# Proposed Decision by the Civil Aviation Authority of Malaysia on an Application for Individual Exemption under Section 36Q of the Civil Aviation Authority of Malaysia Act 2017 [Act 788] by Malaysia Airlines Berhad and Singapore Airlines Limited

**Individual Exemption**

Civil Aviation Authority of Malaysia

23 October 2025

Case number: CAAM/ENC/COMPETITION/IE/2025(01)

**SECTION 36Q OF THE CIVIL AVIATION AUTHORITY OF MALAYSIA ACT 2017 [*ACT 788*]**

**INDIVIDUAL EXEMPTION**

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**23 October 2025**

## INTRODUCTION

For ease of reading, this document refers throughout to the Civil Aviation Authority of Malaysia since the Civil Aviation Authority of Malaysia has assumed all functions of Malaysian Aviation Commission and its powers and functions under the Malaysian Aviation Commission Act 2015 [*Act 771*] with effect from 1 August 2025. Accordingly, any mention of the Civil Aviation Authority of Malaysia or Civil Aviation Authority of Malaysia Act 2017 [*Act 788]* in relation to events that took place before 1 August 2025 should be read and understood as referring the Malaysian Aviation Commission or the Malaysian Aviation Commission Act 2015 [*Act 771*] where necessary and applicable.

## SUMMARY OF THE DECISION:

1. Malaysia Airlines Berhad and Singapore Airlines Limited have submitted an individual exemption application under section 36Q of the Civil Aviation Authority of Malaysia [*Act 788*] for their proposed joint business. The proposed joint business falls within the scope of section 36O of Act 788, where it involves a metal-neutral partnership with respect to scheduled air passenger services between Malaysia and Singapore. The Proposed JB covers the services of the two airlines but does not include their sister-company and subsidiary, FlyFirefly Sdn. Bhd. and Scoot Pte. Ltd., respectively. The airlines will cooperate in revenue sharing, network planning, scheduling, pricing, distribution, inventory management, sales, and marketing, amongst others.

2. Upon assessing the proposed joint business, and pursuant to sections 36P and 36Q of Act 788, the Authority proposes to grant an individual exemption for the proposed joint business, subject to the Applicants' adherence to the Applicants' Full Set of Proposed Commitments. Accordingly, an individual exemption is granted to the Applicants from the prohibition on anti-competitive agreements under section 36O of the Act, for a duration of five (5) years from the date that the individual exemption is granted.

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## 1.0 BACKGROUND

1. Malaysia Airlines Berhad ("**MH**") and Singapore Airlines Limited ("**SQ**") (collectively referred to as the "**Applicants**"") had submitted an individual exemption application ("**the Application**") to the Civil Aviation Authority of Malaysia ("**the Authority**") to obtain an individual exemption for their proposed metal-neutral joint business partnership pursuant to section 36Q of the Civil Aviation Authority of Malaysia Act 2024 ["**Act 788**"]. The Proposed JB concerns scheduled air passenger services between Malaysia and Singapore operated by the Applicants.

2. The Proposed Joint Business Arrangement ("**the Proposed JB**") would be given effect via a Commercial Cooperation Framework Agreement ("**Framework Agreement**"). Apart from the Proposed JB, the Framework Agreement also encompasses a Special Prorate Agreement, a Codeshare Agreement, and a Bilateral Frequent Flyer Programme Cross-Participation Agreement ("**FFP Agreement**"). Only the Proposed JB was submitted to the Authority under section 36Q of Act 788 as it falls within the scope of section 36O of Act 788. The Authority received the complete Application on 22 February 2024.

3. The Authority published a summary of the Application on its website for public consultation for a period of one (1) month from 29 February 2024 to 1 April 2024. The Authority received written feedback from two (2) airlines, namely [✂] and [✂].

4. The Authority initially received an application for an individual exemption from the Applicants regarding their Proposed JB on 30 October 2019. However, due to the onset of the COVID-19 pandemic in early 2020 and its significant impact on air travel, the Applicants were required to submit extensive updated data and information to reflect the resulting market changes. Consequently, the Authority closed the original application on 20 July 2020 to allow the Applicants to submit a new application for the Proposed JB.

5. The Applicants subsequently submitted a new application on 12 July 2022 (the "**2022 Application**"). However, the 2022 Application was closed on 24 November 2023, following the Applicants' decision to exclude MH's sister company, FlyFirefly Sdn. Bhd. ("**FY**"), and SQ's subsidiary, Scoot Pte. Ltd. ("**TR**"), from the Proposed JB. This effectively reduced the scope of the Proposed JB to only include MH and SQ. Accordingly, the Authority informed the Applicants that a new application reflecting the revised scope would need to be submitted.

6. This Proposed Decision is made following thorough consideration of the Application, feedback received from all relevant stakeholders, the Authority's analysis and findings.

7. This Proposed Decision refers to airports and airlines according to the airport and airline codes as defined by the International Air Transport Association ("**IATA**"). The IATA airport and airline codes used are provided in **Appendix I**.

## 2.0 APPLICANTS TO THE PROPOSED JB

### 2.1 Background on MH

8. MH is a Malaysian-registered airline, which is principally engaged in the business of air transportation and the provision of related services. MH is a wholly owned subsidiary of Malaysia Aviation Group ("**MAG**"), MH is a member of the Oneworld Alliance. MH's annual turnover was [✂] for the Financial Year ending 31 December 2024[1]. The global turnover for MAG for the financial year ending 31 December 2024 was [✂][2].

### 2.2 Background on SQ

9. SQ is a Singapore based, full-service airline and a public listed company on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) and is majority-owned by Napier Investments Pte. Ltd and Temasek Holdings (Private) Ltd. The principal activities of SQ, through itself and its subsidiaries, comprise the provision of scheduled international air passenger and cargo air transportation services, engineering services, training of pilots, air charters, and tour wholesaling and related services. SQ is a member of the Star Alliance. SQ's annual turnover was RM 54,590.0 million for the Financial Year ending 31 March 2025.[3] The global turnover for the SIA group for the financial year ending March 2025 was RM 63,729.1 million.[4]

### 2.3 Affiliated Low-Cost Carriers to the Applicants

10. The Proposed JB only covers the services operated by MH and SQ and they are also the only signatories to the Framework Agreement. The scope of services applied by the Applicants pursuant to this Application excludes the services of FY and TR. The Applicants submitted that this is due to technical and commercial reasons, which include [✂].

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[1] Malaysia Airlines Berhad Directors Report and Audited Financial Statements for the Financial Year Ending 31 December 2024.
[2] Malaysia Airlines Berhad Directors Report and Audited Financial Statements for the Financial Year Ending 31 December 2024.
[3] Using the SGD:MYR exchange rate of 1:3.2615 on Bank Negara Malaysia's website (https://www.bnm.gov.my/exchange-rates) as of 6 October 2025. This figure was reported at page 10 of Singapore Airlines' Annual Report FY2024/25, https://www.singaporeair.com/content/dam/sia/web-assets/pdfs/about-us/information-for-investors/annual-report/annualreport2425.pdf.
[4] Using the SGD:MYR exchange rate of 1:3.2615 on Bank Negara Malaysia's website (https://www.bnm.gov.my/exchange-rates) as of 6 October 2025. This figure was reported at page 10 of Singapore Airlines' Annual Report FY2024/25, https://www.singaporeair.com/content/dam/sia/web-assets/pdfs/about-us/information-for-investors/annual-report/annualreport2425.pdf.

11. The Applicants also submitted that if they intend to extend the Proposed JB to FY and TR in the future, the pre-requisite would be to implement interline and codeshare arrangements between MH and TR, SQ and FY, and between FY and TR. Nonetheless, the Authority views that despite their removal from the Proposed JB, FY and TR are not entirely independent from the strategic decisions made by the parent companies of their respective groups. As such, the Authority has considered FY and TR in assessing the impact of the Proposed JB.

12. Based on the information submitted by the Applicants, the Authority is of the view that the single economic unit doctrine applies to both MH and FY, as well as SQ and TR. The Authority finds that decisive influence is capable of being exercised by the parent companies over FY and TR, especially since MAG wholly-owns MH and FY and SQ, through Scoot Holdings Pte. Ltd, wholly-owns TR.

*Analysis of the Single Economic Doctrine within the Group Level*

13. The Applicants had submitted corporate information and the decision-making mechanism for both MAG and Singapore Airlines Group ("**SIA Group**") at the shareholder, group, and airline levels. Their respective decision-making levels and mechanisms for selected operations relevant to the Proposed JB are summarised in **Appendix II**.

14. The Authority found that, when observing from an overarching group level, the single economic unit doctrine applies to MH and FY collectively, and SQ and TR collectively. Thus, on a group level, FY and TR will not act as competitive constraints on the Proposed JB.

*Analysis of the Single Economic Doctrine within the Airline Level*

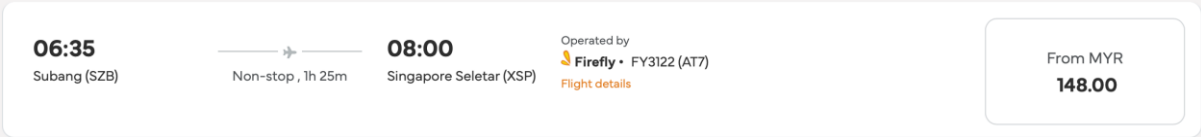
15. Although on a group level, FY and TR report to the same shareholders as their sister companies, the Authority considers, on an airline level, FY and TR are independent competitors competing with the Applicants due to their different business models and independent pricing strategies.

16. The Applicants submitted that a clear distinction can be observed between the Low-Cost Carriers ("**LCC**") and Full-Service Carriers ("**FSC**") fare levels, indicating that FY and TR are indeed competing against MH and SQ. Further, the Applicants emphasised that there is no existing price alignment between the Applicants and the LCCs. Figure 1 below are fare snapshots submitted by the Applicants to demonstrate that FY and TR compete in different price segments from the Applicants for a KUL-SIN flight ticket.

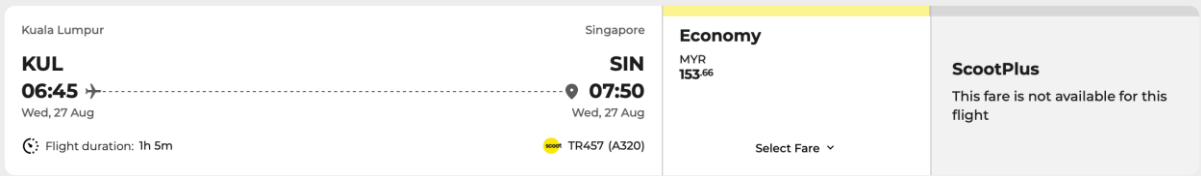
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***Figure 1*: Compilation of Snapshots of Fares[5] between FY, TR, and the Applicants**

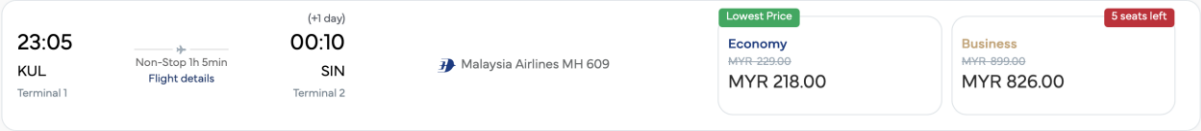
**Snapshot of FY Fare**



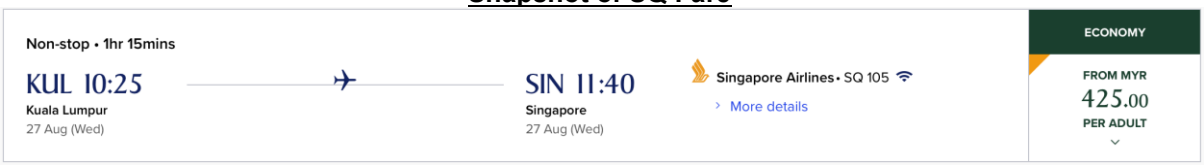

**Snapshot of TR Fare**




**Snapshot of MH Fare**




**Snapshot of SQ Fare**




17. Therefore, the Authority regards FY and TR, to a certain extent, as independent players in the market providing scheduled air passenger services. However, they are not completely independent when compared with other competing carriers offering scheduled air passenger services not related to the MAG and SIA Group. Thus, the Authority accepts FY and TR's relative independence within the airline level in terms of commercial strategy and actions.

