



ANNUAL REPORT  
รายงานประจำปี **2019 | 2562**  
บริษัท เอเชีย เอวิเอชั่น จำกัด (มหาชน)



ถึงเป็นแม่  
ก็ไม่มีข้อแม่  
เพราะเราแคร์ทุกๆ คน

ที่ต้องขจัดใจ  
แม่จะเสียนใหญ่  
เพราะเราใส่ใจทุกๆ คน



กระเป๋านักก็เอา  
กระเป๋ามาเราก็สู้  
จะไบนไหนก็ใส่ใจเหมือนกัน



airasia.com  
ใคร ใคร... ก็บินได้

ใส่ใจมากกว่าที่เห็น  
เพราะทุกคนคือคนสำคัญ

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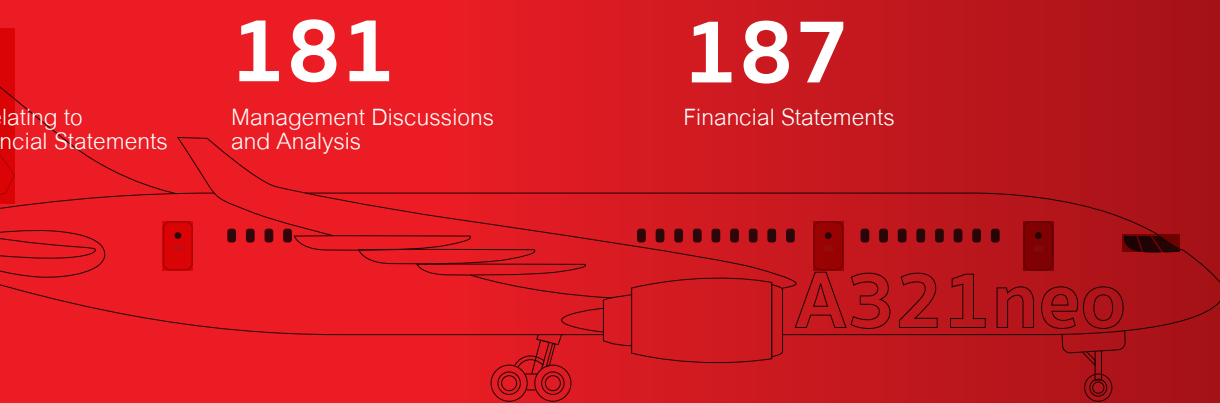
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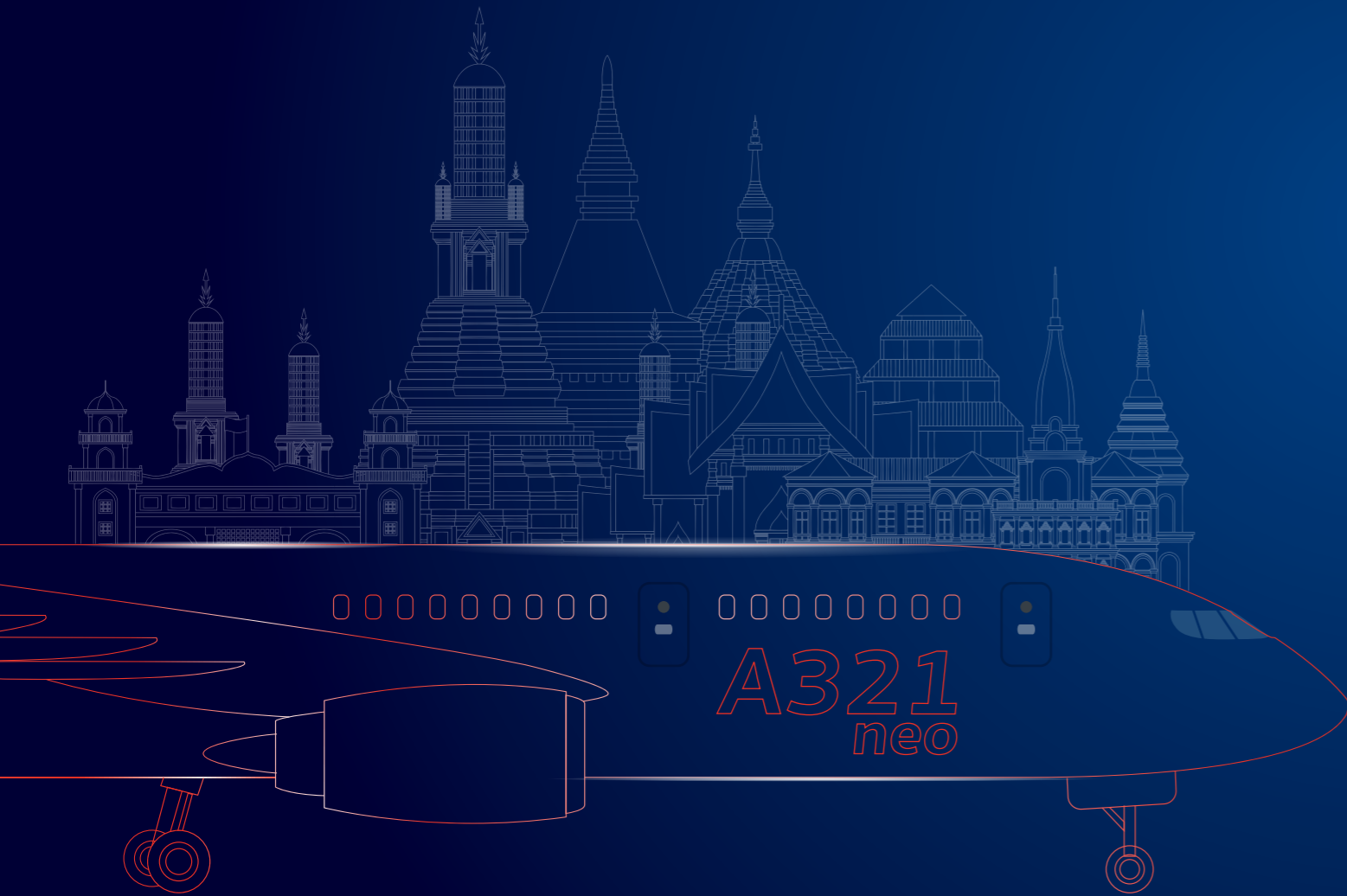
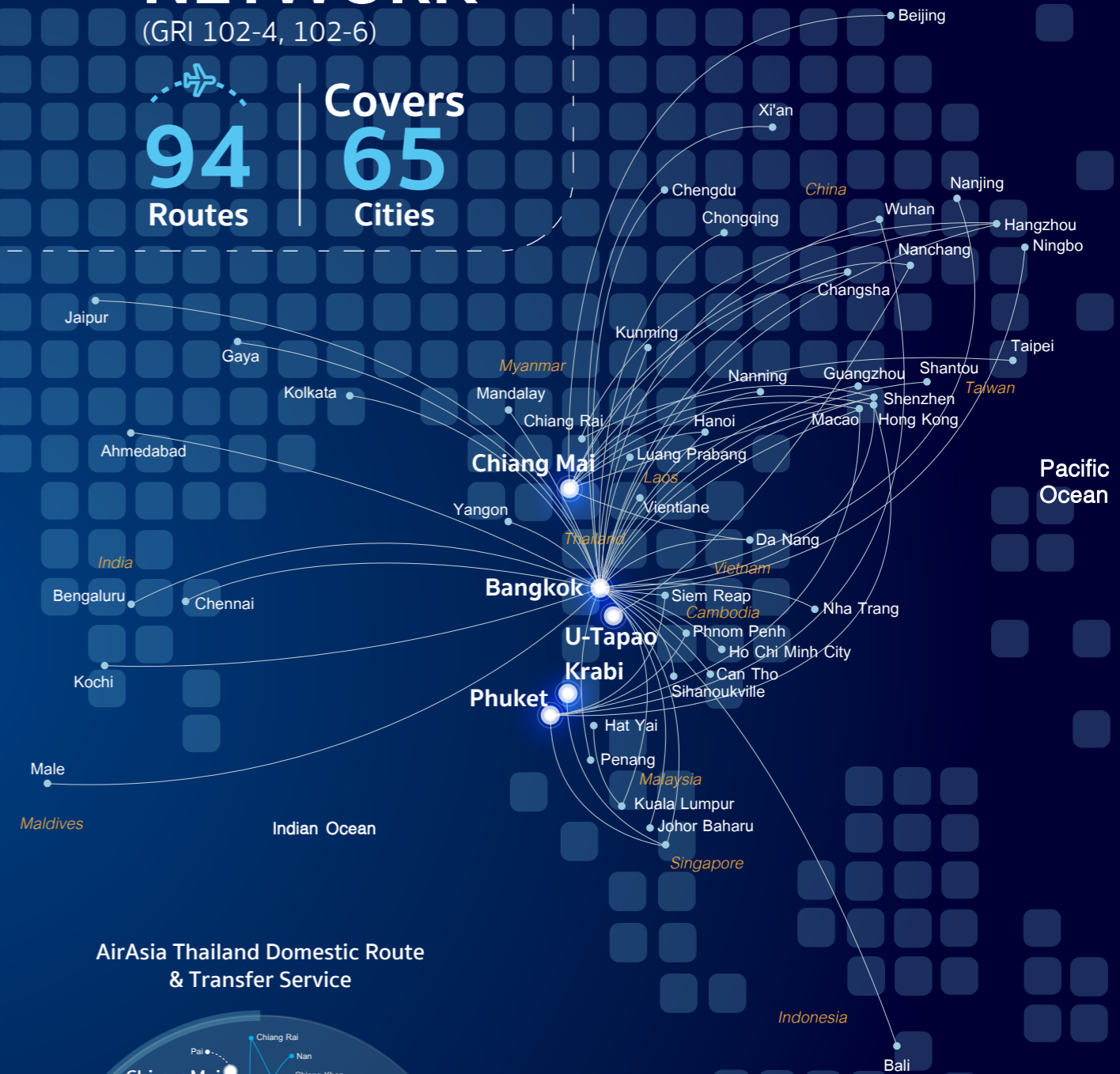
# NOW EVERYONE CAN FLY



## ROUTE NETWORK

(GRI 102-4, 102-6)

Covers  
**94** Routes | **65** Cities




### AirAsia Thailand Domestic Route & Transfer Service



### Thai AirAsia Hub in Thailand


- Don Mueang International Airport
- Phuket International Airport
- Chiang Mai International Airport
- Krabi International Airport
- U-Tapao International Airport
- International Route
- - - Domestic Route
- ..... City Transfer
- ..... Island Transfer

Passenger Carried  
**22.1**  
Million 

No.  
**1**

Airline of Thailand


**63**  Aircraft

Allstars   
**5,974**  
Persons


## KEY FINANCIAL AND OPERATING DATA

(GRI 102-6, 102-7, 102-8)

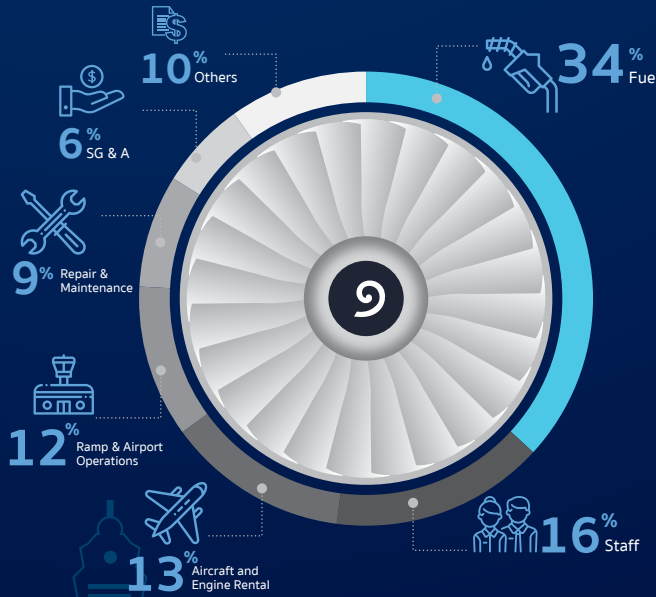
Load Factor  
**85%** 


Average  
Stage Length  
**1,033** KM  
Per Flight 




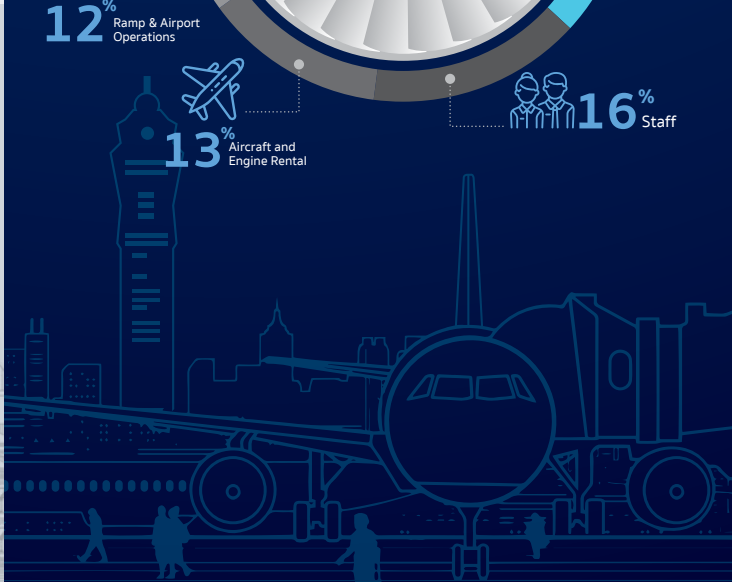
On-time Performance  
**86%** 

### 2019 COST BREAKDOWN



Aircraft Utilisation  
**12.3**   
Flight Hours Per Day

Ancillary Revenues   
**7,511**  
Million Baht



<b>Total Revenues</b>	<b>Loss for the year</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Total Equity</b>
<b>41,553</b> Million Baht	<b>474</b> Million Baht	<b>62,903</b> Million Baht	<b>35,214</b> Million Baht	<b>27,689</b> Million Baht

## FINANCIAL HIGHLIGHTS

(Unit: Million Baht)

For the year ended 31 December	2017 <sup>(1)</sup>	2018	2019
<b>Statement of Comprehensive Income</b>			
Revenues from sales and services	36,003	38,905	40,181
Profit (loss) for the year	2,685	127	(866)
Profit (loss) attributable to owners of the company	1,477	70	(474)
<b>Statement of Financial Position</b>			
Total assets	62,774	61,747	62,903
Total liabilities	31,321	33,124	35,214
Equity attributable to owners of the company	22,006	20,455	19,944
Total equity	31,453	28,623	27,689
<b>Statement of Cash Flows</b>			
Net cash flows from (used in) operating activities	5,105	2,869	966
Net cash flows from (used in) investing activities	(2,819)	(1,733)	(1,794)
Net cash flows from (used in) financing activities	(1,563)	(2,288)	829
Net increase (decrease) in cash and cash equivalents	723	(1,152)	1
<b>Key Financial Ratios</b>			
Net profit (loss) margin (%) <sup>(2)</sup>	4.1	0.2	(1.2)
Return on assets (%) <sup>(3)</sup>	2.5	0.1	(0.8)
Return on equity (%) <sup>(4)</sup>	6.8	0.3	(2.3)
Basic earnings (loss) per share (Baht)	0.3046	0.0144	(0.0977)

### Remark

- (1) Reclassifications of the comprehensive income statements  
 (2) Net profit margin = Profit attributable to owners of the company / Revenues from sales and services  
 (3) Return on assets = Profit attributable to owners of the company / Total assets (Average)  
 (4) Return on equity = Profit attributable to owners of the company / Equity attributable to owners of the company (Average)

## STOCK INFORMATION

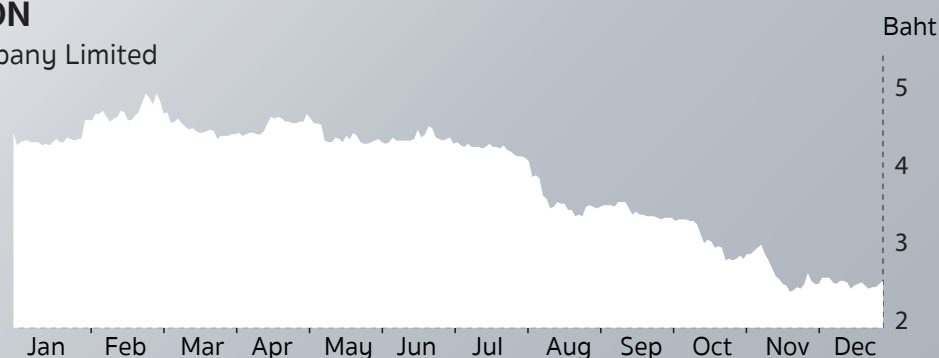
Asia Aviation Public Company Limited

# 2.24

As of December 30, 2019

# 2.08-4.76

52 weeks' range



# 2019 HIGHLIGHTED ACCOLADES (GRI 102-12, 102-13)



**Thailand Sustainable Investment (THSI) 2019**

AAV listed on THSI 2019



**IR Magazine Awards 2019**

Best IR Website of South East Asia



**Marketeer No.1 Brand Thailand 2018-2019**

No.1 Brand Thailand Award, Airline Category



**Skytrax**

World's Best Low-Cost Airline for the 11<sup>th</sup> year in a row (2009-2019)



**Marketing Association of Thailand (MAT) Awards**

Journey D campaign awarded Silver in CSR category



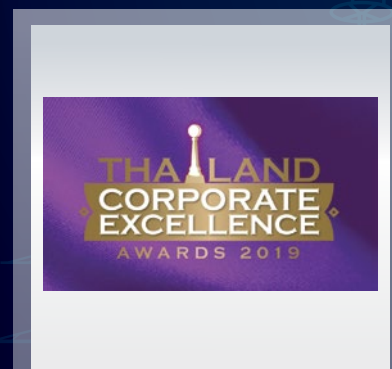
**World Travel Awards (WTA) 2019**

World's Leading Low-Cost Airline for the 7<sup>th</sup> consecutive year (2013-2019)



**HR Asia Awards**

Best Company to Work for in Asia 2019, Aviation (Thailand edition)



**Thailand Corporate Excellence Awards 2019**

Innovation Excellence Award



**Adman Awards 2019**

Thai AirAsia's advertising campaigns won 3 Golds, 3 Silvers, 9 bronzes and listed as a finalist in 3 categories.



**OAG On-Time-Performance 2019**

Top 10 Airlines by OTP



**Zocial Awards**

Best Brand Performance on Social Media, Airline category



Airbus **A321**neo | Asia Aviation Public Company Limited

CO<sub>2</sub>

In addition to reduction of carbon dioxide, these practices contribute to saving fuel costs.



Every little thing matters,  
because you matter

Caring for **safety**,  
reaching destinations **on-time**

Thai AirAsia is Thailand's only airline to be placed among  
the World's Top 10 for on-time service and the third among  
low-cost carriers according to OAG 2019

Investing on Social Welfare...  
towards **Sustainable Growth** for All

**Effective** Management  
and Innovation for the Future

Thai AirAsia is acquiring new Airbus A321neo  
for its fleet as they are 23 percent more fuel  
efficient compared to A320s.



A321  
neo

neo

Take off

# MESSAGE FROM THE CHAIRMAN OF THE BOARD

(GRI 102-14)



**“May your life be long and happy” is a common sentiment centred around the ideas of health and longevity, but in my perspective, this salutation’s true meaning is “sustainability”.**

**Mr. Vichate Tantiwanich**  
Chairman of the Board



In relation to our company, the sentiment is for us to continue to grow and be resilient and everlasting, always able to overcome any ailments or impacting factors. While sometimes we may decide to tread slowly, our basis of health and discipline means we can regain momentum when the time is right. Sustainability is a goal that requires the effort of many, with no one more or less important, that is to say, the company must care about its returns, society and the environment in equal measure. We cannot work exclusively for society just as regulatory bodies must at times provide us support. By strengthening ourselves in every dimension, both in terms of our company and for society, we safeguard ourselves for every situation.

At the heart of sustainability is being ‘Capable and Good’, ‘Capable’ is working together efficiently, constantly developing and producing excellence work while being ‘Good’ starts with

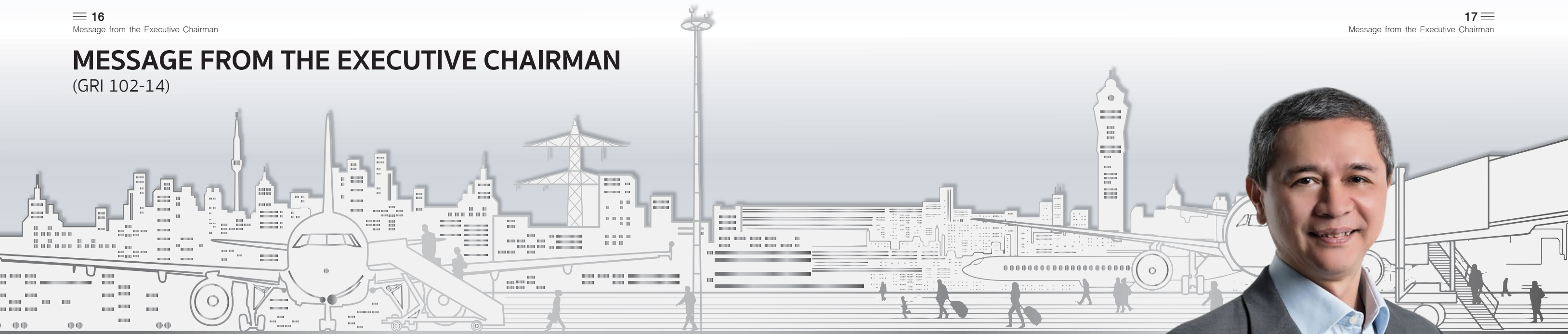
caring for our own employees and stakeholders and operating our business with responsibility, morality, care for the environment and society and with consideration towards how our business affects others. In passing on sustainability, we must first create it internally and externally.

“Longevity results from a perseverant spirit”. Our directors, executives and staff know that we are currently flying through a sky made turbulent by factors beyond our control, but while the journey may be shaky and uneven, as long as we believe in our captain and crew and manage those factors that we can, maintaining our spirit, we will pass through these winds together.

I thank our executives, employees, investors and all of our stakeholders for the past year and bid you remain confident in our potential and readiness to regain growth momentum when the opportunity arises.

# MESSAGE FROM THE EXECUTIVE CHAIRMAN

(GRI 102-14)



The year 2019 brought unique challenges to the tourism industry as a whole with factors ranging from heightened world fuel prices to tourism sentiment not recovering as expected, price competition and the appreciating Baht. Fortunately, due to our strong foundations and capital management, we were able to continue seeking out new opportunities, platforms and partners. In being open to new approaches, we were able to ensure our stability.

Over the past year, our company drove forward state policies through cooperation with government agencies both in support of our business and for tourism as a whole, in the interest of mutual growth. We took part in developing U-Tapao Airport and the aviation city of the East by requesting fee leniency from the Royal Thai Navy and subsequently received a discount on the Passenger Service Charge (PSC), the first instance of such a measure since U-Tapao

Airport began commercial service, and joined other airlines in calling for a reduction in the fuel excise tax for domestic flights in order to cut capital costs.

It is now apparent that our growth in this day and age cannot be unilateral and we must know how to “cooperate for growth and competitiveness”. I have presented this approach as a strategy for all of our departments.

While 2019 may have been lackluster in terms of operational returns, I saw it as a year of learning and moving past long held beliefs. I thank all of our staff for their hard work throughout the year and for all of the recommendations, opinions and faith provided by our stakeholders.

AAV and Thai AirAsia will continue to move resolutely ahead.

**It is now apparent that our growth in this day and age cannot be unilateral and we must know how to “cooperate for growth and competitiveness”**

**Mr. Tassapon Bijleveld**  
Executive Chairman



## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (GRI 102-14)



**“we were able to see it as an opportunity for self-care, to strengthen our image through marketing and communication campaigns highlighting our care such as with the country song “Nilubon Kon-Nah-Yen” that underlined our attention to safety measures, the “Nee-Mae-Nah : I’m your mother!” advertising campaign that reinforced our equal treatment of customers or even our introduction of suggestion boxes that has led to improvements in service.”**

**Mr. Santisuk Klongchaiya**  
Chief Executive Officer

At the age of 16 years, if as a person, AirAsia can now be considered a teenager that was blessed with opportunities to expand its horizons and to build a career and communities. Our culture of family has been persistent since the beginning. Everyone here has “Sanook (Fun) ” in both their personal lives and professions at work. We have “Style” because we accept our differences. Our “Shared Value” are familial and unified and we are “Sustainably Creative” because we never stop innovating, finding new and better ways to operate, introducing products and services, thinking out-of-the-box and trying, even while we have learned to be more careful with age.

While 2019 was not a bright year for the economy as expected and hobbled our forward movement, we were able to see it as an opportunity for self-care, to strengthen our image through marketing and communication campaigns highlighting our care such as with the country song “Nilubon Kon-Nah-Yen” that underlined our attention to safety measures, the “Nee-Mae-Nah : I’m your mother!” advertising campaign that reinforced our equal treatment of customers or even our introduction of suggestion boxes that has led to improvements in service. All of these took place alongside our search for new innovations and approaches to managing capital effectively in all dimensions.

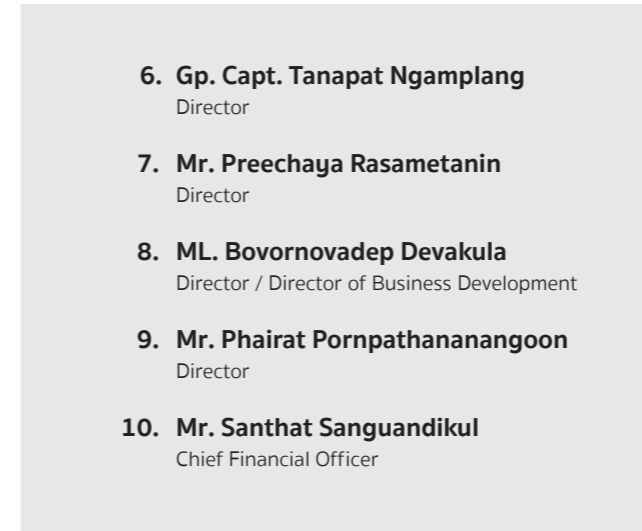
At the same time, Thai AirAsia was once again made proud by being ranked third on the world top ten for on-time performance among low cost carriers as ranked by [www.oag.com](http://www.oag.com), a tangible result of our team work and determination to provide the best possible service to our passengers. The recognition affirmed that being on-time is at the heart of our operation right alongside safety.

AAV in 2019 was the only member of the aviation industry to be selected for listing on the THSI out of 98 proposed names. This major achievement reflects our dedication to “Growing and Continuing Sustainably” with adherence to good governance, our responsibility to the environment and society, our work to develop relations with stakeholders and equally care for their benefit, our determination to innovate and our resoluteness to enhance the value chain and repay society and the natural environment. All of these attributes have allowed AirAsia to grow continually and sustainably, being considered as a viable choice for investors looking to take part in businesses that care about ESG.

Moving forward, we will continue to be an airline that introduces innovations for all, is ready to grow economically through efficient capital management, is more commercially viable and is responsible for the environment and society. We will continue on with our culture of Sanook, Style, Shared Value and Sustainable Creativity.

