

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

IMPLEMENTATION BY TELEPORT EVERYWHERE PTE. LTD. (“TELEPORT”), AN INDIRECT SINGAPORE REGISTERED SUBSIDIARY OF CAPITAL A, OF A SHARE INCENTIVE SCHEME FOR ITS ELIGIBLE EMPLOYEES, EXECUTIVE DIRECTORS AND ADVISORS

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 Teleport, an indirect Singapore registered subsidiary of Capital A, had on 1 April 2022 implemented a share incentive scheme for its eligible employees, directors and advisors, which consists of an employee share option scheme (“**Teleport ESOS**”) and a share grant scheme (“**Teleport SGS**”) (collectively, the “**Teleport ESIS**”). As at the date of this announcement, Capital A holds a **95.42%** effective interest in Teleport. The principal terms of the Teleport ESIS are set out below.

2. DETAILS OF THE TELEPORT ESIS

The Teleport ESIS is a share incentive scheme of up to 10% of the total number of issued shares of Teleport on a fully diluted basis (excluding treasury shares, if any) at the time of implementation of the Teleport ESIS for the employees of Teleport and any of its subsidiaries (excluding dormant subsidiaries) (“**Teleport Group**”), and any executive director or advisor of Teleport who are eligible in accordance with the by-laws governing the Teleport ESIS and subject to the Teleport ESIS not contravening any laws, regulatory requirements and/or administrative constraints in the respective countries of application (“**Teleport ESIS By-Laws**”) (“**Teleport Eligible Person(s)**”).

If any laws, regulatory requirements and/or administrative constraints prevent or restrict the ability of Teleport to allow the eligible employees of subsidiaries outside Singapore to participate in the Teleport ESIS, an alternative, cash settled performance-based scheme may be made available to them.

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

(i) Teleport ESOS

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

An award of Teleport ESOS Options (“**Teleport ESOS Award(s)**”) once accepted by the Teleport Eligible Person (“**Teleport ESOS Grantee(s)**”), will be vested in such manner and subject to achievement of certain performance conditions, as may be determined by the Teleport ESIS Committee in accordance with the Teleport ESIS By-Laws and approved by the Teleport Board, which includes, but is not limited to, the valuation of the shares in Teleport. The exercise of the Teleport ESOS Option(s) under the Teleport ESOS will be satisfied by the allotment and issuance of new Teleport Shares, or transfer of shares in the capital of Teleport (as the case may be).

The price at which a Teleport ESOS Grantee shall be entitled to subscribe for each new Teleport Share, or a transfer of each share in the capital of Teleport (as the case may be) upon the exercise of a Teleport ESOS Option (“**Teleport Exercise Price**”) unless otherwise determined by the Teleport ESIS Committee in its discretion, shall be at a nominal price of US\$0.01.

(ii) Teleport SGS

The Teleport SGS is intended to allow Teleport to award Teleport Shares (“**Teleport SGS Award(s)**”) to Teleport Eligible Persons, subject to the achievement of certain performance conditions as prescribed by the Teleport ESIS Committee, in lieu of cash bonus.

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

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

In the case of settlement by way of cash, the reference price used to determine the amount to be paid to the Teleport SGS Grantee shall be such price as the Teleport ESIS Committee may determine in accordance with the Teleport ESIS By-Laws.

The other salient terms of the Teleport ESIS are as follows:

2.1 Maximum number of Teleport Shares available under the Teleport ESIS

The maximum number of Teleport Shares which may be issued under the Teleport ESIS, and any other employee share scheme(s) of Teleport which may be implemented from time to time by Teleport, shall not exceed 10% of the total number of Teleport Shares on a fully diluted basis (excluding treasury shares, if any) at the time of implementation of this Teleport ESIS.

2.2 Basis of allocation and maximum allowable allotment

The allocation of Teleport Shares to be made available for the Teleport ESOS Awards and Teleport SGS Awards (any one of them is referred to as, the “**Teleport ESIS Award**” and collectively, “**Teleport ESIS Awards**”) under the Teleport ESIS shall be determined at the discretion of the Teleport ESIS Committee subject to the final approval by the Teleport Board.

The aggregate number of Teleport Shares that may be granted to any one (1) of the Teleport Eligible Person(s) at any time shall be at the recommendation of the Teleport ESIS Committee after taking into account the performance targets during the performance period referred to in the Teleport ESIS By-Laws and/or such other criteria as the Teleport ESIS Committee may decide in its discretion (subject always to the Teleport ESIS By-Laws and any applicable law) and subject to the final approval by the Teleport Board.

Notwithstanding the above, the maximum number of Teleport Shares that may be offered to a Teleport Eligible Person who, either singly or collectively through persons connected with the Teleport Eligible Person, holds 20% or more of the issued shares in the capital of Teleport, shall not exceed 10% of the total number of Teleport Shares to be issued and awarded under the Teleport ESIS or any other share issuance schemes implemented or to be implemented by Teleport.

The executive directors and senior management of the Teleport Group shall not participate in the deliberation or discussion of his/her own allocation under the Teleport ESIS.

The Teleport ESIS Committee shall have the sole and absolute discretion in determining whether the Teleport ESIS is to be offered to the Teleport Eligible Persons via a single grant at a time determined by the Teleport ESIS Committee or several grants where the vesting of the Teleport ESOS Option(s) and/or Teleport SGS Awards will be staggered or made in tranches at such times determined by the Teleport Committee and set out in the Share Vesting Schedule.