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[5] The Applicants' submissions dated 28 August 2025.

## 3.0 THE PROPOSED JB

### 3.1 Purpose and Scope of the Proposed JB

18. The Proposed JB, via the Framework Agreement, is a horizontal agreement which covers scheduled air passenger services which have an origin in Malaysia and a destination in Singapore and *vice versa*. The Proposed JB will involve deep cooperation between the Applicants, with the objective of achieving incentives that would arise out of metal neutrality.

19. Under the Proposed JB, the Applicants seek to enhance their scheduled air passenger services on routes between Malaysia and Singapore. The Applicants submitted that they intend to create efficiencies that neither Applicant could achieve on its own, allowing them to expand and enhance the products and services provided, including a more seamless travel experience for passengers travelling on origin and destination ("**O&D**") itineraries involving the Applicants' networks.

### 3.2 Salient Provisions of the Proposed JB

20. Under the Proposed JB, the Applicants will cooperate in the following matters:

(a) Revenue sharing [✂];

(b) Network planning and schedule coordination [✂];

(c) Pricing coordination [✂];

(d) Distribution [✂];

(e) Inventory management coordination [✂];

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(f) Joint sales [✂]; and

(g) Joint marketing [✂].

21. The Framework Agreement also contains certain exclusivity terms which state that [✂].

## 4.0 PROHIBITION ON ANTI-COMPETITIVE AGREEMENT

### 4.1 Legal Framework

22. Subsection 36O (1) of Act 788 prohibits an agreement between enterprises that "*has the object or effect of* significantly *preventing, restricting, or distorting competition in any aviation service market*". The reference to "object or effect" in subsection 36O (1) of Act 788 should be read disjunctively.

23. Subsection 36O (2) of Act 788 further provides as follows:

> "*(2) Without prejudice to the generality of subsection (1), a horizontal agreement between enterprises which has the object to—*
>
> *(a) fix, directly or indirectly, a purchase or selling price or any other trading conditions;*
>
> *(b) share the aviation service market or sources of supply;*
>
> *(c) limit or control—*
>
> *(i) production;*
>
> *(ii) market outlets or market access;*

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*(iii) technical or technological development; or*

*(iv) investment; or*

*(d) perform an act of bid rigging,*

*in connection with aviation services, is deemed to have the object of significantly preventing, restricting or distorting competition in any aviation service market."*

24. An agreement may be exempted from the prohibition in section 36O of Act 788 subject to the requirements under section 36P of Act 788 being satisfied. Section 36P of Act 788 provides that an enterprise applying under subsection 36Q (1) of Act 788 must show the following:

(a) there are significant identifiable technological, efficiency or social benefits directly arising from the agreement;

(b) the benefits could not reasonably have been provided by the Applicants to the agreement without the agreement having the effect of preventing, restricting or distorting competition;

(c) the detrimental effect of the agreement on competition is proportionate to the benefits provided; and

(d) the agreement does not allow the enterprise concerned to eliminate competition completely in respect of a substantial part of the aviation services.

**4.2 The Applicants' Submission**

25. The Applicants submitted that the Proposed JB is not likely to have the effect of significantly preventing, restricting, or distorting competition within the relevant markets in Malaysia and that the requirements for relief of liability in section 36P of Act 788 are satisfied.

**4.3 The Authority's Analysis**

26. The Authority is of the view that the Proposed JB, via the Framework Agreement, falls within the definition of an agreement prohibited under section 36O of Act 788 as it is an agreement which aims to share revenues and coordinate in pricing, inventory management, capacity, scheduling, marketing, and network planning, amongst others, all while the Applicants remain as separate entities. Given that the Framework Agreement constitutes a horizontal agreement involving cooperation in the areas mentioned in paragraph 20, the Proposed JB is concluded to have the object of significantly preventing, restricting, or distorting competition in the relevant aviation service market by virtue of subsection 36O (2) of Act 788.

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## 5.0 DEFINING THE RELEVANT MARKET

### 5.1 Legal Framework

27. Section 36M of Act 788 defines an "**aviation service market**" as "a market for aviation services in Malaysia or in any part of Malaysia". The Authority's Guidelines on Aviation Service Market Definition ("**Market Definition Guidelines**") provide that a service market could include a group of services which are substitutable or competitive with one another.[6]

28. The Market Definition Guidelines further state that the identification of the relevant market should generally consider two (2) dimensions of the market—the service market and the geographical market.[7] Defining the relevant market depends on the facts of each case.

### 5.2 Focal aviation services

#### 5.2.1 The Applicants' Submissions

29. The Applicants submitted that the focal aviation service for the Proposed JB is the provision of scheduled air passenger services between Malaysia and Singapore.

30. The Applicants also submitted that demand-side substitution should be considered, rather than supply-side substitution. The Applicants cited the Authority's approach in its *All Nippon Airways/United Airlines* decision[8], where it chose to define the market through demand side substitutability.

#### 5.2.2 The Authority's Analysis

31. For the purpose of this assessment, the Authority accepts that the focal aviation service is scheduled air passenger services between Malaysia and Singapore. The Authority also continued to adopt its approach in defining the market through demand-side substitution.

### 5.3 O&D city-pairs

#### 5.3.1 The Applicants' Submissions

32. The Applicants submitted that passengers generally want to travel to a specific destination and will not substitute it for another destination when faced with a small but significant and non-transitory increase in price ("**SSNIP**"). Therefore, the Applicants submitted that each combination of a point of origin and a point of destination can form a separate market. The Applicants further stated that in the All Nippon Airways/United Airlines decision, the Authority considered that the market definition for scheduled air

[6] Paragraph 2.1 of the Market Definition Guidelines, GL/Competition/ASMD/2018 (19 January 2018).
[7] Paragraph 3.1 of the Market Definition Guidelines.
[8] Decision for the Individual Exemption Application by All Nippon Airways Co., Ltd. and United Airlines, Inc., dated 11 May 2017.

transport services is usually geographic and is defined as the O&D city-pair, which is also consistent with the approach taken by the European Commission and the Competition and Consumer Commission of Singapore ("**CCS**").

33. In relation to the Application, the main route is Kuala Lumpur and Singapore ("**the KUL-SIN v.v. Route**"). The Applicants submitted that both Kuala Lumpur and Singapore each have two (2) airports, where Kuala Lumpur International Airport ("**KUL**") and Sultan Abdul Aziz Shah Airport ("**SZB**") are substitutable for Kuala Lumpur, while Changi International Airport ("**SIN**") and Seletar Airport ("**XSP**") are substitutable for Singapore. The Applicants submitted that airports belong to the same market if they are within a given catchment radius of the destination. The Applicants further submitted that from a demand perspective, customers are indifferent as to which airport they fly from or arrive at when travelling on direct flights between Singapore and Kuala Lumpur.

34. As such, the Applicants submitted that the KUL–SIN and SZB–XSP routes should be seen collectively as the Kuala Lumpur – Singapore or KUL–SIN city-pair, in relation to the Proposed JB.

**5.3.2 The Authority's Analysis**

35. The Authority notes that passengers for air transport services generally travel to a specific destination for a reason and are not likely to switch to another destination when faced with a SSNIP. Thus, the relevant geographic market for air transport services is commonly defined based on the O&D city-pair.

36. In line with the Authority's past decisions in *Gateway Development Alliance Sdn Bhd, Pantai Panorama Sdn Bhd, Kwasa Aktif Sdn Bhd, and GIP Aurea Pte Ltd in relation to the Proposed Privatisation of Malaysia Airports Holdings Berhad*[9]*,* the Authority considers the catchment radius of each airport as an important factor in determining substitutability as passengers already have a pre-determined origin and destination that can only be served by airports in a limited geographic area. Besides catchment radius, the Authority have also considered factors such as connectivity between airports, the scheduling and frequency of flights, and the convenience and quality of airport services[10].

37. In the present case, the Authority notes that the relevant route is the overlapping route direct route by both Applicants, which is the KUL-SIN v.v. Route. Considering that both Applicants operate their direct flights to and from KUL and SIN, therefore the Authority finds that the current assessment excludes airports other than KUL and SIN. Thus, for the purpose of this Application and Proposed Decision, the KUL-SIN v.v. Route excludes SZB and XSP.

[9] Decision by the Malaysian Aviation Commission on the Application of an Anticipated Merger under Section 55 of the Malaysian Aviation Commission Act 2015 by Gateway Development Alliance Sdn Bhd, Pantai Panorama Sdn Bhd, Kwasa Aktif Sdn Bhd, and GIP Aurea Pte Ltd in relation to the Proposed Privatisation of Malaysia Airports Holdings Berhad dated 8 November 2024.

[10] Decision by the Malaysian Aviation Commission on an Application for Individual Exemption under Section 51 of the Malaysian Aviation Commission Act 2015 by All Nippon Airways Co. Ltd and United Airlines, Ltd dated 11 May 2017.

### 5.4 Direct and indirect services

#### 5.4.1 The Applicants' Submissions

38. The Applicants submitted that short-haul flights are flights not exceeding three (3) hours in duration. The KUL – SIN v.v. route in the Proposed JB is not more than a two-hour flight and is short-haul in nature, thus the Applicants submitted that indirect one-stop flights are not substitutes for direct non-stop flights.

39. To support their argument, the Applicants cited the European Commission's decisions in the *Ryanair/Aer Lingus*[11] and *Lufthansa/Austrian Airlines*[12] cases, as well as the CCS's decision in the *Cebu/Tiger Airways*[13] case. These authorities concluded that one-stop flights are not close substitutes for direct flights of short durations, particularly where the duration of the layover is likely to increase the overall travelling duration significantly compared to the duration of a direct flight.

40. As such, the Applicants submitted that indirect flights are not substitutes for direct flights.

#### 5.4.2 The Authority's Analysis

41. In relation to the substitutability between direct and indirect flights, the Authority is of the view that indirect flights do not generally pose as a competitive constraint to direct short-haul flights such as those between Malaysia and Singapore.

42. The Authority accepts that for the purposes of this Application, the competition assessment should focus only on the O&D city pairs where both Applicants operate direct services between Malaysia and Singapore ("**Overlapping Direct Route**"), namely the KUL-SIN v.v. Route.

43. The Authority accepts the Applicants' submission that the market definition should be Kuala Lumpur-Singapore, as both Kuala Lumpur and Singapore each have two airports (KUL/SZB and SIN/XSP), and these airports are substitutable for passengers travelling on the Kuala Lumpur and Singapore route. Flights to or from two or more airports belong to the same relevant market as long as the airports are within a given catchment radius of the destination.

44. As set out in the cases cited by the Applicants, *Ryanair/Aer Lingus*, *Lufthansa/Austrian Airlines* and *Cebu/Tiger Airways*, the Authority views that for flights of short durations, indirect one-stop flights are not a close substitute for direct non-stop flights. The KUL-SIN v.v. Route is less than two (2) hours and is thus categorised as a short haul flight.

45. Therefore, the Authority accepts that indirect one-stop flights are not a close substitute for the KUL-SIN v.v. Route which is a direct non-stop flight

[11] COMP/M.4439.
[12] COMP/M.5440.
[13] CCS 400/009/14.

### 5.5 Substitutability of other forms of transport

#### 5.5.1 The Applicants' Submissions

46. The Applicants submitted that it would be appropriate to consider other modes of transport, such as bus and private transport, as substitutes for short-haul flights between Peninsular Malaysia and Singapore, given the distance between Peninsular Malaysia and Singapore and the average travel time between the city centres of Kuala Lumpur and Singapore is approximately five (5) hours.

47. The Applicants also submitted that bus and private car are considered as viable substitutes for short-haul flights due to their lower prices and costs, as well as their frequency in services and duration, which make them competitive with scheduled air passenger services.

48. The Applicants submitted that due to the geographical characteristics between Peninsular Malaysia and Singapore, travelling by bus and private car would impose significant competitive pressure on the scheduled air transport services offered by the Applicants on the routes between Peninsular Malaysia and Singapore. Additionally, the Applicants submitted that intermodal transportation (i.e., the combined use of air and land transportation services) or the use of other forms of transport (such as ferry services), may be substitutable for some O&D routes.

