

**CAPITAL A BERHAD (FORMERLY KNOWN AS AIRASIA GROUP BERHAD) (“CAPITAL A” OR THE “COMPANY”)**

**IMPLEMENTATION BY AIRASIA SUPERAPP SDN. BHD. (“SUPER APP”), A SUBSIDIARY OF CAPITAL A, OF A LONG-TERM INCENTIVE SCHEME FOR ITS ELIGIBLE EMPLOYEES AND DIRECTORS**

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**1. INTRODUCTION**

Pursuant to Paragraph 9.19(52) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Capital A wishes to announce that Super App, a subsidiary of Capital A, had on 24 February 2022 implemented a long-term incentive plan for its eligible employees and directors which consists of an employee share option scheme (“**Super App ESOS**”) and a share grant scheme (“**Super App SGS**”) (collectively, the “**Super App LTIS**”). As at the date of this announcement, Capital A holds 96.19% interest in Super App.

The principal terms of the Super App LTIS are set out below.

**2. DETAILS OF THE SUPER APP LTIS**

The Super App LTIS is a long term incentive plan of up to 10% of the total number of issued shares of Super App at any one time throughout the duration of the Super App LTIS for the employees and directors of Super App and any of its subsidiaries (excluding dormant subsidiaries) (“**Super App Group**”) who are eligible in accordance with the by-laws governing the Super App LTIS and subject to the Super App LTIS not contravening any foreign laws, regulatory requirements and/or administrative constraints in the respective countries (“**Super App By-Laws**”) (“**Super App Eligible Person(s)**”).

In the event that any foreign laws, regulatory requirements and/or administrative constraints prevent or restrict the ability of Super App to allow the eligible employees of overseas subsidiaries to participate in the Super App LTIS, an alternative, cash settled performance-based scheme may be made available to them.

The Super App LTIS will be administered by a committee to be appointed and authorized by the board of directors of Super App (“**Super App Board**”) in accordance with the Super App By-Laws (“**Super App LTIS Committee**”) and will comprise the following:

**(i) Super App ESOS**

The Super App ESOS is intended to allow Super App to reward selected employees and directors (excluding non-executive directors), primarily key senior and critical junior talents, of the Super App Group by granting them an option to subscribe for new ordinary shares in Super App (“**Super App Shares**”) at a predetermined subscription price (“**Super App ESOS Option**”), subject to the terms and conditions of the Super App By-Laws.

An award of Super App ESOS Options (“**Super App ESOS Award(s)**”) once accepted by the Super App Eligible Person (“**Super App ESOS Grantee(s)**”), will be vested in such manner and subject to achievement of certain performance conditions, as may be determined by the Super App LTIS Committee in accordance with the Super App By-Laws and approved by the Super App Board, which includes, but is not limited to, Super App’s share price performance. The vesting of Super App Shares under the Super App ESOS will be satisfied by the allotment and issuance of new Super App Shares.

The price at which a Super App ESOS Grantee shall be entitled to subscribe for each new Super App Share upon the exercise of a Super App ESOS Option (“**Super App Exercise Price**”) shall be such price as the Super App LTIS Committee may determine.

**(ii) Super App SGS**

The Super App SGS is intended to allow Super App to award Super App Shares (“**Super App SGS Award(s)**”) to selected senior employees of the Super App Group, subject to the achievement of certain performance conditions as prescribed by the Super App LTIS Committee, in lieu of cash bonus.

A Super App SGS Award, once accepted by the Super App Eligible Person (“**Super App SGS Grantee(s)**”), will vest in the Super App SGS Grantee at no cost to the Super App SGS Grantee if the vesting conditions stipulated in the said Super App SGS Award have been satisfied on the vesting date(s). A Super App SGS Award under the Super App SGS may be granted on a staggered basis over the duration of the Super App LTIS.

The vesting of Super App Shares under the Super App SGS will be satisfied by the allotment and issuance of new Super App Shares and/or by way of cash settlement based on the discretion of the Super App LTIS Committee.

In the case of settlement by way of cash, the reference price used to determine the amount to be paid to the Super App SGS Grantee shall be such price as the Super App LTIS Committee may determine.

Further, the Super App LTIS Committee may from time to time, within the Super App LTIS period, have full discretion to determine the composition of the corporations within the Super App Group to be eligible to participate in the Super App LTIS. At the discretion of the Super App LTIS Committee, Super App may from time to time, within the Super App LTIS period, invite Super App Eligible Persons to participate in the Super App LTIS. This is subject to the fulfilling of the terms and conditions in accordance with the Super App By-Laws governing the Super App LTIS.