# BOARD OF DIRECTORS AND MANAGEMENT TEAM

Asia Aviation Public Company Limited



# BOARD OF DIRECTORS

Thai AirAsia Company Limited

**1. Mr. Vichate Tantiwanich**

Chairman of the Board /  
Chairman of the Audit Committee /  
Independent Director

**2. Mr. Tassapon Bijleveld**

Director

**3. Mr. Santisuk Klongchaiya**

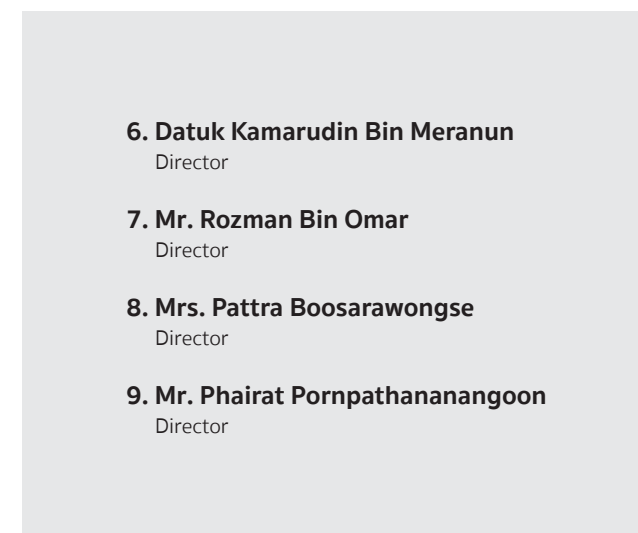
Director

**4. Mr. Nuttawut Phowborom**

Audit Committee/ Independent Director

**5. Dato' Mohamed Khadar Bin Merican**

Director



**6. Datuk Kamarudin Bin Meranun**  
Director

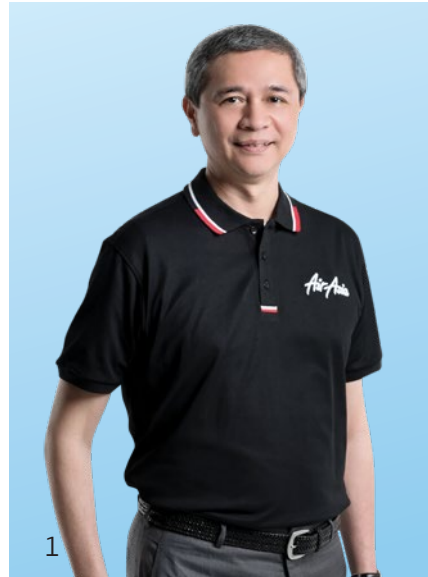
**7. Mr. Rozman Bin Omar**  
Director

**8. Mrs. Pattra Boosarawongse**  
Director

**9. Mr. Phairat Pornpathananangoon**  
Director

# MANAGEMENT TEAM

Thai AirAsia Company Limited



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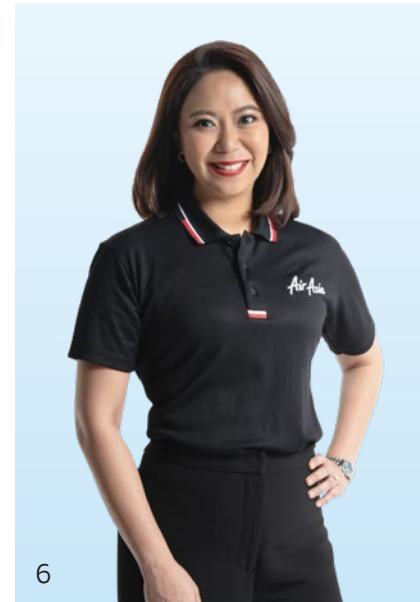
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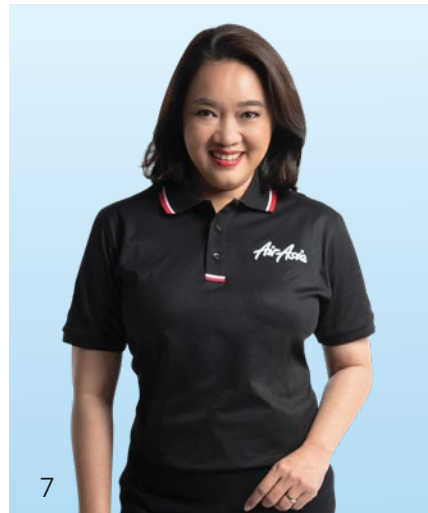
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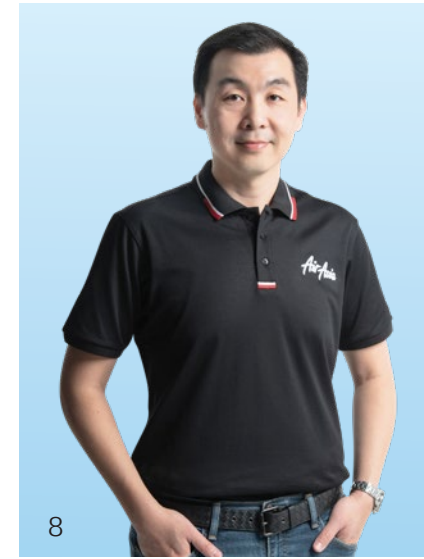
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7

- 1. Mr. Tassapon Bijleveld**  
Executive Chairman
- 2. Mr. Santisuk Klongchaiya**  
Chief Executive Officer
- 3. M.L. Bovornovadep Devakula**  
Executive Vice President
- 4. Mr. Santhat Sanguandikul**  
Chief Financial Officer

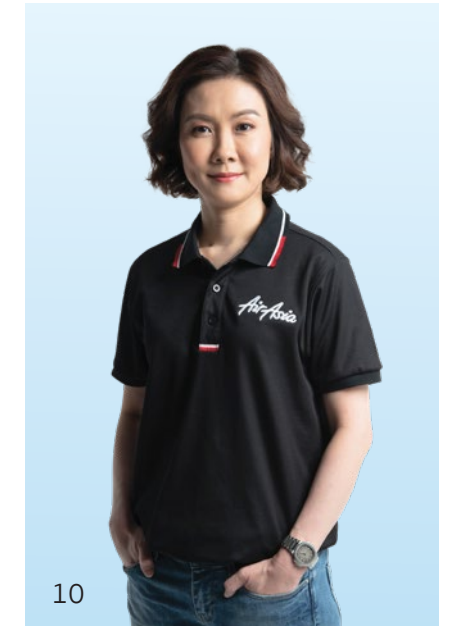
- 5. Mr. Banyat Hansakul**  
Head of Engineering
- 6. Mrs. Thiladee Pantumchinda**  
Head of People Department
- 7. Miss Witchunee Kuntapeng**  
Head of Guest Service



8



9



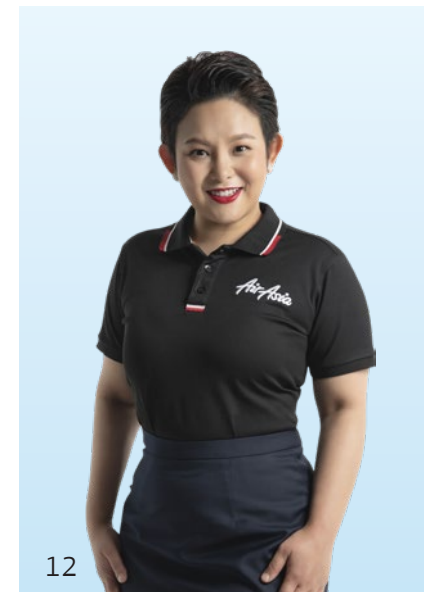
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11

- 8. Mr. Pipat Khunprakan**  
Head of Innovation Commercial and Technology
- 9. Mr. Thatri Kwansang**  
Head of Safety
- 10. Miss Nattinee Tawanchulee**  
Head of Commercial
- 11. Miss On-anong Methapipatkul**  
Head of Inflight Services

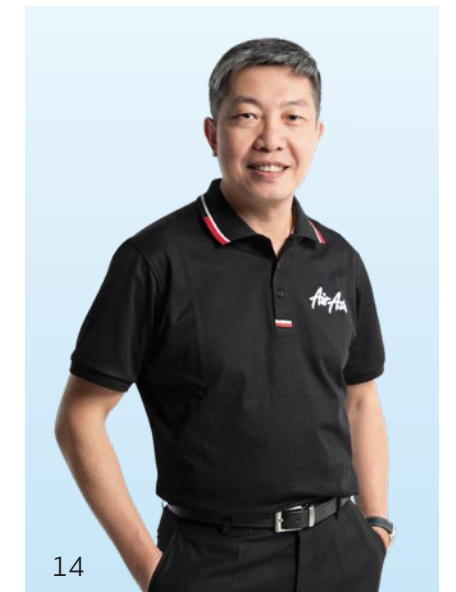
- 12. Miss Topaz Subunruk**  
Head of Sustainability and Communications
- 13. Mr. Chatupong Hongwiset**  
Head of Ramp and Ground Service Equipment
- 14. Sqn.Ldr. Damrong Phaspipatkul**  
Head of Flight Operation Department



12



13



14

# PUBLIC RELATIONS ACTIVITIES 2019



## “India-Indochina” New Strategic Markets for a Strong Future

AirAsia has continually expanded its flight network in the Indochina and India markets with direct flights from Bangkok (Don Mueang) to Can Tho and Nha Trang and from Chiang Mai to Da Nang of Vietnam, from Bangkok (Don Mueang) to Sihanoukville of Cambodia and to Ahmedabad of India, introducing new experiences to passengers and strengthening the airline’s variety of routes. The expansion is in line with the airline’s strategy of sustainable growth through the uncovering of new revenue streams and avoiding dependence on any single market.

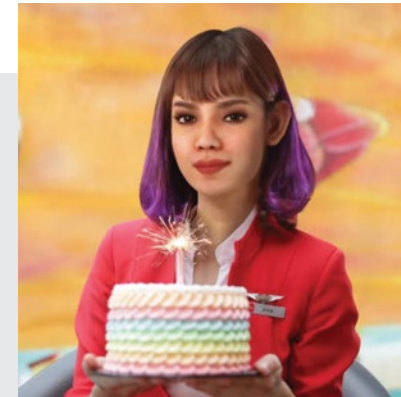


## Turning Passengers’ Comments into more “CARE”

The “I’m Your Mother” commercial series by Thai AirAsia became a talk-of-the-town campaign. The commercial features an AirAsia ground staff telling her own mother to check in a piece of luggage rather than taking up other passengers’ carry-on space. The ad underlined AirAsia’s consistent care for all passengers and was expanded on by the “AirAsia Cares for All Comments” campaign, which allowed travellers to send in their comments via a QR Code posted at airports across the nation and then acting on those suggestions.

## “Sustainable ASEAN” Livery Promotes Sustainable Tourism

AirAsia this year unveiled the “Sustainable ASEAN Tourism” livery on an Airbus A320 to mark the anniversary of the founding of the Association of Southeast Asian Nations, bolstering ties between member countries and highlighting its resolve to promote the ASEAN brand globally. The design included a symbol representing Thailand’s position as ASEAN Chair and representations of tourist attractions from across the region.



## Hello, I’m AVA, AirAsia Virtual Allstar

In its drive to become a fully digital and innovation based airline, AirAsia in November 2019 enhanced its customer service ability by transitioning its Call Center into the AVA Live Chat system. AVA, short for AirAsia Virtual Allstar, is an automated answering chatbot able to communicate in over 11 languages and is accessible online via [www.airasia.com](http://www.airasia.com) and through the AirAsia mobile application.



## AirAsia Named World’s Best Low Cost Airline for the 11<sup>th</sup> Year in a Row

AirAsia was named World’s Best Low Cost Airline for the 11th year in a row (2009-2019) by Skytrax World Airline Awards in 2019. The awards are recognised internationally as a measure of aviation service quality and efficiency. The airline this year also took the title of World’s Leading Low-Cost Airline at World Travel Awards Grand Final 2019 (WTA) for the 7<sup>th</sup> year in a row.



## AAV Listed on THSI 2019 for the First time!

Thai AirAsia, having Asia Aviation Plc. as a majority shareholder, in 2019 became the first and only airline to be listed on the Thailand Sustainability Investment (THSI) index following an evaluation by the Stock Exchange of Thailand. The assessment scored the company based on its social responsibility as well as its profits and its environmental, social and governance sustainability.

## “Boba Milk Tea” Record Breaking Menu

SANTAN created a quarterly menu item that became a major source of revenue

**Boba Milk Tea sold an average**  
**26,000** cups per month (Q3/2019)

The sales soared 550% compared to other beverages

Pushing forward its food and beverage selection with new and interesting creations each quarter, AirAsia stimulated revenue with its Boba Milk Tea and Boba Thai Tea drinks. The beverages became major hits across the country, prompting them to be added to the pre-book meal menu. They joined other hit items such as Pink Milk Toast, Brûlée Cheesecake and Salted Egg and Chocolate Toast as well as the Red Burger, Chicken Northern Sausage and Mayo Nam Prik Noom burger; Seafood Sauce Shrimp in Vermicelli; Egg-Wrapped Traditional Pad Thai and Cherry Coke-tail Drink.





# INVESTOR RELATIONS ACTIVITIES 2019

21 Jan 19

A BIG STEP FORWARD WITH FINANSIA

At Grand Hyatt Erawan, Bangkok

27 Feb 19

FY2018 AAV RESULTS ANNOUNCEMENT

28 Feb 19

FY2018 AAV RESULTS BRIEFING

At Grand Hyatt Erawan, Bangkok

12-13 Mar 19

PRE TOUR & CLSA ASEAN FORUM 2019

At Khon Kean (Thailand) and Grand Hyatt Erawan, Bangkok



24 Apr 19

2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS

At Amari Hotel Donmueang, Bangkok



10 May 19

THE Q1/2019 RESULTS ANNOUNCEMENT

13 May 19

THE Q1/2019 RESULTS BRIEFING

At Grand Hyatt Erawan, Bangkok

28 May 19

NOMURA INVESTMENT FORUM ASIA 2019

At Singapore

26 Jun 19

ASEAN C-SUITE INVESTOR CONFERENCE 2019 BY CITI

At Singapore

9 Aug 19

THE Q2/2019 RESULTS ANNOUNCEMENT



13 Aug 19

THE Q2/2019 RESULTS BRIEFING

At Grand Hyatt Erawan, Bangkok



25 Aug 19

LOCAL NON-DEAL ROADSHOW BY SCB SECURITIES

At Bangkok, Thailand

4 Sep 19

SITE VISIT WITH THAI INVESTORS ASSOCIATION (TIA)

At Don Mueang International Airport



17 Sep 19

ONEASEAN CONFERENCE 2019 BY UBS SECURITIES

At Grand Hyatt Erawan, Bangkok

11 Nov 19

THE Q3/2019 RESULTS ANNOUNCEMENT

12 Nov 19

THE Q3/2019 RESULTS BRIEFING

At Grand Hyatt Erawan, Bangkok

15 Nov 19

OPPORTUNITY DAY IN THE CITY

At Royal Paragon Hall 1, Bangkok

26 Nov 19

LOCAL NON-DEAL ROADSHOW BY BUALUANG SECURITIES

At Bangkok, Thailand



3 Dec 19

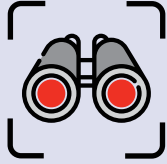
IR MAGAZINE FORUM & AWARDS 2019

At Singapore Exchange (SGX)



# COMPANY POLICY AND BUSINESS OVERVIEW (GRI 102-1, 102-16)

## BUSINESS OVERVIEW



### Vision

To be the leading sustainable travel technology company in Asia providing more than just affordable flights



### Mission

- To provide the highest quality product, embracing technology to reduce cost and enhance service
- To create jobs across the region and be the best company to work for where dreams come true
- To care for all our stakeholders, from Allstars, guests, business partners, investors to communities and governments
- To create a globally recognised, sustainable ASEAN brand focused on adding value to the economy society and environment

As Asia Aviation Public Company Limited (“Asia Aviation” or “Company”) is a holding company which currently makes an investment only in Thai AirAsia. Thus, the business overview shall be deemed at the operating company Thai AirAsia.

Thai AirAsia has the vision of being the leading sustainable travel technology company in Asia, providing more than just affordable flights. Besides, we have the mission to provide the highest quality product, embracing technology to reduce cost, enhance service, to care for all our stakeholders, from Allstars, guests, business partners, investors to communities and governments, to create jobs across the region and be the best company to work for where dreams come true, and to create a globally recognised, sustainable ASEAN brand focused on adding value to the economy, society and environment where opportunities are opened for all and “Now Everyone Can Fly”. Furthermore, Thai AirAsia focuses on providing high-frequency service on short-haul international and domestic routes within the four and a half hours flight time from our hubs in Bangkok (Don Mueang International Airport), Phuket, Chiang Mai, Krabi, and Pattaya (U-Tapao International Airport). These give us access to the population in Southeast Asia, South Asia, and the southern part of China and Japan. Thai AirAsia provides service to passengers who are leisure air travel passengers and also the business travellers by primarily considering the airfares and on-time performance.

Our business model is based on that of AirAsia Berhad “AAB”, who operates a low-fare airline under the “AirAsia” brand in Malaysia. The Company believes our simple single-class; single-family fleet configuration, point-to-point operations, high aircraft utilisation, scale, distribution channels, AirAsia Big Loyalty Programme, and extensive route network provide us with a cost advantage over other Thai airlines and one that compares favourably with other low-cost carriers (LCC) around the world. Our cost advantages, lower fares, strong branding and marketing, as well as, reliable service have enabled us to expand continuously our operations since our inception in 2004.

## BACKGROUND

Asia Aviation was incorporated on February 14, 2006 as a company limited with a registered capital of Baht 410,000,000, being common shares of 41,000,000 shares at the par value of Baht 10 per share. The Company is a holding company, which makes an investment only in the low-fare carrier business under Thai AirAsia Company Limited (“Thai AirAsia”), held 50% during that period.

On June 21, 2007 the management team consisting of Chief Executive Officer and high-level management personnel, did a buyout on Asia Aviation from the shareholders at that time as the management team has foreseen the potential growth of Thai AirAsia.

In November 2011, Asia Aviation acquired an additional 1% shareholding from Mr. Tassapon Bijleveld and held 51% in Thai AirAsia. Asia Aviation then became the public company on December 26, 2011 with a registered capital of Baht 485,000,000 and a paid-up capital of Baht 410,000,000, being common shares of 4,100,000,000 shares at the par value of Baht 0.10 per share.

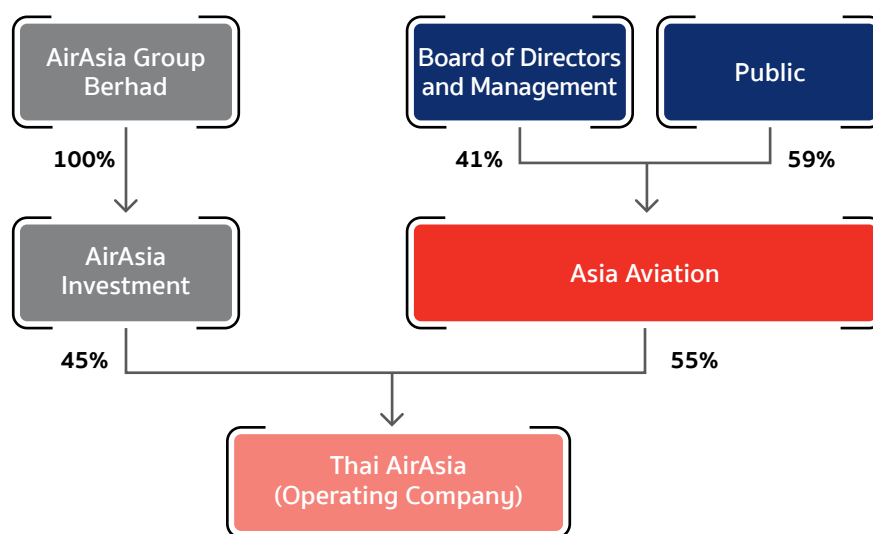
Asia Aviation was listed in the Stock Exchange of Thailand on May 31, 2012 under ticker name "AAV" with the fully paid-up capital. The Company used the proceeds from the Initial Public Offering (IPO) to subscribe the newly issued shares of Thai AirAsia, which increased its shareholding to a current of 55% in Thai AirAsia.

Thai AirAsia, a joint venture between Asia Aviation, who held 51% shareholding in Thai AirAsia (Pre-IPO), and AirAsia Investment "AAI", who held 49%, is incorporated on September 19, 2003 to operate a low-fare airline business with a registered capital of Baht 400,000,000. AAI is a holding company wholly owned by AAB. AAB is a listed company in Bursa Malaysia who operates a low-fare carrier AirAsia in Malaysia. On May 29, 2012 Thai AirAsia has increased its registered capital to Baht 435,555,600, being the common shares of 43,555,560 shares at the par value of Baht 10 per share. Asia Aviation has subscribed the newly issued shares, raising its shareholding to 55% while AAI was diluted to 45%.

AirAsia Group has restructured its investment structure by establishing AirAsia Group Berhad "AAGB" on April 16, 2018 and has assumed the listing status of AAB, holding 100% of AAI's stake.

## INVESTMENT STRUCTURE (GRI 102-5)

Investment structure as of December 31, 2019 is as following;



## BUSINESS OPERATION OF THAI AIRASIA RELIES ON ITS RELATIONSHIP WITH AIRASIA BERHAD

Thai AirAsia has the supports from AAB in many areas, including the permission to be a sole operator in Thailand to use "AirAsia" as a trade name for the business operation, access to market knowledge, and customer services. Presently, Thai AirAsia is leasing its aircraft from AirAsia Mauritius "AAM", an AAB's subsidiary. Thai AirAsia also relies on the information technology used within the AirAsia Group. The Company's main software was centred in Kuala Lumpur, Malaysia.

Thai AirAsia also has access to spare parts kept by AAB and benefits from airport ground services provided by members of AirAsia Group in certain airports, as well as, other services from AAB and members of AirAsia Group such as maintenance, fuel hedging, website for selling tickets, ticket reservation software and AirAsia BIG Loyalty Programme. Decisions to engage in the transactions are made by Thai AirAsia which have to pass the resolution from the Board of Directors and the Audit Committee.

## KEY MILESTONES

### 2004

Thai AirAsia began operating domestic air services from Bangkok's Don Mueang Airport to Hat Yai (Songkhla), Phuket and Chiang Mai as well as our first international flight from Bangkok to Singapore with two Boeing 737 aircraft.

### 2012

- Asia Aviation was listed on the Stock Exchange of Thailand (SET) and increased its shareholding in Thai AirAsia to 55%.
- Thai AirAsia received our first aircraft under finance lease term.
- Thai AirAsia moved our hub from Suvarnabhumi International Airport to Don Mueang International Airport.



### 2013

Thai AirAsia reopened our third hub in Chiang Mai.

### 2014

- Thai AirAsia rewarded The World Best LCC's OTP in 2013 from Flightstats.
- Thai AirAsia launched our fourth hub in Krabi.

### 2015

- Thai AirAsia rewarded The Best of Airline from The Best of Thailand Awards voted by Chinese tourists.
- Thai AirAsia launched our fifth hub in Pattaya (U-Tapao International Airport).



### 2019

- Asia Aviation has been listed for the first time in Thailand Sustainability Investment (THSI) of 2019.
- Asia Aviation won Best IR Website of South East Asia
- Thai AirAsia received Airbus A321 neo aircraft, the first of its kind in Thailand.
- Thai AirAsia operated 63 aircraft with 1,331 flights per week to 65 destinations.

### 2006

Asia Aviation was incorporated and acquired 50% of shares in Thai AirAsia.

### 2007

- Thai AirAsia moved our hub from Don Mueang International Airport to Suvarnabhumi International Airport.
- Thai AirAsia received our first Airbus A320 aircraft.

### 2010

Thai AirAsia fleet was comprised of single aircraft type, the Airbus A320.

### 2009

Thai AirAsia launched our second hub in Phuket.

### 2016

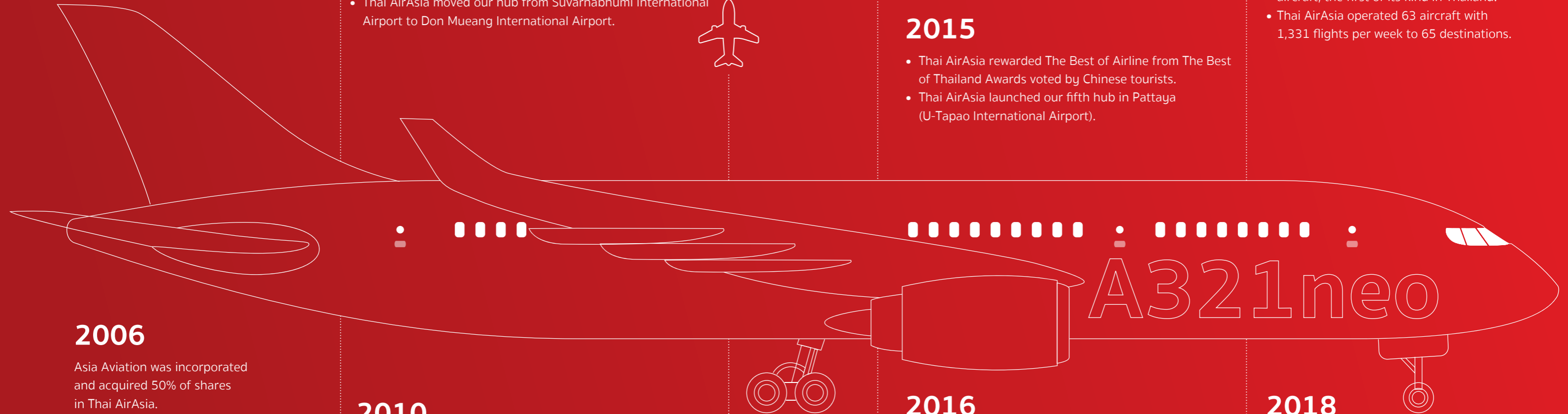
Thai AirAsia received Airbus A320 neo aircraft, the first of its kind in Thailand.

### 2017

Thai AirAsia was the first Thai Low-Fare Carrier to receive AOC Re-Certification.

### 2018

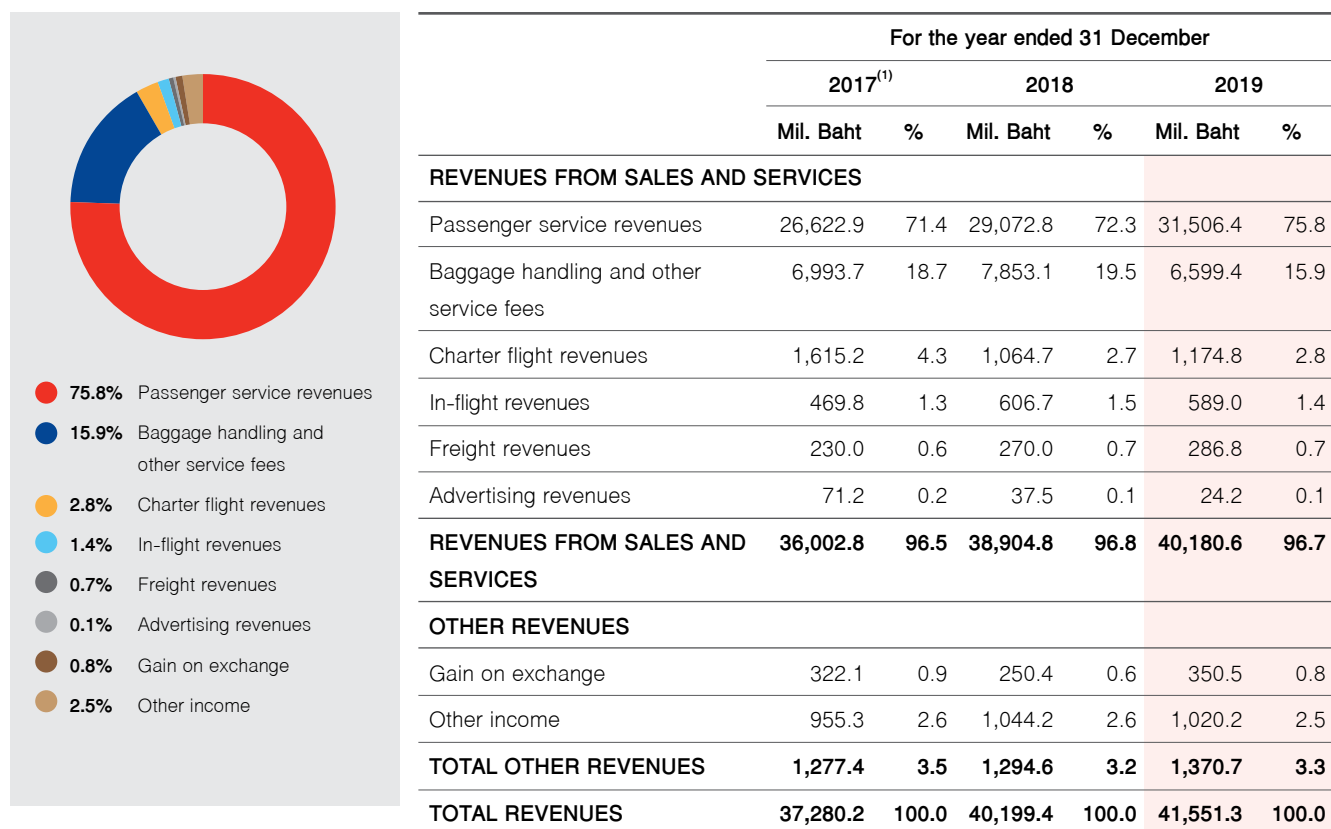
- Asia Aviation received outstanding investor relations award in SET Awards 2018.
- Thai AirAsia received Marketing Excellence Awards of Her Royal Highness Princess Maha Chakri Sirindhorn from Thai Management Association (TMA).



## NATURE OF BUSINESS (GRI 102-2)

As Asia Aviation is a holding company which currently makes an investment only in Thai AirAsia and has no revenue generating from others business. Thus, the revenue breakdown shall be considered at the operating company level or Thai AirAsia.

Revenue breakdown of Thai AirAsia according to the financial statements ended December 31, 2017-2019 is shown with details below.



Remark: <sup>(1)</sup> Reclassification of the comprehensive income statements

## ASIA AVIATION AND THAI AIRASIA'S BUSINESS

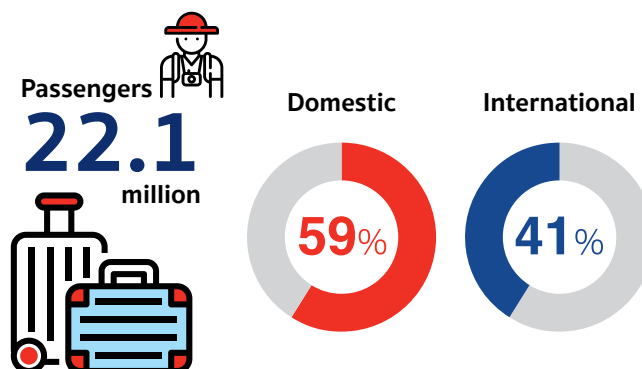
Asia Aviation operates as a holding company, which currently only holds an investment in Thai AirAsia.

Thai AirAsia operates a low-fare airline business with a family fleet of Airbus A320 and A321, generating revenues from scheduled passenger services and ancillary services.

## 1. SCHEDULED PASSENGER SERVICES

Thai AirAsia provides scheduled passenger air travel services at the fares lower than the one offered by full-service airlines. However, such tickets do not include services such as baggage fee, seat selection fee, on-board food and beverages and other services. Hence, passengers could pay for those services (frills), in which the revenue will be recorded under the ancillary services. Thai AirAsia continuously monitors our on-time performance (OTP), and our punctuality remains outstanding in the industry at 86% of our flights in 2019 (which measures the proportion of flights departing within 15 minutes of the scheduled departure time). Consequently, Thai AirAsia ranked at the tenth place of the global OTP ranking of 2019 by OAG Aviation Worldwide.

In 2019, the number of passengers carried of Thai AirAsia was at 22.1 million passengers, 59% of which were passengers on the domestic routes, and 41% of which were passengers on the international routes.



Operating Data of Thai AirAsia is shown with the details below.

	For the year ended 31 December		
	2017	2018	2019
Capacity (million seats)	22.7	25.2	26.1
Passengers carried (million)	19.8	21.6	22.1
Load factor (%) <sup>(1)</sup>	87	85	85
ASK (million) <sup>(2)</sup>	22,379	25,019	26,940
RPK (million) <sup>(3)</sup>	19,523	21,243	22,670
Average fare (Baht) <sup>(4)</sup>	1,500	1,477	1,478
Revenue per ASK (Baht) <sup>(5)</sup>	1.61	1.56	1.49
Cost per ASK (Baht) <sup>(6)</sup>	1.52	1.58	1.55
Cost per ASK (non-fuel) (Baht) <sup>(7)</sup>	1.05	1.00	1.03
Number of aircraft at period end	56	62	63
Number of stages flown	126,083	139,848	144,421
International	47,865	54,142	61,406
Domestic	78,218	85,706	83,015
Average stage length (kilometre) <sup>(8)</sup>	986	991	1,033
Aircraft utilisation (block hours per day) <sup>(9)</sup>	11.9	12.0	12.3
Ancillary revenue (Baht in millions)	6,315	7,134	7,511
Ancillary revenue per passenger (Baht)	319	331	339
Fuel consumption (million barrel)	4.21	4.57	4.94
Company's average market jet fuel price (USD per barrel) <sup>(10)</sup>	64.4	85.2	77.1
On time performance (%) <sup>(11)</sup>	83	86	86

- (1) Represents the number of passengers carried as a proportion to capacity, which is the number of seats available for passengers
- (2) Available seat kilometres, which is the total number of seats available on all flights multiplied by the number of kilometres these seats were flown
- (3) Revenue passenger kilometres, which is the number of paying passengers carried on all flights multiplied by the number of kilometres these seats were flown
- (4) Calculated as Thai AirAsia's total passenger revenues divided by total number of passengers carried
- (5) Calculated as Thai AirAsia's revenues divided by ASK
- (6) Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) divided by ASK
- (7) Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) less fuel costs divided by ASK
- (8) Represents the average number of kilometres flown per flight
- (9) Represents the average block hours per day per aircraft during the relevant period. Block hours is calculated by measuring the duration between the time of departure of an aircraft and the time of arrival at its destination.
- (10) Calculated as average fuel price of Jet kerosene for the period (MOPS price)
- (11) A flight is deemed "on time" if the actual departure time is no more than 15 minutes of the scheduled departure time.

### 1.1 Our Network And Schedules

Thai AirAsia focuses on short-haul routes to airports in and around major population centres and travel destinations, typically operating within a radius of up to 3,500 kilometres and flight duration of up to four and a half hours from the Hub. Thai AirAsia route network offers frequent point-to-point services and not scheduled in parking our aircraft at airports overnight other than our five hub airports comprising Bangkok (Don Mueang), Phuket, Chiang Mai, Krabi, and Pattaya (U-Tapao).

Our extensive route network reached a total of 65 cities in Asia, covering 42 international destinations and 23 domestic destinations as of December 31, 2019, along with 59 international routes and 35 domestic routes to totalling at 94 routes.

Besides our extensive route network, our customers have access to the combined route network under AirAsia Group in countries such as Malaysia, Indonesia, Philippines, India, and Japan with more than 140 destinations.



### 1.2 Network Expansion

When considering adding a new route to our network, Thai AirAsia takes into account factors such as potential load factors, the population density, economic factor and tourism industry at the point of departure and destination, current and potential competition, airport fees, traffic rights and distance. This process of opening new routes typically takes three months and those new routes are to be approved by Thai AirAsia' s Board of Directors as part of their approval of Thai AirAsia' s budget. If a new route is not profitable after a trial period of between six to eight months, we either lower the frequency of the route or suspend/cancel the route.