49. The Applicants argued that it is likely for a consumer to switch from taking a direct flight to travelling by bus or private car in the event of a SSNIP of 10% on routes with direct flights such as KUL–SIN.

#### 5.5.2 The Authority's Analysis

50. Due to the proximity between Malaysia and Singapore, travel between these two countries can involve various modes of transport. The availability and substitutability of different transportation modes, however, can vary depending on the specific regions and factors such as distance, price, travel time, and convenience.

51. To understand passenger preferences and behaviour, the Authority had conducted a survey in 2023 to determine whether other modes of transport are substitutable to air transport for the KUL-SIN v.v. Route.

52. The survey found that a significant majority of respondents (85.2%) would not switch to other modes of transport, even if airfares increased by a SSNIP of 10%. Even when travelling for non-business purposes, most passengers would not switch to other modes of transport. 85.6% of respondents who travelled for leisure purposes and 81.6% of respondents travelling to visit friends and relatives said they would not switch to other modes of transport, even if airfares increased by 10%.

53. Based on the analysis and findings from the passenger survey above, the Authority, concludes that other modes of transport are not substitutable to air transport for the purposes of this Application.

### 5.6 Distinctions between Business and Leisure Travellers, Time-sensitive and non-time-sensitive passengers, and Full-Service Carrier and Low-Cost Carrier

#### 5.6.1 The Applicants' Submissions

54. The Applicants submitted that it would not be appropriate to make a distinction between business and leisure travellers, or between time-sensitive ("**TS**") and non-time-sensitive ("**NTS**") travellers, as there is no accurate proxy that can be used to distinguish TS passengers from NTS passengers.

55. The Applicants submitted that due to the nature of the market, the demand for air travel between Malaysia and Singapore is constituted by a mix of business and leisure travellers, and all carriers try to attract both segments of customers. The Applicants further submitted that the traditional distinction between leisure and non-leisure passengers in the choice of flights, particularly for short-haul trips, may be increasingly blurred. As such, the Applicants submitted that it is not necessary to consider separate markets for business and leisure travel.

56. The Applicants noted that the CCS has previously observed in the *Singapore Airlines/Scandinavian Airlines*[14] case that it would be superfluous to define the relevant market more narrowly as a narrower market definition would not affect CCS's conclusion on the competitive outcomes in the aforementioned case.

57. In this regard, the Applicants considered that it is neither necessary, nor appropriate, for a narrower market to be identified for either business or leisure travellers, as well as for TS or NTS passengers.

58. The Applicants submitted that it would not be appropriate to distinguish between full-service carriers ("**FSC**") and low-cost carriers ("**LCC**") for short-haul flights. The Applicants submitted that scheduled air passenger services provided by LCCs are substitutable with the services provided by FSCs on the Overlapping Direct Route. Accordingly, LCCs should be considered as part of the same market as FSCs.

59. The Applicants submitted that this is consistent with the CCS decision in *Cebu/Tiger Airways* where it considered that passenger transport services provided by LCCs would be substitutable with the economy class services provided by FSCs.

60. Further, the Applicants highlighted that the LCCs operating on direct routes between Malaysia and Singapore, such as AK, offer a competitive experience with attractive lower prices and provide numerous daily frequencies between Malaysia and Singapore. The Applicants also provided a chart comparing annual fare data for LCCs and FSCs operating on routes between Malaysia and Singapore to illustrate the similarity of price trends among LCCs and FSCs, demonstrating that FSCs can and do compete on price with the Applicants and other LCCs.

[14] Paragraph 50, *SIA/Scandinavian Airlines* (CCCS 400/001/12).

61. The Applicants also argued that as the direct routes in the Proposed JB comprise short-haul flights of less than two-hour duration, passengers are less likely to be concerned about any perceived differences between the services offered between LCCs and FSCs, and more willing to interchange between the two.

### 5.6.2 The Authority's Analysis

62. For the purpose of this Application, the Authority accepts that due to the short-haul nature of the KUL – SIN v.v. route, it is not necessary to distinguish between:

(1) TS and NTS passengers;
(2) Business versus leisure travellers; and
(3) FSCs versus LCCs.

## 5.7 Geographical market

### 5.7.1 The Applicants' Submissions

63. The Applicants submitted that for this assessment of the Application, the focus of the analysis should be on the O&D city-pair where both Applicants operate direct services in the Overlapping Direct Route, namely the Kuala Lumpur – Singapore (KUL–SIN) route.

64. The Applicants submitted the following routes ("**Overlapping Non-direct Routes**") as not relevant in the competition assessment of the Proposed JB on the basis that direct and indirect services are not substitutable for short-haul services:

(a) Penang – Singapore (PEN–SIN); and

(b) Kuching – Singapore (KCH–SIN).

65. The Applicants submitted that the following routes ("**Non-overlapping Routes**") are primarily not relevant in the competition assessment of the Proposed JB as the Applicants submitted that the Applicants do not compete in respect of the provision of services on such routes:

(a) Langkawi – Singapore (LGK–SIN);

(b) Alor Setar – Singapore (AOR–SIN);

(c) Kuala Terengganu – Singapore (TGG–SIN);

(d) Kota Bharu – Singapore (KBR–SIN);

(e) Kuantan – Singapore (KUA–SIN);

(f) Bintulu – Singapore (BTU–SIN);

(g) Labuan – Singapore (LBU–SIN);

(h) Kota Kinabalu – Singapore (BKI–SIN);

(i) Sandakan – Singapore (SDK–SIN);

(j) Miri – Singapore (MYY–SIN);

(k) Johor Bahru – Singapore (JHB–SIN);

(l) Sibu – Singapore (SBW–SIN); and

(m) Tawau – Singapore (TWU–SIN).

### 5.8 Conclusion on the Relevant Market

66. The Authority concludes that the relevant market for this assessment is the scheduled air passenger services on the O&D city pair between Malaysia and Singapore where the Applicants overlap, namely the direct services for the KUL-SIN v.v. Route.

## 6.0 RELIEF OF LIABILITY

### 6.1 Legal Framework

67. An agreement prohibited under section 36O of Act 788 may be granted an individual exemption by the Authority if such an agreement fulfils all of the requirements under section 36P of Act 788, is reproduced below:

*Relief of liability*

*36P. Notwithstanding section 36O, an enterprise which is a party to an agreement may relieve its liability for the infringement of the prohibition under section 36O based on the following reasons:*

*(a) there are significant identifiable technological, efficiency or social benefits directly arising from the agreement* (“First Criteria”)*;*

*(b) the benefits could not reasonably have been provided by the Applicants to the agreement without the agreement having the effect of preventing, restricting or distorting competition* (“Second Criteria”)*;*

*(c) the detrimental effect of the agreement on competition is proportionate to the benefits provided* (“Third Criteria”)*; and*

*(d) the agreement does not allow the enterprise concerned to eliminate competition completely in respect of a substantial part of the aviation services* (“Fourth Criteria”).

68. The Authority's Guidelines on Anti-Competitive Agreements further provide that, in claiming any benefits under the First Criteria, the applicant shall identify and provide evidence on the nature of the benefits and that claims of benefits that are unsubstantiated would be rejected.[15]

### 6.2 First Criteria – Significant identifiable technological, efficiency, or social benefits directly arising from the agreement

#### 6.2.1 Expansion of Air Traffic and Connectivity Between Malaysia and Singapore

##### 6.2.1.1 The Applicants' Submissions

69. The Applicants submitted that the Proposed JB would give rise to benefits for customers through increased travelling options, the expansion of services and products available, increased network connectivity, better scheduling of services, and harmonised service offerings.

70. From a national perspective, the Applicants submitted that the Proposed JB would lead to an expansion of air traffic and connectivity between Malaysia and Singapore. Further, the Proposed JB is also expected to strengthen trade ties and increase passenger flows between the two countries.[16]

71. The Proposed JB was claimed by the Applicants to offer multiple benefits such as:

(a) more travel options in terms of improved connectivity, capacity, more attractive fare options, better experience for passengers, streamlined operations, and efficient operations;

(b) enabling the Applicants to expand and ensure sustainable operations between Malaysia and Singapore;

(c) offering more options for customers to travel and connect with relatives, friends and business partners.[17]

(d) ensuring sustainable and effective capacity between Malaysia and Singapore[18];

(e) ensuring the meeting of consumer demand for services between Malaysia and Singapore and increases the likelihood of a more sustainable provision of capacity; and

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[15] Paragraph 3.4 of the Commission's Guidelines on Anti-Competitive Agreements, GL/Competition/ACA/2018 (19 January 2018).
[16] Para. 1.3.7 of the Applicants' Submissions dated 8 February 2024.
[17] Para. 1.4.4 of the Applicants' Submissions dated 8 February 2024.
[18] Para 1.5.2 (c) of the Applicants' Submission's dated 8 February 2024.

(f) supporting improved connectivity between Singapore and Malaysia, with consequential benefits to the customers and to both countries' aviation industry and tourism sectors.[19]

72. The Applicants highlight that if approved, the Proposed JB will take place in an environment still subject to externalities which are beyond the Applicants' control. While there are encouraging signs of a strong market recovery, the Applicants are still affected by strong competitive pressures from existing airlines, the threat of new entrants, persistent shortage of skilled labour, challenges in returning aircraft to service, geopolitical events affecting demand and the unpredictable price of jet fuel.

73. As a result of the Proposed JB, the Applicants claim that customers will benefit through increased travelling options, the expansion of services and products available, increased network connectivity, better scheduling of services, and harmonised service offerings. Contemporaneous benefits will accrue to the Malaysian economy through potential increases in traffic to Malaysia. Moreover, cost synergies between the Applicants could potentially arise as a result of the Proposed JB.[20]

#### 6.2.1.1.1 The Applicants' Further Submissions

74. Upon the Authority's request for further information, the Applicants supplemented their application by stating that the Proposed JB, which is only between Malaysia and Singapore, will not impact the volume of MH traffic on SQ long hauls.

75. In their submissions, the Applicants state that the Proposed JB is expected to develop traffic to and from domestic Malaysia via KLIA through the increase of SQ passengers on MH domestic flights post-implementation of codeshares. The table below demonstrated that there has been an increase of [✂]**.** The Proposed JB between Malaysia and Singapore will further incentivise SQ to sell MH domestic flights and as such will increase volume of transiting passengers via KLIA and Penang on top of developing volume of Point-to-Point passengers.[21]

***Table 1*: Increase of SQ passengers on MH domestic flights post-implementation of codeshares**

| | **Pre-codeshare (Apr'19-Mar'20)** | **Post-codeshare (Apr'24-Mar'25)** |
|---|---|---|
| **Total Pax** | [✂] pax | [✂] pax |

76. By coordinating capacity, schedules and all commercial activities on the Proposed JB scope, MH and SQ will work towards maintaining the strength of respective hubs. The Applicants further claims that the synergy between MH and SQ is a strong contributing factor to improving Malaysia's air connectivity which cannot be overlooked.

[19] Para 6.2.1 of the Applicants' Submissions dated 8 February 2024.
[20] Para 10.1.2 of the Applicants' Submissions dated 8 February 2024.
[21] Applicants' Further Submissions dated 16 April 2025.

#### 6.2.1.2 The Authority's Analysis

77. Based on the above submissions, the Authority accepts that the Proposed JB will lead to an expansion of air connectivity between Malaysia and Singapore.

78. The Authority finds that the Applicants have not submitted concrete plans of capacity growth directly arising from the JB. However, the Authority considers that the Applicants have highlighted efficiencies arising from the Proposed JB which will incentivise deeper cooperation and coordination for the benefit of consumers and the Relevant Market, and Malaysia - Singapore connectivity in general.

### 6.2.2 Improved scheduling

#### 6.2.2.1 The Applicants' Submissions

79. The Applicants submitted that with the Proposed JB, the Applicants are able to jointly spread-out flights across the day to offer timings which match customer demand. [✂], which may be spread out further through joint scheduling.

80. The Applicants submitted that [✂].

81. The Applicants submitted that the Applicants' [✂].

#### 6.2.2.2 The Authority's Analysis

82. The Authority found that [✂].

83. Through expanded codesharing, the Applicants have the potential to [✂]. This will lead to greater connectivity for passengers departing from or arriving at secondary airports in Malaysia.

