

**CAPITAL A BERHAD (“CAPITAL A”)
EXECUTION OF SHAREHOLDERS AGREEMENT BY CAPITAL A BERHAD’S SUBSIDIARY,
ASIA DIGITAL ENGINEERING SDN BHD FOR THE SUBSCRIPTION OF 60% OF THE
ISSUED AND PAID-UP CAPITAL OF A CAMBODIAN JOINT VENTURE COMPANY
INCORPORATED UNDER THE NAME “ADE (CAMBODIA) CO., LTD” (“ADE CAMBODIA”)
TO ESTABLISH A MAINTENANCE REPAIR AND OVERHAUL (“MRO”) BUSINESS IN
CAMBODIA**

1. INTRODUCTION

The Board of Directors of Capital A wishes to announce that Asia Digital Engineering Sdn Bhd (“**ADE**”), wholly-owned subsidiary of Capital A, has on 20th September 2023 entered into a Shareholders Agreement (“**SHA**”) with Sivilai Asia Co.,Ltd (“**Sivilai Asia**”) for the subscription of 60% of the issued and paid-up capital of a Cambodian joint venture company incorporated under the name “ADE (Cambodia) Co., Ltd” (“**ADE Cambodia**”) to establish a Maintenance Repair And Overhaul (“MRO”) business in Cambodia. The SHA also records the rights and obligations of each party relating to the operation and management as well as their shareholding in ADE Cambodia.

2. INFORMATION ON ADE, SIVILAI ASIA AND ADE CAMBODIA

ADE

ADE is a wholly owned subsidiary of Capital A and was incorporated in Malaysia on 23 April 2020. ADE is principally engaged in aircraft maintenance, repair and overhaul.

Sivilai Asia

Sivilai Asia is a company incorporated in Phnom Penh, Cambodia on 19 January 2022 having its head office at House No. 25s2 Room 1, Street 268, Chakto Mukh, Doun Penh, Phnom Penh, Cambodia. It is a consultancy management firm that aims to operate hospitality businesses in Cambodia. In line with the strong development of Cambodia, it aims to bring new innovative products to enhance the lifestyle of Cambodians.

ADE Cambodia

ADE Cambodia is a company incorporated in Phnom Penh, Cambodia on 24 August 2023 having its head office at House No. 25s2 Room 1, Street 268, Chakto Mukh, Doun Penh, Phnom Penh, Cambodia. The principal activity of ADE Cambodia is to provide engineering maintenance services, component and warehouse services, engineering support services and digital and innovation services to aircraft, including repair and maintenance of aircraft and/or engines, consultancy, training and/or any digital/tech related businesses.

3. RATIONALE AND PROSPECT

Capital A has incorporated a joint venture company, AirAsia (Cambodia) Co., Ltd, to start AirAsia branded airlines in Cambodia and will commence operation in November 2023. This will create an opportunity for ADE to establish its operation in Cambodia by providing service to AirAsia Cambodia and other third party airlines operating into Cambodia major airports. The objective is to optimise utilisation of ADE’s assets at maximum capacity to reach utmost productivity. The proposal will facilitate and expedite consolidation of all of ADE’s resources and assets in order to optimise more productive, sustainable levels of operation and service for the AOCs, which in turn enable Capital A to capitalise on cost-saving opportunities and potentially capture surpluses from new revenue streams generated.

4. SALIENT TERMS OF THE SHA

- Capital A via ADE will invest 60% in ADE Cambodia and Sivilai Asia to invest the remaining 40%.
- The SHA contains terms which are common to agreements between shareholders such as reserved matters, board composition, deadlock events, termination and so forth.

5. SOURCES OF FUNDING

ADE will inject up to the amount of USD1.2 million with two tranches (1st tranche during pre-incorporation and the balance would be post-incorporation), and ADE will use internal funds for its share of the equity investment.

6. FINANCIAL IMPACT

The SHA is not expected to have any immediate material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' direct and/or indirect shareholding of Capital A and is expected to contribute positively in the long-term.

7. RISK FACTORS

Capital A does not foresee any exceptional risk other than the normal operational risks. The Board of Directors of Capital A believes that the experience and expertise of its management team will enable Capital A to mitigate these risks effectively.

8. ESTIMATED TIME FRAME

The subscription exercise is expected to be completed in the fourth quarter of 2023.

9. APPROVALS

The SHA is not subject to the approval of the Capital A's shareholders save for the approval, consent and/or sanction of any other relevant authorities/parties as may be required by the local laws and regulations.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the directors and/or major shareholders of Capital A and persons connected to them, insofar as the existing directors and major shareholders are able to ascertain and are aware, has any interest, direct or indirect in the SHA.

11. DIRECTORS' STATEMENT

The Board of Directors of Capital A is of the opinion that the SHA is in the best interest of Capital A and its group of companies.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Shareholders Agreement is available for inspection at the registered office of Capital A at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 20 September 2023.