In 2019, Thai AirAsia launched new international routes including Bangkok (Don Mueang) to Can Tho (Vietnam), Nha Trang (Vietnam), Ahmedabad (India), and Sihanoukville (Cambodia); Phuket to Phnom Penh (Cambodia); Chiang Mai to Da Nang (Vietnam), Shenzhen (China), and Chiang Rai to Shenzhen (China), and Hangzhou (China). Thai AirAsia also increased frequencies in dominant destinations in the domestic and Indochina region. As a result of capacity management to enhance efficiency and better match demand, Thai AirAsia suspended or cancelled routes from Bangkok (Don Mueang) to Bhubaneswar (India), Visakhapatnam (India), and Kota Kinabalu (Malaysia); Chiang Rai to Hat Yai, Phuket, Kuala Lumpur (Malaysia), Singapore, and Macao; Chiang Mai to Udon Thani, and Yangon (Myanmar); Krabi to Chongqing (China), Singapore, Hong Kong, and Macao; Phuket to Kunming (China); and Pattaya (Utapao) to Chengdu (China), Nanning (China), and Macao during the year.

Thai AirAsia aims to firmly establish itself as Thailand's leading carrier in both trunk and secondary travel destinations to maximise the returns, especially in the domestic market and also support the passenger growth for connecting people travelling among the countries within this region. Moreover, Thai AirAsia plans to penetrate India and Asean markets while keeping the market share in China by planning to commence new routes and increase frequencies in well-performed routes. Hence, this diversified strategy tends to minimise the risk of dependence on major customer base and to enhance the company's sustainable revenue growth in the future.

## 2. ANCILLARY SERVICES

Thai AirAsia provides various ancillary services to the passengers, starting from the services before boarding, in-flight services, and other services in relation to our air passenger services. These services generate another stream of revenue in addition to Thai AirAsia's core revenue from scheduled passenger service. Ancillary revenue is accounting for 18%, 18% and 19% of our revenues in 2017, 2018 and 2019 respectively, which are grouped into categories as below.

### 2.1 Services Before Boarding And Fees

Thai AirAsia offers a range of products and services to passengers on AirAsia website and sales counters as follows:

- **Checked Baggage:** Baggage charges are based on the weight of the baggage passengers wish to check in and also upon flight hour and the timing of purchase and travel period. Pre-booking of the checked baggage at the time of the reservation will bring about lower fees. Additional fees will be charged for baggage with excess weight.
- **Seat Selection:** Seat selection is available with fees; passengers can choose any preferred seats on the flight, which is varied by seat zone, flight hour, and timing of the purchase. Pre-booking of seat selection at the time of the reservation will bring about lower fees.
- **Checked Sports Equipment:** Passengers can check-in sports equipment including golf equipment, diving equipment, surfboard and bicycle. Checked Sports Equipment charges are based on the weight of the Sports Equipment and also upon flight hour, the timing of purchase and travel period. Pre-booking of the checked Sports Equipment at the time of the reservation will bring about lower fees. Additional fees will be charged for Sports Equipment with excess weight.
- **Bookings and Amendments:** Passengers can make a booking at sales counters; booking fees will be applied. Booking amendments are possible 48-hour prior to flight time with amendment fees to be applied (Name and Route changes are not permitted). Hence, an additional service fee may be applied on a case-by-case basis.
- **Payment Processing Fees:** Tickets are available for purchase either through online purchase on the website or at AirAsia ticket counter in the airport. Extensive payment method selections are available such as via credit card, debit card, direct debit, ATM payment, counter service, PromptPay, and QR Code with processing fees.
- **Travel Insurance (Tune Protect):** Passengers can purchase Tune Protect Travel Insurance by AirAsia which covers accidental death and dismemberment, personal accident and medical expense, trip cancellation, flight delay, damage to luggage, personal effects, etc. Thai AirAsia has cooperated with Tune Insurance Public Company Limited and will receive the service fee from selling such insurance on the AirAsia website.
- **Connecting Flight (Fly-Thru):** Fly-Thru service is available for passengers who wish to conveniently connect flights (Domestic and International Flight) from one to another with no bag collecting hassle in between flights at the transit hub. All checked baggage will be safely delivered to the final destination of the passengers' flight. However, an additional connecting fee will be applied to the service.
- **AirAsia Red Carpet:** Passengers can purchase additional services that allow them to enjoy a speedier travelling process all the way from check-in to baggage claim. AirAsia Red Carpet privileges include a dedicated check-in area, access to the airport lounge and priority boarding as well as priority baggage delivery upon arrival. Red Carpet service is available for flights departing from Don Mueang, Phuket and Chiang Mai in international and domestic terminals as well as Udon Thani and Hat Yai in the domestic terminal. Thai AirAsia will receive additional fees from this service.
- **Value Pack:** Passenger can select its favourite add-ons with its flight. Value pack has been made easier with this bundle that includes 20kg checked baggage, a meal, a standard seat selection as well as Tune Protect Insurance coverage comprising 1 Hour on-time guarantee and baggage delay. All of these are bundled together with your flight at a more affordable fare.



## 2.2 In-Flight Services

The sales of beverages and food to passengers onboard are one of our in-flight services. Passengers who pre-booked the meals online during reservation or via Manage My Booking will have a wider range of menus for selection as well as a discount from onboard prices, in which the food will also be served first prior to the sales of onboard in-flight beverages and food. Passengers can pre-book on such service no less than 24 hours before the departure time.

Additionally, Thai AirAsia offers merchandises onboard including souvenirs (such as airplane model and graphic T-shirt), travel gadgets (such as phone chargers and earphones) seasonal or festive items and travel essentials (such as luggage locks and pillow & comforter kits). Thai AirAsia also offers duty-free products, which can be purchased on our international flights; the payment can be made using either cash or credit cards.

## 2.3 Other Services

- **Bangkok Bank AirAsia Platinum MasterCard Credit Card:** Thai AirAsia and Bangkok Bank launched a co-branded credit card offering special privileges to the customers, including earn 1 AirAsia BIG Point for every Baht 20 spent, which the points could be redeemed to discount on ticket fares together with 10x AirAsia BIG Points earning for any purchase made on AirAsia website and sales counters as Platinum membership of AirAsia BIG Loyalty. Thai AirAsia will receive shared revenue from spending on this co-branded credit card.
- **Advertising Space:** Thai AirAsia generates additional revenue by providing advertising space on our aircraft such as the overhead compartments, meal trays, Travel 3Sixty Magazine (Regional and Local), banner on AirAsia Website and others.
- **AirAsia Car Rental:** Thai AirAsia and CarTrawler, a world-class car rental search engine, launched a car rental service both domestically and internationally. Customers can easily search for cheap rental cars and compare prices and car models from various car rental companies in one website, providing the ultimate convenience to those who book the air ticket along with searching for cheap cars at the destination. Additionally, Thai AirAsia will receive shared revenue from each rental transaction made via AirAsia Car Rental page.
- **Freight (AirAsia Cargo):** Thai AirAsia generates additional revenue from airfreight service on the scheduled flight, comprised of cargo and mails when space and weight are available.

- **Island and City Transfer:** Thai AirAsia generates additional revenues from a new all-in-one travel service. Thai AirAsia cooperates with the local van and ferry operators to offer City Transfer and Island service to deliver passengers either from the airport to the cities such as Pai, Chiang Khan, Phuket town, Patong Sukhothai, and Surin, or from the land to the islands such as Lanta, Lipe, Phangan, Phi Phi, and Samui. Passengers can plan their trip conveniently due to the easy access to the nearby islands and cities.

## 3. PRICING AND REVENUE MANAGEMENT

Thai AirAsia uses multiple fare structures and dynamic pricing to yield the ticket revenue. To determine how many seats to allocate to each fare level for each flight and each departure date in order to maximise our revenue, we consider the market demand and supply, competition, historical performance, forecasts from domestic and international economy as factors.

As there are a limited number of seats in the lower fare level, the earlier a passenger books a seat, the more likely it is that the passenger will be able to purchase a seat at the lowest published fare. Our fares are priced based on one-way travel and also priced as connecting flight (Fly-Thru). Seats must be purchased at the time of reservation and are non-refundable except for the portion relating to any applicable airport tax. However, passengers are unable to reroute but able to change the travelling date and time at least 48 hours before departure (other than in the case of promotional fares) and subject to the processing fee and the payment of the fare difference.

While Thai AirAsia seeks to maximise our revenue, our competitive cost structure enables us to offer the average fare lower than our competitors in the same routes. Moreover, Thai AirAsia occasionally offers promotional fares to promote less favourable routes.





## 4. DISTRIBUTION AND SALES

Thai AirAsia has three principal distribution channels, the Internet, direct sales through our sales offices as well as indirect sales through agents. All travel documents with us such as confirmation itinerary are through electronic tickets, thereby reducing costs associated with printing, mailing, modifying tickets, as well as, re-issuing lost or stolen tickets. As at December 31, 2019, Thai AirAsia has a proportion of our total bookings sold through the Internet 63%, direct sales 15% and indirect sales 22%.

### 4.1 Internet Sales

Thai AirAsia sells our ticket online via www.airasia.com which is the AirAsia Group website and AirAsia Mobile Application on the smartphone covered both iOS and Android, which are paid by credit card or direct debit and internet banking, ATM, Mobile Banking, or at service counters such as Counter Service, Tesco Lotus, Big C Supercenter, Thai Post Office, Tops Supermarket, True Money, etc. for online booking. To encourage Internet reservations, our lowest fares (which include our promotional fares) are available only through the AirAsia Group website and AirAsia Application on the smartphone. Thai AirAsia expects internet sales to continue in the future. As online bookings lower our costs by reducing operating costs, the Internet is our lowest-cost distribution channel.

### 4.2 Direct Sales

Direct sales are made at sales offices and airport sales counters in which payments can be paid by cash, credit card, PromptPay and QR Code, or Counter Services.

### 4.3 Indirect Sales

Indirect sales through agents consist of online (Online Travel Agents - OTA) and offline (travel agents in other formats).

- **Third Party Travel Agents:** Thai AirAsia has two types of travel agent network. "Sky Agents" are the travel agents who are registered with Thai AirAsia and maintained a prepaid account in which bookings made by their guests are debited. In addition, "BSP Agents" are the members of, and have credit limits with International Air Transport Association (IATA). In addition, Third Party Travel Agents have expanded the business to OTA as well.
- **AirAsia Go and Expedia:** AirAsia Go and Expedia are an online travel portal under AirAsia Group, offering flights, hotels, tour packages, transportation options and events. Thai AirAsia obtains revenues from AirAsia Go and Expedia for the flights that Thai AirAsia provides as part of the travel package or flight booking only.
- **MyCorporate Bookings:** Thai AirAsia offers our MyCorporate package to business travellers who maintain corporate accounts with us.
- **GoGovernment Booking:** Thai AirAsia offers special GoGovernment fare for governors and state enterprise officers to book at airport counters or authorised travel agents.
- **Book and Pay:** Thai AirAsia joins with Counter Services, offering book and pay AirAsia tickets at Counter Service channels, such as a convenience store, department store and supermarket, to across the nation to expand its customer base. Ticket booking and payment can be made 24 hours prior to the flight for all of our domestic and international routes, both single and round tickets.

## 5. ADVERTISING AND SALES PROMOTIONS

Thai AirAsia is permitted from AAB to use “AirAsia” as tradename under an agreement to receive marketing guidance from AAB in order to enhance operation with a fee.

Thai AirAsia allocates the budget as deemed appropriate for its communication and marketing activities and chooses its advertising media based on exposure to its targeted demographics and medium’s effectiveness. Television advertisements, billboards, LED screens in and out of airports, and radio advertisements are the way to reach a wide range of consumers. In contrast, online advertisement is the way to reach more modern consumers.

Thai AirAsia exercises marketing plans throughout the year and regularly presents promotional fares, usually organising 3-4 major promotions each year with further discounts to its already low fares. Ticket prices during this period may be as low as 0 THB per trip to spur advanced booking.

## 6. CUSTOMER HAPPINESS

Thai AirAsia is committed to delivering high-quality customer service by providing our guests with a safe, low fare, valuable, reliable and friendly service. Thai AirAsia is delighted to listen to all comments, feedbacks and the complaints from our customers. For any assistance, they can contact us directly on the main page website [www.airasia.com](http://www.airasia.com). We have provided various channels of reach for our customer convenience through just-in-time service support. We have continuously attained to improve our technology by introducing the Chatbot that supports fast and accurate information retrieval 24 hours daily.

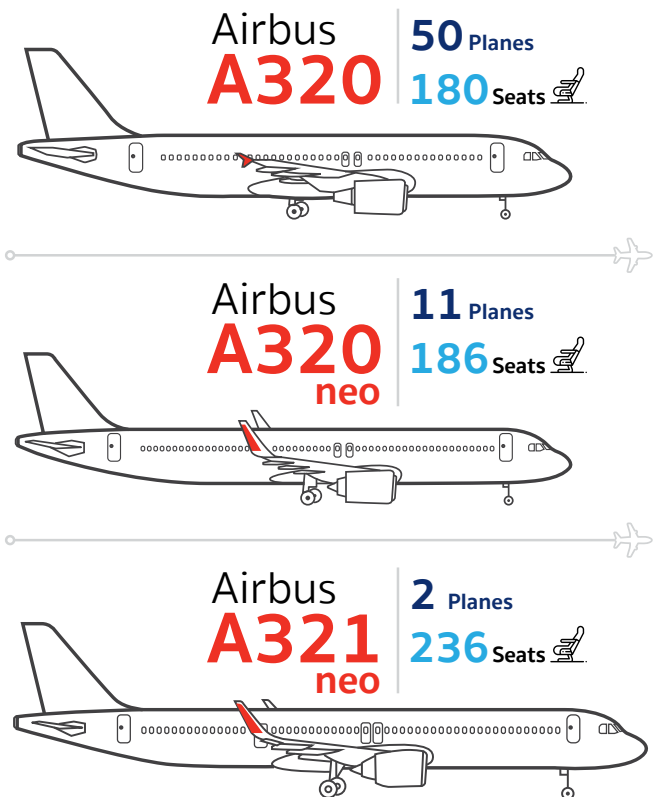
To provide excellent customer service, staffs are selected through a rigorous recruitment process, which is followed by extensive and ongoing training and performance management activities. The airline has specific budgets for training for each customer service personnel every year to ensure staffs are fully prepared to assist passengers effectively and efficiently.

## PRODUCTS OR SERVICES PROCUREMENT

### 1. THAI AIRASIA'S FLEET

As of December 31, 2019, Thai AirAsia has Airbus A320 of 61 aircraft and Airbus A321 of 2 aircraft. Thai AirAsia has entered into the aircraft’s operating leases in total 42 aircraft, of which 14 aircraft made with AirAsia Mauritius (AAM), a subsidiary of AAB, and of which 28 aircraft from the third-party lessors. Meanwhile, 15 of the aircraft were under the financial lease agreement with financial institutions, and 6 of the aircraft were owned by Thai AirAsia. Thai AirAsia expects to net reduction of 4 aircraft from receiving more new Airbus A320 and A321 deliveries due to replacement of A320 retirement and reallocation within AirAsia group in 2020.

Airbus A320 and A321 have a proven track record of reliability in short-haul, high-frequency operations with an appropriate number of passengers per flight. Thai AirAsia’s fleet comprised 50 of Airbus A320, 11 of Airbus A320 NEO (New Engine Option), and 2 of Airbus A321 NEO, having the average fleet age of 6.49 years. In 2019, the aircraft utilisation rate was at 12.3 hours per day.



Thai AirAsia analyses our aircraft procurement needs independently from the other members of the AirAsia Group. However, AAB consolidates the respective requirements of each member of the AirAsia Group and places a consolidated order for the required number of aircraft from Airbus - the aircraft manufacturer. This enables us to benefit from bulk discounts off the official list price of such aircraft.

As at December 31, 2019, Thai AirAsia received 16 certificates of promotion privileges for 46 aircraft from the Board of Investment (BOI), with the privileges including (a) an exemption from payment of import duty on machinery approved by the Board of Investment, (b) an exemption from payment of income tax on net profit from promoted operations for a period of five to eight years from the date on which income is deemed to be first derived from such operations, subject to a maximum exemption on a range of Baht 415.0 million to Baht 447.3 million, as the case may be for the first eight projects and amounting to Baht 13,360.1 million for the ninth project and on a range of Baht 1,409.0 million to Baht 1,531.7 million for the tenth to sixteenth project (c) an allowance of a five-year carryforward period for losses for tax purposes from promoted operations from the expiry of the eight-year period and (d) an exemption from income tax on dividends paid to shareholders from the profit of promoted operations during the corporate tax exemption period. Thai AirAsia shall comply with various terms and conditions set by the BOI in order to have such privileges. For the upcoming new aircraft to be added into the fleet, Thai AirAsia is in the process of planning for application to the BOI upon further approval in granting similar privileges.

## 2. FUEL

Fuel is a major cost component for airlines, in which Thai AirAsia's fuel costs in 2017, 2018, and 2019 were Baht 10,582.5 million, 14,635.6 million and Baht 13,962.8 million, accounting for 31%, 37% and 34% of total of cost of sales and services, selling and distribution expenses and administrative expenses, respectively.

Thai AirAsia purchases a substantial majority of our fuel from PTT Oil and Retail Business PCL and Shell Thailand Co., Ltd. with the benchmark of fuel prices against Mean of Platts Singapore (MOPS). Jet kerosene prices, and therefore fuel prices, are extremely volatile and are subject to many global economic and geopolitical factors. Thus, Thai AirAsia implements various fuel management strategies to manage the risk of rising fuel prices, including hedging. Thai AirAsia has combined the hedging contracts with AAB to mitigate the risk of global fuel price fluctuation.

In addition to hedging fuel prices, Thai AirAsia has implemented the following fuel management strategies in order to reduce costs and minimise inherent risks:

- **Fuel policy:** Thai AirAsia controls our fuel supply by uplifting as much fuel as possible within optimal limits and regulatory requirements, in destinations where fuel is least expensive, to facilitate the use of the least expensive fuel stock.
- **Payment upfront:** Upfront payment for all purchases gives Thai AirAsia a negotiating power to obtain better pricing.
- **Fuel consumption policy:** Thai AirAsia attempts to minimise fuel consumption by establishing clear guidelines covering all areas of flight operations so that aircraft fuel burn rates can be maintained at a functional minimum.

## 3. MAJOR CUSTOMERS

No customer contributed more than 30% of our total revenue in 2017, 2018 and 2019. Customers mainly consist of individuals travelling by air.

## 4. MAJOR SUPPLIERS

No suppliers accounted for 30% or more of our total operating costs and expenses in 2017, 2018 and 2019.

## 5. MAINTENANCE AND SPARE PARTS

### 5.1 Maintenance

Thai AirAsia provides line maintenance and light maintenance, which is maintained below a “C” level check for all of our aircraft. Any maintenance above a “C” level check or any structural repairs are outsourced to other certified maintenance, repair and overhaul (MRO) service providers, which are certified by the Civil Aviation Authority of Thailand such as Thai Airways International and Thai Aviation Industries in Thailand, ST Aerospace (Guangzhou) Aviation Services Co., Ltd. in China or Sepang Aircraft Engineering in Malaysia, FL Technics in Indonesia. Through the AirAsia Aircraft Lease Agreements, Thai AirAsia is able to rely on the manufacturer’s warranties and product support granted to AAB.

### 5.2 Spare Parts

Thai AirAsia maintains an inventory of rotatable spare parts in our hubs, with the majority of inventory found in Bangkok. As at December 31, 2019, Thai AirAsia keeps Baht 569.0 million of aircraft spares parts (net book value).

## OTHER OPERATIONS

### 1. SAFETY AND SECURITY

Thai AirAsia is fully committed on all levels of operation to the safety and security of our passengers and employees. This commitment is reflected in our system of maintenance of our aircraft, extensive training given to our pilots, cabin crew and employees and the strict policies and procedures in compliance with local regulations, international standards and best practices regarding all areas of our business that are involved with the operation of our aircraft.

#### 1.1 Safety

Safety is a core principle of how we run our business. We are committed to developing, implementing, maintaining, and constantly improving strategies and processes to ensure that all our aviation activities take place under a balanced allocation of organisational resources, aimed at achieving the highest level of safety performance and meeting national and international standards, while delivering on our customer promise for affordable, reliable, and convenient flight services. All levels of management and all employees are accountable for the delivery of this highest level of safety performance, starting with the Chief Executive Officer (CEO).

#### Our commitment is to:

- Support the management of safety through the provision of all appropriate resources, that will result in an organisational culture that fosters safe practices, encourages effective safety reporting and communication, and actively manages safety with the same attention to results as the attention to the results of the other management systems of the organisation
- Enforce the management of safety as a primary responsibility of all managers and employees
- Clearly define for all staff, managers and employees alike, their accountabilities and responsibilities for the delivery of the organisation’s safety performance and the performance of our safety management system
- Establish and operate hazard identification and risk management processes, including a hazard reporting system, in order to eliminate or mitigate the safety risks of the consequences of hazards resulting from our operations or activities to a point which is as low as reasonably practicable (ALARP)
- Ensure that no action will be taken against any employee who discloses a safety concern through the hazard reporting system, unless such disclosure indicates, beyond any reasonable doubt, an illegal act, gross negligence, or a deliberate or wilful disregard of regulations or procedures
- Comply with and wherever possible, exceed, legislative and regulatory requirements and standards
- Ensure that sufficient skilled and trained human resources are available to implement safety strategies and processes
- Ensure that all staff are provided with adequate and appropriate aviation safety information and training, are competent in safety matters, and are allocated only tasks commensurate with their skills
- Establish and measure our safety performance against realistic safety performance indicators and safety performance targets
- Continually improve our safety performance through management processes that ensure that relevant safety action is taken and is effective and
- Ensure externally supplied systems and services to support our operations are delivered meeting our safety performance standards
- Ensure safety matters are communicated throughout the organisation, conduct appropriate promotion of safety awareness and allocate the necessary resources for the implementation of the safety policy

### 1.2 Security

Thai AirAsia has complied with all regulations of the Civil Aviation Authority of Thailand (CAAT) and the International Civil Aviation Organization (ICAO). The airline security standards have employee background checks and have prepared a manual for airline security, including the manual for the procedures of the security. Thai AirAsia has organised security awareness training for security for our staffs in the company to prevent the act of unlawful interference, including procedures for Aircraft security check and Aircraft security search preventing unauthorised persons from entering the aircraft area.

## 2. INFORMATION TECHNOLOGY

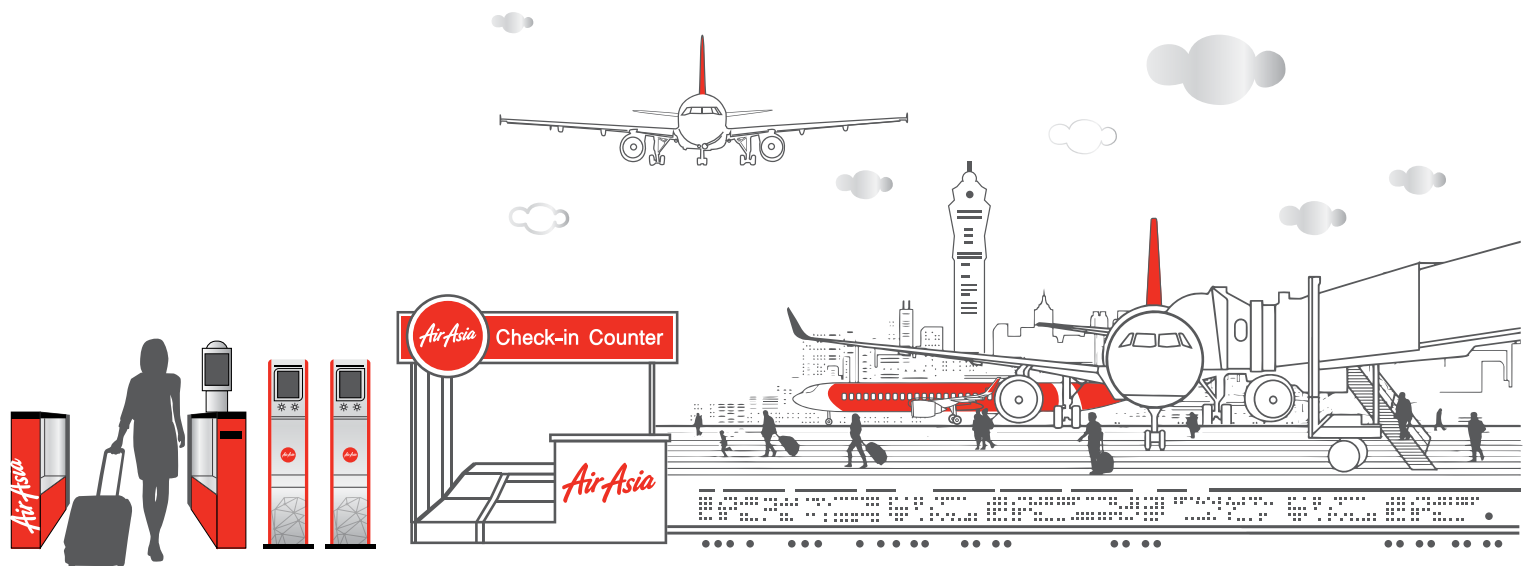
Thai AirAsia shares various information technologies with the wider AirAsia Group. AAB invests in information technology where its use directly lowers the AirAsia Group's costs, enables scalable operations and improves efficiency and safety. Our key operating software systems (centralised in Kuala Lumpur, Malaysia) include (1) NewSkies 4.2 by Navitaire, which was used for inventory and sales management/ reservations (2) Microsoft's Oracle Cloud Application 19D, which was developed by Oracle was used for our financial operations (3) the AIMS software, which was used for flight scheduling and crew rostering (4) Navtech software, which was used for flight planning, and (5) Swiss Aviation Software Ltd.'s AMOS operating system ("AMOS"), which was used for the management of aircraft maintenance engineering and logistics.

## 3. AIRPORT OPERATIONS

Thai AirAsia provides our ground handling and ground support services at most domestic airports as well as ramp services. For international destinations, Thai AirAsia has cooperated with airlines in AirAsia Group departing to same destinations in order to negotiate and assign accredited third parties to provide these services for cost management effectiveness. Thai AirAsia believes that providing our ground handling and ground support services ensures that costs are kept low while productivity is high.

For the services at the airport, Thai AirAsia values the importance of services that are fast and convenient by introducing self check-in kiosk, suitable for passengers who value extended convenience and time in travelling. At the same time, the service allows Thai AirAsia to reduce the costs effectively.

Thai AirAsia aims to continuously improve its service standard while at the same time reducing the costs by researching and developing new technologies beyond the existing self check-in services (self check-in kiosk or self bag drop). The new technology Fast Airport Clearance Experience System (F.A.C.E.S) allows facial scans to accommodate during the boarding process to increase efficiency and provide support for the ground staffs. The technology is currently under development and approval by the government agencies. In 2020, The Ramp and Ground Service Equipment (GSE) of Thai AirAsia is going to initiate the Baggage Reconciliation System (BRS) that will improve baggage handling and ensure that all bags loaded onto a flight are approved to be loaded, starting from domestic flights



at the initial phase. The system will verify whether a piece of baggage can be positively matched to a verified boarded passenger before it is loaded onto a departing aircraft to minimise misdirected baggage. In addition, the system will display information on the Dashboard immediately, allowing the staff on duty to monitor baggages.

#### 4. INSURANCE

Thai AirAsia has aviation and non-aviation insurance coverage in connection with our operations. The airline believes that our overall insurance coverage is consistent with industry practice and is maintained at adequate levels. Thai AirAsia carries passenger and third party liability insurance, as required by the terms of our aircraft lease agreements and per the standard market practice, under which the airline is insured for a Combined Single Limit (Bodily Injury/Property Damage) of USD 750 million each loss, each aircraft, unlimited in all, but in the annual aggregate in respect of Products Legal Liability and AVN52E (sub limited to USD 250 million). Thai AirAsia also insured the aircraft against loss and damages under the Hull All Risks up to the agreed value of the aircraft, but subject to a deductible of USD 750,000 each loss, not applicable to total loss/constructive total loss/arranged total loss.

Nevertheless, Thai AirAsia has purchased a Hull Deductible policy to indemnify Thai AirAsia for the difference between USD 750,000 and USD 50,000 each loss subject to an annual aggregate limit of USD 10 million in respect of all aircraft and spare engines collectively under AirAsia Group's Hull Deductible policy.

In addition to the above, Thai AirAsia has purchased a Hull War and Allied Perils against loss or damage excluded by the War, Hijacking and Other Perils Exclusion Clause (AVN 48B) under the Hull All Risks insurance policy coverage, to the extent available in accordance with LSW555D policy form, up to the agreed value of the aircrafts. The coverage is subject to an annual aggregate limit of USD 1,000 million per occurrence, applicable to AAB and Thai AirAsia.

Thai AirAsia has purchased the Excess War, Hi-Jacking and Other Perils Liability up to USD 750 million per occurrence and in aggregate.

## INDUSTRY OUTLOOK AND COMPETITION

### 1. ECONOMIC AND INDUSTRY OUTLOOK

In January 2020, the International Monetary Fund (IMF) projected the world economic growth in 2020 to be at 3.3%, recovered gradually from the last year. This growth was mainly due to an easing of the US and China trade war and No-deal Brexit, as well as a recovery in the global trade volume. Furthermore, the economy of many countries will be supported by the enforced easing monetary policy in 2019. The economic recovery, however, remains under pressure from several aspects such as the uncertainty of second phase trade negotiation between the US and China, the geopolitical risks of several countries, especially the tension in the Middle East and the political challenges in Latin America, and the novel coronavirus outbreak (COVID-19).

Regarding the jet fuel prices in 2020, the company forecasts the prices to stand within the average range of USD 70-75 per barrel, tended to decline from the lengthening excess supply. This was mainly due to the lower consumption, affecting by the trade war between the US and China, as well as the COVID-19 outbreak brought China's fuel consumption. Although, the Organization of the Petroleum Exporting (OPEC) considered to cut its production, this could not offset a decrease in global oil demand. However, the escalating tension in the Middle East, putting the pressure on global oil price volatility.

With regards to tourism, International Air Transport Association (IATA) predicted a 0.6% decline in international tourist arrivals of 2020. That slump could amount to more than USD 29.3 billion in lost revenues. As a result of the volatility in the global economy, the virus outbreak, the geopolitical issues, and the tensions from trade war impose potential risks to tourism growth.

In February 2020, the Office of the National Economic and Social Development Council (NESDC) forecasts Thailand economic growth for 2020 in average of 1.5 - 2.5%, grew at sluggish rate from the impact of COVID-19 outbreak to tourism industry, the drought disaster, and the delayed fiscal budget. However, the economy will be supported by the expansion of household consumption and the public and private investment, mainly a result of the three-time cut policy rate to 1.00% by Bank of Thailand during 2019 to 2020, as well as, the implementation of the government's economic stimulus measures, especially investment in mega-projects for infrastructure

development, such as the development for transportation and logistics in the Eastern Economic Corridor (EEC) area, the Eastern Airport City at U-Tapao International Airport, and the construction of high-speed rail linked three airports.

In February 2020, the Tourism and Sports Ministry revised down the estimated tourism revenues by 3% Year-on-Year (YoY), from an 8% growth of the previous forecast. This forecast derived from the lower-than-expected economic growth of major tourists and the impact of the COVID-19 outbreak. To limit the spread of the novel coronavirus, Chinese government banned on outbound group tours from booking oversea tours and hotels. Tourism Authority of Thailand (TAT) forecasted that in the worst-case scenario of Chinese government implement the prohibition for nine months (January to September), the number of Chinese tourist arrivals would drop as much as 5 - 7 million people, causing an estimated Baht 300 billion in loss of revenue. Thai tourism in 2020 is expected to generate a revenue of Baht 2.91 trillion, of which Baht 1.78 trillion will stem from international tourists, or decreased by 8% from the last year. The number of international arrivals in 2020 is forecasted to fall to 36.0 million, or dropped by 10% from 39.8 million in 2019. In response to coronavirus economic impact, Thai government introduced new 16 tourism-stimulus measures in January 2020, including an increase in VAT refund shops and counters, an expansion 24-hour cross-border tourism on the Thai-Malaysian and Thai-Lao borders during weekends and holidays, and an exemption of the waiving VOA (Visa on Arrival) fees until April 30, 2020. Those measures could boost international travels, along with the development of the transportation system and elevating safety measures. In February 2020, the cabinet approved the budget of Baht 500 million to offset the slump in tourism, in which expected to increase the number of international arrivals by 1 million people. While the number of Thai tourists in the domestic market is expected to be 172 million/visit, or up by 3% over the same period last year, generating the revenue of Baht 1.13 trillion, or grow by 5% on the back of tourism stimulus scheme in which implemented in the high season.