84. The Authority also found that [✂], which is a significant benefit. As the Applicants are operating from each other's respective hubs, it is expected that the Applicants would have the ability to truly optimise the rescheduling of their flights to improve and increase connections.

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### 6.2.3 Better Accessibility Through Expanded Codesharing

#### 6.2.3.1 The Applicants' Submissions

85. The Applicants submitted that through the Proposed JB, [✂].

86. Once the Proposed JB is implemented, MH and SQ will [✂].

87. The Applicants submitted that MH would continue to place its code on all flights operated by SQ between Singapore and Malaysia, namely on the KUL–SIN and PEN–SIN routes, while [✂].

88. The Applicants submitted that this also further allows for improved connectivity through more [✂]. For example, [✂].

89. The Applicants submitted that MH and SQ implemented the codeshare expansion in anticipation of the Proposed JB being implemented, as without it, there would be no incentive for the Applicants to jointly develop traffic to Malaysia and Singapore. The Applicants submitted that [✂].

90. The Applicants also submitted that MH will further expand its reach by having more codeshares on SQ operated flights, which codeshares fall outside of the scope of the Proposed JB but within the scope of the Framework Agreement. With those codeshares, the Applicants submit that they will be able to actively promote inbound tourism from those countries and are planning to work jointly with Tourism Malaysia in this respect.

91. The Applicants also submitted that travellers from Singapore will be offered more options to travel in Malaysia. With the coordination between the commercial teams (marketing and sales) of the Applicants, the Malaysian offline cities will be better promoted.

92. Currently, MH has codeshare flights on SQ operations between Malaysia and Singapore: KUL-SIN and PEN-SIN. With the Proposed JB, this will continue, guaranteeing consumer access.

93. As part of their expanded partnership outside the Proposed JB scope, the Applicants have entered into an expanded Codeshare Agreement. Since January 2022, MH has its code on SQ-operated services to Europe, South Africa and will continue to expand potentially to the United States. SQ currently has codeshares on KUL-SIN and KCH-SIN. As part of the commercial cooperation outside the scope of the Proposed JB, this will continue as well.

94. The Proposed JB would allow each Applicant to expand services on its existing network to include O&D city pair routes with connecting sectors on the other Applicant's existing network. The Proposed JB would allow for such connections across the Applicants' existing networks to be made and further allow for improved connectivity through more convenient scheduling of connecting flights across the Applicants' networks (for example, allowing for shorter layover durations). If the Proposed JB is not approved, the Applicants' may have to reconsider the expansion of such services.

#### 6.2.4.2 The Authority's Analysis

95. The Authority found that while the number of flight frequencies will largely remain constant for customers with or without the Proposed JB, there is better accessibility to both airlines' flights with the Proposed JB. Post Proposed JB, both airlines' flights will be advertised on the same platform, increasing accessibility and leading to decreased search time and cost, as well as allowing customers to choose itineraries that would better suit their needs.

96. The Authority also found that post-Proposed JB, the Applicants would be able to offer joint itineraries within the scope of the Proposed JB at lower costs as the metal-neutral environment of the Proposed JB eliminates the need to markup fares sold on another Applicant's flight.

97. The Authority found that cooperation via the Proposed JB will increase the number of online connections for passengers of either party, with more flights marketed to customers, thereby providing increased travelling options with its wider network. Based on the expanded Codeshare Agreement, MH customers have [✂]. The Authority accepts that the full benefits to be offered through the expansion of codeshares as envisioned by the Applicants is aided by the incentives arising from implementing the Proposed JB. The ability to expand their network and grow traffic through the expanded codeshares is, to a certain extent, dependent on the Applicants' ability to expand capacity and create connections via the Proposed JB. Nevertheless, the Authority noted that the Applicants' codeshare arrangement could be negotiated and implemented without the Proposed JB, as the expanded Codeshare Agreement has been in effect since November 2021.

98. In addition, SQ currently flies to 79 international destinations from SIN (139 international destinations if TR is included), while MH flies to 54 international destinations from KUL in 2025. There is, therefore, a possibility for MH to access more destinations via SIN, through codeshares with SQ.

99. The Authority also found that the Proposed JB will result in better promotion of offline cities to the extent that Malaysian cities will be more accessible to SQ customers as more flight options will be advertised on SQ's website. On the other hand, the Applicants' claim of promoting Malaysian cities via [✂] remains unsubstantiated as the Applicants had not provided evidence of concrete plans or efforts made to realise this claim. Nonetheless, should the [✂] materialise, the Proposed JB may lead to tourism benefits for Malaysian offline cities by [✂].

100. The Authority accepts that the expansion of codeshares between the Applicants' is seen as a significant benefit within the scope of the Proposed JB as it increases accessibility and connectivity between Malaysia and Singapore. Nevertheless, the Authority noted that the expanded codeshares outside the scope of the Proposed JB between the Applicants have been implemented even without the Proposed JB, and the Applicants are currently working on expanding their codeshares to more routes, indicating that some of the benefits from codesharing can be achieved without the Proposed JB.

### 6.2.4 More Attractive Fare Options

#### 6.2.4.1 The Applicants' Submissions

101. The Applicants submitted that the Proposed JB would allow the Applicants to carry out the following initiatives relating to fares:

(a) [✂];

(b) [✂];

(c) [✂];

(d) [✂];

102. The Applicants, however, submitted that fare levels offered for sale by the Applicants will still be benchmarked against market prices for the Applicants to remain competitive, and remain sensitive to fuel prices, demand movements and other exogenous factors

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#### 6.2.4.2 The Authority's Analysis

103. The Authority accepted that under the Proposed JB, passengers from either Applicant would have the benefit of a wider range of fares and products when visiting any one of the Applicants' websites.

104. Additionally, customers will have access to [✂].

105. The Authority also found that through the Proposed JB, the Applicants would be able to [✂]. However, the Applicants have also emphasised that the potential reduction in fares arising from the Proposed JB will still have to be benchmarked against market prices and take into account their operational costs.

106. The Authority also notes that the Proposed JB would enable the Applicants to [✂]. However, the Authority considers that this benefit would not directly result into reduced fares to the end consumers as the Applicants have clarified in their submissions that any resulting fare reductions would remain subject to prevailing market rates and would need to reflect the underlying operational costs.

107. Despite the Applicant's claims, the Authority did not find evidence that the Applicants would offer customers more competitive fares over a broader network of services, as the Applicants are unable to demonstrate a potential reduction in fares post-JB on their wider network. There is nothing to suggest that the Applicants will reduce fares on other routes beyond the Proposed JB, as a result of any cost-savings arising out of the Proposed JB.

### 6.2.5 Better Corporate Account Offerings and Benefits

#### 6.2.5.1 The Applicants' Submissions

108. The Applicants submitted that joint corporate contracting between the Applicants would likely result in the following significant benefits:

(a) corporate customers will have a significantly greater number of travel options, by being able to travel on (and accrue benefits on) either airline's services and networks;

(b) [✂]; and

*(The remainder of this page has been intentionally left blank.)*

(c) associated convenience benefits of potentially dealing with one account manager, rather than two, as corporate customers will be able to obtain a single fare quotation for travel on either SQ or MH services from the joint corporate deal due to fare harmonisation.

109. The Applicants submitted that SQ has [✂] corporate clients as at the date of the Application, while MH had [✂] corporate clients in 2022 that would be able to benefit from the joint corporate contracting arrangement between the Applicants. The benefits listed above will also apply to all new corporate customers.

110. Additionally, the Applicants submitted data on the Applicants' corporate passengers between Malaysia and Singapore. For the KUL–SIN route, the Applicants had a total of [✂] corporate passengers travelling in 2023, which accounts for [✂] of the Applicants' total passengers on this route.

#### 6.2.5.2 The Authority's Analysis

111. The Authority noted that currently, each Applicant would encourage its corporate customers to buy tickets on its own flights to increase its own operating revenue. With the Proposed JB, MH and SQ will be incentivised to sell tickets on both airlines to their individually contracted corporate customers. This increase in choice is a significant benefit to corporate customers.

112. Furthermore, the Authority found that should the Applicants [✂]. Due to the high number of business travellers between Malaysia and Singapore, this is seen as a significant benefit by the Authority.[22]

### 6.2.6 Improved FFPs

#### 6.2.6.1 The Applicants' Submissions

113. The Applicants submitted that, as part of the commercial cooperation, and outside the scope of the Proposed JB but triggered by the Proposed JB, the Applicants have entered into an FFP Agreement with effect from 1 November 2023 to develop a deep and extensive FFP cooperation, including implementing an FFP cross-participation programme.

114. The Applicants submitted that through the FFP Agreement, [✂].

*(The remainder of this page has been intentionally left blank.)*

[22] The passenger survey conducted by the Authority indicated that 39% of respondents, who were travellers between Kuala Lumpur and Singapore, travelled for business purposes.

115. The Applicants submitted that the FFP Agreement is [✂].

116. The Applicants further submitted that they also intend to [✂].

#### 6.2.6.2 The Authority's Analysis

117. The Authority found that the Applicants' plan to implement an FFP cross-participation programme is a significant benefit, as it will provide the Applicants' frequent flyer members with more flight options to [✂].

118. The Authority found that while the Applicants can implement an FFP Agreement and achieve certain benefits even without the Proposed JB in place, similar to the Authority's findings on the benefit of the Applicants' expanded codeshares, the scope of the Applicants' FFP cooperation may not be as extensive as it could be in a Proposed JB as it would be limited to eligible flights only.

119. The Authority accepts the Applicants' claim that the full extent of the benefits as envisioned by the Applicants could only be achieved in a Proposed JB environment. As the Applicants are from different airline alliances, without the Proposed JB, the Applicants would [✂].

120. The Authority found that it is relatively less common for members of different airline alliances to enter into an FFP agreement and without the Proposed JB, there would be less incentive for either Applicant to do so. Therefore, the Applicants' plans to offer improved FFPs to its customers through the Proposed JB would realise further significant benefits.

### 6.2.7 Better Disruptions Management

#### 6.2.7.1 The Applicants' Submissions

121. The Applicants submitted that the Applicants would be able to provide improvements on disruptions management, which include:

(a) [✂];

(b) offer more options of re-accommodation for passengers;

*(The remainder of this page has been intentionally left blank.)*

(c) coordination of procedures in the event of disruptions;

(d) [✂]; and

(e) [✂].

122. The Applicants submitted that disruptions management is important to ensure that the impact on customers is minimised. Under the Proposed JB, both Applicants will streamline their processes to ensure seamlessness in the event of disruptions.

#### 6.2.7.2 The Authority's Analysis

123. The Authority found that the Applicants' ability to improve their disruptions management is a significant efficiency benefit arising from the sharing of resources within a Proposed JB, which in turn, directly benefits consumers. While it is common for airlines to enter into disruption management agreements, revenue sharing under a metal-neutral Proposed JB would further align incentives between the Applicants to utilise both airlines' resources to better handle flight disruptions.

124. The Authority accepts the Applicants' claim that with revenue sharing in place via the Proposed JB, in the event of flight cancellations, the Applicants will be incentivised to rebook affected customers on either Applicant's flights as it will not matter which Applicant flies the customer. This will allow for the possibility of customers to be rebooked on flights that are closer in timing to their original flight. In the current situation under the Special Prorate Agreement, the Applicants would need to pay settlement rates if they were to rebook their customers on the other Applicant's flights.

125. The Authority also accepts that the Applicants can leverage on each other's accommodation contacts when last-minute cancellations occur due to the revenue-sharing environment under the Proposed JB. The Applicants had also previously submitted examples of possible cost savings by leveraging on options available to both Applicants, which the Authority finds reasonable.

126. The Authority found that by aligning the Applicants' procedures and policies, customers will have the benefit of being able to expect a more standardised quality of service across flights operated by both Applicants.

127. The Authority also accepts the Applicants' claim that there will be [✂], which would be a significant benefit.

(The remainder of this page has been intentionally left blank.)

128. However, the Authority noted that the extent of this benefit under the Proposed JB is also limited by the Applicants' load factors. High load factors will restrict the number of rebooked passengers each Applicant can accommodate from disruptions. The Authority noted that load factors in the KUL – SIN market would increase even further if the Applicants are unable to up-gauge or expand their services due to slot and terminal constraints at SIN.

