a special claim (with regards to ongoing litigation proceedings on taxation involving AirAsia (India) Limited) if it does not exceed RM65,000,000. Where the liability exceeds such thresholds, our Company shall be liable for the whole amount and not merely the excess over the thresholds. A notice of the specific indemnity claim or the special claim (as the case may be) shall be given by AAX to our Company within 24 months following the AAAGL Completion.

Our Company will indemnify AAX and hold AAX and AAAGL Target Entities harmless against:

- (i) any taxation amount (whether or not already assessed or imposed or which may from time to time be assessed or imposed by the relevant governmental authority on the AAAGL Target Entities after AAAGL Completion) in respect of taxation liabilities of the AAAGL Target Entities for the period up to AAAGL Completion Date, except insofar as full provision is made for such liabilities in the AAAGL Target Entities' accounts;
- (ii) any claim for income tax in respect of any dividend paid or any distribution made by the AAAGL Target Entities before AAAGL Completion Date, except insofar as full provision is made for such liabilities in the AAAGL Target Entities' accounts;

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

- (iii) any settlement of any actual or threatened claim, demand, direction, apportionment, assessment, recovery or counter-claim of the AAAGL Target Entities in respect of taxation liabilities of the AAAGL Target Entities for the period up to AAAGL Completion Date;
- (iv) any amount recovered against the AAAGL Target Entities in respect of the taxation liabilities of the AAAGL Target Entities for the period up to AAAGL Completion Date; and
- (v) any costs reasonably incurred by the AAAGL Target Entities in contesting or settling any claim, demand, direction, apportionment, assessment, recovery or counter-claim as aforesaid, whether threatened or made, in respect of taxation liabilities of the AAAGL Target Entities for the period up to AAAGL Completion Date.

7. Limitation of liability

- 7.1 Each of our Company and AAX shall not have liability in respect of any claims arising from the breach of its warranties (“**Claim**”) to the extent that the facts, matter or circumstances giving rise to the Claim are disclosed in its disclosure letter and the AAAGL SSPA.
- 7.2 **Time limitation:** Each of our Company and AAX shall not be liable under the AAAGL SSPA in respect of any Claim unless a notice of the Claim is given by the other party:-
- (i) in the case of any Claim relating to tax matters, within the applicable limitation period stipulated under the relevant laws relating to taxation;
 - (ii) in the case of any Claim relating to the fundamental warranties (as identified in the AAAGL SSPA), within 6 years following AAAGL Completion; or
 - (iii) in the case of any other Claim, within 24 months following AAAGL Completion.
- 7.3 **Minimum claims:** Subject to the aggregate minimum claims in Section 7.4 of this Appendix I, each of our Company and AAX shall not be liable in respect of a Claim in respect of any individual Claim (provided that Claims in respect of similar facts and circumstances may be aggregated for this purpose) where the liability in respect of any such Claim does not exceed 0.1% of the AAAGL Disposal Consideration (i.e. RM3,000,000). Where the liability exceeds such threshold, the party shall be liable for the whole amount and not merely the excess over the threshold.
- 7.4 **Aggregate minimum claims:** Each of our Company and AAX shall not be liable under the AAAGL SSPA in respect of any Claim (excluding Claims for which liability is excluded under Section 7.3 of this Appendix I) unless and until the aggregate amount of all such Claims exceeds 1% of the AAAGL Disposal Consideration (i.e. RM30,000,000)⁽¹⁾. Where the liability exceeds such threshold, the party shall be liable for the whole amount and not just the excess over the threshold.
- Note:
 (1) *The threshold of 1% was arrived at after negotiations between our Company and AAX, having taken into consideration market practices.*
- 7.5 **Maximum liability:** The aggregate liability of each of our Company and AAX in respect of all Claims under the AAAGL SSPA shall not exceed:-
- (i) 100% of the AAAGL Disposal Consideration (i.e. RM3,000,000,000) in the case of any Claim relating to the fundamental warranties (as identified in the AAAGL SSPA); and

SALIENT TERMS OF THE AAAGL SSPA (CONT'D)

- (ii) 25% of the AAAGL Disposal Consideration (i.e. RM750,000,000)⁽¹⁾ in the case of any other Claim.

Note:

(1) *The threshold of 25% was arrived at after negotiations between our Company and AAX, having taken into consideration market practices.*

- 7.6 None of the limitations above shall apply to any Claim which arises or is increased or is delayed as the consequence of fraud or wilful concealment by each of our Company and AAX or any of its directors, officers, employees, agents, advisers, representatives or successors in title.

8. Non-competition and protective covenants

Our Company undertakes that it will not, and will procure that our Group will not, during the Prohibited Period (as defined below):-

- (i) carry on in, be engaged in, or hold a substantial shareholding or equity interest (save for the equity interest held in AAX) in, either directly or indirectly, in any capacity in any trade, business or occupation, or in any manner take part in or lend its name, counsel or assistance to any person in any capacity whatsoever, for any purpose, in any other business or activity which is same or similar to or competing with the Prohibited Business (as defined below);
- (ii) canvass, solicit, entice away, induce or encourage any employee or consultant or customer, the custom of the AAAGL Target Entities and/or their affiliates to curtail, terminate or cease their employment or affiliation or custom/ business with the AAAGL Target Entities; and
- (iii) be engaged in any act which is premeditated or in preparation or in readiness to effect or put in place any of the matters set out in paragraphs 8(i) and 8(ii) above,

PROVIDED THAT (1) the covenants under this paragraph 8 shall only take effect following and subject to AAAGL Completion and (2) the covenants under this paragraph 8 shall not apply in respect of any member of the Capital A Group which is involved in the Prohibited Business as at the date of the AAAGL SSPA. In this respect, our Company represents, warrants and confirms that the only entities within the Capital A Group which are involved in the Prohibited Business (other than the AAAGL Target Entities) are the AAB Group.