Hence, Thai AirAsia has prepared itself for the competitive environment domestically and internationally by maintaining its stable market share and realignment its routes to enhance efficiency and better match demand. The company has continuous monitoring of its performance to ensure efficient operation, as well as, has opened for the new opportunity to optimise returns.

## 2. COMPETITION

Thai AirAsia faces the competition from the low-cost carriers (LCCs), full-service carriers (FSCs) and charter flight service in our international and domestic market. The intensity of this competition varies from route to route and depends on the strengths of competing airlines as well as other transportation modes available, for example;

**Thai Airways**, the national airline which positioned itself as a full service, providing customer experience as “Touches of Thai” offers multiclass scheduled services, complimentary in-flight meals, a frequent flyer program and airport lounges and based its operation at Suvarnabhumi Airport. Thai Airways established Thai Smile to provide the connecting service in domestic and Asean countries with plans to expand to China and India routes.

**Nok Air**, a low-cost carrier that focuses on the customers who are highly price-sensitive on airfare and offers aircraft rental service in addition to operation. Nok Air based its operation at Don Mueang International Airport. Thai Airways holds 13.3% equity interest in Nok Air as of February 14, 2020.

**Bangkok Airways**, the owner and the operator of the airports including Samui, Trat and Sukhothai is a boutique full-service carrier focusing mainly on the routes to Samui Island. Moreover, the airline focuses on leisure travellers and routes not exceeding 5 hours from the operation centres, covering routes in Southeast Asia, South Asia and India. The airline is in the process of regulatory approval for developing new airports in neighbouring countries to primarily accommodate tourists.

**Thai Lion Air**, a low-cost carrier of Indonesia part of Lion Group, has started its operation at Don Mueang International Airport. The airline strategy is to provide lower price than competitors with a slogan “We make people fly” with more focus on route expansions and market share of international routes.

**Thai VietJet Air**, a low-cost carrier of Vietnam part of VietJet Airline, based its operation at Suvarnabhumi Airport and has flown domestic flights since September 2016.

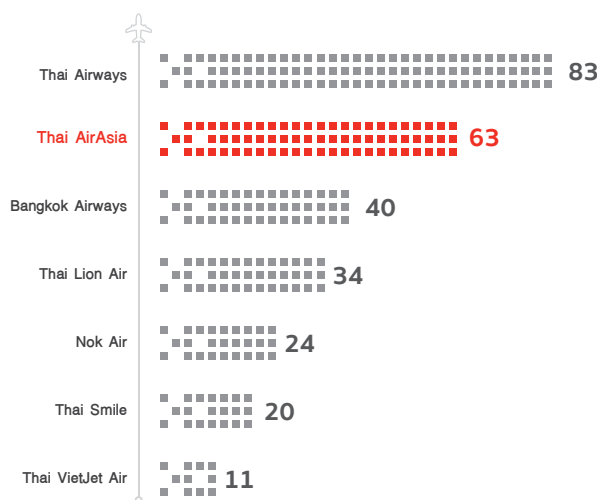
**Thai Eastar Jet**, a joint venture between Thai capital groups and Eastar Jet Airline a low-cost carrier of South Korea based its operation at Suvarnabhumi Airport. Thai Eastar is going to launch its service by the first half of 2020.



Thai AirAsia's strategy is to offer the best low fares with flight frequency and quality of service in its peer group. Given our cost management effectiveness, Thai AirAsia is in the better position to endure a decrease in airfares that might occur from the airline pricing environment in a period of increased competition from existing competitors or new entrants.

In 2019, Thai AirAsia faced an aggressive price-cutting competitor, especially in the trunk routes provided by low-cost carriers and full-service carriers. To avoid the intensity of competition and to maintain leadership in the domestic market, Thai AirAsia offers services on unique routes. Hence, Thai AirAsia is able to price the airfare on those routes such as Hat Yai to Kuala Lumpur (Malaysia), Bangkok to Nan and Bangkok to Roi Et and operates the new routes to the secondary-tier city such as Bangkok to Ahmedabad (India) and Bangkok to Sihanoukville (Cambodia). Furthermore, Thai AirAsia has benefited from the Fly-Thru service that connects more flights with Thai AirAsia X, a low fare long-haul airline, an associate of AirAsia X in Malaysia, which has its operation based in Don Mueang International Airport.

As of December 31, 2019, the major airlines that were granted with the Air Operator Certificate (AOC) from Civil Aviation Authority of Thailand (CAAT) provide services on both domestic and/or international routes have a number of aircraft in service as shown below:



Source: Company, and Centre for Aviation (CAPA)

### 2.1 International

The main competitors of Thai AirAsia on our international routes include full service carriers are (1) Thai Airways, (2) Cathay Pacific Airways, (3) Singapore Airlines, (4) Vietnam Airlines, (5) Air Macau, (6) Myanmar Airlines International, and (7) Malaysian Airlines. While

low-cost carriers are (1) Tiger Airways, (2) Jetstar Airways, (3) Spring Airlines, (4) NokScoot, (5) Thai Lion Air, (6) Thai VietJet Air, and (7) GoAir

### 2.2 Domestic

Key main players under the domestic market include (1) Thai Airways, (2) Thai Smile, and (3) Bangkok Airways. For low-cost carriers are (1) Nok Air (2) Thai Lion Air, and (3) Thai VietJet Air.

## OUR BUSINESS STRATEGY

Our goal is to establish ourselves as a leading low-fare carrier in every market that we serve by offering passengers to fly with experiences focusing on “our care is in the details, because everyone matters” at the lowest airfares. Besides, we aim to gain market dominance in each of our routes. In 2020, Thai AirAsia acquired more two aircraft, A321neo to replace the retiring aircraft. Airbus A321neo provides more 50-seat to total 236 seats, leading to longer distance with over 20% higher in fuel efficiencies, resulting in the lower cost per unit. This aircraft will accommodate in high demand routes with the airport slot constraints. Without any additional aircraft in 2020, Thai AirAsia is going to expand news routes by way of optimising the slots and enhancing aircraft utilisation. Thai AirAsia is striving to stimulate air travel by adding new potential destinations especially in South Asia and South part of Japan, where there are few or no competition and add additional flights to strengthen our market share position. In 2020, the domestic capacity is expected to continuously decline by 6%, while demand for local travels is expected to be at growth momentum, partially supported by the government scheme in high season as aforementioned. As a result, the performance of Thai AirAsia in 2020 is expected to be satisfactory. Besides passenger revenues, Thai AirAsia enhanced operating results through ancillary services by the use of attractive campaigns to create more awareness on existing products, and services to the market, as well as, more innovative products such as domestic city transfer and island transfer services to serve our travellers' needs and convenience on connectivity.

In summary, Thai AirAsia aims to offer lower fares while maintaining a continuous focus on cost-containment and operational efficiency. Thai AirAsia is also building up its networks and lean structure that would enable the economies of scale, as well as, the efficiency and effectiveness in management for the readiness of upcoming competition.

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# ARE YOU READY FOR BILLIONS OF NEW SOUVENIR COLLECTORS?

The desire to explore, and experience the world is unstoppable. With the help of aviation, passenger numbers will rise to 7.8 billion by 2036.\* This increase comes at the same time the aviation industry has set its own ambitious carbon emission targets.

Whilst the escalation in air travel brings huge and welcome opportunities, unless we meet aviation's net CO<sub>2</sub> emission targets, it will also become unsustainable. There are various things we can do, and are doing, to avoid and reduce emissions. But in the short to mid-term, carbon offsetting remains an essential lever to achieving those goals. Shell Aviation's expertise in quality assured, nature based solutions, enables our 24/7 carbon specialists to secure the offsets where and when your business needs. So you can meet your responsibilities, as you continue to make room for the growing number of eager souvenir collectors.

To find out how working together with Shell Aviation can help you to rise to the carbon challenge please contact our account managers around the world via our online contact database at [shell.com/aviation](https://www.shell.com/aviation)

## Shell Aviation

SOURCE:

\* <https://www.iata.org/pressroom/pr/Pages/2017-10-24-01.aspx>



# RISK FACTORS



Weather



Fuel



Interest Rate



Currency

The aviation business is one of the industries with several unique risk factors. In order to respond to the risk that may arise to affect the Company's operation, the Company has set up risk management procedures for Thai AirAsia and the Risk Management Committee comprising executives from different departments that are involved in setting policies and assessing risks. The Committee identifies possible risks, and analyses factors that may prevent the Company in achieving its goals prioritise significance those identified risks as well as evaluate the plausible impacts in order to establish the measures in mitigating risks to the acceptable level. For the further information relevant to risk management can be found in the internal control and risk management part of this annual report.

The Company and Thai AirAsia have key risks as listed below. Nonetheless, besides the risk factors shown hereunder, there may be other risks that the Company and Thai AirAsia are not presently aware of or are aware of but do not deem significant in the foreseeable future.

## RISKS RELATING TO THE AVIATION INDUSTRY

### 1. The aviation industry is exposed to risks from external factors.

Today, there has been a significant increase in competition in the aviation industry. Passengers have more various alternative options to choose the airlines that give them the most confident travelling. Furthermore, news about aircraft accident may affect a passenger's confidence. Primarily, the negative impacts include higher costs for security and insurance, lower passenger traffic and lower yield from the decreasing demands for air travel worldwide, and possibly higher costs for the industry, for example, fuel costs for aircraft or insurance-related costs. The outbreak of the epidemic or various measures taken by governments of countries affected by the epidemic to mitigate the risk of the outbreak may also obstruct the aviation industry.

During the monsoons or in the unfavourable weather conditions, flights may be cancelled or postponed. Besides, Thailand is one of the countries that have encountered many natural disasters during the past several years, including the tsunami and flood. In the cases that Thai AirAsia cancels or postpones the flight, it may affect Thai AirAsia business's operation.

As safety has become a core principle of Thai AirAsia, it has launched the Safety Management System (SMS) to enhance and support organisation. SMS is a systematic, proactive and explicit process for managing safety that integrates operations and technical systems with financial and human resource management to achieve safe operations with as low as the reasonably possible risk. It is systematic in that safety management activities are carried out in accordance with a pre-determined plan, and applied in a consistent manner throughout the organisation. It is proactive by taking an approach that emphasises prevention, through hazards identification and risk control and mitigation measures, before events that affect safety occur. Assessing the integrity of the Thai AirAsia's SMS is also the one important function. Thus, the safety audit function is established to evaluate the effectiveness of installed safety risk controls or to monitor compliance with safety regulations.

Furthermore, Thai AirAsia has set up the Emergency Response Plan (ERP) Team. Since emergencies will occur, pre-planning is necessary. The ERP provides guidance during an emergency as well as to keep a close watch and follow the situation instantly, with the aim to minimise the impact on the flight operation and passengers. The team covers areas such as flight operation planning, ground operation in terms of customer service, corporate communication, coordinating activities with authorities and organisation, and passenger responsibility, advising relatives of casualties. In addition, completing a comprehensive plan for handling emergencies is a major step toward

preventing disasters. Thai AirAsia has conducted exercises and drills to practice all or critical portions of the plan. A thorough and immediate review after each exercise, drill, or after an actual emergency will be pointed out areas that require improvement and help in maintaining a high level of proficiency.

## **2. The business, financial condition, operating results, and prospect of Thai AirAsia may be materially and adversely affected by fuel costs.**

The fuel cost is one of the main operating expenses of the airline business, which accounted for 34% of the operating costs of Thai AirAsia in 2019. Consequently, the operating results of Thai AirAsia are significantly affected by the high volatility of the jet fuel price. In an attempt to ensure against the constant fluctuation in fuel costs, the company has the fuel hedging policy as a tool to mitigate its exposure to volatile and potentially rising fuel costs rather than as a means to speculate against fluctuation in fuel price movements. In terms of flight operation, the company has a policy to manage the fuel consumption rate.

The forward fuel hedging of Thai AirAsia in 2019 accounted for an average proportion of 65% of overall fuel consumption. Throughout 2019, the company made adjustments to the jet fuel hedging to reflect the changes in situations that can influence the volatility of global oil price.

## **3. Currency fluctuation can have adverse impacts on Thai AirAsia's business, financial condition, and operating results.**

Thai AirAsia has revenues and expenses in various currencies. The company has adopted the practice of Natural Hedging to reduce the exposure of foreign exchange rates fluctuation by matching cash expenses and revenues in the same currency as practically possible. The net cash flow is then managed to better match its major costs such as maintenance contracts, aircraft lease contracts and jet fuel supply contracts. Moreover, the structure of the foreign currency loans is made in accordance with the highest currency net operating cash flow. To ensure that the company does not incur too much foreign currency debt, it also took on more Thai baht loans to alleviate the foreign currency gain/loss impact on the company's

profit and loss statement. The company also used financial instruments for currency risk management, including Cross Currency Swaps (CCS), spot and forward contracts whenever it is suitable to do so. Although the Company and Thai AirAsia engages in foreign currency hedging transactions, hedging activities cannot be expected to eliminate currency risks.

## **4. The Company and Thai AirAsia may be exposed with interest rate fluctuations.**

The Company and Thai AirAsia may incur a significant amount of debt in the future in order to finance for new aircraft or business expansion. The particular amount of indebtedness of the Company and Thai AirAsia in the future might be of floating rate obligations. Thus, the increasing interest rate is likely to affect the borrowing costs of Thai AirAsia. The Company and Thai AirAsia have set a measure to alleviate interest rate risk by fixing some interest rate during the negotiation for financial lease contracts and by considering using financial instruments at an appropriate time. As of December 31, 2019, Thai AirAsia has a ratio of long-term debts after interest rate swap between floating interest rates and fixed rates approximately 10 to 90.

## **RISKS RELATING TO ASIA AVIATION AND THAI AIRASIA**

### **1. There are limitations on foreign ownership in Asia Aviation and Thai AirAsia, which is the company's core asset. Violation may result in the revocation of air service operator license and the traffic rights of our destinations of Thai AirAsia.**

Foreign ownership, as limited under our Articles of Association, shall not exceed 0.1% of total issued and outstanding Asia Aviation's shares. In addition, Thai AirAsia, as Asia Aviation's core asset, is also under the foreigners' shareholding limitations regulated by the Foreign Business Act B.E. 2542 (1999) and the Aviation Act B.E. 2497 (1954) as amended, and the Announcement of the National Executive Council No. 58. Not less than 51% of shares of an air service operators and aircraft registrants shall belong to persons listed hereunder, in any one or any combination of the following categories:

- (1) Natural persons who hold Thai nationality;
- (2) Ministries, sub-ministries, departments of the Thai government;
- (3) Limited companies or public limited companies, of which not less than 51% of the total capital belongs to ministries, sub-ministries, departments of Thai government;
- (4) Limited companies or public limited companies with a natural person having Thai nationality holding not less than fifty-one percent of all shares, provided that any share entered in a certificate to bearer is deemed to be held by a person having non-Thai nationality;
- (5) A limited partnership with all unlimited liability partners having Thai nationality, and not less than fifty-one percent of its capital is held by a natural person having Thai nationality;
- (6) A registered ordinary partnership with all partners having Thai nationality;
- (7) Other juristic person as prescribed by Civil Aviation Authority of Thailand.

A juristic person under (3), (4), (5), (6), or (7) under the first paragraph shall be registered under Thai law and have the principle place of business located in Thailand. In case that such juristic person has another juristic person holding its shares, or such juristic person holds shares of another juristic person which is a shareholder or a partner, the shares shall also be held by a person having Thai nationality in accordance with the rules prescribed under this clause.

In practice, it is hardly possible to determine whether the shares owned by shareholder, who is a Thai national, are sold to another Thai national or foreigner, or whether the person who converts the Non-Voting Depository Receipt (NVDR) into share is a Thai national or foreigner, until the said person submits an application for share transfer registration to the registration officer or until the closing date of the shareholders' registration book. Buyers or persons who convert the NVDRs into shares are not obliged to apply for share transfer registration after the purchase or trading. If the buyers or said persons have not applied for share transfer registration, there will not be the records of the said persons' names and nationalities on the shareholders' registration book until the last closing date of the shareholders' registration book, which will be some time after the trading. However, Thailand Securities Depository Co., Ltd. (TSD), Asia Aviation's registrar, may refuse to register the share transfer for the persons who are not Thai nationals and the said persons may need to sell their shares, if the transfer will make the foreign shareholding exceeds the limit currently imposed, which may result

in the revocation of air service operator license and significant negative impacts on the business, financial condition, operating results, and business opportunities of Thai AirAsia.

If the foreign shareholding meets the maximum limit, Thai shareholders may be restricted in transferring the shares to foreigners, which may negatively affect the liquidity and market prices of the shares. Additionally, under normal practice for international air transportation service operation, Thai AirAsia shall have significant number of shareholders with Thai nationality who are the actual management of Thai AirAsia. Even though governments of countries, that Thailand has signed the bilateral agreements with, are recognising the concept of the "beneficial ownership", there is a risk that the substantially owned and the actual management test may not be met, which may result in Thai AirAsia being terminated of the Thai-Designated Airline status and revoked of the international traffic rights.

As of December 31, 2019, Asia Aviation held 55% shareholding in Thai AirAsia, in which the investors and financial institutions held the proportion of 58.95% of Asia Aviation's total issued and outstanding shares, and the remaining 41.05% were held by the Board of Directors and management of the Company who are all natural persons with Thai nationality, as regulated by applicable laws.

## **2. Asia Aviation is operating as a holding company, consequently it is dependent on the dividends received from Thai AirAsia for dividend payment to Asia Aviation's shareholders.**

As Asia Aviation is a holding company, it is dependent on the dividends from Thai AirAsia, of which it has 55% shareholding, to pay the dividends for its shareholders. A dividend payment of Thai AirAsia to its shareholders, including Asia Aviation, shall be subject to applicable law. Asia Aviation may pay dividends based on its net profit of the separate financial statement of the Company, but not from its consolidated financial statement, in which net profit of Thai AirAsia has derived the net profit under the consolidated financial statement. Therefore, the ability to pay dividends of Asia Aviation depends on the dividends received from Thai AirAsia as the said dividends constitute substantially of Asia Aviation's income.

The Company has assigned Thai AirAsia to prepare operating plans and annual budgets, which need to be considered and approved by the Company's Board of Directors. Executive management meet every month to closely monitor the operating results in order to respond in a timely manner, should there be changes from external factors that differ from what has been planned, and also to appropriate plan financially, both in terms of cash flow and financial ratios that have been approved by the Board of Directors.

### **3. Business operation of Thai Airasia relies on our relationship with AirAsia Berhad.**

Thai AirAsia has the supports from AirAsia Berhad (AAB) in many areas, including the permission to be a sole operator in Thailand to use "AirAsia" as a trade name for business operation, access to market knowledge, and customer services. However, the increase in the license fee and other amendments can affect the operation of Thai AirAsia.

Presently, Thai AirAsia is leasing its aircraft from an AAB's subsidiary, in which the lease agreements will expire from 2020 to 2024. The ability of Thai AirAsia to renew the lease with similar terms depends on the market condition at the time. Typically, if the lease agreement is made for a long duration, the agreement is likely to be more in favour of the lessee. Thai AirAsia also relies on the information technology used within the AirAsia Group. Thai AirAsia main software (centred in Kuala Lumpur, Malaysia) include NewSkies 4.2, which was developed by Navitaire and used for inventory/sales management and reservation, Oracle Cloud Application 19D, which was developed by Oracle and used for financial operation, the AIMS, which is used for flight scheduling and crew rostering, Navtech, which is used for flight planning, and Swiss Aviation Software Ltd.'s AMOS, which is used for the management of aircraft maintenance engineering and logistics.

Thai AirAsia also has access to spare parts kept by AAB and benefits from airport ground services provided by members of AirAsia Group in certain airports and other services from AAB and members of AirAsia Group such as maintenance, fuel hedging, website for selling tickets, ticket reservation software, and AirAsia BIG Loyalty Programme. Decisions to engage in the transactions are made by Thai AirAsia.

### **4. Thai AirAsia is dependent on automated system and the internet in its business operation.**

Thai AirAsia is reliant on the automated system in operating its business, including its website and online ticket reservation system, and its internal communication system. Thai AirAsia website and online ticket reservation system must be able to accommodate a high volume of traffic and to show important flight information. Thai AirAsia has a backup plan and business continuity plan in place to prevent a sudden stop in these systems.

The flight reservation by passengers directly by way of the website and AirAsia Application on smartphones came up to 63% in 2019. Thai AirAsia is aware of the possible risks from internet security for online transactions, related to the data privacy that may create more restrictions in ticket purchase. Therefore, the company has put in place a privacy policy for customers and safety measures to prevent illegitimate access to private information. The company also joins with leading domestic and international financial institutions and credit card providers such as VISA, MasterCard, American Express, and JCB to provide passengers with satisfaction in using their credit cards speedily and safely for the internet transaction.

### **5. Thai AirAsia is having the single fleet type of Airbus A320 aircraft and CFM56-5 and LEAP-1A engines.**

As of December 31, 2019, Thai AirAsia has an Airbus' A320 family of 63 aircraft with CFM56-5B6/3, CFM56-5B4/3 and LEAP-1A engines. The reliance on a single fleet, Airbus' A320 family, makes Thai AirAsia vulnerable to any problem arises from the said model and engines. Thai AirAsia may experience an unfavourable impact if any shortcoming is found in the design or the mechanism in Airbus aircraft or CFM56-5B6/3, CFM56-5B4/3 and LEAP-1A engines, as Thai AirAsia's aircraft will then need to be grounded for fixing the shortcoming or problem.

However, Airbus A320 and A321neo aircraft are well accepted in the aviation industry since its beginning of production in 1988 and 2017, respectively. Thai AirAsia has assessed the risks of the model being defected in the design or having engine troubled by considering the history of this model and found that its safety is at high-level and its cost of services is modest.

# SECURITIES AND SHAREHOLDERS

## EQUITY SECURITIES

### Asia Aviation Public Company Limited

As at December 31, 2019, Asia Aviation has the registered and paid-up capital of Baht 485,000,000, being common shares of 4,850,000,000 shares at the par value of Baht 0.10 per share. On May 31, 2012 the Company was listed on the Stock Exchange of Thailand under ticker “AAV”.

### Thai AirAsia Company Limited (subsidiary)

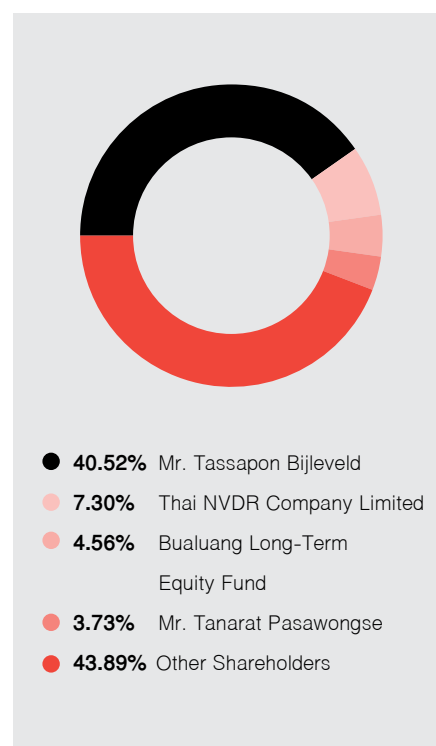
As at December 31, 2019, Thai AirAsia has the registered and paid-up capital of Baht 435,555,600, being common shares of 43,555,560 shares at the par value of Baht 10 per share. With the IPO proceeds, Asia Aviation has injected its capital into Thai AirAsia, increasing its shareholding from 51% to 55%.

## MAJOR SHAREHOLDERS

### Asia Aviation Public Company Limited

As at December 30, 2019, Asia Aviation has its top 10 shareholders with details on the number of shares and shareholding percentage as follows:

Name	Number of shares	Shareholding percentage (%)
1. Mr. Tassapon Bijleveld	1,965,088,286	40.52
2. Thai NVDR Company Limited	354,135,465	7.30
3. Bualuang Long-Term Equity Fund	221,354,300	4.56
4. Mr. Tanarat Pasawongse	180,860,800	3.73
5. Bualuang Long-term Equity Fund 75/25	103,128,300	2.13
6. Krungsri Dividend Stock LTF	58,269,000	1.20
7. Bualuang Flexible RMF	56,523,500	1.17
8. Bualuang Equity RMF	45,729,700	0.94
9. Mr. Somsak Amornpitak	44,611,900	0.92
10. Bualuang Infrastructure RMF	35,667,700	0.74





## Thai AirAsia Company Limited

As at December 31, 2019, Thai AirAsia has 8 shareholders with details on the number of shares and shareholding percentage as follows:

Name	Number of shares	Shareholding percentage (%)
1. Asia Aviation Public Company Limited	23,955,553	55.00
2. AirAsia Investment Ltd. <sup>1,2</sup>	19,600,000	45.00
3. Mr. Tassapon Bijleveld	2	0
4. Gp. Capt. Tanapat Ngamplang	1	0
5. Mr. Preechaya Rasametanin	1	0
6. M.L. Bovornovadep Devakula	1	0
7. Mr. Santisuk Klongchaiya	1	0
8. Mrs. Hathaimas Ekkalakdilok	1	0
<b>Total</b>	<b>43,555,560</b>	<b>100.00</b>

Remark:

- AirAsia Investment ("AAI") is a subsidiary of AirAsia Group that registered under Malaysian laws, in which AirAsia Group Berhad has a 100% shareholding.
- AirAsia Group Berhad ("AAGB"), listed on Bursa Malaysia, manages the business of investing in other companies.

## AirAsia Group Berhad

As at December 31, 2019, AirAsia Group Berhad has Major Shareholders with details on the number of shares and shareholding percentage as follows:

Name	Direct		Indirect	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
Tune Live Sdn. Bhd.	559,000,000 <sup>1</sup>	16.73	-	-
Tune Air Sdn. Bhd.	516,485,082 <sup>2</sup>	15.45	-	-
Employees Provident Fund Board	176,739,649 <sup>3</sup>	5.29	-	-
Tan Sri Dr. Anthony Francis Fernandes	1,600,000 <sup>4</sup>	0.05	1,075,485,082 <sup>6</sup>	32.18
Datuk Kamarudin bin Meranun	2,000,000 <sup>5</sup>	0.06	1,075,485,082 <sup>6</sup>	32.18

Remark:

- Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Live Sdn. Bhd.
- Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Air Sdn. Bhd.
- Shares held under Citigroup Nominees (Tempatan) Sdn. Bhd. for Employees Provident Fund Board.
- Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tan Sri Dr. Anthony Francis Fernandes.
- Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Datuk Kamarudin Bin Meranun.
- Deemed interested by virtue of Section 8 of the Companies Act, 2016, Suruhanjaya Syarikat Malaysia (SSM) through a shareholding of more than 20% in Tune Live Sdn. Bhd. and Tune Air Sdn. Bhd.

## DIVIDEND POLICY

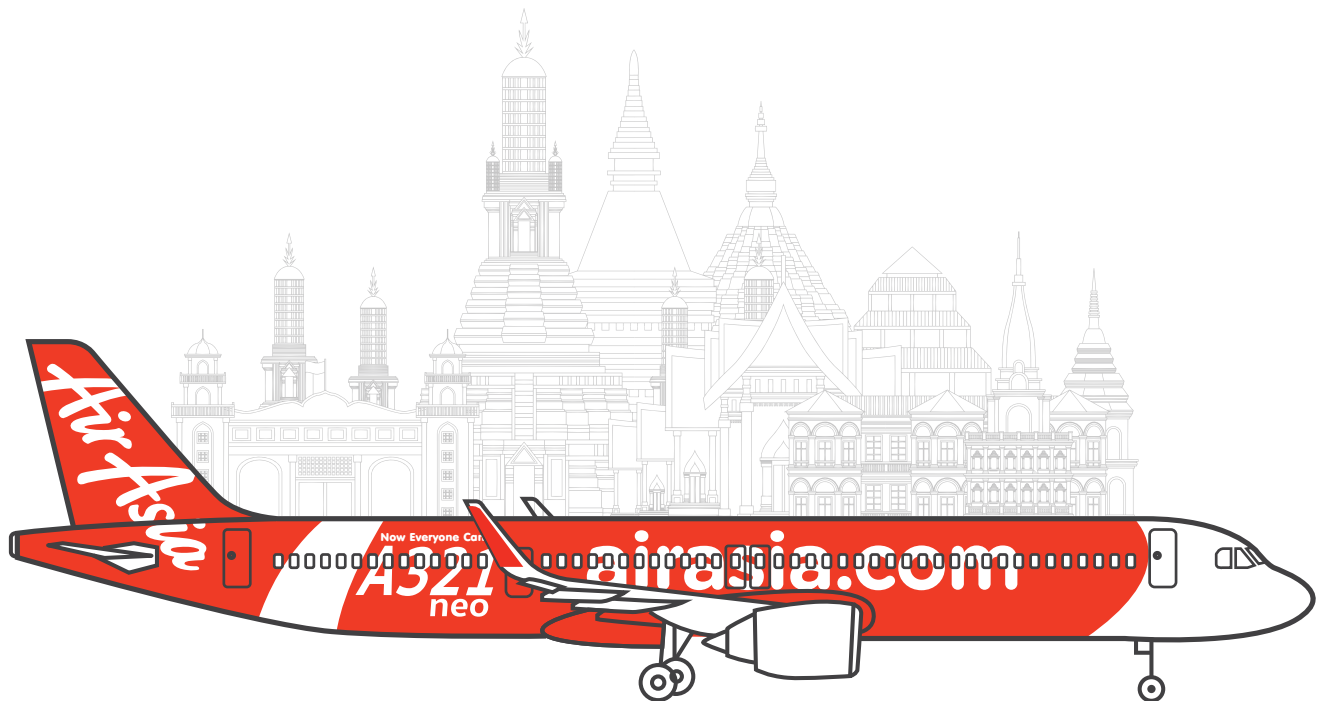
The Board of Directors of Asia Aviation may recommend annual dividends subject to the approval of the Shareholders' Meeting. For interim dividends, the Board of Directors is authorised for such approval, considering the profitability of the Company, which will be reported to the next Shareholders' Meeting.

### Asia Aviation Public Company Limited

Asia Aviation may consider paying dividend by taking into account the performance, liquidity, current cash flow and financial status; the provisions and conditions regarding dividend payment as provided in the loan agreements, debentures or any related contracts that Asia Aviation are obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the Board of Directors. In 2019, Asia Aviation does not pay dividends to Shareholder.