The other salient terms of the Super App LTIS are as follows:

**2.1 Maximum number of Super App Shares available under the Super App LTIS**

The maximum number of Super App Shares which may be issued under the Super App LTIS, and any other employee share scheme of Super App which may be implemented from time to time by Super App, shall not exceed 10% of the total number of Super App Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Super App LTIS.

**2.2 Basis of allocation and maximum allowable allotment**

The allocation of Super App Shares to be made available for the Super App ESOS Awards and Super App SGS Awards (any one of them is referred to as, the “**Super App LTIS Award**” and collectively, “**Super App LTIS Awards**”) under the Super App LTIS shall be determined at the discretion of the Super App LTIS Committee.

The aggregate number of Super App Shares that may be allocated to any class or grade of Super App Eligible Persons under the Super App LTIS shall be determined at the absolute discretion of the Super App LTIS Committee and subject to the final approval by the Super App Board, after taking into consideration, among others:

- (i) in the case of a Super App Eligible Person who is an employee of the Super App Group, the Super App Eligible Person’s performance, seniority (denoted by employee job

grade), length of service and their contribution to the performance of the Super App Group;

- (ii) in the case of a Super App Eligible Person who is a director of the Super App Group, the Super App Eligible Person's contribution towards the performance of the Super App Group and positions in the various board committees of Super App; and
- (iii) any other criteria which the Super App LTIS Committee deems relevant.

Notwithstanding the above, the maximum number of Super App Shares that may be offered to a Super App Eligible Person shall be subject to the following:

- (iv) not more than 10% of the total number of Super App Shares to be made available under the Super App LTIS shall be allocated to any Super App Eligible Person who, either singly or collectively through persons connected with the Super App Eligible Person, holds 20% or more of the total number of Super App Shares; and
- (v) not more than 80% of the new Super App Shares available under the Super App LTIS shall be allocated in aggregate to the directors and senior management of the Super App Group.

The directors and senior management of the Super App Group shall not participate in the deliberation or discussion of his/her own allocation under the Super App LTIS.

The Super App LTIS Committee shall have the discretion in determining:

- (i) whether the allocation available shall be awarded in 1 single Super App LTIS Award, or several separate and independent Super App LTIS Awards; and
- (ii) where the allocation is awarded in several separate and independent Super App LTIS Awards, the number of Super App Shares included in each Super App LTIS Award as well as the vesting date(s) and vesting conditions for each Super App LTIS Award.

### **2.3 Eligibility**

Any employee or director of the Super App Group is eligible to participate in the Super App LTIS if, as at the date of the Super App LTIS Award:

- (i) he / she is a Malaysian citizen or a foreigner employed by the Super App Group;
- (ii) he / she is at least 18 years of age;
- (iii) he / she is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (iv) he / she has been employed on a full-time basis or is serving in a specific designation under any employment contract with, and is on the payroll of, any Group Company;
- (v) he / she is a confirmed employee;
- (vi) he / she remains an employee of the Super App Group and has not given any notice of resignation or received a notice of termination or has otherwise ceased or had his/her employment terminated;
- (vii) he / she falls within any other eligibility criteria as may be determined by the Super App LTIS Committee; and
- (viii) he / she is also required to be an executive director or an employee of the Super App Group holding a senior position, or such position as may be designated by the Super

App LTIS Committee. For the avoidance of doubt, non-executive directors will not be eligible.

Where a specific allocation of Super App ESOS Options and/or Super App Shares is to be made pursuant to a Super App LTIS Award to a Super App Eligible Person who is a director, major shareholder, chief executive of Capital A or a person connected with such director, major shareholder or chief executive, the specific allocation of Super App Shares to be comprised in any Super App LTIS Award to the said person must be approved by the shareholders of Capital A in a general meeting.

#### **2.4 Duration of the Super App LTIS**

The Super App LTIS will be in force for a period of 6 years commencing from the effective date of implementation of the Super App LTIS ("**Super App Effective Date**"), which shall be a date on which the Super App LTIS is approved by the Super App Board, to consider several tranches of granting and vesting schedules anticipated by the management of Super App.

The Super App LTIS may be extended for a further period of up to 4 years immediately from the expiry of the first 6 years at the discretion of the Super App Board upon the recommendation of the Super App LTIS Committee.

On expiry of the Super App LTIS, any Super App LTIS Awards which have yet to be vested (whether fully or partially) shall be deemed terminated and be null and void.