“Prohibited Business” means the current aviation business operations of AAX and the AAAGL Target Entities, which is the provision of domestic or international air transportation services which includes the medium to long-haul flights, short-haul flights and commercial flights, but excluding any existing business operations of the Capital A Group provided that the Capital A Group does not include the AAAGL Target Entities.

“Prohibited Period” means the period commencing on the AAAGL Completion Date and ending on the date falling five (5) years after the AAAGL Completion.

SALIENT TERMS OF THE AAB SSPA

The salient terms of the AAB SSPA as supplemented by the AAB Supplemental SSPA and the AAB Second Supplemental SSPA are set out below:

1. Sale and purchase

On and subject to the terms of the AAB SSPA, our Company agrees to sell, and AAX agrees to purchase the entire AAB Equity Interest (including any forms of capital contribution and any unissued capital).

The AAB Equity Interest shall be sold by our Company free from encumbrances (save as disclosed in our Company's disclosure letter in respect of the AAB SSPA)⁽¹⁾ and together with all rights and advantages attaching to them as at AAB Completion (including the right to receive all dividends and distributions declared, made or paid on or after AAB Completion).

Note:

(1) Our Company's disclosure letter dated 25 April 2024 provides that one of the terms of the Revenue Bond requires AAX to charge 49% of the ordinary shares of AAB held by AAX upon AAB Completion to secure the proceeds received from the Revenue Bond.

2. AAB Disposal Consideration

The consideration for the sale and purchase of the AAB Equity Interest under the AAB SSPA shall be RM3,800,000,000 which is to be satisfied by AAX's assumption of our Company's debt due to AAB of RM3,800,000,000 on the AAB Completion Date.

The debt assumption by AAX shall result in the following occurring simultaneously:-

- (i) AAB fully releasing our Company from the liability for the payment of the amount owing from our Company to AAB; and
- (ii) AAX fully assuming the liability for the payment of the amount owing from our Company to AAB,

by way of the issue of a promissory note from AAX to AAB, which will substitute and cancel the existing promissory note issued by our Company to AAB.

3. AAB SSPA Conditions Precedent

3.1 The obligations of our Company and AAX to consummate the transactions contemplated by the AAB SSPA are subject to the satisfaction or fulfilment, or mutual written waiver, on or before the AAB Cut-Off Date (as defined below), of each of the following conditions precedent (collectively, the "**AAB Conditions Precedent**"):-

- (i) the approval of the non-interested shareholders of our Company being obtained at an extraordinary general meeting to be convened for the Proposed AAB Disposal;
- (ii) the approval of the non-interested holders of the RCUIDS being obtained for the Proposed AAB Disposal;
- (iii) the approval / consent of the governmental entity, financiers / lenders or any third party, as may be necessary, being obtained by (where applicable) our Company, our Company's subsidiaries or the relevant entity within the AAB Group ("**AAB Target Entity**") for the Proposed Pre-Completion Restructuring and the Proposed AAB Disposal as set out below:-

SALIENT TERMS OF THE AAB SSPA (CONT'D)

- (a) MAVCOM with regards to the proposed change in shareholding of AAB;
- (b) Either:
 - (A) (1) Agreement between our Company and AAX after consultation with MAVCOM or CAAM or any successor thereof (as the case may be), or (2) confirmation or concurrence of MAVCOM or CAAM or any successor thereof (as the case may be), that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be) is not applicable to the Proposed AAB Disposal; or
 - (B) A decision issued by MAVCOM or CAAM or any successor thereof (as the case may be) that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be) is not infringed if the Proposed AAB Disposal is carried into effect;
- (c) BNM, Foreign Exchange Administration with regards to the AAAGL Debt Novation;
- (d) financiers / lenders in respect of the RCUIDS as well as banking facilities granted to the Capital A Group;
- (e) third parties in respect of certain aircraft lease as well as operational agreements entered into by the Capital A Group;
- (f) notification to third parties and financiers/ lenders in respect of certain operational agreements entered into by the Capital A Group and banking facilities granted to the Capital A Group;
- (g) any other approvals, waivers or consents and/or notifications as may be required by law or regulation or deemed necessary and mutually agreed by our Company and AAX; and
- (h) the approvals and/or consents for the release and/or discharge of any corporate guarantee and/or security provided by our Group (excluding the AAB Target Entities) in favour of lenders/financiers of the AAB Target Entities shall be obtained before the AAB Completion Date. For the avoidance of doubt, our Company and AAX agree that we and AAX shall not be entitled to waive this condition precedent;
- (iv) the completion of the Proposed Pre-Completion Restructuring;
- (v) the AAB Target Entities collectively do not incur or record an aggregate loss exceeding RM50,000,000⁽¹⁾ during the 3-month period immediately preceding AAB Completion Date;

Note:

(1) *Together with the conditions precedent in the AAB SSPA, the AAAGL Group and AAB Group shall not incur or record an aggregate loss exceeding RM100.00 million during the 3-month period immediately preceding the dates of completion of the Proposed Disposals. The amount of RM100.00 million is determined based on 10% of the total gross proceeds of RM1,000.00 million to be raised from the AAX Proposed Private Placement.*

- (vi) the completion of the due diligence exercise comprising examination and verification of the financial, legal and other affairs of the AAB Target Entities by accountants, valuers, solicitors or such other professionals (if required) and the results of the due diligence exercise being reasonably satisfactory to AAX:

SALIENT TERMS OF THE AAB SSPA (CONT'D)