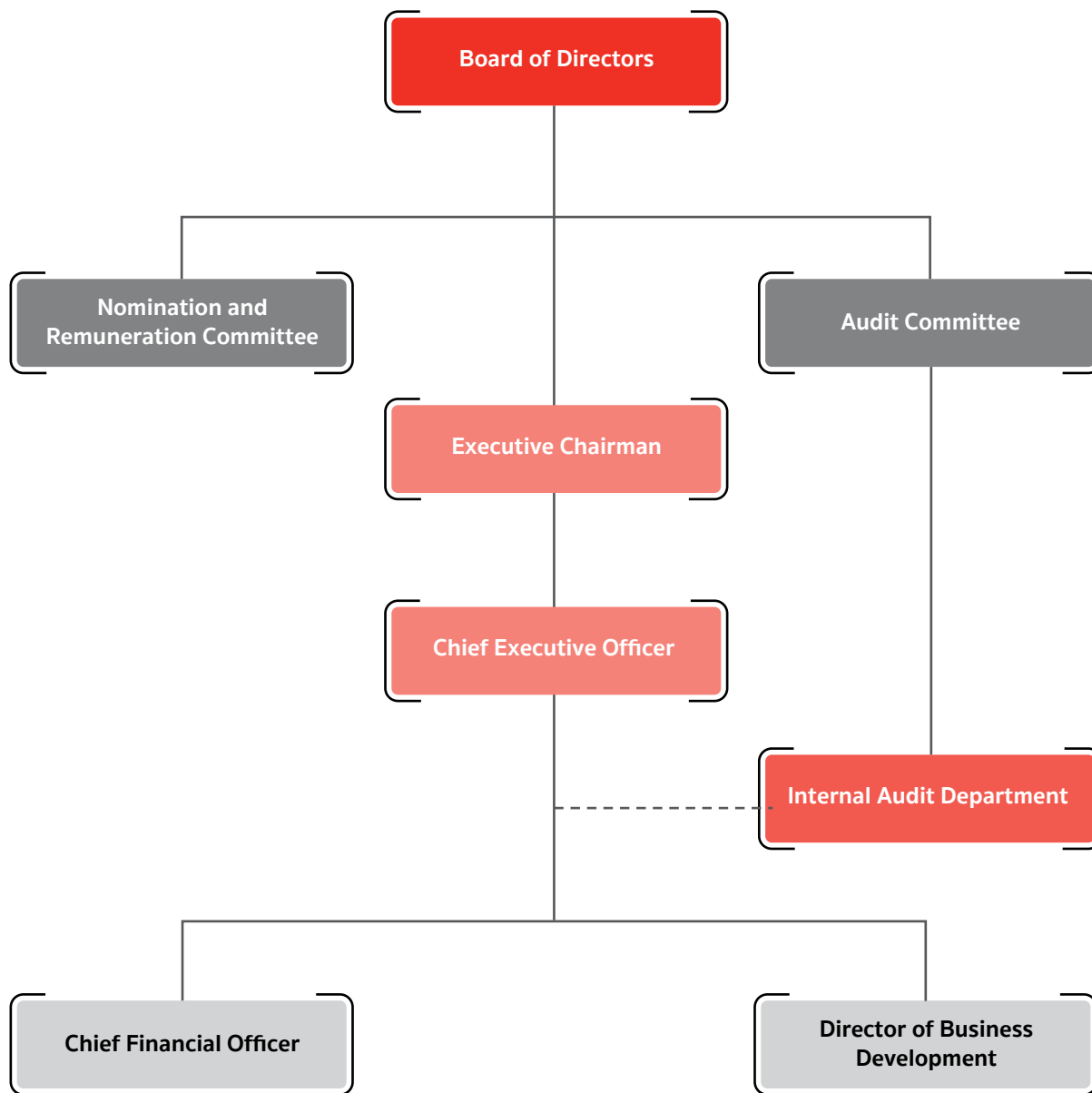
### Thai AirAsia Company Limited

Thai AirAsia may consider paying dividend by taking into account the performance, liquidity, current cash flow and financial status; the provisions and conditions regarding dividend payment as provided in the loan agreements, debentures or any related contracts that Thai AirAsia are obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the Board of Directors. In 2019, Thai AirAsia does not pay dividends to Shareholder.



# MANAGEMENT STRUCTURE (GRI 102-18)

Management Structure of Asia Aviation Public Company Limited as of December 31, 2019



## MANAGEMENT STRUCTURE

Management structure of Asia Aviation consists of the Board of Directors and two sub-committees, namely the Audit Committee and the Nomination and Remuneration Committee. The details of all the Committees are as follows:

## THE BOARD OF DIRECTORS

As of December 31, 2019, Asia Aviation's Board of Directors consists of 9 Directors as follows:

Name	Position
1. Mr. Vichate Tantiwanich	Chairman of the Board / Independent Director / Chairman of the Audit Committee
2. Mr. Nuttawut Phowborom	Director / Independent Director / Audit Committee
3. Mr. Veerayooth Bodharamik	Director / Independent Director / Audit Committee
4. Mr. Tassapon Bijleveld	Director
5. Mr. Santisuk Klongchaiya	Director
6. Gp.Capt.Tanapat Ngamplang*	Director
7. Mr. Preechaya Rasametanin	Director
8. M.L. Bovornovadep Devakula	Director
9. Mr. Phairat Pornpathananagoon	Director

\* The Board of Directors Meeting No. 5/2019 on November 11, 2019 passed a resolution to reappoint Gp.Capt.Tanapat Ngamplang to be Director by term of director will equal to remaining period, effective on November 11, 2019 onwards.

### Authorised Directors

"Any one of Mr. Tassapon Bijleveld or Mr. Santisuk Klongchaiya jointly signing with any one of Mr. Phairat Pornpathananagoon or Gp.Capt.Tanapat Ngamplang or M.L. Bovornovadep Devakula or Mr. Preechaya Rasametanin, totalling two persons, with the Company's seal affixed."

### Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors of Asia Aviation shall manage Asia Aviation in accordance with the law, objectives, articles of association and resolutions of Shareholders' Meeting in an honest and prudent manner in the best interests of the Company and Shareholders. Scope of duties and responsibilities of Asia Aviation's Board of Directors are as follows:

1. To conduct their duties in compliance with the laws, objectives, articles of association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings with duty of care and duty of loyalty, and with the best interest of the Company.

2. To formulate and approve the vision, strategies, business directions, policies, targets, guidelines, plans of work and budget of Asia Aviation and its subsidiaries as prepared by Management and oversee the administration and the performance of the Management or any persons assigned to do such work to ensure compliance with the policies set out by the Board of Directors.
3. To follow-up the outcome of work to ensure compliance with the plan and budget on an ongoing basis.
4. To ensure that the Company and its subsidiaries adopt and set in place an appropriate, strong and effective accounting system, internal control and internal audit system. These include establishing reliable financial report.
5. To review the risk management procedures and policies and also follow up on the results.
6. To prevent conflicts of interests among stakeholders of Asia Aviation and its subsidiaries.
7. To consider and approve related party transactions of the Company and its subsidiaries in compliance with notifications and regulations of the Stock Exchange of Thailand.
8. To set in place the corporate governance policy and its effective implementation including annual review.
9. To appoint the sub-committees such as Audit Committee, or any other sub committees in order to appropriately assist and support the Board of Directors duties.
10. To appraise their performance of Chief Executive Officer and members of Senior Management.
11. To appoint the Company Secretary to assist the Board of Directors in its various activities to run the business in line with the related laws and regulations.
12. To seek professional opinions from external agencies, if required, in order to take appropriate decisions.
13. To prepare and disclose annual reports and financial statements in order to present financial position and operating results for the past years to the Shareholders' Meeting.
14. To arrange for the Annual General Meeting of Shareholders within four months of the end of each fiscal year of Asia Aviation.
15. To approve the investment decisions for business expansion or joint venture with other business operators.

In any case, the authorisation of duties and responsibilities of the Board of Directors of Asia Aviation shall not constitute an authorisation or sub-authorisation which may cause the Board of Directors of the Asia Aviation or its authorised person(s) to be able to approve any transaction that such person or any person who may have a conflict of interest (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Markets Supervisory Board) may have an interest or may benefit in any manner or may have any other conflict of interest with Asia Aviation or its subsidiaries, unless the approvals of such transactions are consistent with the policies and criteria approved by the Shareholders Meeting or the Board of Directors' Meeting.

## Board of Directors' Meeting

The followings are the details of attendance of the Board of Directors' Meeting in 2019

Name	No. of Total Meeting	No. of Attendance	
		Present in Person	By Teleconference
1. Mr. Vichate Tantiwanich	6	6	-
2. Mr. Nuttawut Phowborom	6	6	-
3. Mr. Veerayooth Bodharamik	6	4	-
4. Mr. Tassapon Bijleveld	6	4	1
5. Mr. Santisuk Klongchaiya	6	6	-
6. Gp.Capt.Tanapat Ngamplang	5*	3	-
7. Mr. Preechaya Rasametanin	6	5	-
8. M.L. Bovornovadep Devakula	6	5	-
9. Mr. Phairat Pornpathananangoon	6	6	-

\* The effective date of appointment of Gp.Capt.Tanapat Ngamplang is November 11, 2019.

The percentage of Board Meeting attendance by the Directors in Year 2019 is 84.44%.

## AUDIT COMMITTEE

Asia Aviation's Audit Committee comprises three Independent Directors and has the qualifications that meet the requirement of the Thai Capital Market Supervisory Board and the Stock Exchange of Thailand. As of December 31, 2019, the Company's Audit Committee is as follows:

Name	Position
1. Mr. Vichate Tantiwanich	Chairman of Audit Committee
2. Mr. Nuttawut Phowborom	Audit Committee
3. Mr. Veerayooth Bodharamik	Audit Committee

Mr. Nuttawut Phowborom have sufficient knowledge and experience to review the reliability of the financial statements of the Company.

The Secretary to the Company's Audit Committee is Miss Duangporn Tantiwivat.

### Term of Positions

Members of the Audit Committee serve a term of three years and are eligible for reappointment at the end of the term.

## Audit Committees' Meeting

The followings are the details of attendance of the Audit Committee's Meeting in 2019:

Name	No. of Attendance/ Total Meeting
1. Mr. Vichate Tantiwanich	5/5
2. Mr. Nuttawut Phowborom	5/5
3. Mr. Veerayooth Bodharamik	3/5

## Scope of Duties and Responsibilities of the Audit Committee

- To review the Company's financial reporting process to ensure that it is accurate and adequate.
- To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the head of an internal audit unit or any other unit in charge of an internal audit.
- To review the Company's compliance with the law on Securities and Exchange, the regulations of the Stock Exchange of Thailand, and the laws relating to the Company's business.
- To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.

5. To consider the related transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company.
6. To review the Company's risk management system to ensure that the Company has appropriate and efficient risk management systems.
7. To review and propose amendments related to duties and responsibilities of the Audit Committee in accordance with the circumstances.
8. The Audit Committee has the authority to investigate the relevant party and has the authority to hire or bring experts to assist as necessary and appropriate.
9. To prepare, and disclose in the Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - a. an opinion on the accuracy, completeness and credibility of the Company's financial report;
  - b. an opinion on the adequacy of the Company's internal control system;
  - c. an opinion on the compliance with the law on Securities and Exchange, the regulations of the Stock Exchange of Thailand, or the laws relating to the Company's business;
  - d. an opinion on the suitability of an auditor;
  - e. an opinion on the transactions that may lead to conflicts of interests;
  - f. the number of the Audit Committee Meetings, and the attendance at such meetings by each committee member;
  - g. an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
  - h. other transactions which, according to the Audit Committee's responsibilities as assigned by the Board of Directors, should be known to the Shareholders and investors.
10. If any following actions significantly affect the financial status or performance of the Company, the Audit Committee shall report to the Board of Directors for further improvement within the suitable time set by the Audit Committee:
  - a. Transaction that causes the conflict of interest;
  - b. Fraud or any significant irregular events or problems in the internal control system; and
  - c. The violation of law by Security and Exchange Commission, the Stock Exchange of Thailand's regulation or law related to the Company business.

If the Board of Directors or Management has not taken any action to resolve the above matter within the specified time frame, any committee member shall report to aforementioned matter to the Security and Exchange Commission or Stock Exchange.

11. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

The Audit Committee directly reports to the Board of Directors.

## MANAGEMENT TEAM

As of December 31, 2019, the list of Asia Aviation's Management team is as follows :

Name	Position
1. Mr. Tassapon Bijleveld	Executive Chairman
2. Mr. Santisuk Klongchaiya*	Chief Executive Officer
3. Mr. Santhat Sanguandikul	Chief Financial Officer
4. M.L. Bovornovadep Devakula	Director of Business Development

\* The Board of Director Meeting No. 1/2020 on January 30, 2020 passed a resolution to appoint Mr. Phairat Pornpathananagoon to be Chief Financial Officer in replace of Mr. Santhat Sanguandikul who resigned, with effective on January 31, 2020 on wards.

Remark: Management means a Director, Manager or a person holding a Management-level-position of the first four ranking below the Manager, a person holding a position equivalent to the person holding a Management-level-position of the fourth ranking, including a person holding a Management-level-position in an accounting or finance department at the level of Manager of the department or higher or an equivalent position.

### Duties and Responsibilities of the Executive Chairman

The Executive Chairman serves as chairman of the Management and has responsibilities for management and business policy planning as assigned by the Board of Directors as follows:

1. To administer the Company's overall direction, business policy as well as to determine and review management plans and strategic goals jointly with the Management to in line and correspondence with the economic and competitive conditions, and propose to the Company's Board of Directors for approval.
2. To monitor implementation of the policy, direction, strategies, plans and administration to make sure the Company efficiently and effectively meet with the goals set forth,
3. To map out an investment plan and assess business opportunities in new investment projects, and propose to the Company's Board of Directors for approval.
4. To have authorities, duties and responsibilities as assigned or in line with the policy given by the Company's Board of Directors.

The Executive Chairman may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of

The Executive Chairman shall not provide Executive Chairman or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with Asia Aviation or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

### Duties and Responsibilities of the Chief Executive Officer

1. To be designated as authorised person in administering Asia Aviation's business and/or day-to-day operation to be in line with the policies, business strategies, objectives, business plans, financial goals, and budgets of Asia Aviation as approved by the Board of Directors of Asia Aviation and/or resolutions of the Shareholders' Meeting.
2. To prepare business plans and to assign management authority as well as set the business operation and annual budgets for the approval from the Board of Directors of Asia Aviation, and to report the business progress according to the plans and budgets as approved to the Board of Directors of Asia Aviation.
3. To establish corporate structure and administrative procedures, including recruitment, training, dismissal, and remuneration, salary, compensation, bonus and other benefits for employees.
4. To monitor and report situation and performance of Asia Aviation and to propose alternatives and strategies in accordance to policies and market situation.
5. To manage and control all areas of operation for Asia Aviation, including finance, risk management, internal control, business operations and support functions, and human resources.
6. To represent Asia Aviation and to be designated as authorised person in liaising with government agencies and other organisations.
7. To oversee communication activities with the public, stakeholders, customers, and staff members in order to promote image and reputation of Asia Aviation.
8. To ensure good corporate governance.
9. To authorise the establishment, amendment, and modification of the employment rules and regulations for Asia Aviation such as recruitment, dismissal, and employee regulations, as well as remuneration and other compensation, and benefits.
10. To consider, negotiate, and approve legal transactions, and/or business operation activities, and/or daily business administration of Asia Aviation within the Authority Limits approved by the Board of Directors of Asia Aviation.
11. To be responsible and designated as assigned or according to policies assigned by the Board of Directors of Asia Aviation.

Chief Executive Officer may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of the Chief

Executive Officer shall not provide Chief Executive Officer or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with Asia Aviation or its subsidiary, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

### COMPANY SECRETARY

The Board of Directors of Asia Aviation has appointed Miss Nisres Distes as a company secretary, effective February 25, 2016, whose duties and responsibilities are as stated in the Securities and Exchange Act.

### NOMINATION AND REMUNERATION COMMITTEE

Asia Aviation's Board has appointed of the Nomination and Remuneration Committee, which comprises of three committee members as follows:

Name	Position
1. Mr. Nuttawut Phowborom	Chairman of Nomination and Remuneration Committee
2. Mr. Vichate Tantiwanich	Nomination and Remuneration Committee
3. Mr. Veerayooth Bodharamik	Nomination and Remuneration Committee

### Term of Positions for Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee serve a term of three years and are eligible for reappointment at the end of the term.

### Nomination and Remuneration Committee's Meeting

The followings are the details of attendance of Nomination and Remuneration Committee's Meeting in 2019

Name	No. of Attendance/ Total Meeting
1. Mr. Nuttawut Phowborom	2/2
2. Mr. Vichate Tantiwanich	2/2
3. Mr. Veerayooth Bodharamik	2/2

## Scope of Authority and Responsibilities for Nomination

1. To determine the structure, size, and composition of the Board of Directors to be suitable for the organisation and its changing environment.
2. Determine guidelines and policies in nominating Board of Directors and sub-committee members and consider qualified candidates to replace those who are vacating the office, and propose the matter for approval by Board of Directors and/or Shareholders as the case may be.
3. Nominate qualified candidates for Chief Executive Officer and Senior Management when the position is vacant.
4. Provide opportunity for Minority Shareholders to nominate candidates for the Company's Directors by giving appropriate timeframe prior to the Shareholders' Meeting.
5. To perform of other tasks as assigned by the Board of Directors.

## Nomination of Directors

The Company has appointed the Nomination Committee to consider qualified candidates to replace the Directors whose positions are vacant by rotation or other reasons and to provide opportunity for Minority Shareholders to nominate candidates for the Company's Directors. Candidates are proposed to the Company's Board of Directors for consideration before proposing to the Shareholders' Meeting for approval (on a case-by-case basis). Nevertheless, the Nomination Committee shall consider the knowledge, capability, work experiences, and the overview of the Company's Board of Directors for skills that are still lacking. In order to recruit the candidates, the Board Skill Matrix is used for evaluating the qualification that are suitable in term of knowledge, experience and specific capabilities beneficial to the Company's operation as well as go in line with the Company's business direction and business strategy. The appointed Directors of Asia

Aviation shall meet all the requirements specified under Article 68 of Public Limited Companies Act B.E. 2535 (and its amendments) and the notifications by Securities and Exchange Commission, and shall not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations.

## Board Skill Matrix

The Company realises the significance of recruiting, selecting and appointing qualified candidates as the Company's Board of Directors and members of sub-committees by preparing a board skill matrix, which helps the recruiting process for Directors go in line with the Company's business operation and both short-term and long-term strategies. The Company puts into consideration knowledge, experience, specific capabilities beneficial to the Company's business operation without discrimination of gender or race so that the Board is formed by qualified Directors for the Company's maximal benefits. The details of Board Skill Matrix are as follows:

	Criteria	No. of Director
Age	35 - 50 Years old	2
	51 - 60 Years old	5
	Above 60 Years old	2
Gender	Male	9
	Female	0
Moral and Ethical	Have moral and ethics	9
Knowledge, Ability and Work Experience	Knowledge in finance and accounting	3
	Knowledge in aviation business	6
	Knowledge in business administration	6
	Knowledge in marketing and marketing communications	2
	Knowledge in law and rules and regulations related to the business	6
	Knowledge in economics	2
	Knowledge in engineering	2
	Knowledge in good governance and sustainable development	4

## Knowledge Development for the Company's Directors and Management

The Company also realises the significance of increasing knowledge and better working efficiency of the Directors, by encourage Directors, Management and employee in the Company and its subsidiary to attend training and seminars, held by such institutes as the Thai Institute of Directors, Securities and Exchange Commission, Stock Exchange of Thailand and Thai Listed Companies Association or other institutes involved with their responsibilities both in and outside the country in order to support development of their skills, knowledge and capabilities and to cope with the Company's short-term and long-term business growth. In 2019, the following Directors and Management participated in training sessions and seminars as follows: Mr. Santisuk Klongchaiya attended The Capital Market



Academy class CMA 28/2019 , Mr. Veerayooth Bodharamik attended Diploma of Thailand National Defence College Class 62, Thailand National Defence College and Mr. Santhat Sanguandikul attended TLCA CFO Professional Development Program (TLCA CFO CPD) class AutoMotion and RPA (Robot Process Automotion) for Accounting and Regulatory Review for Quarterly Financial Statements, Thai Listed Companies Association (TLCA)

### **Composition and Nomination of the Company's Directors**

The composition, appointment, withdrawal and termination of Asia Aviation's Directors shall be as prescribed by the Article of Association which can be summarised as follows:

1. The Board of Directors of Asia Aviation shall consist of at least five Directors to conduct the business of Asia Aviation. Not less than one half of all Directors shall have residence in the Kingdom of Thailand.
2. The appointment of a Director shall be made by a majority vote at the Shareholders' Meeting in accordance with the following conditions and procedures:
  - (1) One ("1") share represents one ("1") vote;
  - (2) Each Shareholder shall exercise his or her voting rights according to (1) to elect one or several persons as a Director or Directors, but the Shareholder cannot divide his or her votes to any nominated Director in any number;
  - (3) The persons receiving the most votes are those who are elected to be Directors, in descending order, to the number of Directors who are to be appointed. If there is a tie in the last to be elected and this exceeds the said number of Directors, the presiding Chairman shall have an additional casting vote.
3. At every Annual General Meeting, one-third of the total number of the Directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The retiring Directors are eligible for re-election. Thus, the Director who has been in office for the longest term shall retire.
4. Any Director wishing to resign from the Director's position shall submit a resignation letter to Asia Aviation. The resignation shall take effect upon the date on which the resignation letter reaches Asia Aviation.
5. The Shareholders' Meeting may pass a resolution to remove any Director prior to retirement by rotation, by a vote of not less than three-fourths of the number of Shareholders attending the Meeting and having the right to vote, and the shares held by them shall not, in total, be less than one half the number of the shares held by the Shareholders attending the Meeting and having the right to vote.

6. In case of vacancy due to reasons other than expiry of service terms, the Board of Directors shall appoint any candidate who does not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations to fill the position for the next Board of Directors' Meeting unless the remaining term is less than two months. The replacement Director shall hold the office only for the remaining term of the Director whom he/she replaces.

### **Composition and Nomination of the Audit Committee**

Board of Directors shall appoint at least three members of Audit Committee from Independent Directors whose qualifications meet the requirements per the Notification of the Thai Capital Market Supervisory Board and the Stock Exchange of Thailand as follows:

1. Not being a Director authorised by the Board of Directors to make any decision in the business operation of Asia Aviation, its parent company, its subsidiary company, its affiliate company, its subsidiary company at the same level, Major Shareholder or control person of Asia Aviation;
2. Not being a Director of a parent company, its subsidiary company or its subsidiary company at the same level which is a listed company; and
3. Having sufficient knowledge and experience to conduct the duty as an Audit Committee member.

At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements.

Should any of the members of the Audit Committee vacates his or her office by rotation or any other reasons, and leaves the number of less than three committee members, Board of Directors shall appoint a replacement within three months after the office is vacated in order for the Committee to continue their duties without any disruption.

### **Nomination of Senior Management**

In nominating the candidates for Chief Executive Officer and Senior Management members. Nomination and Remuneration Committee will initially screen the appropriate persons who meet the qualifications holding knowledge, capabilities, skills and experiences beneficial to the Company's operations. Those candidates must understand the Company's businesses well and can manage their functions to attain the goals and objectives set by the Board of Directors. The list of candidates will be proposed to Nomination and Remuneration Committee for their consideration and presented to the Board of Directors for further approval.

## Scope of Authority and Responsibilities for Remuneration

1. To determine criteria and the form of payment to the Board of Directors and sub-committees which are clear, appropriate and correspond to each person's responsibilities and his/her performance in relation with the business operation, and other relevant factors, while taking into consideration remunerations provided by other leading companies in the Stock Exchange and companies in the same or similar industry.
2. To determine appropriate remuneration for the Board of Directors and sub-committees for the Board of Directors' consideration and propose to the Shareholders' Meeting for approval.
3. To disclose the policy for Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
4. To be responsible for other tasks as assigned by the Board of Directors.

## Remuneration Policy and Criteria for Directors

Asia Aviation's Board of Directors approves the criteria in consideration for Directors' remuneration as follows:

To determine remuneration for Directors, the Remuneration Committee shall consider the following guideline:

### 1. Remuneration Policy for Directors

The Company has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for Directors in other leading companies in the Stock Market and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors.

Remuneration Committee considers types, forms, and amount of the remuneration for Directors and sub-committee members, then the remuneration will be presented to the Board of Directors for consideration and propose to the Annual General Meeting of Shareholders for approval every year.

### Remuneration for Directors and sub-committee members

At the Annual General Meeting of Shareholders 2019, held on April 24, 2019, approved the resolution of the remuneration year 2019 for Directors and sub-committee members as follows:

## Monetary Remuneration

- Each Director shall receive the monthly remuneration of Baht 80,000 and Baht 80,000 allowance for each meeting attendance. If there is more than one meeting, each Director shall receive only Baht 80,000 allowance in the month. The Chairman of the Board of Directors shall receive the monthly remuneration of Baht 100,000 and Baht 100,000 allowance for each meeting attendance. If there is more than one meeting, the Chairman shall receive only Baht 100,000 allowance in the month.
- The monthly remuneration for the Audit Committee (in addition to the remuneration as the Directors) shall be Baht 80,000. The Chairman of the Audit Committee shall receive the monthly remuneration of Baht 100,000.
- Upon being appointed by the Board of Directors or the Chairman of the Board to a committee, a sub-committee or a working group, the said Director shall receive an additional remuneration as the meeting allowance for Baht 40,000 per meeting attendance. If there is more than one meeting, each Director shall receive only Baht 40,000 allowance in the month.
- The Board of Directors shall receive the bonus for 0.5% of the dividend and the allocation shall be as specified by the Board of Directors.

## Other Remunerations

### Ticket Benefits

Each Director of Asia Aviation (and his/her family members, meaning spouse and legitimate children) is entitled to one free round-trip ticket for any destination per month, in total twelve tickets in one year with term and condition of the Company's Policy. The Directors are entitled to the said benefit only while they are serving their office terms as the Directors of Asia Aviation.

Nonetheless, Executive Directors shall not receive any remuneration as members of the Board or sub-committee.

## Remuneration Structure of Directors in 2019

Director	Monetary Remuneration (Baht)		
	Monthly	Meeting Allowance	Bonus
<b>Board of Directors</b>			
- Chairman	100,000	100,000	0.5% of the
- Member	80,000	80,000	dividend payment
<b>Audit Committee</b>			
- Chairman	100,000	-	-
- Member	80,000	-	-
<b>Nomination and Remuneration Committee</b>			
- Chairman	-	40,000	-
- Member	-	40,000	-

Monetary remunerations of the three individual directors who are not members of the Management are the total of Baht 7.88 million. The remunerations include salary and meeting allowance as follows:

Name	Director's Remuneration (Baht)			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
Mr. Vichate Tantiwanich (Chairman of the Board of Directors/ Chairman of the Audit Committee/ Nomination and Remuneration Committee)	1,800,000	1,200,000	80,000	3,080,000
Mr. Nuttawut Phowborom (Director/ Audit Committee/ Chairman of Nomination and Remuneration Committee)	1,440,000	960,000	80,000	2,480,000
Mr. Veerayooth Bhodharamik (Director/ Audit Committee/ Nomination and Remuneration Committee)	1,280,000	960,000	80,000	2,320,000

The aforementioned policy on Directors' remuneration in 2019 is the same as the policy in 2018.

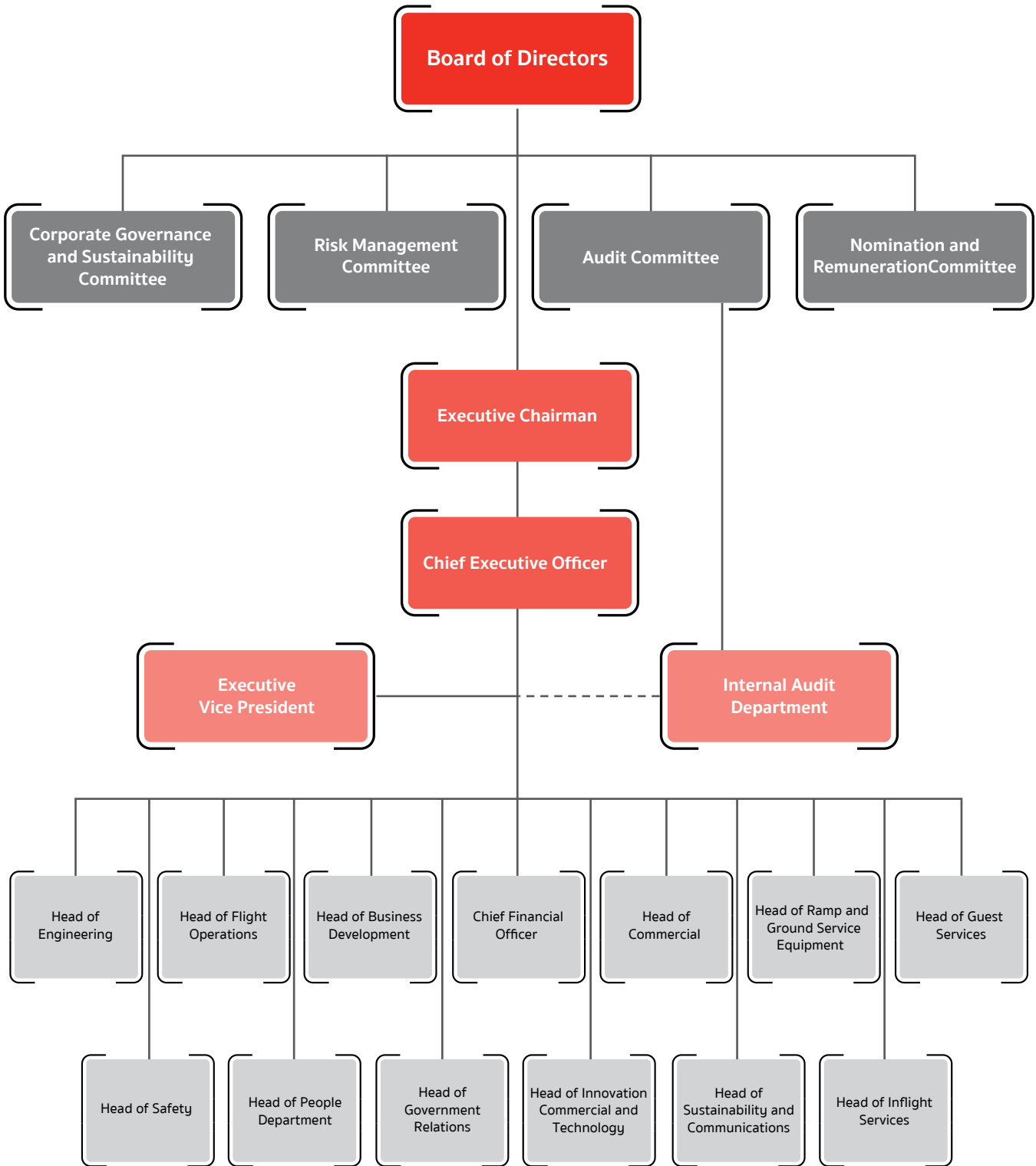
## 2. Remuneration Policy for Senior Management

In 2019, the Company did not pay the monetary remuneration of the Management since Asia Aviation is holding company. Therefore, the policy on remuneration for Senior Management will be determined at Thai AirAsia as subsidiary and the core operating company.

