

TRANSACTION (CHAPTER 10 OF LISTING REQUIREMENTS): RECURRENT RELATED PARTY TRANSACTION

SUBJECT: CAPITAL A BERHAD (“CAPITAL A” OR THE “COMPANY”) – AIRCRAFT LEASE RENEWAL AND AMENDMENT AGREEMENT BETWEEN ASIA AVIATION CAPITAL LIMITED AND AIRASIA X BERHAD

1. INTRODUCTION

Reference is made to the Company’s announcement dated 5 December 2023 (“Announcement”). Unless otherwise stated, the words and abbreviations used herein shall have the same meaning as in the Announcement.

The Board of Directors of Capital A wishes to announce that Asia Aviation Capital Limited (“AACL”), an indirect wholly owned subsidiary of the Company, has on 20 November 2024, entered into aircraft lease renewal and amendment agreement (“Agreement”) with AirAsia X Berhad (“AAX”) for the leasing of one (1) Airbus A330-300 aircraft bearing manufacturer serial number 1596 and subject to the terms and conditions as stipulated in the Agreement (“Transaction”).

2. INFORMATION OF AAX

AAX was incorporated in Malaysia on 19 May 2006, and is providing mid-range air transportation services. With its breakthrough business model, it has the lowest unit cost base which enables it to stimulate new market demand.

The total issued and paid-up share capital of AAX is RM51,029,000 comprising 447,072,803 ordinary shares.

As at the date of this announcement, the directors and major shareholders of AAX are as follows:

Directors

Dato' Fam Lee Ee
Datuk Kamarudin Bin Meranun
Tan Sri Asmat Bin Kamaludin
Ms Chin Min Ming
Dato' Abdul Mutalib Bin Alias
Dato' Sri Mohammed Shazalli Bin Ramly

Substantial/Major Shareholders

	Direct		Indirect	
	No. of shares	%	No. of shares	%
AirAsia Berhad	57,072,850	12.77	-	-
Tune Group Sdn. Bhd.	73,960,286	16.54	-	-
Datuk Kamarudin Bin Meranun	37,070,993	8.29	131,033,136 ⁽¹⁾	29.31
Tan Sri Anthony Francis Fernandes	11,158,722	2.50	131,033,136 ⁽¹⁾	29.31

Notes:

⁽¹⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Tune Group Sdn. Bhd. and AirAsia Berhad.

3. SALIENT TERMS OF THE AGREEMENT

The lease agreement would be valid for two (2) years from delivery date.

The total contract value for the two (2) years lease is estimated at RM116,089,430.03. This is inclusive of lease rental and maintenance reserves.

4. EFFECTS OF THE TRANSACTION

The Transaction will not have any material financial impact on the Company and/or its subsidiaries ("Group") in the financial year ending 31 December 2024 nor will it have any effect on the share capital and substantial shareholders' shareholdings of the Company. It is also not expected to have a material effect on the net assets per share, earnings per share and gearing of the Group for the financial year ending 31 December 2024.

5. RISKS FACTORS

The financial risks associated with the Transaction are expected to be limited to the contract value. There is no other risk associated with the Transaction.

6. RATIONALE AND BENEFITS OF THE TRANSACTION

AirAsia X is focused on increasing seat capacity across new and existing routes to meet growing passenger demand. The addition of this aircraft will allow AAX to rapidly ramp up its capacity and provide spare capacity to address peak travel periods, particularly during the year-end and festive seasons.

This aircraft shares the same cabin configuration as AAX's current fleet, ensuring a seamless integration and operational consistency within AAX's network.

7. PERCENTAGE RATIO

The highest percentage ratio applicable to this Transaction is 2.74% and the highest aggregated percentage ratio for all transactions between the Company and the Related Parties and/or persons connected with them pursuant to Paragraph 10.09(1) and 10.12(1) of the Listing Requirements of Bursa Securities is 3.39%.

8. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, whether directly or indirectly, in the Transaction.

- (a) Tan Sri Anthony Francis Fernandes is deemed interested via his direct and indirect interest in Tune Group Sdn. Bhd. and AirAsia Berhad, being the major shareholders of AAX, pursuant to Section 8 of the Companies Act, 2016;
- (b) Datuk Kamarudin Bin Meranun, is deemed interested via his direct and indirect interest in Tune Group Sdn. Bhd. and AirAsia Berhad, being the major shareholders of AAX, as well as his directorships in AAX, pursuant to Section 8 of the Companies Act, 2016; and
- (c) Dato' Fam Lee Ee, is deemed interested by virtue of his directorships in AAX.

Tan Sri Anthony Francis Fernandes, Datuk Kamarudin Bin Meranun and Dato' Fam Lee Ee are deemed interested in the Transaction (collectively "the Related Parties" and individually "the Related Party") and they have abstained from all Board and Board Committee deliberations in respect of the Transaction.

As at the date of this announcement, the direct and indirect shareholdings of Related Parties in Capital A are as set out in the table below:

Directors/Major shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Tan Sri Anthony Francis Fernandes	2,000,000	0.05	1,025,485,082 ⁽¹⁾	23.72
Datuk Kamarudin Bin Meranun	2,000,000	0.05	1,026,558,782 ⁽²⁾	23.75
Dato' Fam Lee Ee	-	-	-	-

Notes:

- ⁽¹⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Tune Air Sdn. Bhd. and Tune Live Sdn. Bhd.
- ⁽²⁾ Deemed interested by virtue of Section 8 and Section 59(11)(c) of the Companies Act, 2016 through a shareholding of more than 20% in Tune Air Sdn. Bhd. and Tune Live Sdn. Bhd. and his children's interest in the Company.

9. AUDIT COMMITTEE STATEMENT

The Audit Committee (save for the Related Party), after having considered all the relevant factors in respect of the Transaction, is of the view that the Transaction is in the best interest of the Company, as the Agreement is entered under fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of the Company.

10. DIRECTORS' STATEMENT

The Directors' (save for the Related Parties), having considered all the relevant factors in respect of the Transaction and the recommendation of the Audit Committee, is of the view that the Transaction is in the best interest of the Company, as the Agreement is entered under fair, reasonable, normal arm's length commercial terms and is not detrimental to the interest of the minority shareholders of the Company.

11. APPROVALS REQUIRED

The Transaction is not subject to the shareholders' approval and approval of any government authorities.

12. TOTAL AMOUNT TRANSACTED FOR THE PRECEDING TWELVE (12) MONTHS

The total amount transacted between the Company and the Related Parties and/or persons connected with them for the preceding twelve (12) months is RM19,666,000.00.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreement is available for inspection at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor, 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 November 2024.