- (vii) the approval of the shareholders of AAX being obtained at an extraordinary general meeting to be convened for the Proposed AAB Disposal;
- (viii) the approval / consent of the governmental entity, financiers/ lenders or any third party, as may be necessary, being obtained by (where applicable) AAX or its subsidiaries for the Proposed AAB Disposal as set out below:-
 - (a) Either:
 - (A) (1) Agreement between our Company and AAX after consultation with MAVCOM or CAAM or any successor thereof (as the case may be), or (2) confirmation or concurrence of MAVCOM or CAAM or any successor thereof (as the case may be), that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be) is not applicable to the Proposed AAB Disposal; or
 - (B) A decision issued by MAVCOM or CAAM or any successor thereof (as the case may be) that Section 54(1) of the MAVCOM Act or Section 36T(1) of the CAAM Act (as the case may be) is not infringed if the Proposed AAB Disposal is carried into effect;
 - (b) Bursa Securities for the listing and quotation of new AAX Shares issued pursuant to AAX's Proposed Pre-Completion Private Placement Exercise on the Main Market of Bursa Securities; and
 - (c) any other approvals, waivers or consents and/or notifications as may be required by law or regulation or deemed necessary and mutually agreed by our Company and AAX;
- (ix) AAX raising RM1,000,000,000 within AAX's financial year ending 31 December 2024, 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 Proposed Pre-Completion Private Placement Exercise.

"AAB Cut-Off Date" means –

- (i) 6 months after the date of the AAB SSPA for the AAB Conditions Precedent (save for the AAB Condition Precedent referred to in paragraph 3.1(vi) above); and
- (ii) for the AAB Condition Precedent referred to in paragraph 3.1(vi) above, 60 days after the date of the AAB SSPA with an automatic extension for a further period of 60 days,

or such other date as mutually agreed between our Company and AAX in writing.

- 3.2 If the AAB Conditions Precedent are not satisfied or waived on or before 5:00 p.m. on the AAB Cut-Off Date, our Company and AAX may, acting reasonably and by mutual agreement in writing extend the AAB Cut-Off Date or failing agreement to extend, the AAB SSPA (other than the surviving provisions as stipulated in the AAB SSPA) shall lapse and consequently each party thereto shall have no claim against the other party, save for a claim arising out of antecedent breaches of the AAB SSPA.

SALIENT TERMS OF THE AAB SSPA (CONT'D)

- 3.3 Between the date of the AAB SSPA and the AAB Completion Date, and except for (a) the Proposed AAAGL Disposal, (b) the issuance of free warrants on the basis of one (1) warrant for every two (2) AAX Shares to be undertaken prior to AAB Completion, (c) the Proposed Pre-Completion Private Placement Exercise and (d) the Proposed Post-Completion Options, AAX agrees that unless the prior written approval of our Company has been obtained, it shall not seek and/or obtain its shareholders' approval for AAX to undertake any corporate exercise or approve any proposed amendment(s) to any existing corporate exercise(s) which has the effect of increasing or enlarging the number of shares of AAX including, without limitation, any issue of shares or other securities convertible into shares or securities with rights to acquire or subscribe for shares or other securities in consideration or part consideration for or in connection with the acquisition of any securities, assets or business, failing which, our Company may terminate the AAB SSPA (other than the surviving provisions as stipulated in the AAB SSPA) at any time prior to AAB Completion with our Company's interest in the AAB Equity Interest intact.

"Proposed Post-Completion Options" means any grant by AAX to third parties of option(s) to subscribe for AAX Shares, comprising of up to 12% of the enlarged issued share capital of AAX as at the AAB Completion Date (excluding treasury shares, if any) via three (3) equal subscription options capped at 4% each ("**Options**"), PROVIDED THAT, the terms of such Options are as follows:-

- (iv) the Options granted may be individually accepted in full or in part at any point of time within twenty-four (24) months from the AAB Completion Date (being the date of grant of the Options);
- (v) upon acceptance of an Option, the Options may be exercised at any point of time during a period of forty-eight (48) months from the date of grant of the Options ("**Option Period**"); and
- (vi) the exercise price of such Options shall be based on the market value of the AAX Shares, at the point of acceptance of the Options by such third parties during the Option Period.

4. Completion of the Proposed AAB Disposal

- 4.1 Completion of the sale and purchase of the AAB Equity Interest under the AAB SSPA shall take place 1 month following the date on or by which all AAB Conditions Precedent have been satisfied, fulfilled and/or waived other than those AAB Conditions Precedent that by their nature are to be satisfied at completion (and have been satisfied, fulfilled and/or waived at completion) or at such other time as our Company and AAX may mutually agree in writing.
- 4.2 At AAB Completion, our Company shall deliver or make available to AAX the following:
- (i) a certified true copy of the approvals referred to in paragraph 3.1(i) to (iii) above;
 - (ii) the original instrument of transfer and all other necessary documents duly completed and executed in favour of AAX or its nominee(s) to enable title to the AAB Equity Interest to pass fully and effectively into the name of AAX or its nominee(s) and together with the duly sealed original share certificates in relation thereto;

SALIENT TERMS OF THE AAB SSPA (CONT'D)