**Changes in Shares Held by Board of Directors and Management in 2019**

Name	Position	Number of Shares on December 30, 2019	Number of Shares on December 28, 2018	Increase (Decrease) in the Number of Shares	Share holding (%)
1. Mr. Vichate Tantiwanich	Chairman of the Board of Directors / Chairman of the Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
2. Mr. Nuttawut Phowborom	Director / Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
3. Mr. Veerayooth Bhodharamik	Director / Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
4. Mr. Tassapon Bijleveld	Director / Executive Chairman	1,965,088,286	2,004,088,286	(39,000,000)	40.52
Spouse and minor child	-	-	-	-	-
5. Mr. Santisuk Klongchaiya	Director / Chief Executive Officer	9,712,091	9,712,091	-	0.20
Spouse and minor child	-	-	-	-	-
6. Gp.Capt.Tanapat Ngamplang	Director	-	600,082	(600,082)	-
Spouse and minor child	-	-	700,000	(700,000)	-
7. Mr. Preechaya Rasametanin	Director	7,000,000	19,000,000	(12,000,000)	0.14
Spouse and minor child	-	-	-	-	-
8. M.L. Bovornovadep Devakula	Director / Director of Business Development	9,351,977	17,351,977	(8,000,000)	0.19
Spouse and minor child	-	-	-	-	-
9. Mr. Phairat Pornpathananangoon	Director	200,000	200,000	-	0.0041
Spouse and minor child	-	-	-	-	-
10. Mr. Santhat Sanguandikul	Chief Financial Officer	-	-	-	-
Spouse and minor child	-	780,000	780,000	-	0.0161

### Management Structure of Thai AirAsia Company Limited as of December 31, 2019



## MANAGEMENT STRUCTURE THAI AIRASIA AS A CORE BUSINESS OPERATION

Management structure of Thai AirAsia (“subsidiary”) consists of the Board of Directors and four sub-committees, namely the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and Corporate Governance and Sustainability Committee. The details of all the Committees are as follows:

### THE BOARD OF DIRECTORS

As of December 31, 2019, Thai AirAsia’s Board of Directors consists of 9 directors as follows:

Name	Position
1. Mr. Vichate Tantiwanich	Chairman of the Board / Independent Director / Chairman of the Audit Committee
2. Mr. Nuttawut Phowborom	Director / Independent Director / Audit Committee
3. Mr. Tassapon Bijleveld	Director
4. Mr. Santisuk Klongchaiya	Director
5. Datuk Kamarudin Bin Meranun	Director
6. Dato’ Mohamed Khadar Bin Merican	Director
7. Mr. Rozman Bin Omar	Director
8. Mrs. Pattra Boosarawongse	Director
9. Mr. Phairat Pornpathananagoon	Director

Thai AirAsia’s Company Secretary is Miss Nisres Distes

### Authorised Directors

“(i) Mr. Tassapon Bijleveld jointly signing with Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananagoon or Mrs. Pattra Boosarawongse, totaling two persons with an affixation of the Company’s seal or (ii) Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananagoon or Mrs. Pattra Boosarawongse, any two of these three Directors jointly signing with any one of Datuk Kamarudin Bin Meranun or Mr. Rozman Bin Omar, totalling three persons, with an affixation of the Company’s seal.”

### Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors of Thai AirAsia shall manage Thai AirAsia in accordance with the law, objectives, articles of association and resolutions of Shareholders’ Meeting in an honest and prudent manner in best interests of Thai AirAsia and its Shareholders. Scope of duties and responsibilities of Thai AirAsia’s Board of Directors are as follows:

1. Announce dividend payments or other payments in the same nature as dividends to Shareholders.
2. Propose any increase and/or decrease and/or other alteration to the registered capital and authorised capital by the Company or the issue of any new class of shares in the share capital of the Company or the issue of any securities or convertible instruments by the Company.
3. Propose any amendment in the Memorandum and/or Articles of Association of the Company.
4. To approve and to change or adjust the Company’s business plans and/or budgets for any fiscal year.
5. To approve any business operation or legal transaction of over Baht 100,000,000 (One Hundred Million Thai Baht) in total, except cases that have already been specified in the Company’s approved budgets.
6. Change the structure of the Company or the merger with or acquisition of other company, association, partnership, or any other legal entity.
7. Change the nature or scope of business of the Company at the time, which is not coherent or related to the scope of or the nature of business of the Company.
8. Appoint or dismiss Senior Management and to approve any contract concerning employment regulations or remuneration and benefits of Directors or senior human resources of the Company, or any amendment in the aforementioned matters.
9. The sale, transfer or disposal of any substantial part of business, assets or properties of the Company, including the issuance of any fixed or variable obligation or right of retention mortgage, guarantee, or any other obligation over Company’s assets or properties.
10. Any financial transaction of the Company, including any existing and future loan, debt or account payable or other loan obligation (or debt or account payable or any other loan obligation), or the Company entering into any guarantee contract which results in debt, with the total value of over Baht 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency, except cases that have already been specified in the Company’s approved budgets.

11. Capital expenditure or capital obligation, or capital expenditure or successive capital debt obligation the total value of over Baht 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency in any fiscal year, except cases that have already been specified in the Company's approved budgets.
12. Change auditor, fiscal year, or significant accounting policies of the Company.
13. Enter into any hedging transaction to hedge against fluctuation of the Company's investment, assets or liabilities with the total value of over Baht 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency, except cases that have already been specified in the Company's approved budgets.
14. Approve the Company's Authority Limit framework.

## Board of Directors' Meeting

The followings are the details of attendance of the Board of Directors' Meeting in 2019 :

Name	No. of Total Meeting	No. of Attendance	
		Present in Person	By Teleconference
1. Mr. Vichate Tantiwanich	7	7	-
2. Mr. Nuttawut Phowborom	7	7	-
3. Mr. Tassapon Bijleveld	7	5	1
4. Mr. Santisuk Klongchaiya	7	7	-
5. Datuk Kamarudin Bin Meranun	7	1	1
6. Dato' Mohamed Khadar Bin Merican	7	5	1
7. Mr. Rozman Bin Omar	7	7	-
8. Mrs. Pattra Boosarawongse	7	6	-
9. Mr. Phairat Pornpathananangoon	7	7	-

The percentage of Board Meeting attendance by the Directors in Year 2019 is 82.54%.

## AUDIT COMMITTEE

Thai AirAsia's Audit Committee comprises two Independent Directors and has the qualifications that meet the requirement of the Thai Capital Market Supervisory Board and the Stock Exchange of Thailand. As of December 31, 2019, Thai AirAsia's Audit Committee is as follows:

Name	Position
1. Mr. Vichate Tantiwanich	Chairman of Audit Committee
2. Mr. Nuttawut Phowborom	Audit Committee

Mr. Nuttawut Phowborom has sufficient knowledge and experience to review the reliability of the financial statements of the Company.

The Secretary to Thai AirAsia's Audit Committee is Miss Duangporn Tantiwiwat.

## Term of Positions

Members of the Audit Committee serve a term of three years and are eligible for reappointment at the end of the term.

## Audit Committee's Meeting

The followings are the details of attendance of the Audit Committee's Meeting in 2019

Name	No. of Attendance/ Total Meeting
1. Mr. Vichate Tantiwanich	6/6
2. Mr. Nuttawut Phowborom	6/6

## Scope of Duties and Responsibilities of the Audit Committee

Scope of duties and responsibilities of the Audit Committee are the same as those of Asia Aviation (please see the details under the same section for Asia Aviation).

## CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

Thai AirAsia's the Board of Director Meeting No.3/2018 held on May 11, 2018 passed a resolution to appoint Corporate Governance and Sustainability Committee and comprises four Committee members. As of December 31, 2019, Thai AirAsia's Corporate Governance and Sustainability Committee is as follows:

Name	Position
1. Mr. Vichate Tantiwanich	Chairman of Corporate Governance and Sustainability Committee
2. Mr. Tassapon Bijleveld	Corporate Governance and Sustainability Committee
3. Mr. Santisuk Klongchaiya	Corporate Governance and Sustainability Committee
4. Mr. Preechaya Rasametarin	Corporate Governance and Sustainability Committee

The Secretary to the Company's Corporate Governance and Sustainability Committee is Miss Topaz Subunruk.

### Term of Positions

Members of the Corporate Governance and Sustainability Committee serve a term of three years and are eligible for reappointment at the end of the term.

### Corporate Governance and Sustainability Committee's Meeting

The followings are the details of attendance of the Corporate Governance and Sustainability Committee's Meeting in 2019.

Name	No. of Attendance/ Total Meeting
1. Mr. Vichate Tantiwanich	2/2
2. Mr. Tassapon Bijleveld	1/2
3. Mr. Santisuk Klongchaiya	2/2
4. Mr. Preechaya Rasametarin	2/2

## Scope of Duties and Responsibilities of the Corporate Governance and Sustainability Committee

1. Decide and set policies, objectives, processes and budgets for sustainable development activities with consideration towards stakeholders.
2. Decide on activities relevant to sustainable development for submission to the Company board for approval.
3. Decipher matters with an effect on the Company's materiality accounting for stakeholders and in the interest of sustainable development.
4. Monitor and inspect activities in accordance with sustainable development policies and strategies, providing consultation and support towards achieving objectives.
5. Report sustainable development operations to the Company Board, inspect and approve sustainable development reports for submission to the Company Board.

## RISK MANAGEMENT COMMITTEE

As Asia Aviation operates its business by holding shares in Thai AirAsia which is its subsidiary that operates the core business for the Company, therefore, risk management system has been established for Thai AirAsia. As of December 31, 2019, Thai AirAsia's Risk Management Committee consists of six directors as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Chairman of Risk Management Committee
2. Mr. Santisuk Klongchaiya	Risk Management Committee
3. Mr. Santhat Sanguandikul	Risk Management Committee
4. M.L. Bovornovadep Devakula	Risk Management Committee
5. Captain Surapun Patoomwat	Risk Management Committee
6. Mr. Banyat Hansakul	Risk Management Committee



## Scope of Duties and Responsibilities of the Risk Management Committee

1. Set risk management policies to cover all risks from business operation.
2. Consider and approve risk management plans.
3. Appoint risk management working groups as necessary to support risk management working groups for human resources, budgets, and other resources, in line with areas of responsibilities.
4. Follow-up the risk management procedures systematically from the start of the process to identify risks to the analysis and evaluation and report.
5. Provide advisory support to units within the organisation regarding risk management procedures including follow up and evaluation.
6. Continually report to Board of Directors / Audit Committee regarding risks and significant risk management.

## MANAGEMENT

As of December 31, 2019, the list of Thai AirAsia's Management is as follows :

Name	Position
1. Mr. Tassapon Bijleveld	Executive Chairman
2. Mr. Santisuk Klongchaiya	Chief Executive Officer
3. M.L. Bovornovadep Devakula	Executive Vice President
4. Mr. Santhat Sanguandikul*	Chief Financial Officer
5. Mr. Banyat Hansakul	Head of Engineering
6. Mrs. Thiladee Pantumchinda	Head of People Department
7. Miss Witchunee Kuntapeng	Head of Guest Service
8. Mr. Pipat Khunprakan	Head of Innovation Commercial and Technology
9. Mr. Thatri Kwansang	Head of Safety
10. Miss Nattinee Tawanchulee	Head of Commercial
11. Miss On-anong Methapipatkul	Head of Inflight Services
12. Miss Topaz Subunruk	Head of Sustainability and Communications
13. Mr. Chatupong Hongwiset	Head of Ramp and Ground Service Equipment
14. Sqn.Ldr. Damrong Phaspipatkul	Head of Flight Operations

\* The Board of Director Meeting No. 1/2020 on January 30, 2020 passed a resolution to appoint Mr. Phairat Pornpathananangoon to be Chief Financial Officer in replace of Mr. Santhat Sanguandikul who resigned, with effective on January 31, 2020 on wards.

Remark: Management means Manager or a person holding a Management-level-position of the first four ranking below the Manager, a person holding a position equivalent to the person holding a Management-level-position of the fourth ranking, including a person holding a Management-level-position in an accounting or finance department at the level of Manager of the department or higher or an equivalent position.

## Duties and Responsibilities of the Executive Chairman

The Executive Chairman serves as chairman of the Management and has responsibilities for management and business policy planning as assigned by the Board of Directors as follows:

1. To administer Thai AirAsia's overall direction, business policy as well as to determine and review management plans and strategic goals jointly with the Management to in line and correspondence with the economic and competitive conditions, and propose to Thai AirAsia's Board of Directors for approval.
2. To monitor implementation of the policy, direction, strategies, plans and administration to make sure the Company efficiently and effectively meet with the goals set forth,
3. To map out an investment plan and assess business opportunities in new investment projects, and propose to Thai AirAsia's Board of Directors for approval.
4. To have authorities, duties and responsibilities as assigned or in line with the policy given by Thai AirAsia's Board of Directors.

The Executive Chairman may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of The Executive Chairman shall not provide Executive Chairman or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board)

would have an interest or might have any other conflict of interest with Thai AirAsia, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

### Duties and Responsibilities of the Chief Executive Officer

1. Responsible for administering Thai AirAsia's business and/or day-to-day operation to be in line with the policies, business strategies, objectives, business plans, financial goals, and budgets of Thai AirAsia as authorised by the Board of Directors of Thai AirAsia and/or resolutions of the Shareholders' Meeting.
2. Establish organisation structure and administrative procedures, including recruitment, training, dismissal, and remuneration, compensation, bonus and other benefits for employees.
3. Monitor and report situation and performance of Thai AirAsia and to propose alternatives and strategies in accordance to policies and market situation.
4. Manage and control all areas of operation for Thai AirAsia including finance, risk management, internal control, business operations and support functions, and human resources.
5. Represent Thai AirAsia and be designated as authorised person in liaising with government agencies and other organisations.
6. Oversee communication activities with the public, stakeholders, customers, and staff members in order to promote image and reputation of Thai AirAsia.
7. Authorise the establishment, amendment, and modification of the employment rules and regulations for Thai AirAsia such as recruitment, dismissal, and employee regulations, as well as remuneration and other compensation, and benefits.
8. Consider, negotiate, and approve legal transactions, and/or and business operation activities, and/or daily business administration of Thai AirAsia within the Authority Limits approved by the Board of Directors of Thai AirAsia.
9. To be responsible and designated as assigned or according to policies assigned by the Board of Directors of Thai AirAsia.

The Chief Executive Officer may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of the Chief Executive Officer shall not provide Chief Executive Officer or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with Thai AirAsia, unless such approval is in accordance with the policy and criteria approved by the Shareholders' Meeting or the Board of Directors.

## NOMINATION AND REMUNERATION COMMITTEE

Thai AirAsia's Board of Directors was approved the appointment of the Nomination and Remuneration Committee, which comprises of three committee members as follows:

Name	Position
1. Mr. Nuttawut Phowborom	Chairman of the Nomination and Remuneration Committee
2. Mr. Vichate Tantiwanich	Nomination and Remuneration Committee
3. Mr. Tassapon Bijleveld	Nomination and Remuneration Committee

### Terms of Positions for Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee serve a term of three years and are eligible for reappointment at the end of the term.

### Nomination and Remuneration Committee's Meeting

The followings are the details of attendance of Nomination and Remuneration Committee's Meeting in 2019

Name	No. of Attendance/ Total Meeting
1. Mr. Nuttawut Phowborom	2/2
2. Mr. Vichate Tantiwanich	2/2
3. Mr. Tassapon Bijleveld	2/2

## Scope of Authority and Responsibilities for Nomination

- To determine the structure, size, and composition of the Board of Directors to be suitable for the organisation and its changing environment.
- To determine guidelines and policies on nominating the Board of Directors and sub-committee members and consider qualified candidates to replace those who are vacating the office, then propose the matters for approval by Board of Directors and/or Shareholders as the case may be. The nomination of Thai AirAsia's Directors shall be considered from candidates proposed by Shareholders Group A and/or Shareholders Group B as specified in Thai AirAsia's Articles of Association.
- To nominate qualified candidates to become Chief Executive Officer and Senior Management in case of vacancy, and determine the succession plan for positions of Chief Executive Officer and Senior Management.
- To perform of other tasks as assigned by the Board of Directors.

## Nomination of Directors

Thai AirAsia has appointed the Nomination Committee to consider qualified candidates to replace the Directors whose positions are vacant by rotation or other reasons, in consideration of candidates proposed by Shareholders Group A and/or Shareholders Group B as specified in Thai AirAsia's Articles of Association. Candidates shall be proposed to Thai AirAsia's Board of Directors for consideration before approval from Shareholders (on a case-by-case basis). Nevertheless, the Nomination Committee shall consider the knowledge, capability, work experiences, and the

overview of Thai AirAsia's Board of Directors for skills that are still lacking. In order to recruit the candidates, the Board Skill Matrix is used for evaluating the qualification that are suitable in term of knowledge, experience and specific capabilities beneficial to Thai AirAsia's operation as well as go in line with Thai AirAsia's business direction and business strategy.

The appointed Directors of Thai AirAsia shall meet all the requirements specified under Article 68 of Public Limited Companies Act B.E. 2535 (and its amendments) and the notifications by Securities and Exchange Commission, and shall not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations.

## Board Skill Matrix

Thai AirAsia realises the significance of recruiting, selecting and appointing qualified candidates as Thai AirAsia's Board of Directors and members of sub-committees by preparing a board skill matrix, which helps the recruiting process for Directors go in line with Thai AirAsia's business operation and both short-term and long-term strategies. Thai AirAsia puts into consideration knowledge, experience, specific capabilities beneficial to Thai AirAsia's business operation without discrimination of gender or race so that the Board is formed by qualified Directors for Thai AirAsia's maximal benefits. The details of Board Skill Matrix are as follows:

	Criteria	No. of Director
<b>Age</b>	35 - 50 Years old	2
	51 - 60 Years old	6
	Above 60 Years old	1
<b>Gender</b>	Male	8
	Female	1
<b>Moral and Ethical</b>	Have moral and ethics	9
<b>Knowledge, Ability and Work Experience</b>	Knowledge in finance and accounting	7
	Knowledge in aviation business	6
	Knowledge in business administration	8
	Knowledge in marketing and marketing communications	2
	Knowledge in law and rules and regulations related to the business	2
	Knowledge in economics	2
	Knowledge in engineering	0
Knowledge in good governance and sustainable development	5	

## Knowledge Development for Thai AirAsia's Directors and Management

Thai AirAsia also realises the significance of increasing knowledge and better working efficiency of the Directors, by encourage Directors, Management and employee in Thai AirAsia to attend training and seminars, held by such institutes as the Thai Institute of Directors, Securities and Exchange Commission, Stock Exchange of Thailand and Thai Listed Companies Association or other institutes involved with their responsibilities both in and outside the country in order to support development of their skills, knowledge and capabilities and to cope with Thai AirAsia's short-term and long-term business growth. In 2019, the following Directors and Management participated in training sessions and seminars as follows: Mr. Santisuk Klongchaiya attended The Capital Market Academy class CMA 28/2019 and Mr. Santhat Sanguandikul attended TLCA CFO Professional Development Program (TLCA CFO CPD) class AutoMotion and RPA (Robot Process Automotion) for Accounting and Regulatory Review for Quarterly Financial Statements, Thai Listed Companies Association (TLCA) .

## The Composition and Appointment of Thai AirAsia's Directors

The composition, appointment, withdrawal and termination of Thai AirAsia's Directors shall be as prescribed by the Article of Association which can be summarised as follows:

1. Thai AirAsia's Board of Directors comprises of not more than nine Directors and five of nine Directors or less shall be nominated by Asia Aviation.
2. At every Annual General Meeting, one-third of the total number of the Directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The retiring Directors are eligible for re-elected.

In case of vacancy due to reasons other than by rotation, the Board of Directors shall appoint any candidate from the same Shareholder Group as the recently vacated Director to fill the position. The replacement Director shall retain the office only for the remaining term of the Director whom he/she replaces.

## The Composition and appointment of the Audit Committee

Thai AirAsia's Board of Directors shall appoint members of Audit Committee from Independent Directors whose qualifications meet the requirements per the Notification of the Thai Capital Market Supervisory Board and the Stock Exchange of Thailand as follows:

1. Not being a Director authorised by the Board of Directors to make any decision in the business operation of Thai AirAsia, its parent company, its subsidiary company, its affiliate company, its subsidiary company at the same level, Major Shareholder or control person of Thai AirAsia;
2. Not being a Director of a parent company, its subsidiary company or its subsidiary company at the same level which is a listed company;
3. Having sufficient knowledge and experience to conduct the duty as an Audit Committee member; and

At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements of Thai AirAsia.

## Nomination of Senior Management

In nominating the candidates for Chief Executive Officer and Senior Management members will initially screen with appropriate and transparency process for the appropriate persons who meet the qualifications holding knowledge, capabilities, skills and experiences beneficial to Thai AirAsia's operations. Those candidates must understand Thai AirAsia's businesses well and can manage their functions to attain the goals and objectives set by the Board of Directors. The nomination process will be considered candidates from both internal and external of Thai AirAsia. For the internal candidates will consider and recruit from the successor. Those successor will be assessed their potential and the ability to prepare for the replacement of those positions whereas there are resignation or retirement or other reasons. The list of candidates will be proposed to Nomination and Remuneration Committee for their consideration and presented to the Board of Directors for further approval.

## Scope of Authority and Responsibilities for Remuneration

1. To determine criteria and the form of payment to the Board of Directors and sub-committees which are clear, appropriate and correspond to each person's responsibilities and his/her performance in relation with the business operation, and other relevant factors, while taking into consideration remunerations provided by other leading companies in the Stock Exchange and companies in the same or similar industry.
2. To determine appropriate remuneration for the Board of Directors and sub-committees for the Board of Directors' consideration and propose to the Shareholders' Meeting for approval.
3. To disclose the policy for Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
4. To evaluate the performance of the Chief Executive Officer and Senior Management in order to determine the remuneration before proposing to the Board of Directors for approval.
5. To responsible for other tasks as assigned by the Board of Directors.

## Remuneration policy and criteria for Directors and Management

Thai AirAsia's Board of Directors approves the criteria in consideration for remuneration for Directors as follows:

To determine remuneration for Directors, the Remuneration Committee shall consider the following guideline:

### 1. Remuneration Policy for Directors

Thai AirAsia has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for Directors in other leading companies in the Stock Exchange and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain Thai AirAsia's qualified Directors and Management.

Remuneration Committee shall considers types, forms, and amount of the remuneration for Directors and sub-committee members. The remuneration for the Board of Directors and sub-committees shall be proposed to the Board of Director Meeting and Annual General Meeting of Shareholders for approval.

### Remuneration for Directors and sub-committee members

At the Annual General Meeting of Shareholders 2019, held on April 24, 2019, the resolution was to approve the remuneration for Directors and sub-committee members as follows:

### Monetary Remuneration

- Each Director shall receive Baht 80,000 allowance for each meeting attendance. The Chairman of the Board of Directors shall receive Baht 100,000 allowance for each meeting attendance.
- Members of the Audit Committee receive a meeting allowance equivalent to that of meeting allowance of Board members.
- Upon being appointed by the Board of Directors or the Chairman of the Board to a committee, a sub-committee or a working group, the said Director shall receive an additional remuneration as the meeting allowance for Baht 40,000 per meeting attendance. If there is more than one meeting, each Director shall receive only Baht 40,000 allowance in the month.

Nonetheless, Executive Directors shall not receive any remuneration as members of the Board or sub-committee.

## Structure of Directors' Remuneration in 2019

Director	Monetary Remuneration (Baht)	
	Monthly	Meeting Allowance
<b>Board of Directors</b>		
- Chairman	-	100,000
- Member	-	80,000
<b>Audit Committee</b>		
- Chairman	-	100,000
- Member	-	80,000
<b>Nomination and Remuneration Committee</b>		
- Chairman	-	40,000
- Member	-	40,000
<b>Corporate Governance and Sustainability Committee</b>		
- Chairman	-	40,000
- Member	-	40,000

Monetary remunerations of the three individual Directors who are not Executive Directors are the total of Baht 2.98 million. The remunerations include meeting allowance as follows:

Name	Director's Remuneration (Baht)				Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Sustainability Committee	
Mr. Vichate Tantiwanich (Chairman of the Board of Director/ Chairman of the Audit Committee / Chairman of Corporate Governance and Sustainability Committee / Nomination and Remuneration Committee)	700,000	600,000	80,000	80,000	1,460,000
Mr. Nuttawut Phowborom (Director/ Audit Committee / Chairman of Nomination and Remuneration Committee)	560,000	480,000	80,000	-	1,120,000
Dato' Mohamed Khadar Bin Merican (Non-Executive Director)	400,000	-	-	-	400,000

The aforementioned policy on Directors' remuneration in 2019 is the same as the policy in 2018.

## 2. Remuneration Policy for Senior Management

Thai AirAsia has an annual performance assessment of the Chief Executive Officer and Senior Management. The Board of Directors jointly with the Nomination and Remuneration Committee on performance evaluation based on Thai AirAsia's operating performance, implementation of the policy and the overall economic and social conditions.

The performance assessment process of the Chief Executive Officer and Senior Management is as follows:

1. **Goal setting:** Goals have been set for the Chief Executive Officer and Senior Management to achieve by reviewing actual performance in the past year and set goals to the current year in line with Thai AirAsia's policy and strategies. Performance indexes include financial returns, operation efficiency and quality assessment from external factors. Evaluation shall be made in three levels as follows:
  - Company wide goal  
This constitutes 30 percent of the overall evaluation - the overall organisational success jointly responsible by Senior Management, for example, income and sales growth rates, EBITDA, RASK, CASK, Customer NPS or loyalty as well as expenses, costs of damage and budget on passengers.
  - Functional Goal  
This functional goal constitutes 50 percent of the overall evaluation - the overall department success, responsible by each Senior Management, for example, deliveries, customer satisfaction, department income, load factor, in time performance, aircraft utilisation, etc.
  - Individual goal  
This constitutes 20 percent of the overall evaluation. The individual goal reflects performance of each individual Senior Management, for example, individual mission, assignments and self-development, etc.
2. **Mid-year review:** This is the process in which Senior Management reviews their performance in the first half of the year and progress of the plans set forth and has an outlook for the performance review at the year end.

3. **Year-end review:** This is an annual performance review in which every Senior Management evaluates performance for the whole year round into scores, compared with the goals set forth. The score given to each Senior Management will be processed to figure out appropriate short term- and long-term remuneration such as monthly salary and bonus.

In 2019, Thai AirAsia has paid remunerations for Executive Chairman, Chief Executive Officer and the Management in total of Baht 151.63 million in the forms of salaries and bonuses.

## HUMAN RESOURCES AND TRAINING (GRI 102-8)

### General Information

#### Asia Aviation

All employees of Asia Aviation had been transferred to Thai AirAsia since December 31, 2011:

#### Thai AirAsia

The number of employees as of December 31, 2019 was 5,974 persons and could be categorised by responsibility and geography as follows:

Responsibility	December 31, 2019
Pilot and Co-Pilot	689
Flight Attendant	1,188
Ground Operation	2,367
Engineer	641
Marketing	290
Head Office	236
Others	563
<b>Total</b>	<b>5,974</b>

Geography	December 31, 2019
Bangkok	4,314
Phuket	361
Chiang Mai	445
Krabi	158
U-Tapao	144
Others	552
<b>Total</b>	<b>5,974</b>

Asia Aviation and Thai AirAsia are aware of the necessity of uninterrupted management of Thai AirAsia in order to maintain the competitive advantages Thai AirAsia has over its competitors. Therefore, Directors of Asia Aviation and Thai AirAsia believe that the continual success of Thai AirAsia depends on many factors, including the support and dedication of the Management of Asia Aviation and Thai AirAsia. Consequently, Asia Aviation and Thai AirAsia have adjusted their human resource strategies, including competitive remuneration, recruitment process that aligns with the objectives, and development and succession plans.

The loss of any key human resource may significantly cause a negative impact for Asia Aviation and Thai AirAsia. This results in the effort of Thai AirAsia to motivate and retain its staff members by motivation plans on the basis of operating outcome and skill enhancement with staff training. Thai AirAsia has regularly encouraged its employees to participate in seminars and trainings to facilitate related skill and capability enhancement (both in term of operation and development) in alignment with the business objectives. On-the-job training is an important path to transfer knowledge of experts toward new or low-level employees. Investment in human resources increases the capability of Thai AirAsia's employees and prepares middle-level or low-level employees to take on responsibilities of more Senior Management respectively.

### Labour Dispute during the Last Three Years

There has been no significant labour dispute during the last three years.

## REMUNERATION FOR HUMAN RESOURCES

### Overall Remuneration for Employees

#### Asia Aviation

For the year 2019, Asia Aviation did not have remuneration for employees because all Asia Aviation's employees had been transferred to Thai AirAsia since 31 December 2011.

#### Thai AirAsia

For the year 2019, Total remuneration for Thai AirAsia's employees includes salary, bonuses, overtime, provident funds and other compensation was Baht 6,585.48 million.

#### Provident Fund

Asia Aviation and Thai AirAsia have set up a provident fund in accordance to the Provident Fund Act B.E. 2530 (and its amendments). Asia Aviation and Thai AirAsia contribute 3 - 10% of salaries to the provident fund and employees contribute 3 - 15% of their salaries. However, Asia Aviation does not have any employee.

## STAFF DEVELOPMENT

### Training

#### Pilot

All student pilots of Thai AirAsia enroll for domestic trainings at Bangkok Aviation Center Plc. (BAC). BAC provides modern and advanced equipment and is certified by Federal Aviation Administration (FAA), Joint Aviation Requirements (JAR) and Civil Aviation Authority of Thailand (CAAT). BAC offers aviation trainings which are approved a standard. Thai AirAsia grants an equal opportunity in student pilot recruitment. Employees from other departments can also apply. Student pilots usually finish their trainings in one year and continue with flight stimulator training for Airbus A320 aircraft. Thai AirAsia provides financial support for the trainings for student pilots, in return for the employment contract of ten years with Thai AirAsia.



Newly recruited pilots of Thai AirAsia who have not been trained for specific aircraft will be required to take part in the said trainings first. Trainings for specific aircraft are the categorising system to allow each pilot to specialise in one type of aircraft specially. Currently pilots are trained with Airbus A320 Flight Simulator, operated by CAE Kuala Lumpur Sdn. Bhd. in Kuala Lumpur.

### Cabin Crew

The 60-day (inclusive of holidays) cabin crew training projects are held at CAE Kuala Lumpur Sdn. Bhd. in Kuala Lumpur and at the office of Thai AirAsia in Bangkok. All the trainings are facilitated by cabin crew and pilot trainers of Thai AirAsia. All the trainings cover safety operation in emergency, first aid, cabin familiarisation, public announcement, grooming, and customer services and selling skills for products on the flight. The safety factors and regulations for this project are certified by the Department of Civil Aviation.

Cabin crew shall be able to communicate in English and take part in regular trainings, for example, organisational resources management training, dangerous good management training, training to handle passengers with inappropriate manners, and terrorist identification training. Additionally, cabin crew shall also participate in the revision training for safety procedures in emergency and first aid training every year.

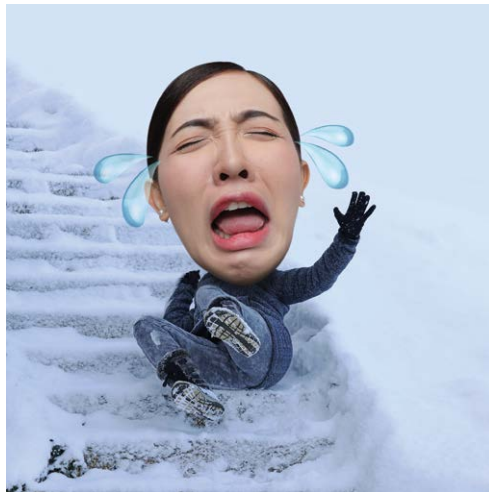
### Ground Staff

All ground personnel shall take part in customer service training at CAE Kuala Lumpur Sdn. Bhd. in Kuala Lumpur, which covers ticket reservation and check-in procedures of Thai AirAsia, baggage claim procedures, and customer services. Ground staff are taking part in year-round trainings, for example, dangerous good identification, first aid, and bomb threat handling.

Ground personnel also need to participate in ramp training for two to three weeks, which covers driving on the apron, cargo loading and cargo transfer, air traffic signaling, aircraft towing, apron safety, and safety procedures. Moreover, newly recruited employees also need to learn civil aviation regulations, aircraft maps, and vehicle movement regulations in the airport. In addition, Thai AirAsia provides training course (Supervisory Skills for Team Leader) to Ramp Team Leader to increase their management skill.

### Engineer

All engineers of Thai AirAsia shall take part in training at CAE Kuala Lumpur Sdn. Bhd. in Kuala Lumpur. The training takes 52 days with three-month on-the-job training before a test by the Quality Assurance Department of Thai AirAsia. Nevertheless, Thai AirAsia is offering a commitment for an employment of two years in return. Engineers at Thai AirAsia are stationed at Thai AirAsia's flight centres in Bangkok (Don Mueang), Phuket, Chiang Mai, Krabi and Pattaya (U-Tapao).