2.3 Eligibility

Any employee of the Teleport Group is eligible to participate in the Teleport ESIS if, as at the date of the Teleport ESIS Award:

- (i) he / she is at least 18 years of age;
- (ii) he / she is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (iii) 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 company within the Teleport Group;
- (iv) he / she is a confirmed employee;
- (v) he / she remains an employee of a company within the Teleport 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;
- (vi) he / she falls within any other eligibility criteria as may be determined by the Teleport ESIS Committee; and
- (vii) he / she is also required to be an executive director or an employee of a company within the Teleport Group holding a senior position, or such position as may be designated by the Teleport ESIS Committee. For the avoidance of doubt, non-executive directors will not be eligible.

In addition, any director (in an executive capacity) or advisor of Teleport is eligible to participate in the Teleport ESIS.

Where a specific allocation of Teleport ESOS Options and/or Teleport SGS Awards is to be made pursuant to the Teleport ESIS Award to a Teleport 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 such Teleport ESOS Options and/or Teleport SGS Awards to the said person must be approved by the shareholders of Capital A in a general meeting.

2.4 Duration of the Teleport ESIS

The Teleport ESIS will be in force for a period of six (6) years commencing from the effective date of implementation of the Teleport ESIS, which shall be a date on which the Teleport ESIS is approved by the Teleport Board, to consider several tranches of granting and vesting schedules anticipated by the management of Teleport.

The Teleport ESIS may be extended for a further period of up to four (4) years immediately from the expiry of the first 6 years at the discretion of the Teleport Board upon the recommendation of the Teleport ESIS Committee. Any further extension(s) of the Teleport ESIS beyond the foregoing mentioned periods will be at the discretion of the Teleport Board taking into account the Teleport SGS Awards and Teleport ESOS Options offered, and any

corresponding periods for the exercise of Teleport ESOS Options or vesting of Teleport Shares under a Teleport SGS Award.

On expiry, or earlier termination of the Teleport ESIS, any Teleport ESIS Awards which have yet to be vested (whether fully or partially) or vested but remain unexercised or partially exercised, shall be deemed cancelled and be null and void and of no further effect.

The Teleport ESIS may be terminated by Teleport at any time before the date of expiry.

2.5 Ranking of the new Teleport Shares to be issued under the Teleport ESIS

The new Teleport Shares shall, upon allotment and issuance, rank equally in all respects with the existing Teleport Shares in issue, save and except that the new Teleport 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 Teleport Shares, or prior to the date of any transfer of such Teleport Shares.

2.6 Retention period

The new Teleport Shares to be allotted and issued, or those Teleport Shares to be transferred, to the Teleport Eligible Persons pursuant to the Teleport ESIS will not be subjected to any retention period unless the Teleport ESIS Committee stipulates otherwise upon granting of the Teleport ESIS Awards.

2.7 Alteration of share capital and adjustment

In the event of any alteration in the share capital of Teleport during the period of the Teleport ESIS, there shall be no adjustment to the number of Teleport ESOS Options and/or Teleport SGS Awards to be granted pursuant to the Teleport ESIS and/or the Share Option Price and/or the class and/or number of Shares comprised in any outstanding subscription price for the Teleport ESOS Option(s) to the extent unexercised and/or Teleport SGS Awards to be granted pursuant to this ESIS, unless otherwise decided by the Teleport ESIS Committee in its sole discretion and with the approval of the Teleport Board, subject always to applicable laws.

3. RATIONALE FOR THE TELEPORT ESIS

The Teleport ESIS 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 Teleport Group;
- (ii) attract skilled and experienced individuals to join the Teleport Group and contribute to the performance of the Teleport 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 Teleport Group;
- (iv) provide incentive for the Eligible Persons to participate more actively in the operations and future growth of the Teleport Group;
- (v) make the Teleport 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 Teleport Group's current limitation in using cash compensation to reward them.

4. FINANCIAL EFFECTS OF THE TELEPORT ESIS

The financial effects of the Teleport ESIS are as follows:

Share capital of Capital A

- 4.1 The Teleport ESIS 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.

Dilutive effect of Capital A's effective shareholding in Teleport

- 4.2 The Teleport ESIS will not have an immediate effect on the existing and issued share capital of Teleport until the vesting and consequent exercise of the Teleport ESIS Awards.

The issued share capital of Teleport will increase progressively depending on the number of Teleport Shares to be issued upon vesting and consequent exercise of the Teleport ESIS Awards that may be granted pursuant to the Teleport ESIS.

For illustration purposes, the proforma effects of the Teleport ESIS on the issued share capital of Teleport, which will in turn have dilutive effect on Capital A's effective shareholding in Teleport assuming that the number of Teleport ESIS Awards granted amount to 10% of the total number of issued shares of Teleport on a fully diluted basis (excluding treasury shares, if any) as of 1 April 2022, are set out below.

Illustration 1: Effects on the share capital of Teleport

| | Teleport | |
|--|---------------|--------------|
| | No. of shares | Amount (USD) |
| Issued share capital as at the 1 April 2022 | 4,097,733 | 6,465,159.75 |
| New shares to be issued assuming full exercise of the Teleport ESIS Awards granted | 455,304 | 22,765.20 |
| Enlarged issued share capital | 4,553,037 | 6,487,924.95 |

Illustration 2: Dilutive effect of Capital A's effective shareholding in Teleport

| | Teleport |
|---|----------|
| Capital A's effective shareholding as at 1 April 2022 (%) | 95.42% |
| Capital A's effective shareholding after the full exercise of the share option and/or share grant awards granted pursuant to the ESIS (%) | 85.89% |

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 Teleport ESIS.

If Teleport intends to allocate any Teleport ESIS Award to Capital A's directors and/or persons connected with them during the duration of the Teleport ESIS, 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 Teleport ESIS is in the best interest of Capital A.

This announcement is dated 1 April 2022.