- (iii) the written resignations of each of the directors of the AAB Target Entities nominated by our Company (except for person(s) whom AAX wishes to retain, and notice of such request shall be served to our Company at least seven (7) Business Days prior to the AAB Completion Date) from his office as a director to take effect on the date of AAB Completion, with acknowledgements signed by each of them;
 - (iv) certified true copies of the promissory note executed by our Company in favour of AAB and the written release of such promissory note executed by AAB in favour of our Company;
 - (v) certified true copies of the resolutions passed by AAB's board of directors;
 - (vi) the statutory books and records of AAB and each of the other AAB Target Entities, complete and up-to-date and all other records and documents of AAB and each of the other AAB Target Entities, including but not limited to the original share certificates for shares in the AAB Target Entities, certificate of incorporation, any certificates of incorporation on change of name or re registration, licences, share certificate books, minute books, all unused cheque books and the common seal of the AAB Target Entities;
 - (vii) all assets, machinery, office and other equipment and all other chattels of AAB and each of the other AAB Target Entities capable of being delivered which shall be deemed delivered upon AAX's representative sighting the same at the office of the AAB Target Entities;
 - (viii) all financial and accounting records of AAB and each of the other AAB Target Entities in the possession of the AAB Target Entities, including but not limited to the accounting books, financial statements, balance sheets of the AAB Target Entities (as may be required by AAX) which shall be deemed delivered upon AAX's representative sighting the same at the office of the AAB Target Entities;
 - (ix) all documents of title, certificates and other documents evidencing title to the assets of AAB and each of the other AAB Target Entities capable of being delivered, including the original share certificates for each of the AAB Target Entities which shall be deemed delivered upon AAX's representative sighting the same at the office of the AAB Target Entities; and
 - (x) all other papers and documents relating to the AAB Target Entities which are in the possession of or under control of our Company.
- 4.3 In exchange for delivery of the documents referred to in paragraph 4.2 above, AAX shall:
- (i) deliver a certified true copy of the approvals referred to in paragraph 3.1(vii) to (viii) above; and
 - (ii) deliver to our Company a certified true copy of the promissory note executed by AAX in favour of AAB.

SALIENT TERMS OF THE AAB SSPA (CONT'D)

- 4.4 If any provision of the completion clause under the AAB SSPA is not fully complied with, AAX, in the case of a default or non-compliance by our Company, or our Company, in the case of a default or non-compliance by AAX, shall be entitled (in addition to and without prejudice to all other rights or remedies available to it):-
- (i) to effect the AAB Completion so far as practicable having regard to the defaults which have occurred; or
 - (ii) to fix a new date for the AAB Completion not being later than 1 month after the intended AAB Completion Date, but on the basis that such deferral may only occur once; or
 - (iii) to terminate the AAB SSPA (other than the surviving provisions as stipulated in the AAB SSPA and save in respect of rights arising out of any antecedent breach of the AAB SSPA including with respect to a breach of the relevant completion obligations) without liability on the part of the non-defaulting party with our Company's interest in the AAB Equity Interest intact.
- 4.5 Notwithstanding the above, our Company and AAX shall be at liberty to take such action in law as may be necessary to compel the other party by way of specific performance to complete the transaction contemplated in the AAB SSPA (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions in the AAB SSPA) or to claim damages for the breach of the other party.

5. Right to claim for breach of warranties

Each of our Company and AAX has a right to claim for breach of warranties by the other party only following and subject to AAB Completion. In the event the AAB Completion does not occur and the AAB SSPA is terminated, the non-defaulting party shall not be able to claim against the defaulting party for breach of warranties save for antecedent breaches under the AAB SSPA.

Nevertheless, the non-defaulting party has the right to terminate the AAB SSPA at any time prior to AAB Completion in any of the following events:

- (i) the non-defaulting party becomes aware that any of the defaulting party's warranties was untrue or inaccurate; or
- (ii) any inconsistency with the warranties given by the defaulting party is discovered; and/or
- (iii) a Material Adverse Change⁽¹⁾ has occurred; or
- (iv) any other breach on the part of the defaulting party of the terms of the AAB SSPA occurring.

Note:

- (1) A "**Material Adverse Change**" means any occurrence, condition, change, event or effect that is materially adverse to the AAB Target Entities or the Purchaser Group (as the case may be), taken as a whole, which results in an impact on the financial position or profit / loss after tax of the group of RM65,000,000 or more, provided that none of the following constitutes a Material Adverse Change:-

- (i) any occurrence, condition, change, event or effect resulting from or relating to changes in general economic conditions or financial market conditions (whether relating to equity, debt or currencies);

SALIENT TERMS OF THE AAB SSPA (CONT'D)

- (ii) *the occurrence of any natural disasters, pandemics and acts of terrorism, except in the event, and only to the extent, of any damage or destruction to or loss of the physical properties of the AAB Target Entities or the Purchaser Group (as the case may be);*
- (iii) *any occurrence, condition, change, event or effect resulting from or relating to:-*
 - (a) *the announcement or pendency of the proposed sale and/or purchase of the AAB Equity Interest (whichever applicable);*
 - (b) *compliance by any party with the terms of the AAB SSPA; and*
 - (c) *actions made by any of our Company or AAX which are expressly contemplated and permitted by the AAB SSPA, or if not so permitted, otherwise consented to by our Company and AAX in writing; and*
- (iv) *any change in laws, regulations, rules or administrative practices of any governmental entity, including a change in tax regime or treatment or the introduction of currency controls which have an effect on the AAB Target Entities or the Purchaser Group (as the case may be) or the contemplated transaction.*

6. Indemnities

Our Company shall not be liable in respect of a specific indemnity claim in the AAB SSPA (with regards to identified matters in the AAB SSPA relating to the conduct of the AAB Target Entities' business prior to completion of the Proposed AAB Disposal and any other specific indemnities as may be mutually agreed by our Company and AAX upon completion of the due diligence exercise on the AAB Target Entities by AAX) if it does not exceed RM5,000,000 and in respect of a special claim (with regards to (1) arbitration and litigation proceedings on shareholder disputes in relation to Big Pay Pte Ltd and (2) ongoing litigation proceedings on taxation involving AirAsia (India) Limited) if it does not exceed RM65,000,000. Where the liability exceeds such threshold, our Company shall be liable for the whole amount and not merely the excess over the threshold. A notice of the specific indemnity claim or the special claim (as the case may be) shall be given by AAX to our Company within 24 months following the AAB Completion.