### 6.2.8 *Conclusion on the First Criteria*

129. Further to the Authority's analysis above, the Authority has found that there are significant, identifiable efficiency and social benefits directly arising from the Proposed JB, such as expansion of air connectivity between Malaysia and Singapore, improvement in scheduling, expanded codesharing, improved corporate offerings and FFPs, and better disruptions management between Malaysia and Singapore. Therefore, the Authority finds that the First Criteria is satisfied.

## 6.3 Second Criteria – The benefits could not reasonably have been provided without the agreement having the effect of preventing, restricting, or distorting competition

### 6.3.1 The Applicants' Submissions

130. The Applicants submitted that the Proposed JB is indispensable to the attainment of enhanced economic efficiencies and an expanded network for Malaysia and Singapore. The improved network, additional frequencies, attractive fares, as well as improved product and service offerings for customers would not materialise without the implementation of the Proposed JB.

131. The Applicants further submitted that maintaining metal-neutrality and the sharing of scheduling and price information for coordination purposes are required to attain the abovementioned benefits. The benefits are unlikely to be achieved with a lower level of cooperation, such as through a codesharing agreement between the Applicants, given the lack of alignment of commercial interests between the Applicants and the inability to coordinate their commercial activities.

132. The Applicants submit that [✂].[23]

133. For context, the Applicants have clarified that in view of this Proposed JB, MH and SQ have previously entered into a Special Prorate Agreement and Codeshare Agreement, which has been expanded in November 2021. The Applicants intend for the Proposed JB to enhance the existing relationship between MH and SQ to a higher level of cooperation, offering customers a wider choice of travel at competitive prices.

*(The remainder of this page has been intentionally left blank.)*

[23] Para 1.1.4 of the Applicants' Submissions dated 8 February 2024.

134. In emphasising the significant benefits of the metal neutrality of the arrangement, the Applicants submit that the Proposed JB is necessary to achieve customer benefits, which necessitates closer cooperation via the sharing of revenue and metal neutrality.[24]

135. The Applicants submit that increased efficiencies are best achieved through a metal-neutral arrangement under the Proposed JB. Within the aviation industry, the Applicants claim that the longevity and success of joint ventures depend on airlines' abilities to construct equitable and flexible partnership arrangements. On the principle of metal neutrality, revenue or profit is shared no matter which airline actually flies the passenger. Metal neutrality helps airlines align incentives and build trust.[25]

136. The Applicants also submit that joint pricing, joint sales and joint marketing from the Proposed JB is essential to achieve metal neutrality and helps to ensure that each Applicant contributes to the revenue pool in an equitable manner, dis-incentivising any party from taking independent actions that could disrupt the cooperation under the Proposed JB. [26]

137. Without joint pricing, joint sales, joint marketing, and revenue-sharing in respect of the relevant routes, the Applicants will not be in a position to align their respective commercial interests. This is consistent with the view taken by CCS, where CCS accepted the argument that joint pricing is essential to achieve metal neutrality and that in turn metal neutrality is required to achieve the key benefits of a proposed joint venture agreement.[27]

138. The Applicants submitted that in a simple codeshare arrangement, the Applicants would continue to have an incentive to maximise their own individual economic benefits as they would be unwilling to cede a particular timing or route to each other because in doing so, a profitable service will be given up. Pursuant to the Proposed JB, each of the Applicants will share in the revenue generated regardless of which Applicant transports the passenger. As such, the Applicants will jointly seek to win a passenger's booking for the Proposed JB by creating a joint network with the best spread of routes, and frequencies at the most competitive fares. The Applicants submitted that under a Proposed JB, [✂].

139. In relation to the benefits arising out of aligning the Applicants' FFPs, the Applicants submitted that without the Proposed JB, [✂]

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[24] Para 1.2.2 of the Applicants' Submissions dated 8 February 2024.
[25] Para 6.3.3 of the Applicants' Submissions dated 8 February 2024.
[26] Para 6.3.6 of the Applicants' Submissions dated 8 February 2024.
[27] Para 6.3.7 of the Applicants' Submissions dated 8 February 2024.

140. The Applicants further submitted that in relation to expanding their codeshares outside of the scope of the Proposed JB, these codeshares may be reviewed if the Proposed JB does not materialise. Similarly, the Applicants also submitted that without the Proposed JB, there would not be commercial incentives to expand codeshare agreements with FY and TR. [✂]. The Applicants further submitted that the Applicants would review the FFP collaboration, as well as the scope of their Codeshare Agreement, should the Proposed JB not be implemented. The Applicants also submitted that the Proposed JB, the Special Prorate Agreement, the Codeshare Agreement, and the Bilateral FFP Cross-Participation Agreement are necessary in combination to provide the requisite incentives for each of the Applicants to work together to make the metal-neutral alliance materialise.

141. The Applicants submitted that the Proposed JB, the Special Prorate Agreement, the Codeshare Agreement, and the FFP Agreement are necessary in combination to provide the requisite incentives for each of the Applicants to work together to make the metal-neutral alliance materialise.

142. The Applicants submitted that without schedule coordination, capacity and operational management, inventory management, pricing, and sales cooperation, it would not be possible in practice for the Applicants to align their flights on the Overlapping Direct Route. The Applicants, in turn, will not be able to achieve the claimed benefits.

### 6.3.2 The Authority's Analysis

143. In relation to some of the more discernible benefits for consumers, such as the FFP and expanded codeshares, the Authority found that these benefits are already being provided under the Applicants' FFP and Codeshare Agreements, indicating that those benefits can be provided without the Proposed JB. However, the Authority accepts that there could be enhanced benefits if the Proposed JB was implemented alongside the FFP and Codeshare Agreements. For example, the expanded codeshares between the Applicants could be of greater benefit to consumers if the Applicants are able to create more connections through joint scheduling. There would be a higher likelihood of consumers utilising the codeshares between the Applicants, if there are more connections or shorter connecting times between the Applicants' flights. The Authority noted that the Applicants have implemented the FFP and Codeshare Agreements as part of their overall Framework Agreement, which anticipates cooperation in a metal-neutral Proposed JB environment.

144. The Authority found that the benefit of better scheduling under the Proposed JB could not be reasonably provided without the Proposed JB in place. Without revenue sharing, the Applicants would be unwilling to cede a particular slot at the risk of losing customers to competitors operating close to the Applicants' slot. As the Applicants are metal-neutral under the JB, the Applicants would have the incentive to spread out their flights throughout the day to catch more connecting flights and better match customer demand. Being able to jointly schedule their flights would allow them to better serve customers and increase the JB revenue.

145. The Authority found that the JB is indispensable to the Applicants' ability to offer through fares, which fares remove the surcharge imposed by the Applicants on each other under their Codeshare Agreement, making through fares theoretically cheaper. The Proposed JB is also necessary for the Applicants to offer joint itineraries using the cheapest combination of tickets of both Applicants.

146. The Authority accepts that while the benefit of better disruptions management could also be realised without the Proposed JB in place, revenue sharing under a metal-neutral JB would allow the Applicants to eliminate [✂] between them when rebooking passengers on the other Applicant's flights, as the Applicants are indifferent to which "metal" carries the passenger. The Proposed JB would also further align incentives between the Applicants to utilise both airlines' resources to handle disruptions.

147. The Authority, thus, accepts that a lower level of cooperation could not bring about a similar range and quality of benefits as the Proposed JB, as it would not provide the necessary commercial incentives to implement the benefits compared to a metal-neutral Proposed JB. The Authority, therefore, finds that the Second Criteria is satisfied.

### 6.3.3 Conclusion on the Second Criteria

148. Based on the considerations above, the Authority finds that the Second Criteria has been satisfied and some of the benefits arising out of the Proposed JB could not have been provided without the Proposed JB being a metal-neutral alliance.

## 6.4 Third Criteria: – The detrimental effect of the agreement on competition is proportionate to the benefits provided

### 6.4.1 The Applicants' Submissions

149. The Applicants submit that there are ample competitive constraints on the Applicants, including AK which is the market leader in routes between Malaysia and Singapore, other competitors and other modes of transport on the Overlapping Direct Route.

150. Any concerns regarding increase in pricing due solely to combined market power of the Applicants on the Overlapping Direct Route will be adequately constrained by:

(a) current and future competitors; and

(b) the consumer's ability to quickly switch to substitute airlines.

151. On the other hand, the Proposed JB enables the Applicants to offer many benefits such as more travel options in terms of improved connectivity, capacity, reduced connection time, more fare options, better experience for passengers, streamlined operations and efficient operations.

152. The Applicants thus submit that the benefits and efficiencies which can be achieved with the Proposed JB outweigh any potential detriments to competition.

#### 6.4.1.1 The Applicants' Further Submissions on Competitive Constraints Post 3K Exit

153. On 11 June 2025, the Authority notes that Singapore-based low-cost airline 3K announced that it will cease operations on 31 July 2025 as part of a strategic restructure by its parent company, Australian flag carrier Qantas.[28] Upon the Authority's request for further information in light of the material change in the KUL – SIN v.v. market, the Applicants submitted the following[29]:

(a) Post-3K exit, it is estimated that the market share held by 3K would be captured by the remaining competitors on the KUL-SIN v.v. Route proportional to their current market shares.

(b) Post-3K exit, the Applicants submitted that their estimated combined market share is still below 40% with AK holding the largest share.

(c) Despite the reduced number of competitors post-3K exit and the perceived decrease in competition, the Applicants were of the view that AK is a significant market player which exerts sufficient competitive pressure.

(d) The Applicants highlighted in their submissions that AK provides a much higher weekly frequency of 147 weekly flights compared to MH with 111 weekly flights and SQ with 104 weekly flights. With higher frequencies, the Applicants assert that airlines naturally will offer lower prices to fill up their capacities. Further, combined with AK expansive flight timings, will put downward pressure on price levels causing competitive constraints on the Applicants.

(e) Flight timings and choice of frequency are relatively more important as compared to comfort, brand loyalty and in-flight service on short-haul sectors like the KUL-SIN v.v. Route. In this regard, customers will choose the airline that is most convenient to their schedules, hence the Applicants asserted that customers are more likely to be 'agnostic'/flexible with their options for travel on the KUL-SIN Route.

(f) As such, services of AK and of other competitors including OD and to a smaller extent other carriers exercising their Fifth Freedom rights are alleged by the Applicants to be very close substitutes to the Applicants' services. This close substitutability between LCCs (AK, FY, TR), and FSCs (the Applicants, OD, other Fifth Freedom Carriers) presents a significant competitive pressure on the Applicants.

(g) This substitutability is also applicable from the viewpoint of fare options, frequent flyer programs and corporate offerings. Similar to the Applicants, AK offers a range of fare families to suit the needs of customers. AK also has its own frequent flyer programs rewarding frequent flyers and corporate offerings appealing to the same short-haul market as the Applicants.

[28]Article published by the Straits Times titled "*Jetstar Asia to cease operations on July 31; over 500 employees in Singapore affected*" published on 11 June 2025 at https://www.straitstimes.com/singapore/transport/jetstar-asia-to-cease-operations-from-july-31-over-500-employees-affected.
[29] The Applicants' Submissions dated 8 August 2025.

(h) Aside from AK and OD, other relevant competitors who would exert competitive constraints on the Applicants are the other LCCs, FY and TR. Despite belonging to the same group as the Applicants, the Applicants states that FY and TR have the autonomy to chart their own strategies and pricing tactics to remain sustainable and profitable on the KUL-SIN Route. In addition, carriers exercising their Fifth Freedom of the Air rights on the KUL-SIN Route like Ethiopian Air pose a competitive constraint on the Applicants.

### 6.4.2 The Authority's Analysis

154. In assessing whether the Applicants fulfill the requirement under the Third Criteria, the Authority analysed the potential detrimental effects arising from the Proposed JB in the Relevant Market. Thereafter, the Authority assessed whether the benefits above outweigh the detrimental effects.

155. As provided in paragraphs 38 and 44, the Authority observes that the KUL–SIN v.v. route is primarily a short-haul route with a journey time of less than two (2) hours. The Authority notes that KUL–SIN v.v. is currently served by multiple carriers, including both full-service and low-cost operators, resulting in a high level of existing competition. The Authority finds that the maturity of the market, coupled with the presence of alternative operators and low switching costs for passengers, exerts a considerable constraint on all market participants, including the Applicants and their affiliated group carriers. As such, this limits the likelihood that the Proposed JB would incentivise the Applicants and their group affiliated carriers to sustainably increase fares above competitive levels.