**ยิ้มรับทุกสถานการณ์  
ด้วยประกันการเดินทาง  
TUNE Protect  
จากแอร์เอเชีย**



อุบัติเหตุ เจ็บป่วย ทรัพย์สิน



**ซื้อง่าย คลิกเดียวมั่นใจ คู่คุ้มครองให้ตลอดทริป**

ประกันการเดินทาง TUNE Protect แผนไป-กลับ ดูแลตลอดทริปตั้งแต่เช็คอินจนกลับถึงสนามบิน  
คุ้มครองค่ารักษาพยาบาล ความสูญเสียหรือเสียหายของทรัพย์สินส่วนตัวที่เกิดขึ้นขณะท่องเที่ยว

ช่องทางการซื้อประกัน



หมายเหตุ \*Tune Protect รับประกันโดย บริษัท ทุนประกันภัย จำกัด (มหาชน) ดำเนินการจัดให้มีการประกันภัย โดย บริษัท เกรท ฟอรัทูน โบรกเกอร์ จำกัด ใบอนุญาตเลขที่ ว00018/2559

\*\*ความคุ้มครองขึ้นอยู่กับแผนที่ซื้อ เชื้อไขเป็นไปตามข้อกำหนดของกรมธรรม์ โทร. 02 203 9798 อีเมล: enquiry.th@tuneprotect.com



**TOGETHER FOR BETTERMENT**



# DIRECTOR AND MANAGEMENT PROFILES

## ASIA AVIATION PUBLIC COMPANY LIMITED

As of December 31, 2019

### Mr. Vichate Tantiwanich

Chairman of the Board /  
Chairman of the Audit Committee /  
Nomination and Remuneration  
Committee

**The date of appointment as Director**  
February 22, 2018

**Age (years)** 58

**Number of Shares and Percentage of  
Asia Aviation Plc. (%)<sup>1</sup>**

- None -

**Relationship with other Management<sup>2</sup>**

- None -

#### Education:

- MBA (Finance and Marketing), University of Hartford, Connecticut, U.S.A.
- B.A. in Economics (Monetary Economics and Public Finance), Chulalongkorn University
- Diploma, The National Defence Course (Class 56/2013), Thailand National Defence College
- Capital Market Academy Leadership Program (CMA 1/2005), Capital Market Academy, The Stock Exchange of Thailand (SET)
- Director Certification Program (DCP 2/2000), Thai Institute of Directors Association (IOD)
- Executive Education and Enrichment Institute In partnership with SAID Business school, Oxford University

#### 5 years past and present work experience

Period	Position	Company
2018 - present	Chairman / Chairman of the Audit Committee / Nomination and Remuneration Committee	Asia Aviation Plc.
2018 - present	Chairman / Chairman of the Audit Committee / Nomination and Remuneration Committee / Chairman of Corporate Governance and Sustainability Committee	Thai AirAsia Co., Ltd.
2019 - present	Expert Committee in finance	National Cybersecurity Committee (NCSC) Ministry of Digital Economy and Society (MDES)
2019 - present	Director	VST Co., Ltd.
2018 - present	Chairman of the Executive Committee	C.A.I Co., Ltd. (C asean)
2018 - present	Advisor to Directors of Biotech Industry Club	The Federation of Thai Industries (F.T.I)
2018 - present	Audit Committee / Independent Director	Buriram Sugar Plc.
2018 - present	Chairman / Independent Director	The Signature Brand Co., Ltd.
2017 - present	Chairman / Chairman of the Audit Committee	Thai Enger Holding Plc.
2017 - present	Advisor to the Board	PMG Corporation Co., Ltd.
2017 - present	Independent Director / Member of Audit Committee	Wind Energy Holding Co., Ltd.
2017 - present	Independent Director	KPN Academy Co., Ltd.
2017 - present	Chairman of the Audit Committee / Independent Director	JWD Info Logistics Plc.
2017 - present	Chairman	Sharp Wrapbiz Co., Ltd.
2016 - present	Chairman	Sell Idea Co., Ltd.
2016 - present	Chairman	Firm Co., Ltd.
2015 - present	Chairman	HBD Connect Co., Ltd.
2012 - present	Independent Director	Phatra Leasing Plc.
2010 - present	Advisor to Directors of Capital Market Academy	Stock Exchange of Thailand

Period	Position	Company
2006 - present	Managing Director	Vertical Link Co., Ltd.
2018 - 2019	Director	The Chiangmai Juvenile and Family Court Foundation
2017 - 2019	Chairman / Chairman of the Audit Committee	GMO-Z com Security (Thailand) Ltd.
2012 - 2019	Chairman of the Executive Committee	CAC Co., Ltd.
2018	Honorary Director	The National Innovation Agency (NIA)
2017 - 2018	Chairman of Marketing and Public Relations Committee / Independent Director	Industrial Estate Authority of Thailand
2015 - 2017	Advisor	Minister of Commerce
2015 - 2017	Independent Director	Export - Import Bank of Thailand
2013 - 2017	Appellate Sub-committee	Securities and Exchange Commission of Thailand (SEC)
2012 - 2017	Director	Thai Financial Planners Association
2012 - 2017	Senior Vice President	Thai Beverage Plc.
2014 - 2015	Audit Committee / Independent Director	Dhanarak Asset Development Co., Ltd.
2013 - 2015	IOD Advisory Committee on Research and Governance	Thai Institute of Directors Association
2012 - 2015	Audit Committee / Independent Director	M Pictures Entertainment Plc.

**Director/Management Position in other companies**

**Listed Company**

- Buriram Sugar Plc.
- Thai Enger Holding Plc.
- JWD InfoLogistics Plc.
- Phatra Leasing Plc.

**Non-listed Company**

- Thai AirAsia Co., Ltd.
- National Cybersecurity Committee (NCSC) Ministry of Digital Economy and Society (MDES)
- The Signature Brand Co., Ltd.
- VST Co., Ltd.
- C.A.I Co., Ltd. (C asean)
- PMG Corporation Co., Ltd.
- Wind Energy Holding Co., Ltd.
- KPN Academy Co., Ltd.
- Sharp Wrapbiz Co., Ltd.
- Sell Idea Co., Ltd.
- Firm Co., Ltd.
- HBD Connect Co., Ltd.
- Stock Exchange of Thailand
- Vertical Link Co., Ltd.

**Other company that compete with/relate to the Company**

- None -

## Mr. Nuttawut Phowborom

Director /  
Audit Committee /  
Chairman of Nomination and  
Remuneration Committee

### The date of appointment as Director

December 13, 2011

**Age (years):** 55

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

- None -

### Relationship with other Management<sup>2</sup>

- None -

### Education:

- Master of Business Administration General Management, City University, U.S.A.
- Bachelor Degree of Economics, The University of the Thai Chamber of Commerce
- Director Accreditation Program (DAP 28/2004), Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP 4/2005), Thai Institute of Directors Association (IOD)
- Role of the Compensation Committee (RCC 6/2008), Thai Institute of Directors Association (IOD)

### 5 years past and present work experience

Period	Position	Company
2011- present	Director / Audit Committee / Chairman of Nomination and Remuneration	Asia Aviation Plc.
2011 - present	Director / Audit Committee / Chairman of Nomination and Remuneration	Thai AirAsia Co., Ltd.
2019 - present	Director	Electronic Industry Plc.
2019 - present	Director	Domino Asia Pacific Co., Ltd
2018 - present	Director	First Korat Wind Co., Ltd.
2018 - present	Director	Siamkoi Avenue Co., Ltd.
2018 - present	Director	Wow Effect, Co., Ltd. (formerly known as Wow Factor Co., Ltd.)
2017 - present	Director	Prime Road Power Plc. (formerly known as Food Capitals Plc.)
2016 - present	Director	Watabak Wind Co., Ltd.
2015 - present	Director	KPN Energy Holding Co., Ltd.
2015 - present	Director	Navavej International PLC (formerly known as KPN Healthcare Plc.)
2015 - present	President	Wind Energy Holding Co., Ltd.
2014 - present	Director	Innovative Learning and Design (Thailand) Co., Ltd.
2014 - present	Director / Vice Chairman	KPN Chinese Academy Co., Ltd.
2014 - present	Director / Vice Chairman	KPN Music Academy Co., Ltd.
2013 - present	Audit Committee / Independent Director	Finansa Plc.
2013 - present	Director / Vice Chairman	KPN Academy Co., Ltd.
2013 - present	Director / Vice Chairman	KPN Tutoring Co., Ltd.
2010 - present	Executive Director	Eastern Cuisine (Thailand) Co., Ltd.
2010 - present	Executive Director	KPN Music Co., Ltd.
2007 - present	Director	K.N. and Associates Co., Ltd.
2006 - present	Director	KPN Music & Entertainment Co., Ltd.
2002 - present	Chairman	Siam Koi Co., Ltd.
present	Director	Dudu Nong Co., Ltd.
present	Director / Vice Chairman	Penta Systems Co., Ltd.
present	Director	KPN Innovation Co., Ltd.
present	Director	K.E.C.International Co., Ltd.
present	Director	Sport Society Co., Ltd.
present	Director / Vice Chairman	Siam Wilson Learning Co., Ltd.
2018 - 2019	Director	Bake Cheese Tart (Thailand) Co., Ltd.

Period	Position	Company
2017 - 2018	Director	KPN-KEPPEL ALLIANCE (SK19) Co., Ltd.
2017 - 2018	Director	KPN-KEPPEL ALLIANCE (SK28) Co., Ltd.
2016 - 2018	Director / Group Chief Executive Officer	KPN Group Corporation Co., Ltd.
2015 - 2018	Director	KPN Holding Co., Ltd
2009 - 2018	Director	KPN Award Co., Ltd.
1996 - 2018	Chief Financial Officer	KPN Group Corporation Co., Ltd.
2013 - 2017	Executive Director	INT Aviation Co., Ltd.
2010 - 2017	Audit Committee / Independent Director	Matching Maximize Solution Plc.
2008 - 2016	Director	KPN Music Room Co., Ltd.
2008 - 2016	Director	KPN Music Siam Square Co., Ltd.
2014 - 2015	Chief Executive Officer	KPN Group Corporation Co., Ltd.

#### Director/Management Position in other companies

##### Listed Company

- Finansa Plc.
- Electronic Industry Plc.
- Prime Road Power Plc.

##### Non-listed Company

- Thai AirAsia Co., Ltd.
- Domino Asia Pacific Co., Ltd.
- Siamkoi Avenue Co., Ltd.
- First Korat Wind Co., Ltd.
- Wow Effect, Co., Ltd.
- Watabak Wind Co., Ltd.
- KPN Energy Holding Co., Ltd.
- Wind Energy Holding Co., Ltd.
- Navavej International Plc.
- KPN Music Academy Co., Ltd.
- KPN Chinese Academy Co., Ltd.
- Innovative Learning and Design (Thailand) Co., Ltd.
- KPN Tutoring Co., Ltd.
- KPN Academy Co., Ltd.
- KPN Music Co., Ltd.
- Eastern Cuisine (Thailand) Co., Ltd.
- K.N. and Associates Co., Ltd.
- KPN Music & Entertainment Co., Ltd.
- Siam Koi Co., Ltd.
- Sport Society Co., Ltd.
- Penta Systems Co., Ltd.
- KPN Innovation Co., Ltd.
- K.E.C.International Co., Ltd.
- Siam Wilson Learning Co., Ltd.
- Dudu Nong Co., Ltd.

##### Other company that compete with/relate to the Company

- None -

## Mr. Veerayooth Bodharamik

Director /  
Audit Committee /  
Nomination and Remuneration  
Committee

**The date of appointment as Director**  
February 22, 2018

**Age (years)** 50

**Number of Shares and Percentage of  
Asia Aviation Plc. (%)<sup>1</sup>**  
- None -

**Relationship with other Management<sup>2</sup>**  
- None -

### Education

- Bachelor's Degree in Faculty of Law, Chulalongkorn University
- Director Certification Program (DCP 264/2018), Thai Institute of Directors Association (IOD)
- Diploma, The National Defence Course Class (62/2019), Thailand National Defence College

### 5 years past and present work experience

Period	Position	Company
2018 - present	Director / Audit Committee / Nomination and Remuneration Committee	Asia Aviation Plc.
2019 - present	Senior Vice President Corporate Relations Management	Mono Technology Plc.
2019 - present	Senior Vice President Office Of President	Triple T Broadband Plc.
2019 - present	Managing Director	Grow Green Consultant Co., Ltd.
2019 - present	Chairman of Board of Directors	Thailand Professional Basketball League Co., Ltd.
2018 - present	Director / Audit Committee	Electronics Industry Plc.
2015 - present	Managing Director	V.B.Corporation Co., Ltd.
2009 - present	Vice President Government Affairs and Community Management Division	Areeya Property Plc.
2017 - 2019	Vice President Corporate Relation	Mono Technology Plc.
2011 - 2019	Vice President Office of CEO	Jasmine International Plc.
2011 - 2017	Team Manager BBCU	Big Bang Chula United Football Club

### Director/Management Position in other companies

#### Listed Company

- Electronics Industry Plc.
- Mono Technology Plc.
- Triple T Boardband Plc.
- Areeya Property Plc.

#### Non-listed Company

- V.B.Corporation Co., Ltd.
- Grow Green Consultant Co., Ltd.
- Thailand Professional Basketball League Co., Ltd.

### Other company that compete with/relate to the Company

- None -



## Mr. Tassapon Bijleveld

Director /

Executive Chairman

(The director who is authorised to sign on behalf of the Company)

### The date of appointment as Director

June 21, 2007

### The date of appointment as Executive Chairman

May 14, 2018

Age (years) 52

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

40.52

### Relationship with other Management<sup>2</sup>

- None -

### Education

- Master Degree of Science Thammasart University, Master in Marketing Program
- Bachelor Degree of Business Administration Major in Marketing, Assumption University (ABAC)
- Director Certification Program (DCP 148/2011), Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP 81/2009), Thai Institute of Directors Association (IOD)
- The Capital Market Academy (CMA 13) The Stock Exchange of Thailand

### 5 years past and present work experience

Period	Position	Company
2007 - present	Director	Asia Aviation Plc.
2018 - present	Executive Chairman	Asia Aviation Plc.
2003 - present	Director	Thai AirAsia Co., Ltd.
2018 - present	Executive Chairman / Corporate Governance and Sustainability Committee	Thai AirAsia Co., Ltd.
2018 - present	Director	AirAsia SEA Limited (formerly known as AirAsia Group (IHQ) Co., Ltd.)
2018 - present	Director	Red Aviation Co., Ltd.
2018 - present	Director	Wonder Health Co., Ltd.
2017 - present	Director	Bangkok Aviation Center Plc.
2017 - present	Director	Kampee Corporation Co., Ltd.
2017 - present	Director	Kampee Logistics Co., Ltd.
2016 - present	Director	Suadam Corporation Co., Ltd.
2014 - present	Director	Tune Insurance Plc.
2013 - present	Director	Ivory Coffee Co., Ltd.
2013 - present	Director	Thai AirAsia X Co., Ltd.
2012 - present	Director	Evermore Asset Co., Ltd.
2018 - 2019	Director	Tune Money Co., Ltd.
2018	The Chairman of the Board	Three Sixty Five Plc.
2010 - 2018	Director	Wealth Ventures Co., Ltd.
2007 - 2018	Chief Executive Officer	Asia Aviation Plc.
2003 - 2018	Chief Executive Officer	Thai AirAsia Co., Ltd.
2015 - 2017	Director	Accellence (Thailand) Co., Ltd.
2015 - 2017	Director	Information Technology Group Co., Ltd.
2015 - 2016	Director	Ample Wealth Co., Ltd.
2015 - 2016	Director	C and A Entertainment Co., Ltd.
2015	Director	C True Co., Ltd.
2014 - 2016	Director	Fashion Asia Co., Ltd.

### Director/Management Position in other companies

Listed Company - None -

#### Non-listed Company

- Thai AirAsia Co., Ltd.
- Red Aviation Co., Ltd.
- Wonder Health Co., Ltd.
- AirAsia SEA Limited
- Bangkok Aviation Center Plc.
- Kampee Corporation Co., Ltd.
- Kampee Logistics Co., Ltd.
- Suadam Corporation Co., Ltd.
- Tune Insurance Plc.
- Ivory Coffee Co., Ltd.
- Thai AirAsia X Co., Ltd.
- Evermore Asset Co., Ltd.

### Other company that compete with/relate to the Company

- None -

## Mr. Santisuk Klongchaiya

Director /  
Chief Executive Officer  
(The director who is authorised to  
sign on behalf of the Company)

**The date of appointment as Director**  
December 13, 2011

**The date of appointment as  
Chief Executive Officer**  
May 14, 2018

**Age (years)** 54

**Number of Shares and Percentage of  
Asia Aviation Plc. (%)<sup>1</sup>**  
0.20

**Relationship with other Management<sup>2</sup>**  
- None -

### Education

- Master Degree of Science Thammasart University, Master in Marketing Program
- Bachelor Degree of Business Administration Major in Marketing, Assumption University (ABAC)
- Directors Certification Program (DCP 143/2011), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors Class 11/2011, Thai Institute of Directors Association (IOD)
- The Capital Market Academy (CMA 28/2019) The Stock Exchange of Thailand

### 5 years past and present work experience

Period	Position	Company
2011 - present	Director	Asia Aviation Plc.
2018 - present	Chief Executive Officer	Asia Aviation Plc.
2017 - present	Director	Thai AirAsia Co., Ltd.
2018 - present	Chief Executive Officer / Corporate Governance and Sustainability Committee	Thai AirAsia Co., Ltd.
2011 - 2018	Director of Commercial	Asia Aviation Plc.
2007 - 2018	Head of Commercial and Ancillary	Thai AirAsia Co., Ltd.
2015 - 2016	Director	Thai AirAsia Co., Ltd.

### Director/Management Position in other companies

- Listed Company** - None -  
**Non-listed Company** - Thai AirAsia Co., Ltd.

### Other company that compete with/relate to the Company

- None -

## Gp.Capt. Tanapat Ngamplang

Director

(The director who is authorised to sign on behalf of the Company)

### The date of appointment as Director

November 11, 2019

Age (years) 63

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

- None -

### Relationship with other Management<sup>2</sup>

- None -

### Education

- Master of Business Administration in International Business, Krirk University
- Bachelor of Art in Public Administration, Sukhothai Thammathirat Open University
- Bachelor of Science in Electrical Engineering, Royal Thai Air Force Academy
- The National Defence College of Thailand (NDC 5222)
- Air Command and Staff course 1993
- Flying Safety Officers' Course of Royal Australia Airforce 1988
- Squadron Officer course 1987
- Flight instructor course 1982
- Flight navigator course 1981
- Royal Thai Air force pilot course 1980
- Directors Certification Program (DCP 143/2011)  
Thai Institute of Directors Association (IOD)
- Financial Statement for Directors class 11/2011  
Thai Institute of Directors Association (IOD)

### 5 years past and present work experience

Period	Position	Company
Nov 2019 - present	Director	Asia Aviation Plc.
2016 - present	Consultant	Thai AirAsia Co., Ltd.
2017 - Sep 2019	Director	Asia Aviation Plc.
2014 - 2016	Executive Vice President	Thai AirAsia Co., Ltd.
2007 - 2016	Director / Director of Flight Operations	Asia Aviation Plc.
2003 - 2014	Head of Flight Operations	Thai AirAsia Co., Ltd.
2008 - 2011	Director	Thai AirAsia Co., Ltd.

### Director/Management Position in other companies

**Listed Company** - None -

**Non-listed Company** - None -

### Other company that compete with/relate to the Company

- None -

## Mr. Preechaya Rasametnin

Director

(The director who is authorised to sign on behalf of the Company)

### The date of appointment as Director

December 28, 2017

Age (years) 61

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

0.14

### Relationship with other Management<sup>2</sup>

- None -

### Education

- Bachelor of Science in Mechanical Engineering, Royal Thai Air Force Academy
- Directors Certification Program (DCP 144/2011), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors Class 11/2011, Thai Institute of Directors Association (IOD)

### 5 years past and present work experience

Period	Position	Company
2017 - present	Director	Asia Aviation Plc.
2019 - present	Consultant	Thai AirAsia Co., Ltd.
2018 - present	Corporate Governance and Sustainability Committee	Thai AirAsia Co., Ltd.
2007 - 2018	Director of Engineering	Asia Aviation Plc.
2014 - 2018	Executive Vice President	Thai AirAsia Co., Ltd.
2007 - 2016	Director	Asia Aviation Plc.
2007 - 2015	Director	Thai AirAsia Co., Ltd.
2004 - 2014	Director of Engineering	Thai AirAsia Co., Ltd.

### Director/Management Position in other companies

**Listed Company** - None -

**Non-listed Company** - Thai AirAsia Co., Ltd.

### Other company that compete with/relate to the Company

- None -

## M.L. Bovornovadep Devakula

Director /

Director of Business Development  
(The director who is authorised to sign on behalf of the Company)

### The date of appointment as Director

December 27, 2017

### The date of appointment as Director of Business Development

December 13, 2011

Age (years) 58

### Number of Shares and Percentage of Asia Aviation PLC (%)<sup>1</sup>

0.19

### Relationship with other Management<sup>2</sup>

- None -

### Education

- Bachelor of Science, State University of New York, U.S.A.
- Diploma in Science, Kemper Military College, Missouri, U.S.A.
- Directors Certification Program (DCP 144/2011), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors class 12/2011, Thai Institute of Directors Association (IOD)

### 5 years past and present work experience

Period	Position	Company
Dec 2017 - present	Director	Asia Aviation Plc.
2011 - present	Director of Business Development	Asia Aviation Plc.
2018 - present	Executive Vice President	Thai AirAsia Co., Ltd.
2014 - present	Director	Dalvey Holdings Co., Ltd.
2014 - present	Director	Econolodge Co., Ltd.
2004 - 2018	Head of Business Development	Thai AirAsia Co., Ltd.
2011 - Aug 2017	Director	Asia Aviation Plc.
2014 - 2015	Director	Thai AirAsia Co., Ltd.

### Director/Management Position in other companies

**Listed Company** - None -

**Non-listed Company**

- Thai AirAsia Co., Ltd. - Econolodge Co., Ltd.

- Dalvey Holdings Co., Ltd.

### Other company that compete with/relate to the Company

- None -

## Mr. Phairat Pornpathananangoon

Director

(The director who is authorised to sign on behalf of the Company)

**The date of appointment**

December 27, 2017

**Age (years)** 45

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**

0.0041

**Relationship with other Management<sup>2</sup>**

- None -

**Education**

- Master of Business Administration, San Diego State University, U.S.A.
- Bachelor of Accounting, Thammasat University
- Directors Certification Program (DCP 254/2018), Thai Institute of Directors Association (IOD)
- Strategic CFO in Capital Markets Program (Class 7/2018) Thailand Securities Institute (TSI), The Stock Exchange of Thailand

**5 years past and present work experience**

Period	Position	Company
2017 - present	Director	Asia Aviation Plc.
2017 - present	Director	Thai AirAsia Co., Ltd.
2014 - present	Director / Chief Financial Officer	Thai AirAsia X Co., Ltd.
2017	Director	Tree Dance Publishing Co., Ltd.
2017	Director	Tree Dance Active Co., Ltd.
2017	Director	In Publishing Co., Ltd.
2016 - 2017	Director	Tree Dance Holdings Co., Ltd.
2016 - 2017	Director	Image Publishing Co., Ltd.
2004 - 2014	Financial Controller	Thai AirAsia Co., Ltd.

**Director/Management Position in other companies**

**Listed Company** - None -

**Non-listed Company**

- Thai AirAsia Co., Ltd. - Thai AirAsia X Co., Ltd.

**Other company that compete with/relate to the Company**

- None -

## Mr. Santhat Sanguandikul

Chief Financial Officer

**The date of appointment**

July 6, 2016

**Age (years)** 56

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**

0.0161

**Relationship with other Management<sup>2</sup>**

- None -

**Education**

- Master Degree of Business Administration (Finance), University of Denver, U.S.A.
- Bachelor of Accountancy, Chulalongkorn University
- Thai Listed Companies Association (TLCA) CFO Professional Development Program (TLCA CFO CPD) class AutoMotion and RPA (Robot Process Automotion) for Accounting and Regulatory Review for Quarterly Financial Statement, Thai Listed Company Association (TLCA)

**5 years past and present work experience**

Period	Position	Company
2016 - present	Chief Financial Officer	Asia Aviation Plc.
2016 - present	Chief Financial Officer	Thai AirAsia Co., Ltd.
2010 - 2016	Deputy Managing Director	Thanachart Securities Co., Ltd.

**Director/Management Position in other companies**

**Listed Company** - None -

**Non-listed Company**

- Thai AirAsia Co., Ltd.

**Other company that compete with/relate to the Company**

- None -

<sup>1</sup> Including the shareholding from spouse and minor child

<sup>2</sup> Family relationship means relation from blood, wedding and registered by laws

# DIRECTOR PROFILES

## THAI AIRASIA COMPANY LIMITED

As of December 31, 2019

### Mr. Vichate Tantiwanich

**The date of appointment**

February 22, 2018

### Mr. Santisuk Klongchaiya

**The date of appointment**

December 27, 2017

### Mr. Nuttawut Phowborom

**The date of appointment**

December 13, 2011

### Mr. Phairat Pornpathananangoon

**The date of appointment**

December 27, 2017

### Mr. Tassapon Bijleveld

**The date of appointment**

September 19, 2003

(Details as referred in Asia Aviation Plc.)

### Datuk Kamarudin Bin Meranun

Director

(The director who is authorised to sign on behalf of the Company)

**The date of appointment**

November 12, 2003

**Age (years)** 58

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**

- None -

**Relationship with other Management<sup>2</sup>**

- None -

**Education**

- Master of Business Administration, (Finance) Central Michigan University, U.S.A.
- Bachelor of Science degree, magna cum laude (Finance), Central Michigan University
- Diploma in Actuarial Science, University Technology MARA

**5 years past and present work experience**

Period	Position	Company
2003 - present	Director	Thai Airasia Co., Ltd.
2003 - present	Director	AirAsia Investment Ltd.
2018 - present	Executive Chairman	AirAsia Group Berhad
2001 - present	Executive Chairman	AirAsia Berhad
2019 - Present	Director	AirAsia Com Travel Sdn. Bhd. (formerly known as Touristly Travel Sdn. Bhd.)
2018 - present	Director	AirAsia Philippines, Inc.
2018 - present	Director	Philippines AirAsia, Inc.
2018 - present	Director	RedBeat Ventures Sdn. Bhd.
2017 - Present	Director	LC Airfields Sdn. Bhd. (In Striking Off)
2017 - present	Commissioner	PT. Airasia Indonesia TBK
2016 - present	Director	AirAsia Pte. Ltd.
2016 - present	Director	Tune Live Sdn. Bhd.
2015 - present	Director	Tune Labs Sdn. Bhd.
2014 - present	Director	Asia Aviation Capital Limited
2014 - present	Director	AirAsia SEA Sdn. Bhd. (formerly known as AirAsia Global Shared Services Sdn. Bhd.)
2014 - present	Director	GCG Capital Limited
2014 - present	Director	Epik Shop Sdn. Bhd. (in liquidation)
2014 - present	Director	Lancefield Property SARL

Period	Position	Company
2014 - present	Director	New Queens Park Development SARL
2014 - present	Director	Oakfield Property SARL
2014 - present	Director	BigLife Sdn. Bhd. (Formerly known as Big Loyalty Sdn. Bhd.)
2013 - present	Director	Thai Airasia X Co., Ltd.
2013 - present	Director	Big Duty Free Sdn. Bhd. (in liquidation)
2013 - present	Director	CJS Aviation Pte. Ltd. (in liquidation)
2013 - present	Director	Educ8 Group Sdn. Bhd.
2013 - present	Director	Rangers Developments Ltd.
2013 - present	Director	Rangers Stadium Development Ltd.
2013 - present	Non Independent Non-Executive Director	Tune Protect Group Berhad
2012 - present	Director	DCS Energy Sdn. Bhd.
2012 - present	Director	Epsom College Malaysia Sdn. Bhd.
2011 - present	Director	Caterham Cars Ltd.
2011 - present	Director	Caterham Cars Group Ltd.
2011 - present	Director	Caterham Enterprises Ltd.
2011 - present	Director	Caterham Merchandising Ltd. (in liquidation)
2011 - present	Director	Caterham Technology & Innovation Ltd. (in liquidation)
2011 - present	Director	EQ8 Limited (in liquidation)
2011 - present	Director	QPR Asia Sdn. Bhd.
2011 - present	Director	QPR Holdings Ltd.
2011 - present	Director	The Queens Park Rangers Football & Athletic Club Ltd.
2010 - present	Director	Caterham Factory Limited
2010 - present	Director	Caterham Ventures Sdn. Bhd.
2010 - present	Director	Tune Group.com Ltd.
2010 - present	Director	Tune Tones Sdn. Bhd.
2009 - present	Director	Intrinsic Capital Management Sdn. Bhd.
2008 - present	Director	Aero Ventures Sdn. Bhd. (in liquidation)
2008 - present	Director	AirAsia Corporate Services Limited
2008 - present	Director	Muncul Juara Sdn. Bhd.
2008 - present	Director	Pacific Gem Sdn. Bhd.
2008 - present	Director	Tune Group Sdn. Bhd.
2008 - present	Director	Notel Management Sdn. Bhd. (formerly known as Tune Hotels Management Sdn. Bhd.)
2008 - present	Director	Sofa Al Azhar Sdn. Bhd.
2007 - present	Director	New Haven Resort Sdn. Bhd.
2007 - present	Director	OMT Hotels Sdn. Bhd. (formerly known as Tune Hotels Sdn. Bhd.)
2007 - present	Director	Tune Longhaul Sdn. Bhd. (in liquidation)
2007 - present	Director	BigPay Malaysia Sdn. Bhd.
2007 - present	Director	Tune Talk Sdn. Bhd.
2006 - present	Non Independent Non-Executive Director	AirAsia X Berhad
2006 - present	Director	All Agile Industries Sdn. Bhd. (in liquidation)
2006 - present	Director	Yayasan Pendidikan Titiwangsa

Period	Position	Company
2005 - present	Director	Dragonback Media Interactive Sdn. Bhd. (in liquidation)
2005 - present	Director	Tune Hotels.com Limited
2005 - present	Director	Tuneasia.com Sdn. Bhd. (S308(4))
2005 - present	Director	Wheatley Sdn. Bhd. (in liquidation)
2004 - present	Director	AirAsia (Mauritius) Ltd.
2004 - present	Director	AirAsia Go Holiday Sdn. Bhd.
2002 - present	Director	Domeplex Consolidated Sdn. Bhd.
2001 - present	Director	Persian Beauty Sdn. Bhd.
2001 - present	Director	Tune Air Sdn. Bhd.
2000 - present	Director	Incam Consulting & Trading Sdn. Bhd.
2000 - present	Director	Incam Corporation Sdn. Bhd.
2000 - present	Director	Incam Equity Sdn. Bhd.
2000 - present	Director	Incam Resources Sdn. Bhd.
1996 - present	Director	Incam Global Sdn. Bhd.
1995 - present	Director	Raindance Music Sdn. Bhd.
1995 - present	Director	Red Podium Sdn. Bhd.
1993 - present	Director	Nescorp Resources Sdn. Bhd.
1991 - present	Director	Music Works Sdn. Bhd.
Present	Director	AirAsia Inc.
Present	Commissioner	PT Indonesia AirAsia
2010 - 2019	Director	Tune Studios Sdn. Bhd.
2003 - 2019	Director	Chestar Properties Sdn. Bhd.
2016 - 2018	Director	Tune Capital Limited
2014 - 2018	Director	BIG Investments Ltd.
2011 - 2018	Director	CJ Aviation Holdings Pte. Ltd.
2011 - 2017	Director	Ultimate Skyline Sdn. Bhd.
2014 - 2016	Director	roKKi Retail Ltd.
2008 - 2016	Director	Tune Service Sdn. Bhd.
2010 - 2015	Director	Dinato Racing Ltd.