Our Company will indemnify AAX and hold AAX and AAB Target Entities harmless against:

- (i) any taxation amount (whether or not already assessed or imposed or which may from time to time be assessed or imposed by the relevant governmental authority on the AAB Target Entities after AAB Completion) in respect of taxation liabilities of the AAB Target Entities for the period up to AAB Completion Date, except insofar as full provision is made for such liabilities in the AAB Target Entities' accounts;
- (ii) any claim for income tax in respect of any dividend paid or any distribution made by the AAB Target Entities before AAB Completion Date, except insofar as full provision is made for such liabilities in the AAB Target Entities' accounts;
- (iii) any settlement of any actual or threatened claim, demand, direction, apportionment, assessment, recovery or counter-claim of the AAB Target Entities in respect of taxation liabilities of the AAB Target Entities for the period up to AAB Completion Date;
- (iv) any amount recovered against the AAB Target Entities in respect of the taxation liabilities of the AAB Target Entities for the period up to AAB Completion Date; and
- (v) any costs reasonably incurred by the AAB Target Entities in contesting or settling any claim, demand, direction, apportionment, assessment, recovery or counter-claim as aforesaid, whether threatened or made, in respect of taxation liabilities of the AAB Target Entities for the period up to AAB Completion Date.

SALIENT TERMS OF THE AAB SSPA (CONT'D)

7. Limitation of liability

7.1 Each of our Company and AAX shall not have liability in respect of any claims arising from the breach of its warranties (“**Claim**”) to the extent that the facts, matter or circumstances giving rise to the Claim are disclosed in its disclosure letter and the AAB SSPA.

7.2 **Time limitation:** Each of our Company and AAX shall not be liable under the AAB SSPA in respect of any Claim unless a notice of the Claim is given by the other party:-

- (i) in the case of any Claim relating to tax matters, within the applicable limitation period stipulated under the relevant laws relating to taxation;
- (ii) in the case of any Claim relating to the fundamental warranties (as identified in the AAB SSPA), within 6 years following AAB Completion; or
- (iii) in the case of any other Claim, within 24 months following AAB Completion.

7.3 **Minimum claims:** Subject to the aggregate minimum claims in Section 7.4 of this Appendix II, each of our Company and AAX shall not be liable in respect of a Claim in respect of any individual Claim (provided that Claims in respect of similar facts and circumstances may be aggregated for this purpose) where the liability in respect of any such Claim does not exceed 0.1% of the AAB Disposal Consideration (i.e. RM3,800,000). Where the liability exceeds such threshold, the party shall be liable for the whole amount and not merely the excess over the threshold.

7.4 **Aggregate minimum claims:** Each of our Company and AAX shall not be liable under the AAB SSPA in respect of any Claim (excluding Claims for which liability is excluded under Section 7.3 of this Appendix II) unless and until the aggregate amount of all such Claims exceeds 1% of the AAB Disposal Consideration (i.e. RM38,000,000)⁽¹⁾. Where the liability exceeds such threshold, the party shall be liable for the whole amount and not just the excess over the threshold.

Note:

(1) *The threshold of 1% was arrived at after negotiations between our Company and AAX, having taken into consideration market practices.*

7.5 **Maximum liability:** The aggregate liability of each of our Company and AAX in respect of all Claims under the AAB SSPA shall not exceed:-

- (i) 100% of the AAB Disposal Consideration (i.e. RM3,800,000,000) in the case of any Claim relating to the fundamental warranties (as identified in the AAB SSPA); and
- (ii) 25% of the AAB Disposal Consideration (i.e. RM950,000,000)⁽¹⁾ in the case of any other Claim.

Note:

(1) *The threshold of 25% was arrived at after negotiations between our Company and AAX, having taken into consideration market practices.*

7.6 None of the limitations above shall apply to any Claim which arises or is increased or is delayed as the consequence of fraud or wilful concealment by each of our Company and AAX or any of its directors, officers, employees, agents, advisers, representatives or successors in title.

SALIENT TERMS OF THE AAB SSPA (CONT'D)

8. Non-competition and protective covenants

Our Company undertakes that it will not, and will procure that our Group will not, during the Prohibited Period (as defined below):-

- (i) carry on in, be engaged in, or hold a substantial shareholding or equity interest (save for the equity interest held in AAX) in, either directly or indirectly, in any capacity, for any purpose, in any other business or activity which is same or similar to or competing with the Prohibited Business (as defined below);
- (ii) canvass, solicit, entice away, induce or encourage any employee or consultant or customer, the custom of the AAB Target Entities and/or their affiliates to curtail, terminate or cease their employment or affiliation or custom / business with the AAB Target Entities; and
- (iii) be engaged in any act which is premeditated or in preparation or in readiness to effect or put in place any of the matters set out in paragraphs 8(i) and 8(ii) above,

PROVIDED THAT (1) the covenants under this paragraph 8 shall only take effect following and subject to AAB Completion and (2) the covenants under this paragraph 8 shall not apply in respect of any member of the Capital A Group which is involved in the Prohibited Business as at the date of the AAB SSPA. In this respect, our Company represents, warrants and confirms that the only entities within the Capital A Group which are involved in the Prohibited Business (other than the AAB Target Entities) are the AAAGL Group.