156. The Authority also notes that LCC operators such as AK currently offer very competitive fares and operate a greater number of frequencies compared to the Applicants. Although the Proposed JB may provide the Applicants with scheduling advantages through frequency coordination, AK and other LCC carriers would continue to exert significant competitive pressure by offering attractive fares and services. This competitive constraint would limit the Applicants' ability to influence fares in the market despite their increased market share under the Proposed JB.

***Table 2*: Average Fares[30] in the KUL-SIN v.v. Route**

| Airline/Carrier | 2024 (RM) | 2025 (RM) | Category |
|---|---|---|---|
| MH | [✂500-600] | [✂500-600] | FSC |
| SQ | [✂600-700] | [✂500-600] | FSC |
| AK | [✂100-200] | [✂100-200] | LCC |
| FY | [✂400-500] | [✂400-500] | LCC |
| TR | [✂300-400] | [✂300-400] | LCC |
| OD | [✂400-500] | [✂300-400] | FSC |

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[30] The average fares are calculated using data from the *Airport IS* database.

157. The Authority is further of the view that the Applicants are unable to match LCC fare levels due to substantial differences in service quality and operating costs. As shown in the table above, MH and SQ consistently recorded the highest average fares in both 2024 and 2025. By contrast, FY, TR and OD were positioned within a similar mid-range fare bracket, while AK offered the lowest average fares in the market. This tiered fare structure indicates that passengers are provided with a spectrum of fare options catering to different segments of demand. Importantly, the presence of mid-range and low-cost competitors exerts effective competitive pressure, thereby constraining the Applicants from raising fares unilaterally despite their higher market share under the Proposed JB.

158. This preserves space for LCC players to compete effectively by offering lower fares and thereby continue to attract passengers away from the Applicants. Nevertheless, the Authority acknowledges that fares are also influenced by other factors such as fuel prices, fluctuations in demand and various external factors.

159. As a way of assessing market power in the relevant market, the Authority looks at market share as an indicator of market power. The Authority assessed the market players and their market shares in the KUL – SIN v.v. Route. The market share data for 2024 and 2025 are set out below in Table 3.

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***Table 3*: The Authority's Analysis on the Market Share Data[31] for the KUL - SIN v.v. Route**

| | January – December 2024 | | January – August 2025 | |
|---|---|---|---|---|
| **Airline/Carrier** | **Passenger Count** | **Market Share** | **Passenger Count** | **Market Share** |
| AK | [✂] | [20-30]% | [✂] | [20-30]% |
| MH | [✂] | [10-20]% | [✂] | [10-20]% |
| SQ | [✂] | [10-20]% | [✂] | [20-30]% |
| FY | [✂] | [0-10]% | [✂] | [0-10]% |
| TR | [✂] | [10-20]% | [✂] | [20-30]% |
| MAG and SIA Group (MH, SQ, FY, and TR) | [✂] | [50-60]% | [✂] | [60-70]% |
| 3K | [✂] | [0-10]% | [✂] | [0-10]% |
| OD | [✂] | [0-10]% | [✂] | [0-10]% |
| Others | [✂] | [0-10]% | [✂] | [0-10]% |

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[31] The market share data are calculated using data from the *Airport IS* database.

160. In 2024, the Authority finds that AK is the market leader with a market share of [20-30]%. With respect to the MAG, MH has a market share of [10-20]% while its LCC sister company, FY, has a market share of [0-10]%. For the SIA Group, SQ has a market share of [10-20]% while its LCC sister company, TR, has a market share of [10-20]%. Collectively, MAG and SIA hold [50-60]% of the market share in 2024. Other market players, 3K and OD both hold a [0-10]% market share. In 2025, considering the months January 2025 to August 2025, which is the cut-off month of the Authority's assessment, AK holds a [20-30]% market share, the MAG and SIA group hold a collective [60-70]% of the market share and 3K and OD both hold a [0-10]% market share equally. Since the year 2025 is not a full year, the Authority considers that the analysis conducted in Table 3 is not a comprehensive comparison between 2024 and 2025 as it does not include data from September 2025 to December 2025.

161. In view of the above, the Authority thus assesses the market share data through another method, which is by comparing the market share data in August 2024 versus August 2025. The comparison of market share data between August 2024 and August 2025 is set out in Table 4 below.

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**Table 4: The Authority's Analysis on the Market Share Data[32] for the KUL - SIN v.v. Route Post in August 2024 versus August 2025**

| | August 2024 | | August 2025 | | |
|---|---|---|---|---|---|
| **Airline/Carrier** | **Passenger Count** | **Market Share** | **Passenger Count** | **Market Share** | **Change in Market Share (%)** |
| AK | [✂] | [20-30]% | [✂] | [20-30]% | Increase |
| MH | [✂] | [10-20]% | [✂] | [10-20]% | Increase |
| SQ | [✂] | [10-20]% | [✂] | [20-30]% | Increase |
| FY | [✂] | [0-10]% | [✂] | [0-10]% | Increase |
| TR | [✂] | [20-30]% | [✂] | [20-30]% | Increase |
| MAG and SIA Group (MH, SQ, FY, and TR) | [✂] | [50-60]% | [✂] | [60-70]% | Increase |
| 3K | [✂] | [0-10]% | [✂] | [0-10]% | Decrease |
| OD | [✂] | [0-10]% | [✂] | [0-10]% | Decrease |
| Others | [✂] | [0-10]% | [✂] | [0-10]% | Increase |

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[32] The market share data are calculated using data from the *Airport IS* database.

162. Based on the Authority's assessment of the market share data for the KUL-SIN v.v. Route, the Authority makes the following key findings:

(i) All market share players demonstrated an increase in market share in August 2025 compared to August 2024 except for OD and 3K (which announced its cessation of operations effective from 1 August 2025).
(ii) Considering 3K's exit from the market, the Authority's analysis into the market share data demonstrates that the MAG and SIA group collectively hold [60-70]% of the market share as opposed to holding only [50-60]% of the market share in August 2024.
(iii) When observing MAG and SIA as one group, the Authority finds that AK is the only competitor that could exert strong competitive pressure onto MAG and SIA Group with a market share of [20-30]%. Another market player, OD, on the other hand, only controls [0-10]% of the market and compared to in August 2024, their market share decreased by [0-10]%.
(iv) Based on August 2024 and August 2025 comparison of market share data and looking at the effect of 3K's exit from the market as of 1 August 2025, the Authority finds that the MAG and SIA Group hold considerable market power collectively as they managed to capture [0-10]% out of the [0-10]% market share held by 3K in August 2024. Only the remaining [0-10]% of 3K's previous market share was captured by AK.
(v) The Authority also notes that besides AK and OD, other market players also gained a [0-10]% market share, reflecting ET's entry into the market, though at a small number.

163. Based on the Authority's findings above, the Authority considers that the Proposed JB may potentially further concentrate the MAG and SIA Group's control over the KUL-SIN v.v. Route. There is also concern that AK only showed an increase of [0-10]% in the market share compared to the rest of the MAG and SIA Group market players. Further, OD also decreased in its market share. The Authority thus considers the Applicants' claim that AK exerts a strong competitive constraint to be weak.

164. Further, the analysis on the change in market share data above also solidifies the Authority's finding that the Applicants, despite being FSCs, do compete with the LCCs in the KUL-SIN v.v Route. The Authority considers that the Applicants market share, when combined with their respective LCC group affiliates, as indicative of substantial market power that may distort competitive dynamics on the KUL-SIN v.v. Route.

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165. Besides market share, the Authority also considers the barriers to entry and expansion in the market. in addition to the finding of high market shares controlled by MAG and the SIA Group, the Authority also received feedback during the public consultation indicating that limited slot availability at Changi Airport represents a structural entry barrier. A competitor had reported systemic difficulties in obtaining slots, impairing their ability to scale or commence operations. These constraints are a disadvantage to the competitor and further raises concerns on the substantial market power held by MAG and SIA collectively in relation to the competition dynamics in the Relevant Market.

### 6.4.3 Conclusion on the Third Criteria

166. While the Authority views the benefits provided under the Proposed JB as significant, these benefits are not adequate to outweigh the anti-competitive effects of the Proposed JB. The Proposed JB would significantly distort the current healthy competition in the market.

167. Therefore, the Authority finds that, on balance, the benefits arising from the Proposed JB do not outweigh the detrimental effects of the Proposed JB on competition, thus, the application does not fulfil the requirement under the Third Criteria.

## 6.5 Fourth Criteria: – The agreement does not allow the enterprise to eliminate competition completely in respect of a substantial part of the aviation services

### 6.5.1 The Applicants' Submissions

168. The Applicants submitted that the Proposed JB does not eliminate competition as there are strong competitors in the Malaysia – Singapore markets, such as AK and other direct carriers, which are expected to continue to exert competitive pressure on the Applicants.

169. The Applicants further submitted that the Proposed JB does not restrict the Applicants from entering into arrangements and collaboration with other air carriers in relation to services to countries other than Malaysia and Singapore.

### 6.5.2 The Authority's Analysis

170. As the Applicants were unable to fulfil the Third Criteria, it was therefore not necessary to assess whether the Applicants have satisfied the Fourth Criteria.

## 6.6 Conclusion on the Authority's Assessment of the Relief of Liability

171. Based on the above considerations, the Authority is not satisfied that the Proposed JB fulfils the requirements under section 36P of Act 788 to qualify for an individual exemption provided under section 36Q of Act 788.

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## 7.0 PROPOSED COMMITMENTS SUBMITTED BY THE APPLICANTS TO ADDRESS THE AUTHORITY'S COMPETITION CONCERNS

172. In consideration of the Applicants' inability to fulfill the four criteria above, the Authority has requested for the Applicants to voluntarily submit their commitments to further strengthen their application. In this regard, the Applicants have submitted three (3) sets of proposed commitments from 19 July 2024 to 16 April 2025.

173. The Applicants' first set of commitments was submitted to the Authority on 19 July 2024. Subsequently, the Applicants' second set of commitments was submitted to the Authority on 4 October 2024. The Authority scrutinised both sets of commitments and was of the view that the commitments were inadequate to address the competition concerns, including the non-fulfillment of the Third Criteria and Fourth Criteria.

174. The Authority engaged with the Applicants and informed them that the commitments were inadequate and in response to this, the Applicants submitted their third set of commitments to the Authority on 16 April 2025.

175. The Authority found that the third set of commitments was partially inadequate, particularly regarding the minimum capacity commitment levels. Consequently, the Authority requested the Applicants to provide further substantiation on this issue. In response, the Applicants increased the minimum capacity commitment levels. With these revised commitments, the Authority considers its concerns to be sufficiently addressed.

176. The main components of the Applicants' commitments ("**the Proposed Commitments**") are as follows:

(a) The Applicants commit to:

(i) maintaining capacity at certain levels reflecting their existing capacity levels ("**the Committed Capacity Levels**"); and

(ii) submitting capacity growth business plans to the Authority and CCS upon fulfilling certain trigger thresholds, namely, a determined level of combined passenger load factors and a combined margin level involving calculations of Revenue per Available Seat-Kilometre and Cost per Available Seat-Kilometre ("**RASK-CASK margin**");

(b) In relation to the above capacity commitments, the Applicants will, at their own cost, appoint an independent auditor to monitor the Applicants' compliance with the Proposed Commitments and to provide the Authority and CCS with reports within three (3) calendar months following the completion of the report year;

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(c) The above report will specify:

(i) the weekly capacity operated by the Applicants on the KUL-SIN v.v. Route;

(ii) the weeks of non-fulfilment of the Committed Capacity Levels;

(iii) whether the non-fulfilment of the Committed Capacity Levels arises as a result of the Applicants' determined circumstances amounting to a suspension of the Proposed Commitments or other circumstances; and

(iv) where relevant and if required, reasons for any variations from the Committed Capacity Levels.

177. The Applicants submitted that the proposed commitments would commence on the date upon the Applicants receiving approval from both the Authority and CCS and will apply until the expiration of the exemption period.

178. The Authority finds that the proposed commitments submitted by the Applicants addresses the Authority's concerns as it limits the Applicants' ability to reduce capacity below the minimum capacity commitment levels.