The Super App LTIS may be terminated by the Super App LTIS Committee at any time before the date of expiry.

#### **2.5 Ranking of the new Super App Shares to be issued under the Super App LTIS**

The new Super App Shares shall, upon allotment and issuance, rank equally in all respects with the existing Super App Shares in issue, save and except that the new Super App Shares will not be entitled to any dividends, rights, allotment and/or other distributions that may be declared, made, or paid for which the relevant entitlement date is prior to the date of allotment and issuance of the new Super App Shares.

#### **2.6 Retention period**

The new Super App Shares to be allotted and issued to the Super App Eligible Persons pursuant to the Super App LTIS will not be subjected to any retention period unless the Super App LTIS Committee stipulates otherwise upon granting of the Super App LTIS Awards.

#### **2.7 Alteration of share capital and adjustment**

In the event of any alteration in the share capital of Super App during the period of the Super App LTIS, there shall be no adjustments to the number of Super App ESOS Options and/or Super App SGS Awards to be granted pursuant to the Super App LTIS and/or the Super App Exercise Price, unless otherwise decided by the Super App LTIS Committee in its sole discretion and with the approval of the Super App Board, subject always to applicable laws.

### **3. RATIONALE FOR THE SUPER APP LTIS**

The Super App LTIS is intended to:

- (i) reward and retain the eligible persons for their loyalty and attainment of higher performance achievements and whose talents are vital to the Super App Group;

- (ii) attract skilled and experienced individuals to join the Super App Group and contribute to the performance of the Super App Group;
- (iii) motivate the eligible persons to improve their performance standards and maintain high level contributions through greater levels of commitment, dedication and loyalty to the Super App Group;
- (iv) provide incentive for the eligible persons to participate more actively in the operations and future growth of the Super App Group;
- (v) make the Super App Group's remuneration scheme more competitive by offering an additional mode of compensation/benefit to the eligible persons; and
- (vi) reward the eligible persons expeditiously without the need to pay higher cash-based compensation that would incur additional costs, which will help to overcome the Super App Group's current limitation in using cash compensation to reward them.

#### 4. FINANCIAL EFFECTS OF THE SUPER APP LTIS

The financial effects of the Super App LTIS are as follows:

##### 4.1 Share capital of Capital A

The Super App LTIS will not have any effect on the existing and issued share capital of Capital A as it does not involve any issuance of new shares in Capital A.

##### 4.2 Dilutive effect of Capital A 's shareholding in Super App

The Super App LTIS will not have an immediate effect on the existing and issued share capital of Super App until the exercise of the Super App LTIS Awards.

The issued share capital of Super App will increase progressively depending on the number of Super App Shares to be issued upon exercise of the Super App LTIS Awards that may be granted pursuant to the Super App LTIS.

For illustration purposes, the proforma effects of the Super App LTIS on the issued share capital of Super App, which will in turn have dilutive effect on Capital A's effective shareholding in Super App assuming that the number of Super App LTIS Awards granted amount to 10% of the total number of issued shares of Super App as at 18th February, 2022, are set out below.

##### Illustration 1: Effects on the share capital of Super App

	Super App	
	No. of shares	Amount (RM)
Issued share capital as at the 18th February, 2022	371,213,224	523,070,648
New shares to be issued assuming full exercise of the LTIS Awards granted	37,121,322	3,712,132
Enlarged issued share capital	408,334,546	526,782,780

**Illustration 2: Dilutive effect of Capital A's effective shareholding in Super App**

	<b>Super App</b>	<b>VSEA</b>
Capital A's effective shareholding as at 18th February, 2022 (%)	96.19%	3.81%
Capital A's effective shareholding after the full exercise of the Super App LTIS Awards granted (%)	87.45%	3.46%

**5. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of the directors, major shareholders or chief executive of the Company and/or persons connected with them (collectively referred to as the “**Interested Persons**”) have any interest, direct or indirect, in the Super App LTIS.

In the event Super App intends to allocate any Super App LTIS Award to Capital A's directors and/or persons connected with them during the duration of the Super App LTIS, the said director will abstain from deliberating and voting at all relevant Board meetings on his/her allocation, as well as allocations to persons connected with them (if any). In addition, Capital A will seek the approval of its shareholders for the relevant entitlements at a general meeting.

**6. DIRECTORS' STATEMENT**

The Board of Directors of Capital A is of the opinion that the Super App LTIS is in the best interest of Capital A.

**This announcement is dated 24 February 2022.**