“Prohibited Business” means the current aviation business operations of AAX and the AAB Target Entities, which is the provision of domestic or international air transportation services which includes the medium to long-haul flights, short-haul flights and commercial flights, but excluding any existing business operations of the Capital A Group provided that the Capital A Group does not include the AAB Target Entities.

“Prohibited Period” means the period commencing on the AAB Completion Date and ending on the date falling five (5) years after the AAB Completion.

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CAPITAL A BERHAD

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

NOTICE OF MEETING OF HOLDERS OF THE 7-YEAR REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES 2021/2028 IN CAPITAL A BERHAD (“RCUIDS”)

This notice of the RCUIDS holders’ meeting dated 20 September 2024 (“**Notice**”) is issued to RCUIDS holders of Capital A Berhad (“**Capital A**” or the “**Company**”) (“**RCUIDS Holders**”) pursuant to the Second Schedule of the trust deed dated 18 November 2021 (“**Trust Deed**”). Terms whenever appear herein shall, unless the context otherwise requires, have the same meaning as in the Trust Deed and the Notice, wherever and whichever applicable.

NOTICE IS HEREBY GIVEN that a meeting of the RCUIDS Holders will be conducted on a virtual manner through live streaming from the broadcast venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia (“**Broadcast Venue**”) and online remote voting using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online> on Monday, 14 October 2024 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

SPECIAL RESOLUTION 1

PROPOSED DISPOSAL BY THE COMPANY OF ITS ENTIRE 100% EQUITY INTEREST IN AIRASIA AVIATION GROUP LIMITED (“AAAGL”) TO AIRASIA X BERHAD (“AAX”) FOR A DISPOSAL CONSIDERATION OF RM3,000.0 MILLION TO BE SATISFIED ENTIRELY VIA THE ALLOTMENT AND ISSUANCE OF 2,307,692,307 NEW ORDINARY SHARES IN AAX AT AN ISSUE PRICE OF RM1.30 EACH (“PROPOSED AAAGL DISPOSAL”)

“**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional share sale and purchase agreement dated 25 April 2024 entered into between the Company and AirAsia Group Berhad (formerly known as AirAsia Aviation Group Sdn. Bhd.) (“**AAG**”) pertaining to the Proposed AAAGL Disposal, as supplemented by the supplemental agreement dated 26 July 2024 between the Company, AAG and AAX, and the second supplemental agreement dated 4 September 2024 between the Company and AAX, and includes any amendments, variations and/or supplementals thereto from time to time (“**AAAGL SSPA**”) being fulfilled and/or waived (as the case may be), approval be and is hereby given to the Company to dispose of its entire 100% equity interest in AAAGL (including any forms of capital contribution and any unissued capital) to AAX for a disposal consideration of RM3,000,000,000 upon the terms and conditions contained in the AAAGL SSPA.

AND THAT Malaysian Trustees Berhad (as trustee of the RCUIDS Holders) (“**Trustee**”) be and is hereby empowered and authorised to do all acts, deeds and things and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the RCUIDS Holders, all such documents and/or arrangements, including but not limited to a supplemental Trust Deed, as may be necessary or expedient in order to implement, finalise, give effect to the Proposed AAAGL Disposal and this Special Resolution, with full powers to assent to any waiver of any condition or breaches, modification, variation and/or amendment in any manner to give effect to the Proposed AAAGL Disposal and this Special Resolution, PROVIDED THAT the Trustee shall not be liable or held responsible to the RCUIDS Holders for any acts or omissions in order to give effect to the power and authority conferred on the Trustee in the resolutions herein, and PROVIDED THAT in so acting or omitting to act, the Trustee have not acted fraudulently, in gross negligence or in willful default, and the RCUIDS Holders shall fully indemnify and keep indemnified the Trustee and save the Trustee harmless from and against all proceedings, claims and demands to which the Trustee may thereby become liable and all costs, charges, expenses, losses and damages which may thereby be incurred or suffered by the Trustee.”

SPECIAL RESOLUTION 2

PROPOSED DISPOSAL BY THE COMPANY OF ITS ENTIRE 100% EQUITY INTEREST IN AIRASIA BERHAD (“AAB”) TO AAX FOR A DISPOSAL CONSIDERATION OF RM3,800.0 MILLION TO BE SATISFIED ENTIRELY VIA THE ASSUMPTION BY AAX OF AN AMOUNT OF RM3,800.0 MILLION OWING BY THE COMPANY TO AAB (“PROPOSED AAB DISPOSAL”)

“**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional share sale and purchase agreement dated 25 April 2024 entered into between the Company and AAG pertaining to the Proposed AAB Disposal, as supplemented by the supplemental agreement dated 26 July 2024 between the Company, AAG and AAX, and the supplemental agreement dated 4 September 2024 between the Company and AAX, and includes any amendments, variations and/or supplementals thereto from time to time (“**AAB SSPA**”) being fulfilled and/or waived (as the case may be), approval be and is hereby given to the Company to dispose of its entire 100% equity interest in AAB (including any forms of capital contribution and any unissued capital) to AAX for a disposal consideration of RM3,800,000,000 upon the terms and conditions contained in the AAB SSPA.

AND THAT the Trustee be and is hereby empowered and authorised to do all acts, deeds and things and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the RCUIDS Holders, all such documents and/or arrangements, including but not limited to a supplemental Trust Deed, as may be necessary or expedient in order to implement, finalise, give effect to the Proposed AAB Disposal and this Special Resolution, with full powers to assent to any waiver of any condition or breaches, modification, variation and/or amendment in any manner to give effect to the Proposed AAB Disposal and this Special Resolution, PROVIDED THAT the Trustee shall not be liable or held responsible to the RCUIDS Holders for any acts or omissions in order to give effect to the power and authority conferred on the Trustee in the resolutions herein, and PROVIDED THAT in so acting or omitting to act, the Trustee have not acted fraudulently, in gross negligence or in willful default, and the RCUIDS Holders shall fully indemnify and keep indemnified the Trustee and save the Trustee harmless from and against all proceedings, claims and demands to which the Trustee may thereby become liable and all costs, charges, expenses, losses and damages which may thereby be incurred or suffered by the Trustee.”