179. As the Proposed Commitments will remain in force for the duration of the Proposed JB, the Authority is satisfied that these measures mitigate concerns about the long-term effects on competition. Accordingly, the Authority concludes that the Applicants are constrained from exercising market power in a manner that would distort competition or adversely affect consumers on the KUL–SIN v.v. Route.

180. Additionally, the Authority is also satisfied with the Applicants' proposed commitments to appoint an independent auditor to prepare and provide reports to the Authority bi-annually or once every six (6) months. The Authority considers the monitoring commitments as a means of allowing the Authority to monitor the Applicants' compliance with the commitments on a bi-annual basis.

## 8.0 ADDITIONAL PROPOSED COMMITMENTS TO PROVIDE INDIVIDUAL CAPACITY AND SCHEDULES OF FY AND TR ON THE KUL-SIN ROUTE V.V.

181. With regard to the group relationship between MH and FY and between SQ and TR, the Authority had raised concerns on the decisive influence of MAG and SIA on a group level. The concerns raised are regarding the potential coordination between the group companies especially in view of FY and TR reporting to the same shareholders as their sister companies, MH and SQ, respectively. As such, the Applicants have provided voluntary commitments to allow the Authority to monitor any possible coordination between the Applicants, FY and TR.

182. The proposed commitments submitted by the Applicants in relation to FY and TR ("**the Additional Proposed FY and TR Commitments**") are set out below:

(a) The Applicants propose to submit capacity and schedules of FY and TR as part of the annual report that will be submitted if the Proposed JB is approved; and

(b) The report will also specify, for information purposes and unconnected to the consideration of the achievement of the capacity commitments:
   (i) Individual capacity levels of FY and TR on the KUL-SIN v.v. Route; and

   (ii) Schedules of FY and TR on the KUL-SIN v.v Route v.v.

183. The inclusion of the capacity and schedules of FY and TR in the report provides a means for the Authority to monitor any unusual or inordinate changes in capacity and/or schedules of FY and TR beyond the level of changes in normal airline operations, indicating coordination between the Applicants and FY and TR. This provides additional reassurance against any coordination between the Applicants and FY and TR that dilutes FY and TR's competitive pressure on the Applicants.

184. In relation to the concerns of the Applicants' group affiliations with its low-cost carriers, MH with FY and SQ with TR, the Authority is satisfied with the Additional Proposed FY and TR Commitments as a monitoring mechanism to deter the Applicants from coordinating in the KUL-SIN v.v. Route to the detriment of the consumers post JB.

185. The full set of proposed commitments ("**the Applicants' Full Set of Proposed Commitments**"), incorporating both the Proposed Commitments and the Additional Proposed FY and TR Commitments, submitted by the Applicants are set out in **Appendix III.**

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## 9.0 The Authority's Decision

186. Upon assessing the Proposed JB, and pursuant to sections 36P and 36Q of Act 788, the Authority proposes to grant an individual exemption for the Proposed JB, subject to the Applicants' adherence to the Applicants' Full Set of Proposed Commitments.

187. Accordingly, an individual exemption is granted to the Applicants from the prohibition on anti-competitive agreements under section 36O of the Act, for a duration of five (5) years from the date that the individual exemption is granted.

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## APPENDIX I: IATA AIRPORT AND AIRLINE CODES

### Airport Codes

| Airport Code | Airport Name |
|---|---|
| **Airports in Malaysia** | |
| AOR | Sultan Abdul Halim Airport, Alor Setar, Kedah |
| BKI | Kota Kinabalu International Airport, Sabah |
| BTU | Bintulu Airport, Sarawak |
| JHB | Senai International Airport, Johor |
| KBR | Sultan Ismail Petra Airport, Kelantan |
| KCH | Kuching International Airport, Sarawak |
| KUA | Sultan Ahmad Shah Airport, Kuantan, Pahang |
| KUL | Kuala Lumpur International Airport |
| LBU | Labuan Airport |
| LGK | Langkawi International Airport, Kedah |
| MYY | Miri Airport, Sarawak |
| PEN | Penang International Airport |
| SBW | Sibu Airport, Sarawak |
| SDK | Sandakan Airport, Sabah |
| SZB | Sultan Abdul Aziz Shah Airport, Subang, Selangor |
| TGG | Sultan Mahmud Airport, Kuala Terengganu, Terengganu |
| TWU | Tawau Airport, Sabah |
| **Airports in Singapore** | |
| SIN | Changi International Airport |
| XSP | Seletar Airport |
| **Other Airports** | |
| CDG | Charles de Gaulle Airport, Paris, France |
| DOH | Hamad International Airport, Doha, Qatar |
| LHR | Heathrow Airport, London, United Kingdom |

### Airline Codes

| Airline Code | Airline Name |
|---|---|
| **Applicants to the JB** | |
| MH | Malaysia Airlines Berhad |
| SQ | Singapore Airlines Limited |
| **Applicants' Sister Company/Subsidiaries** | |
| FY | FlyFirefly Sdn. Bhd. (Sister Company of MH) |
| TR | Scoot Private Limited (Subsidiary of SQ) |

| Airline Code | Airline Name |
|---|---|
| MI | SilkAir Singapore Private Limited (Subsidiary of SQ, operations ceased in 2021) |
| **Other Airlines** | |
| 3K | Jetstar Asia Airways Private Limited |
| AK | AirAsia Berhad |
| D7 | AirAsia X Berhad |
| ET | Ethiopian Airlines Group |
| HY | JSC Uzbekistan Airways |
| KI | SKS Airways Sdn Bhd |
| MK | Air Mauritius Limited |
| OD | Batik Air Malaysia Sdn Bhd |
| QF | Qantas Airways Limited |

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**APPENDIX II: DECISION-MAKING LEVEL AND MECHANISM FOR SELECTED OPERATIONS IN MH, SQ, FY, AND TR**

| Operation | Decision-making level and mechanism | |
|---|---|---|
| | MAG | SIA Group |
| Price and inventory setting | Approving authority:<br>[✂]<br><br>Although part of the same department, MH and FY price and inventory settings are independent due to different business models, tools, customer profiles and targets. | [✂]. |
| The setting of revenue targets | Approving authority:<br>[✂]<br><br>Targets are [✂]. | |
| Marketing and distribution | Approving authority:<br>[✂]<br><br>Depending on the promotional action and the campaign objective, the marketing team may decide to promote either MH alone or FY alone or MAG.<br><br>Promotions for a destination or route as well as specific campaigns (e.g., end of the year, New year Great fares) are airline specific. | |
| Network and fleet planning | Approving authority:<br>[✂]<br><br>The same team is in charge of managing the fleet requirements of all MAG airlines in line with the network plan and business strategy of each individual airline. | [✂]. |

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## APPENDIX III: FULL SET OF PROPOSED COMMITMENTS

### DRAFT UNDERTAKINGS AND COMMITMENTS TO THE CIVIL AVIATION AUTHORITY OF MALAYSIA
### MALAYSIA AIRLINES BERHAD AND SINGAPORE AIRLINES LIMITED

### INTRODUCTION

1. Malaysia Airlines Berhad ("**MAB**") and Singapore Airlines Limited ("**SIA**") propose to make voluntary commitments to CAAM pursuant to subsection 36Q(5) of the Civil Aviation Authority of Malaysia Act 2017 ("**CAAM Act**") in the context of CAAM's assessment of the proposed joint business between Malaysia Airlines Berhad ("**MAB**" or "**MH**") and Singapore Airlines Limited ("**SIA**" or "**SQ**") (collectively, the "**Parties**") (the "**Proposed Joint Business**") under Section 36Q of the CAAM Act.

2. The voluntary commitments for the Proposed Joint Business are made in the interests of assuring CAAM that it can holistically assess the Proposed Joint Business, and in particular that the Proposed Joint Business, if carried into effect, will either not infringe Section 36O of the CAAM Act, or that the Proposed Joint Business is excluded from consideration under Section 36O of the CAAM Act by reason of it being an agreement with net economic benefits (and meeting the requisite requirements set out in Section 36P of the CAAM Act).

3. The Parties will, at their own cost, appoint an independent auditor ("**Independent Auditor**") to monitor compliance with these commitments. The Independent Auditor and the Parties shall provide reports to CAAM and CCS in accordance with heading (B) of these commitments.

### DEFINITIONS AND INTERPRETATION

4. In this document, unless the context otherwise requires, the following words, expressions and abbreviations have the following meanings ascribed to them:

   (a) "CAAM Act" means the Civil Aviation Authority of Malaysia Act 2017;

   (b) "CAAM" means the Civil Aviation Authority of Malaysia, or its predecessor regulatory authority;

   (c) "CCS" means Competition and Consumer Commission of Singapore;

   (d) "Effective Date" shall refer to the date of receiving a positive decision from CCS and CAAM in respect of the Proposed Joint Business between SIA and MAB, whichever is the later;

   (e) "IATA" means the International Air Transport Association;

   (f) "Independent Auditor" shall have the meaning ascribed to it in heading (B);

(g) “JB” means Joint Business;

(h) “LCCs” means Scoot Pte. Ltd. and FlyFirefly Sdn Bhd;

(i) “MAB” or “MH” means Malaysia Airlines Berhad;

(j) “MI” means SilkAir (Singapore) Private Limited, which ceased to operate as a separate carrier in 2021. Any flights operated by MI will be treated as being operated by SIA;

(k) “New Circumstances” shall have the meaning ascribed to it in paragraph 19;

(l) “Parties” shall have the meaning ascribed to it in paragraph 1;

(m) “PLF Trigger” means the trigger threshold for the passenger load factor, which is determined by the formula below;

[✂]

(n) “Proposed Joint Business” shall have the meaning ascribed to it in paragraph 1;

(o) “RCM Trigger” means the trigger threshold for [✂], as determined by the formula below:

[✂]

(p) “Report” shall have the meaning ascribed to it in paragraph 14;

(q) “Report Year” means twelve (12) calendar months from the Effective Date, unless specified otherwise;

(r) “SIA” or “SQ” means Singapore Airlines Limited;

(s) “SIN-KUL v.v.” relates specifically to the non-stop (i.e., direct) bidirectional air passenger transport services between Singapore and Kuala Lumpur, Malaysia;

(t) “Trigger Events” shall have the meaning ascribed to it in paragraph 11

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(u) "v.v." is used to indicate services provided in either direction; and

(v) "Working Day" means any day which is not a Saturday, Sunday or a public holiday in both Singapore and Kuala Lumpur, Malaysia.

5. This letter contains confidential information of the Parties, the disclosure of which may harm the legitimate commercial interests of the Parties. The Parties respectfully request that the contents of this letter (including the Parties' proposed undertakings) be kept confidential.

## (A) PROPOSED UNDERTAKINGS

6. The Parties proposed to CAAM the following undertakings and commitments ("**Proposed Undertakings**") which are identical to the commitments approved by Competition and Consumer Commission of Singapore ("**CCS**") on 19 June 2025[33] except for the commitment to maintain capacity levels for scheduled international air passenger transport services for the Kuala Lumpur ("**KUL**") – Singapore ("**SIN**") vice-versa ("**v.v.**") route which were revised and submitted to CAAM through the Parties' response to CAAM's Fifth Request for Information dated 28 July 2025.

***To maintain capacity levels for scheduled international air passenger transport services for the KUL-SIN v.v. route***

7. MH undertakes to maintain a minimum capacity of [✂].

8. SQ undertakes to maintain a minimum capacity of [✂].

9. Without limitation to the paragraphs under the heading *"Commencement, suspension and release of the proposed undertakings"* below, MH and SQ shall maintain the capacities in paragraphs 7 and 8 for a minimum period of [✂].

10. Related to the commitments set out in paragraphs 7 and 8, where the combined weekly capacities of [✂] seats for IATA Summer season and [✂] seats for IATA Winter season are achieved by the Parties on an aggregated basis, the respective commitments of MH and SQ are deemed as fulfilled.

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[33] https://www.ccs.gov.sg/case-register/public-register/agreements-and-collaborations/proposed-commercial-cooperation-between-singapore-airlines-limited-and-malaysia-airlines-berhad

***Capacity growth undertakings on the KUL-SIN v.v. route***

11. The Parties will submit a business plan detailing the achievable growth figures to CAAM and CCS upon both Parties reaching the following triggers:

    (a) **Achievement of:**

        (i) [✂] on a 12-month rolling aggregated basis on the SIN-KUL v.v. route following the commitments taking effect; and

        (ii) **Combined RASK-CASK margin ("RCM") of** [✂] on a 12-month rolling aggregated basis following the undertakings taking effect.