SPECIAL RESOLUTION 3

PROPOSED DISTRIBUTION OF 1,692,307,692 NEW ORDINARY SHARES IN AAX (“AAX SHARES”) ARISING FROM THE PROPOSED AAAGL DISPOSAL (“DISTRIBUTION SHARES”) TO THE ENTITLED SHAREHOLDERS OF THE COMPANY BASED ON THEIR RESPECTIVE SHAREHOLDINGS IN THE COMPANY ON A PRO-RATA BASIS, ON AN ENTITLEMENT DATE TO BE DETERMINED BY THE BOARD OF DIRECTORS OF THE COMPANY (“BOARD”) AND ANNOUNCED LATER BY THE COMPANY (“ENTITLEMENT DATE”), ON WHICH THE NAMES OF ITS SHAREHOLDERS MUST APPEAR IN THE COMPANY’S RECORD OF DEPOSITORS AS AT 5:00 P.M. ON THAT DATE IN ORDER TO BE ENTITLED TO THE PROPOSED DISTRIBUTION BY WAY OF A PROPOSED REDUCTION AND REPAYMENT OF THE COMPANY’S ISSUED SHARE CAPITAL PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED DISTRIBUTION”)

“**THAT** subject to the passing of Special Resolution 1 above, the confirmation of the High Court of Malaya pursuant to Section 116 of the Act, and approvals of all relevant authorities and/or parties being obtained (if required), approval be and is hereby given to the Company to carry out the following:

- (i) the reduction of the issued share capital of the Company from RM8,769,410,847 to RM6,535,564,694 via the cancellation of a sum of RM2,233,846,153 or such sum to be decided by the Board, subject to the prevailing market price of AAX Shares (1) immediately prior to the application to the High Court of Malaya; and (2) on the Entitlement Date, from the issued share capital of the Company in accordance with Section 116 of the Act; and

- (ii) upon such reduction taking effect, the entire credit arising from the reduction of RM2,233,846,153 or such sum to be decided by the Board, subject to the prevailing market price of AAX Shares (1) immediately prior to the application to the High Court of Malaya; and (2) on the Entitlement Date, in the issued share capital of the Company shall be applied in distributing 1,692,307,692 Distribution Shares to all entitled shareholders of the Company on a pro-rata basis, whose names appear in the Record of Depositors of the Company on the Entitlement Date.

THAT any fractional entitlements that may arise under the Proposed Distribution shall be disregarded and dealt with in such manner or terms as the Board shall in its absolute discretion deems fit and expedient, and in the best interest of the Company;

AND THAT the Trustee be and is hereby empowered and authorised to do all acts, deeds and things and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the RCUIDS Holders, all such documents and/or arrangements, including but not limited to a supplemental Trust Deed, as may be necessary or expedient in order to implement, finalise, give effect to the Proposed Distribution and this Special Resolution, with full powers to assent to any waiver of any condition or breaches, modification, variation and/or amendment in any manner to give effect to the Proposed Distribution and this Special Resolution, PROVIDED THAT the Trustee shall not be liable or held responsible to the RCUIDS Holders for any acts or omissions in order to give effect to the power and authority conferred on the Trustee in the resolutions herein, and PROVIDED THAT in so acting or omitting to act, the Trustee have not acted fraudulently, in gross negligence or in willful default, and the RCUIDS Holders shall fully indemnify and keep indemnified the Trustee and save the Trustee harmless from and against all proceedings, claims and demands to which the Trustee may thereby become liable and all costs, charges, expenses, losses and damages which may thereby be incurred or suffered by the Trustee.”

SPECIAL RESOLUTION 4

PROPOSED AMENDMENT TO THE TRUST DEED DATED 18 NOVEMBER 2021 – PROPOSED DELETION OF PARAGRAPH (D) OF CLAUSE 12.2 (“PROPOSED AMENDMENT”)

“**THAT** approval is hereby given to the proposed deletion of paragraph (d) of Clause 12.2 from the Trust Deed dated 18 November 2021 (“**Trust Deed**”) executed between the Company and the Trustee, with effect from the date of the Trust Deed.

AND THAT the Trustee be and is hereby empowered and authorised to do all acts, deeds and things and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the RCUIDS Holders, all such documents and/or arrangements, including but not limited to a supplemental Trust Deed, as may be necessary or expedient in order to implement, finalise, give effect to the Proposed Amendment and this Special Resolution, with full powers to assent to any waiver of any condition or breaches, modification, variation and/or amendment in any manner to give effect to the Proposed Amendment and this Special Resolution, PROVIDED THAT the Trustee shall not be liable or held responsible to the RCUIDS Holders for any acts or omissions in order to give effect to the power and authority conferred on the Trustee in the resolutions herein, and PROVIDED THAT in so acting or omitting to act, the Trustee have not acted fraudulently, in gross negligence or in willful default, and the RCUIDS Holders shall fully indemnify and keep indemnified the Trustee and save the Trustee harmless from and against all proceedings, claims and demands to which the Trustee may thereby become liable and all costs, charges, expenses, losses and damages which may thereby be incurred or suffered by the Trustee.”

BY ORDER OF THE BOARD

CYNTHIA GLORIA LOUIS (SSM PC NO. 201908003061) (MAICSA 7008306)

CHEW MEI LING (SSM PC NO. 201908003178) (MAICSA 7019175)

Company Secretaries

Selangor Darul Ehsan, Malaysia
20 September 2024

Notes:

1. *The Company will conduct the RCUIDS Holders Meeting entirely via Remote Participation and Voting facilities. Kindly refer to the Administrative Note for the RCUIDS Holders Meeting for more information.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the RCUIDS Holders Meeting. No RCUIDS Holders or proxies shall be physically present at the Broadcast Venue on the day of the RCUIDS Holders Meeting.*
3. *As the RCUIDS Holders Meeting will be conducted via a virtual meeting, a RCUIDS Holder who is not able to participate in the RCUIDS Holders Meeting may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.*
4. *In respect of deposited securities, only RCUIDS Holders whose names appear in the Record of Depositors on 4 October 2024 shall be eligible to attend the RCUIDS Holders Meeting.*
5. *A RCUIDS Holder entitled to attend and vote at the meeting of the RCUIDS Holders is entitled to appoint a proxy to attend and vote on his behalf. A proxy may but need not be a RCUIDS Holder and a RCUIDS Holder may appoint any person to be his proxy without limitation save that the proxy must be of full age.*
6. *Where a RCUIDS Holder is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with RCUIDS of the Company standing to the credit of the said securities account.*
7. *Where a RCUIDS Holder of the Company is an exempt authorised nominee which holds RCUIDS in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
8. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney.*
9. *The appointment of a proxy may be made in a hard copy form and must be deposited at the business address of Malaysian Trustees Berhad at Level 11, Tower 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur or electronically lodged with the poll administrator via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the RCUIDS Holders Meeting or any adjournment at which the person named in the appointment proposes to vote. Please refer to the Administrative Note for the RCUIDS Holders Meeting on the procedures for lodgement of the Form of Proxy.*
10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) at the RCUIDS Holders Meeting shall be put to vote by way of poll.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the RCUIDS Holders Meeting and/or any adjournment thereof, a RCUIDS Holder (i) consents to the collection, use and disclosure of the RCUIDS Holder'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 RCUIDS Holders Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the RCUIDS Holders Meeting (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 RCUIDS Holder discloses the personal data of the RCUIDS Holder's proxy(ies) and/or representative(s) to the Company (or its agents), the RCUIDS Holder 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 RCUIDS Holder 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 RCUIDS Holder'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 RCUIDS Held	

I/We.....
[Full name in block, NRIC/Passport/Company No.]

Tel:of
[Address]

being a RCUIDS holder of CAPITAL A BERHAD ("our Company") hereby appoint:

Full Name (in Block):	NRIC/Passport No.:
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 RCUIDS Holders Meeting of our Company to be conducted on a virtual manner through live streaming from the broadcast venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia and online remote voting using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online at <https://tiih.online> on Monday, 14 October 2024 at 2.00 p.m. or at any adjournment thereof.

NO.	SPECIAL RESOLUTIONS	FOR	AGAINST
1	PROPOSED AAAGL DISPOSAL		
2	PROPOSED AAB DISPOSAL		
3	PROPOSED DISTRIBUTION		
4	PROPOSED AMENDMENT		

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 thisday of 2024.

*Signature of RCUIDS Holder(s)/Common Seal

*** Manner of execution:**

- (a) If you are an individual holder, please sign where indicated.
- (b) If you are a corporate holder 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 holder 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:

- 1. The Company will conduct the RCUIDS Holders Meeting entirely via Remote Participation and Voting facilities. Kindly refer to the Administrative Note for the RCUIDS Holders Meeting for more information.
- 2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the RCUIDS Holders Meeting. No RCUIDS Holders or proxies shall be physically present at the Broadcast Venue on the day of the RCUIDS Holders Meeting.
- 3. As the RCUIDS Holders Meeting will be conducted via a virtual meeting, a RCUIDS Holder who is not able to participate in the RCUIDS Holders Meeting may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.



Notes (Cont'd):

4. In respect of deposited securities, only RCUIDS Holders whose names appear in the Record of Depositors on 4 October 2024 shall be eligible to attend the RCUIDS Holders Meeting.
5. A RCUIDS Holder entitled to attend and vote at the meeting of the RCUIDS Holders is entitled to appoint a proxy to attend and vote on his behalf. A proxy may but need not be a RCUIDS Holder and a RCUIDS Holder may appoint any person to be his proxy without limitation save that the proxy must be of full age.
6. Where a RCUIDS Holder is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with RCUIDS of the Company standing to the credit of the said securities account.
7. Where a RCUIDS Holder of the Company is an exempt authorised nominee which holds RCUIDS in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney.
9. The appointment of a proxy may be made in a hard copy form and must be deposited at the business address of Malaysian Trustees Berhad at Level 11, Tower 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur or electronically lodged with the poll administrator via TIH Online website at <https://tjih.online> not less than forty-eight (48) hours before the time appointed for holding the RCUIDS Holders Meeting or any adjournment at which the person named in the appointment proposes to vote. Please refer to the Administrative Note for the RCUIDS Holders Meeting on the procedures for lodgement of the Form of Proxy.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) at the RCUIDS Holders Meeting shall be put to vote by way of poll.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy and/or representative, the RCUIDS Holder accepts and agrees to the personal data privacy terms set out in the Notice of the RCUIDS Holders Meeting dated 20 September 2024.

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AFFIX
STAMP

MALAYSIAN TRUSTEES BERHAD
(Registration No. 197501000080 (21666-V))
Level 11, Tower 3, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

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Fold This Flap For Sealing