    (collectively, "**Trigger Events**")

    (b) The Parties shall monitor and notify CAAM and CCS within [✂] following the Parties becoming aware that the Trigger Events have been conjunctively met.

    (c) The business plan must be submitted to CAAM and CCS within [✂] of the Trigger Events being conjunctively met, or within a period otherwise agreed with CAAM and CCS.

    (d) The Parties will commit to the capacity growth as set out in the business plan, subject to any further modifications mutually agreed with CAAM and CCS. The capacity undertakings set out in the business plan, if accepted by CAAM and CCS, would take effect in the next corresponding IATA season unless agreed otherwise with CAAM and/or CCS.

    (e) Without limitation to the paragraphs under the heading "*Commencement, suspension and release of the proposed undertakings"* below, upon the submitted business plan being accepted by CAAM and CCS, the Parties will be released from the commitments set out in paragraphs 11 (a) to 11 (d), and the committed capacity levels within paragraphs 7 and 8 would be varied accordingly in accordance with the approved business plan.

## (B) INDEPENDENT AUDITOR AND ANNUAL AUDIT REPORTS

12. The Parties will appoint, at their own cost, an Independent Auditor whose appointment (and the terms and conditions of that appointment) will be subject to the approval of CAAM and CCS, within three (3) calendar months of a positive decision being issued by CAAM and CCS.

13. The appointment of an Independent Auditor and the issuance of the Report would provide further assurance that the Parties will adhere to the undertakings.

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14. The Independent Auditor will prepare and provide to CAAM and CCS a report which monitors MH's and SQ's respective compliance with the undertakings outlined in paragraphs 7 to 8 ("**Report**") on a bi-annual basis (once every 6 months) for each calendar year, with the first year beginning on the date of CAAM and CCS approving the Proposed Joint Business ("**JB**") respectively (referring to the later date) ("**Report Year**").

15. Specifically, the Report will specify:

    (a) the weekly capacity operated by MH and SQ respectively on the KUL-SIN *v.v.* route;

    (b) the weeks of non-fulfilment of the capacity levels in paragraphs 7 to 8;

    (c) whether the non-fulfilment of the capacity levels in paragraphs 7 to 8 arises as a result of the circumstances listed in the paragraphs under the heading *"Suspension of the Proposed Undertakings"*, or any other circumstances; and

    (d) where relevant and if required, reasons for any variations from the committed capacity levels in paragraphs 7 to 8.

16. The Report will also specify, for information purposes only and unconnected to the consideration of the achievement of the committed capacity levels:

    (a) Individual capacity levels of FY and TR on the KUL-SIN *v.v.* route; and

    (b) Schedules of FY and TR on the KUL-SIN *v.v.* route.

## (C) COMMENCEMENT, SUSPENSION AND RELEASE OF THE PROPOSED UNDERTAKINGS

***Commencement of the Proposed Undertakings***

17. The undertakings will commence after CAAM issues a positive final decision in respect of the Application and the CCS issues a positive final decision pursuant to the notification made under section 44(1)(b) of the Competition Act 2004 of Singapore in March 2023 and from the date of implementation of the Proposed JB ("**Effective Date**").

***Suspension of the Proposed Undertakings***

18. CAAM to note that the proposed suspension clauses below are consistent in form and substance with those proposed to CCS.

19. The Proposed Undertakings would be temporarily suspended for the period where any of the following circumstances, insofar as they result from the events, circumstances or causes beyond the reasonable control of the Parties, arise:

    (a) *Force majeure* events which directly or indirectly affect the KUL-SIN *v.v.* services for air passenger transport, including but not limited to:

        i. natural disasters;

ii. war;

iii. strikes (including airport or transport worker strikes etc);

iv. terrorist attacks;

v. disease outbreak;

vi. airspace closures;

vii. airport closures;

viii. adverse weather conditions;

ix. non-availability of insurance; or

x. any other safety or security related developments which require cancellation of flights, or variations to flight schedules.

(b) Aircraft maintenance requirements with regard to a specific aircraft as determined by either of the Parties, or technical problems associated with a specific type of aircraft necessitating maintenance or repair as determined by the manufacturer and/or aviation authorities. For the avoidance of doubt, such requirements may arise in respect of aircraft deployed directly by the Parties on the KUL-SIN *v.v.* route for air passenger transport, or may arise in respect of other aircraft in the fleet of either of the Parties (where such maintenance requirements indirectly affect the deployment, operation or sustainability of services, and/or capacity, on the KUL–SIN *v.v.* route for air passenger transport). Where aircraft maintenance (affecting compliance with the committed capacity levels in paragraphs 7 to 8) is conducted by either of the Parties, details of such maintenance shall be provided to the CAAM and CCS in the Report;

(c) Delays in aircraft deliveries which impact the ability of the respective airlines to implement the committed capacity levels in paragraphs 7 to 8;

For the Commission's information: paragraphs 19 (b) and (c) refer to a situation of unexpected aircraft maintenance and delay in aircraft delivery similar to the situation faced by MH in 2024 which resulted in the major network disruption in August 2024[34].

(d) Worldwide, regional, or local grounding of any aircraft category, class, model or variant, arising from circumstances outside the control of the Parties (and which has an impact on the network of the Parties that could materially affect their ability to achieve the undertakings);

Commission may refer to the grounding of B737 max which impacted airlines plan for KUL-SIN route.

(e) Need for return of or inability to obtain slots/traffic rights to aviation regulators which could have a direct or indirect impact on the commitments, including but not limited to seat capacity;

(f) Where either Party is instructed by any governmental or statutory body in Malaysia and/or Singapore to change its flight capacities for the KUL-SIN *v.v.* route or any other route between Malaysia and Singapore; or

(g) Any development (for example, fuel prices, and passenger demand) that, in the assessment of either of the Parties, could result in an imminent decline (*i.e.* within the next financial year) of the expected quarterly revenue on the KUL-SIN *v.v.* route by more than 5%, compared to revenue from the same route during the equivalent quarter of the preceding year).

[34] https://www.malaysiaairlines.com/cn/en/mh-media-centre/news-releases/2024/committed-to-ensuring-operational-stability.html

(h) In the circumstances set out above in paragraphs 19 (a) to (g), the Parties retain the right to effect any required changes immediately as determined by either of the Parties, and to notify CAAM and CCS as soon as reasonably practicable.

(i) In respect of notifications made to CCS and CAAM in accordance with paragraph 19 (h) above, the Parties will seek the retroactive approval of CAAM and CCS for the variation from the Proposed Undertakings above. In doing so, the Parties will inform CAAM and CCS of the background and impact of these circumstances and provide CAAM and CCS with information (within the possession or custody or control of the Parties), that would support the stated impact (or aid CAAM's assessment of such).

(j) Other than in situations covered in paragraphs 19 (a) to (h), where there are any circumstances that would materially affect the ability of the Parties to satisfy the Proposed Undertakings in any relevant Report Year ("**New Circumstances**"), including, but not limited to, operational issues such as engine failure, bird strike, or partial damage of aircraft due to collision, in the Parties' view:

i. The Parties will notify CAAM and CCS [✂], or any other period as agreed upon with CAAM and CCS, following the Parties becoming aware that the New Circumstances would result in the Parties not meeting (or being unlikely to meet) the Proposed Undertakings.

ii. The Parties will notify CAAM and CCS within [✂] of the commencement of the variation to committed capacity levels, where variations to capacity are not restored to committed levels within [✂] of the commencement of the variation.

iii. When notifying CAAM and CCS in accordance with paragraph 19 (j)(i) above, the Parties will inform CAAM and CCS of the background and impact of the New Circumstances and provide CAAM and CCS with information (within possession of custody of control of the Parties), that would support the stated impact (or aid in CAAM's and CCS's assessment of such).

iv. The Parties may propose and discuss with CAAM and CCS, in good faith, the possible variation, substitution or release of the Proposed Undertakings, for the period in which the Parties are unlikely to meet the Proposed Undertakings as a result of the New Circumstances.

v. Where the New Circumstances result in the Parties not satisfying the Proposed Undertakings, and the Parties have not gone through the process set out in paragraphs 19 (j)(i) to (j)(iv) above, the Parties acknowledge that CAAM and CCS may make a determination that the Proposed Undertakings has been breached, and take such action as CAAM and CCS deem necessary in accordance with the Civil Aviation Authority of Malaysia Act 2017 and the Competition Act 2004 of Singapore.

vi. Other than in situations covered in sub paragraphs 19 (j)(i) to (j)(v), the Parties will notify CAAM and CCS as soon as reasonably practicable after becoming aware that they have not met (or are unlikely to meet) the Proposed Undertakings. In doing so, the Parties will inform CAAM and CCS of the background and impact of these circumstances and provide CAAM and CCS with information (within the possession or custody or control of the Parties), that would support the stated impact (or aid in CAAM's or CCS's assessment of such).

***Full release or substitution or variation of the Proposed Undertakings***

20. The Proposed Undertakings will be released with immediate effect should the Proposed JB expire, or be terminated for any reason, at any time.

21. The Parties may also make an application to CCS and CAAM, supported by reasons, for any or all of the Proposed Undertakings to be varied, substituted or released.

22. Without prejudice to paragraph 21, where either of the Parties consider that there has been, or is likely to be, a material change in market conditions or operating circumstances or competitive conditions in respect of KUL-SIN v.v. route traffic levels arising from any circumstance or development directly or indirectly connected to the routes not contemplated in paragraphs 17 to 19, the Parties may make an application to CAAM and CCS (supported by reasons) for any of the Proposed Undertakings to be varied, substituted or released. Material changes would include, but are not limited to, long-term changes to the Parties' operational fleets, such as the retirement of certain aircraft types.

***Inability to meet the capacity undertakings within paragraphs 7 and 8***

23. Where the Parties have not met, or are of the view that they are unlikely to be able to meet one of the capacity undertakings specified in paragraphs 7 to 8 for each Report Year subject to the paragraphs under the heading "Commencement, suspension and release of the Proposed Undertakings" above:

    (a) the Parties will notify CAAM and CCS as soon as reasonably practicable following the Parties becoming aware that they have not met (or are unlikely to meet) the relevant undertaking;

    (b) when notifying CAAM and CCS in accordance with paragraph 23 (a), the Parties will inform CAAM and CCS of the reasons why the relevant undertaking has not been met, and provide CAAM and CCS with information (within the possession or custody or control of the Parties) that would support the stated reasons (or aid in the CAAM's and CCS's assessment of such);

    (c) where the Parties have not met a relevant undertaking, the Parties may discuss with CAAM and CCS, in good faith, the possible release of the undertaking for the period in which the Parties did not meet the relevant undertaking;

    (d) where the Parties are unlikely to meet a relevant undertaking, the Parties may discuss with CAAM and CCS, in good faith, a possible variation, substitution or release of the relevant undertaking, for the period in which the Parties are unlikely to meet the relevant undertaking;

    (e) where CAAM and CCS are satisfied that the relevant undertaking has not been met (or is unlikely to be met) due to a circumstance or development outside the control of Parties, the Parties acknowledge that CAAM and CCS may accept a proposed variation, substitution or release of the relevant undertaking;

(f) where CAAM and CCS are not satisfied that the failure to meet the relevant undertaking is due to a circumstance or development outside the control of Parties, the Parties acknowledge that CAAM and CCS may make a determination that the relevant undertaking has been breached, and take such action as CAAM deems necessary in accordance with the Civil Aviation Authority of Malaysia Act 2017 and Competition Act 2004 of Singapore; and

(g) where CAAM and CCS have accepted a variation, substitution or release of a relevant undertaking, unless specified otherwise by CAAM and CCS at the point at which it makes such a determination known to the Parties, the varied, substituted or released undertaking shall apply to the period for which the Parties have not met or are unlikely to meet the relevant undertaking.

**In witness whereof** these commitments have been entered into on [DATE]

SIGNED BY

For and on behalf of

**MALAYSIA AIRLINES BERHAD**

**In witness whereof** these commitments have been entered into on [DATE]

SIGNED BY

For and on behalf of

**SINGAPORE AIRLINES LIMITED**