## Dato' Mohamed Khadar Bin Merican

Director

**The date of appointment**  
December 9, 2016

**Age (years)** 63

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**  
- None -

**Relationship with other Management<sup>2</sup>**  
- None -

### Education:

- Accountancy, Member of Institute of Chartered Accountants in England & Wales
- Accountancy, Member of Malaysian Institute of Accountants

### 5 years past and present work experience

Period	Position	Company
2016 - present	Director	Thai Airasia Co., Ltd.
2018 - present	Independent Non-Executive Director	AirAsia Group Berhad
2018 - present	Independent and Non-Executive Director	IRIS Corporation Berhad
2015 - present	Chairman	RCL Agencies (M) Sdn. Bhd.
2005 - present	Chairman	SOGO (K.L.) Department Store Sdn. Bhd.
2002 - present	Independent Non-Executive Director	Rashid Hussain Berhad (In Members' Voluntary Liquidation)
1996 - present	Director	Ferrite Sdn. Bhd.
2018 - 2019	Independent Non-Executive Chairman	Bonia Corporation Berhad
2013 - 2019	Independent Non-Executive Director	Sona Petroleum Berhad
2003 - 2019	Director	MKM Resources Sdn. Bhd.
2016 - 2018	Independent Non-Executive Director	AirAsia Berhad
2013 - 2017	Independent Director	Ideate Media Sdn. Bhd.
2011 - 2017	Non-Independent Non-Executive Director	Astro Malaysia Holdings Berhad
2011 - 2017	Independent Director	Astro Overseas Ltd.
2003 - 2017	Independent Director	Astro All Asia Networks Limited
2013 - 2016	Director	RHB Investment Bank Berhad
2013 - 2016	Director	RHB Securities (Thailand) Plc.
2011 - 2016	Director	RHB Bank Berhad
2009 - 2016	Chairman	RHB Capital Berhad

## Mr. Rozman Bin Omar

Director

(The director who is authorised to sign on behalf of the Company)

### The date of appointment

May 11, 2018

Age (years) 57

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

- None -

### Relationship with other Management<sup>2</sup>

- None -

### Education:

- Accountancy, The Association of Chartered Certified Accountants

### 5 years past and present work experience

Period	Position	Company
2018 - present	Director	Thai AirAsia Co., Ltd.
2017 - present	Executive Director	AirAsia Investment Ltd.
2018 - present	Director	AirAsia SEA Limited. (formerly known as AirAsia Group (IHQ) Co., Ltd.)
2016 - present	Director	Asia Aviation Capital Pte. Ltd. (SG)
2015 - present	Director	AirAsia Global Notes Limited (In the process of dissolution)
2014 - present	Director	Asia Aviation Capital Limited (Labuan)
2008 - present	Director	AirAsia Corporate Services Limited (Labuan)
2015 - 2019	Company Director	Regenscience Sdn. Bhd.
2012 - 2019	Company Director	Cellsafe International Sdn. Bhd.
2004 - 2017	Deputy Group CEO	AirAsia Berhad

## Mrs. Pattra Boosarawongse

Director

(The director who is authorised to sign on behalf of the Company)

### The date of appointment

November 9, 2017

Age (years) 50

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

0.0066

### Relationship with other Management<sup>2</sup>

- None -

### Education

- Master Degree of Finance & Accounting, Chulalongkorn University
- Bachelor degree of Commercial and Accountancy, Thammasat University
- Director Certification Program (DCP 177/2013)  
Thai Institute of Directors Association (IOD)

### 5 years past and present work experience

Period	Position	Company
2017 - present	Director	Thai AirAsia Co., Ltd.
2016 - present	Group Chief Financial Officer	AirAsia Group
2018 - present	Director	AirAsia SEA Limited. (formerly known as AirAsia Group (IHQ) Co., Ltd.)
2019 - Present	Director	AirAsia Com Travel Sdn. Bhd.
2019 - Present	Director	Philippines AirAsia, Inc.
2019 - Present	Director	Teleport Holding (Thailand) Co., Ltd
2019 - Present	Director	Teleport (Thailand) Co., Ltd
2017 - present	Director	Thai AirAsia X Co., Ltd.
2016 - present	Director	AirAsia Global Shared Services Sdn. Bhd.
2018 - 2019	Director	Ground Team Red Holdings Sdn. Bhd.
2018 - 2019	Director	SATS Ground Services Singapore Pte. Ltd.
2018	Director	Redcargo Logistics Sdn. Bhd.
2017 - 2018	Director	Big Pay Pte. Ltd. (Singapore)
2015 - 2016	Director / Chief Financial Officer	Asia Aviation Plc.
2014 - 2016	Director / Chief Financial Officer	Thai AirAsia Co., Ltd.

<sup>1</sup> Including the shareholding from spouse and minor child

<sup>2</sup> Family relationship means relation from blood, wedding and registered by laws

# MANAGEMENT PROFILES

## THAI AIRASIA COMPANY LIMITED

As of December 31, 2019

### Mr. Tassapon Bijleveld

Executive Chairman

**The date of appointment**

May 14, 2018

### M.L. Bovornovadep Devakula

Executive Vice President

**The date of appointment**

August 9, 2018

### Mr. Santisuk Klongchaiya

Chief Executive Officer

**The date of appointment**

May 14, 2018

### Mr. Santhat Sanguandikul

Chief Financial Officer

**The date of appointment**

September 1, 2016

(Details as referred in Asia Aviation Plc.)

### Mr. Banyat Hansakul

Head of Engineering

**The date of appointment**

March 3, 2014

**Age (years)** 52

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**

0.0016

**Relationship with other Management<sup>2</sup>**

- None -

**Education**

- Master of Business Administration, Kasetsart University International
- Bachelor of Engineering in Aeronautical Engineering, Royal Thai Air Force Academy

**5 years past and present work experience**

Period	Position	Company
2014 - present	Head of Engineering	Thai AirAsia Co., Ltd.
2004 - 2014	Quality Assurance Manager	Thai AirAsia Co., Ltd.

## Mrs. Thiladee Pantumchinda

Head of People Department

### The date of appointment

March 3, 2014

Age (years) 46

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

- None -

### Relationship with other Management<sup>2</sup>

None -

### Education

- Master of Human Resources Management, Rutgers, The State University of New Jersey - New Brunswick, NJ, U.S.A.
- B.A. Political Science, Major in International Relations, Chulalongkorn University

### 5 years past and present work experience

Period	Position	Company
2014-present	Head of People Department	Thai AirAsia Co., Ltd.

## Miss Witchunee Kuntapeng

Head of Guest Service

### The date of appointment

October 2, 2014

Age (years) 51

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

0.0024

### Relationship with other Management<sup>2</sup>

- None -

### Education

- Bachelor degree of Arts in English, Faculty of Humanities, Ramkhamhaeng University
- Aviation Management for Executive Program

### 5 years past and present work experience

Period	Position	Company
2014 - present	Head of Guest Service	Thai AirAsia Co., Ltd.
2013 - 2014	Bangkok Station Manager	Thai AirAsia Co., Ltd.

## Mr. Pipat Khunprakan

Head of Innovation Commercial and Technology

### The date of appointment

October 2, 2014

Age (years) 43

### Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>

- None -

### Relationship with other Management<sup>2</sup>

- None -

### Education

- Master degree of Telecommunication Science, Assumption University
- Bachelor degree of Computer Science, Assumption University

### 5 years past and present work experience

Period	Position	Company
2014 - present	Head of Innovation Commercial and Technology	Thai AirAsia Co., Ltd.
2007- 2014	Innovation Commercial and Technology Manager	Thai AirAsia Co., Ltd.

## Mr. Thatri Kwansang

Head of Safety

**The date of appointment**

November 9, 2016

**Age (years)** 52

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**

0.0022

**Relationship with other Management<sup>2</sup>**

- None -

**Education:**

- Master of Science in Aviation Safety, Central Missouri State University, U.S.A.
- Bachelor of Science in Electrical Engineering, Royal Thai Airforce Academy

**5 years past and present work experience**

Period	Position	Company
2016 - present	Head of Safety	Thai AirAsia Co., Ltd.
2006 - 2016	Instructor Pilot and Safety Manager	Thai AirAsia Co., Ltd.

## Miss Nattinee Tawanchulee

Head of Commercial

**The date of appointment**

July 1, 2018

**Age (years)** 45

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**

- None -

**Relationship with other Management<sup>2</sup>**

- None -

**Education**

- Master of Business Administration (MBA in General Management) University of Exeter (School of Business & Economics), Exeter, United Kingdom
- Bachelor of Business Administration (BBA in Marketing) Assumption University (ABAC)

**5 years past and present work experience**

Period	Position	Company
2018 - present	Head of Commercial	Thai AirAsia Co., Ltd.
2011 - 2018	Marketing Manager	Thai AirAsia Co., Ltd.

## Miss On-Anong Methapipatkul

Head of Inflight Services

**The date of appointment**

August 9, 2018

**Age (years)** 46

**Number of Shares and Percentage of Asia Aviation Plc. (%)<sup>1</sup>**

- None -

**Relationship with other Management<sup>2</sup>**

- None -

**Education**

- Master of International Management, Thunderbird, The American Graduate School of International Management, Glendale AZ, U.S.A.
- Bachelor of Business Administration, Major in Finance & Banking, Assumption University

**5 years past and present work experience**

Period	Position	Company
2018 - present	Head of Inflight Services	Thai AirAsia Co., Ltd.
2009 - 2018	Inflight Services Manager	Thai AirAsia Co., Ltd.

## Miss Topaz Subunruk

Head of Sustainability and Communications

**The date of appointment**  
August 9, 2018

**Age (years)** 37

**Number of Shares and Percentage of Asia Aviation Plc. (%)**<sup>1</sup>

- None -

**Relationship with other Management**<sup>2</sup>

- None -

### Education

- MA Marketing Communications and Adversiting, Bournemouth University
- BA Journalism and Mass Communications, Thammasat University

### 5 years past and present work experience

Period	Position	Company
2018 - present	Head of Sustainability and Communications	Thai AirAsia Co., Ltd.
2009 - 2018	Corporate Communications Manager	Thai AirAsia Co., Ltd.

## Mr. Chatupong Hongwiset

Head of Ramp and Ground Service Equipment

**The date of appointment**  
November 9, 2018

**Age (years)** 42

**Number of Shares and Percentage of Asia Aviation Plc. (%)**<sup>1</sup>

- None -

**Relationship with other Management**<sup>2</sup>

- None -

### Education

- Diploma, Aircraft Maintenance Engineer License, Civil Aviation Training Center

### 5 years past and present work experience

Period	Position	Company
Nov 2018 - present	Head of Ramp and Ground Service Equipment	Thai AirAsia Co., Ltd.
May - Nov 2018	Ramp and Ground Service Equipment Manager	Thai AirAsia Co., Ltd.
2014 - May 2018	Maintenance Manager	Thai AirAsia Co., Ltd.
2013 - 2014	Assistance Maintenance Manager	Thai AirAsia Co., Ltd.

## Sqn.Ldr. Damrong Phaspipatkul

Head of Flight Operation

**The date of appointment**  
August 9, 2019

**Age (years)** 50

**Number of Shares and Percentage of Asia Aviation Plc. (%)**<sup>1</sup>

0.0024

**Relationship with other Management**<sup>2</sup>

- None -

### Education

- Aeronautical Engineering BD, Royal Thai Air Force Academy

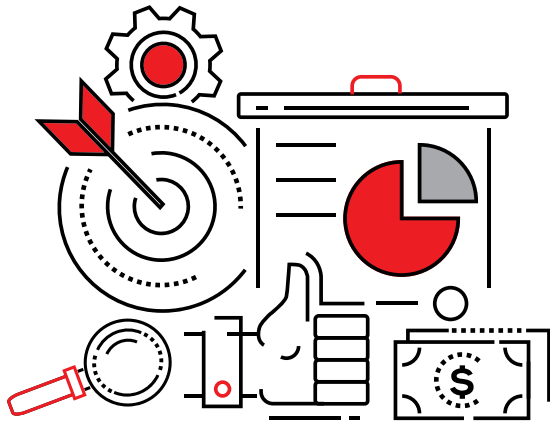
### 5 years past and present work experience

Period	Position	Company
Aug 2019 - present	Head of Flight Operation	Thai AirAsia Co., Ltd.
2018 - Aug 2019	Corporate Quality Assurance Manager	Thai AirAsia Co., Ltd.
2015 - 2018	Flight Operations Quality Control Manager, Flight Operations	Thai AirAsia Co., Ltd.
2013 - 2015	Assistant Chief pilot Training and Standard, Flight Operations	Thai AirAsia Co., Ltd.

<sup>1</sup> Including the shareholding from spouse and minor child

<sup>2</sup> Family relationship means relation from blood, wedding and registered by laws

# CORPORATE GOVERNANCE



## CORPORATE GOVERNANCE POLICY

Asia Aviation has complied and continue followed the principles of corporate governance in business operations through Directors, Management and employees. The Company believes that effective, transparent, and measurable administration will create confidence for Shareholders, investors, and stakeholders, which in turns, will be the key factors to generate return and maximise value as well as enhance competitiveness of the Company to sustainable growth. Therefore, the Board of Directors of Asia Aviation has established the policy to follow the Code of Best Practices for Directors of Listed Company and adopted the policy in accordance to the Principles of Good Corporate Governance for Listed Companies, 2013, and Corporate Governance Code for listed companies 2017 (“CG Code”) as prescribed by the Stock Exchange of Thailand and The Securities and Exchange Commission Thailand. Policy is reviewed annually and communicated to Directors, Management, and employees to adhere. The policy covers the rights of Shareholders; equitable treatment of Shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors.

In 2019, the Board of Directors has applied key principles and best practices according to the corporate good governance for listed companies in 2017 (CG Code) and every Director has acknowledged them and understood their benefits. The Directors have realised their role as organisation leaders and assigned each department to implement the CG Code principles in each department to create more sustainable value to the organisation. The Company discloses the information in accordance with the practices under the Corporate Governance policy in each as follows:

## SECTION 1 RIGHTS OF SHAREHOLDERS

Asia Aviation is aware of and prioritises the fundamental rights of the Shareholders, by not doing anything to violate the rights of its Shareholders and supporting its Shareholders to exercise their rights. The fundamental rights of the Shareholders include the right to buy and sell or to transfer shares, the right to receive profit sharing from Asia Aviation, the right to receive adequate information with regard to Asia Aviation, the rights relating to participation and voting in the Shareholders Meeting to elect or remove members of the Board, appoint the external auditor, and make decisions on any transactions that affect the Company such as dividends payment, amendments to the Company’s memorandum of association and articles of association or the Company’s by laws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Asia Aviation has the policy to provide convenience for the Shareholders to exercise their rights as follows:

- Asia Aviation will send the notice of the Shareholders’ Meeting and supporting documents to each Shareholder at least five business days prior to the Meeting date (or any period of time as required by laws). The invitation will provide relevant information on each agenda item with opinions from the Board of Directors of Asia Aviation, proxy form as regulated by Ministry of Commerce, and list of Independent Directors that the Shareholders may select as their proxy, as well as map of the Meeting venue.

The invitation will inform the list of required documents that the Shareholders need to bring to the Meeting in order to support the rights to participation in the Shareholders Meeting and to voting, as regulated by Asia Aviation’s articles of association regarding the Shareholders’ Meeting.

Shareholders can also access any information concerning the agenda of the each Meeting of Asia Aviation at [www.aavplc.com](http://www.aavplc.com)

- In the case that any Shareholder cannot attend a Shareholders’ Meeting in person, Asia Aviation allows such Shareholder to appoint a proxy, either an Independent Director or any person, to attend the Meeting on his/her behalf.

- Asia Aviation shall proceed Meeting registration and votes count with a barcode system so as to promote transparency, fairness and benefits for Shareholders. In addition, the Company has provided a document check point in case of proxy to attend to the Shareholders' Meeting and provide stamp duty for the proxy form as well as staff to service at the registration. The Company will open for registration at least 2 hours before the Meeting.
- Chairman of the Meeting will inform the Shareholders of rules of the Meeting and voting procedures. Time will be allotted appropriately.
- All Shareholders will be treated equally in expressing their opinion and raising questions in the Meeting. Directors and relevant Management team members will attend the Shareholders' Meeting to provide responses to any inquiry raised at the Meeting and to take any comments and suggestions into consideration or for further actions. After the Shareholders' Meeting, Asia Aviation prepares the complete and accurate minutes of the Meeting within 14 days and submits to related agencies within the prescribed timeframe. Minutes of the Meeting will also be posted on Asia Aviation's website to allow interested Shareholders and stakeholders to access the information.
- Information is accessible in a complete, accurate, timely, and transparent manner, for Shareholders by making relevant and significant information available regularly.
- The Company and its subsidiary have set the policy and procedure for the Directors and Management and employees in using the inside information that has not been made public for personal interest and communicated the policy to their Directors, Management, and employees for their acknowledgement in writing under the Code of Conducts with details as follows:

### **The Use of Internal Information**

1. Inform the Directors and Management regarding their duties in reporting the Securities Holding Reports for themselves, their spouses or cohabiting couple, and their minor children to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), along with the Acquisition or Disposal of Securities Report for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 246, and the penalty as prescribed in Article 298 of the Securities and Exchange Act B.E. 2535 (and its amendment).
2. The Directors and Management of Asia Aviation, along with their spouses or cohabiting couple, and their minor children to prepare and disclose the Securities Holding Reports and the Acquisition or Disposal of Securities Report of Asia Aviation's securities to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), and copies of the reports to be submitted to Asia Aviation on the same day as to the Securities and Exchange Commission.
3. Directors, Management and employees of Asia Aviation and its subsidiary, who have an access of any inside information that can affect price of stocks, shall be careful in the trading of Asia Aviation's stocks within one month before the financial statements or the inside information are accessible to the public and 24 hours after the said information is accessible to the public. The person related to the information shall not disclose the information to the third party before the information is disclosed to the Stock Exchange of Thailand. Disciplinary punishment shall be imposed on the offender, as prescribed in the staff regulations of Asia Aviation and its subsidiary. Punishment, appropriately determined on a case to case basis, includes verbal warning, written warning, probation, or dismissal.

## **SECTION 2 EQUITABLE TREATMENT OF SHAREHOLDERS**

Asia Aviation applies the principle of equal treatment to all Shareholders, be they Management or Non-Management Shareholders, Majority or Minority Shareholders, or local or foreign Shareholders, as follows:

- Meeting shall be carried out as specified in the agenda enclosed with the Meeting notice. Additional agenda item shall not be imposed without informing the Shareholders prior to the Meeting unless necessary, especially items that Shareholders should need significant time to study relevant information before making any decision.
- The Minority Shareholders can nominate Directors by submitting details of nominees and consent letters to the Chairman of the Board prior to the Shareholders Meeting within reasonable time period as regulated by Asia Aviation.
- Shareholders are encouraged the use of ballots for each agenda item. Ballots shall be kept in the Meeting room for vote count prior to the resolution announcement. For transparency, Asia Aviation will keep the ballots with Shareholders' or proxy's signatures in case of examination if there is any future argument.
- Minutes of Meeting shall be recorded completely and accurately. The Minutes will be submitted to the Stock Exchange of Thailand within 14 days after the meeting. Minutes of the Meeting will also be posted on Asia Aviation's website.



4. Directors, Management and employees of Asia Aviation and its subsidiary shall not use any inside information they receive from their positions, that can affect price of stocks and has not been disclosed to the public, for trading, or offering to buy or sell, or persuade others to buy or sell, or to trade other stocks or securities (if any) of Asia Aviation directly or indirectly, which may cause any damage to Asia Aviation directly or indirectly, for their own interests or for others', nor shall they disclose the said information to others for compensations or nothing.

### **Conflict of Interests**

The Board of Directors of Asia Aviation has set up a policy to prevent conflicts of interest on the basis that any decision-making on business transactions shall be made only for the best interest of Asia Aviation and it shall avoid any act which may cause conflicts of interest. It is required that a person who is involved in or has interest in any transaction shall report the involvement or interest in such transaction to Asia Aviation and shall abstain from voting for decision-making and shall have no power to approve such transaction.

In the case of any transaction which is not consistent with the normal course of business or the general trading conditions and may cause conflicts of interest, the entry into such transaction shall be submitted to the Audit Committee to consider with respect to the transaction appropriateness before proposing to the Board of Directors' Meeting or Shareholders' Meeting (depending on the case) for consideration and approval. In such case, Asia Aviation shall comply with the requirements prescribed by the Capital Market Advisory Board, the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

## **SECTION 3 ROLE OF STAKEHOLDERS**

Asia Aviation and its subsidiary have placed importance on all of its stakeholders and established a policy as follows:

### **Shareholders**

Asia Aviation determines to be a good representative for its Shareholders in conducting its business for the satisfaction of its Shareholders with transparency and emphasis on sustainable long-term growth, and to ensure the adherence of the policy regarding Shareholders to maintain the basic rights of the Shareholders, and to not violate the rights of the Shareholders listed under rights of Shareholders and equitable treatment of Shareholders, along with the transparent disclosure of information to Shareholders.

The encourage for the Shareholders to attend the Shareholders' Meeting to help participate in major decision making, to acknowledge the Company's operation and activities, and to monitor the performance of the Directors and Management.

### **Customers**

Asia Aviation and its subsidiary are committed to customers' satisfaction and confidence in the Company by delivering quality products and services at a fair and appropriate price, and to maintain good relations. The operation guideline is set as follows:

- Provide quality products and services with the resolute aim to constantly increase the standards and disclose news and information regarding products and services completely and accurately.
- Directors, Management and employees at all levels shall not disclose customers' details without prior consent from customers or control persons of the Company group, unless the information is required to be disclosed to the third party by laws.

The details of the policy regarding responsibilities toward customers in 2019 are listed in the "Sustainability Report".

### **Business Partners**

Asia Aviation and its subsidiary treat its trading partners as a key factor in creating value for customers. So, business run with any partners must not bring discredit to the reputation of the Company and its subsidiary, or contrary to any palpable laws, no demand or accept any properties or benefits dishonestly in business with trade partners, regard to equality in business and mutual benefits with partners, as well as a compliance with contract or agreed terms and conditions strictly. In addition, the selection of partners shall be treated on fair, transparent and verifiable basis; abide by the rules and regulations on procurement that defines procedures and practices explicitly, and get approval from the procurement committees.

### **Creditors**

Asia Aviation and its subsidiary comply strictly with creditors under the conditions and term of agreements. Loan administration must be subjected to the objectives of money use; money must not be used in a way that could cause damage, control various collaterals and repayment of loan and interest to the lenders of all types in full and by the due date, comply with the terms of the entire loan agreement, as well as management to ensure the creditors of financial position and high repayment capacity. In case of default, the Company will notify creditors in advance for troubleshooting.

## Competitors

Asia Aviation and its subsidiary have a policy to promote and support fair and open competition. The Company does not seek its competitors' trade secrets or information through illegal or unethical means. The Company shall not violate the intellectual properties of its competitors or others.

## Society

Asia Aviation and its subsidiary, as a Thai corporation, are well aware and grateful for the country. As part of the community, the Company has a social obligation to support the society and community in which Asia Aviation and its subsidiary are operating.

Asia Aviation and its subsidiary have a policy to provide environmentally friendly products and services and to follow environmental-related laws.

Asia Aviation and its subsidiary promote activities that help preserve the nature and conserve energy. It has a policy to select and promote the use of environmentally friendly products.

The details of the policy regarding responsibilities toward the society in 2019 are listed in the "Sustainability Report".

## Employees

Our employees are our most valuable resource and key to success. Therefore, Asia Aviation and its subsidiary are committed to continuously enhance our corporate culture and good working environment, to promote teamwork, and to treat our employees with courtesy and to respect them as individuals as well as their privacy. Private information of employees, for example, salaries, medical records, and families, shall not be disclosed to outsiders or those who are not relevant, unless the information is required to be disclosed to the third party by laws. The employment, appointment, transfer and compensation shall be on the ethical basis and the human resources shall be engaged to the best advantage. The details are appeared as follow:

### Recruitment Policy

- Thai AirAsia continues to recruit more employees to support the growth and the expansion of the fleets to serve passengers and for the opening of new routes and the increase in frequencies of existing routes.
- The recruiting process is based on the equal opportunity and fair system of written examination and interviews by a panel of committees with experiences, knowledge, and skills in a transparent manner.

- Employees are given importance and taken care of as a family member. Employees are appropriately taken care of in terms of compensation and benefit, in the warm and sharing working atmosphere. Mentoring system is promoted in order to create happiness for employees at work.

### Benefit Management

Thai AirAsia provides the benefits for employees under the policy to manage benefits according to the needs and advantages of the employees. Benefits include:

- Annual health check-up
- Group life insurance
- Group health insurance
- Provident fund which Thai AirAsia contributes according to the period of membership at the maximum of 10%
- Thai AirAsia Savings Cooperative
- Free air ticket for employees' weddings
- Free air tickets (16 points per year)
- A discount of 90% for unlimited air ticket per year
- Financial aid in case of death of family members, namely parents, spouses, and children
- Financial aid for child birth
- Employee uniforms
- Financial aid for medical treatment of diseases including cancer, heart disease, stroke, chronic renal failure and lung disease.
- Employee Lunch Welfare

### Remuneration and Salary Management

Thai AirAsia has established a policy to manage remuneration in a fair and appropriate manner suitable for knowledge and skills of the employees according to the appraisal system and the job positions. Salary survey is done based on the external market and leading companies for appropriate adjustment in order to remain competitive in the same industry and to attract new talents.

### Employee Relation Activities

Thai AirAsia encourages its employees to provide ideas and feedbacks about the activities and engage in facilitating various in-house activities as proposed by employees to promote good interpersonal relationships between employee and employee, employee and organisation, as well as employees and community, bringing forth the solidarity and leading to happiness at work in the organisation as follows:

- *Community service activities* - Employees are encouraged to volunteer in various community-related activities. For example, “Allstars Do Good” series, including “Allstars Do Good : Hammock Amok” , a wildlife development activity with the goal of recycling expired fire hoses into animal enrichments at Wildlife Friends Foundation Thailand (WFFT), Phetchaburi Province, “Allstars Do Good : Teaching waste management to Kids” that consists of volunteering employees holding ice-breaking activity and teaching waste sorting to underprivileged students at Wat Chang School, Pathum Thani Province and “Allstars Do Good : Blood Donation” with the collaboration of Thai Red Cross Society that happens every 3 months, since August 2018 - present.
- *Corporate anniversary* - Management team and other staff make merits on the anniversaries through individual religious ritual, and having a luncheon for employees across the country. Moreover, the Management team has conducted ‘Family Visit’ at outstations of Thai AirAsia every 2 month in 2019 to build up morale and unity within the organisation.
- *Campaigning for employee’s health* - Employees are welcomed to join the AirAsia sport community depending on their interest. There are internal social media groups for each community, including running, yoga, badminton, football, basketball, biking, golf etc, to allow members to exchange and interact.
- *Internal sports events* - The Company provides opportunities for employees from all departments, both local and abroad to meet and unite through sport tournaments, such as Allstars Regional Futsal Tournament 2019 and Allstars Regional Badminton Tournament 2019.
- *Annual Party* - To celebrate the effort of the employees who work tirelessly for AirAsia. The Company holds the annual dinner to engage employees from all work functions, levels, and stations. This year, the music contest was held to provide employees the space to show their musical talents, judged by a committee consisting of representatives from all departments. Moreover, with the mission of denying the usage of single-used plastic cups, Thai AirAsia encouraged employees to bring their own containers, which helped prevent over 50,000+ single-used plastic cups from ending up at the landfill.

## Human Resources Development

As Thai AirAsia aims to continuously develop human resources with knowledge and expertise, and good quality of life according to the good corporate governance, Thai AirAsia has established a policy to develop human resources to their potential and to prepare them for the competition that will drive and sustainably strengthen the organisation. The goal is to get the employees to develop themselves using their own potential and to create proactive working atmosphere in practicing their skills and developing their knowledge and expertise to create confidence in dealing with changes and challenges in business competition.

Thai AirAsia is providing trainings according to needs of each business unit as follows:

### Trainings for Engineers

- Maintenance Familiarisation
- AMOS Training
- Aircraft And System Familiarisation
- Fuel Tank Safety
- Basic Electrical

### Training for Flight Attendance

- Duty Free / Handheld Device
- Thai Announcement
- Civil Aviation Regulations
- Flight Attendant Procedure

### Training for Ground Staff

- Customer Service Excellence
- Central Baggage Tracking Office
- Sky Speed
- Duties & Checks
- Disability Equality Training

### Training for Pilots

- Meteorological
- Weight & Balance procedures
- Flight Operation, Report, Form, Merlot
- Pilot Transit Check
- Auto Flight
- Aircraft System Examination

### Training for Ramp

- Ramp Ground Handling
- Aircraft Pushback
- Initial Airside Safety and ERP Plan

### Leadership skills training

- Self-Mastery for Ramp Agent
- Self-Mastery for Student Pilot
- Leading in you Program for Senior cabin crew
- 7 Service wonders for Guest services
- Celebrating diversity
- Effective Time Management
- Effective Communication Skills

### Occupational Safety, health and environment in the workplace

In 2019, Thai AirAsia has pursued on safety initiatives under the Safety Management System with the cooperative coordination with the Safety Department, sub-committees on Flight Safety, Cabin Safety, and Occupational Safety Health and Environment in the Workplace Committee for projects, and reported directly to the CEO, to focus the Management for sustainable safety of the organisation.

In the past year, Thai AirAsia has supported and promoted safety in many activities, for example:

- Safety promotion which aims at creating the safety culture of the organisation (AirAsia Safety Culture) by defining the safety issue in Allstars values that we call "SAFETY ALWAYS" Safety is everyone's responsibility.
- Behavior based safety (BBS) activity that creates positive approach by ground safety officer together with heads of units to observe employees' behavior, with praise for safety behavior and caution for risky behavior, and constant follow-up on risky behavior to achieve the sustainable "safety culture". Our target is the percentage of safety behavior above 95, and at the end of the program (December 2019), the percentage of safety behavior was 99.
- One AirAsia Safety Day is the safety promotion activity related safety health and environment issue. All staff from all departments can join this activity for example safety games, safety quiz, safety competition (safety photo, VDO clip competition and safety hero etc.)
- Safety Hero activity which is the selection of employees with outstanding performance in terms of safety as an example for other employees.

- Hazard reporter activity that focuses on the participation of employees in reporting hazards or unsafe work environment, and improvement on the safety issues reported by employees. Our staff can submit the hazard report via CORUSON system.
- Kiken Yoshi Training (KYT) to train each employee to analyse or predict hidden hazard in operation and to prevent the hazard correctly and appropriately.
- Prepare and review the manual to deal with emergency in order to handle the Company's emergency accurately, timely, appropriately, contemporarily and in compliance with the latest ICAO requirements.
- Prepare and review safety management manual in order to precede and manage the Company's safety accurately, appropriately, contemporarily and in compliance with the latest ICAO requirements.
- Preparing and revising emergency plan for each station in the country and abroad to use as a guideline in handling the emergency appropriately at each station.
- Occupational Safety, Health and Environment in the Workplace Committee meeting every month for review the safety performance.
- Operational Safety Audit by IATA - (IATA Operational Safety Audit -IOSA)
- Regular training for safety officer at the Management, Operation, Supervisory level and Occupational Safety, Health and Environment in the Workplace Committee.
- Crew Resource Management training for pilots and cabin crew annually.
- Safety Emergency Procedure training for pilots and cabin crew annually.
- Emergency Response Plan for all employees.
- Safety Management System for all employees.
- Occupational Health and Safety for all employees.
- Human Factors for all employees.
- First aid training and medical evacuation training to reduce risk in incorrect medical evacuation.
- Basic Fire Fighting training for all employees.
- Service of Disabled & Passengers with Reduced Mobility (PRM) training for handling the passengers during embarking/disembarking safely.
- Inspection of working environment, for example, noise dose monitoring and light inspection to take precaution in working environment that may be a health hazard for employees.

However, the aforesaid activities on occupational safety, health and environment in the workplace proactively to prevent accidents and incidents resulted in the reduced ground accidents and incidents in 2019 to 7.09 per 10,000 departure flights.

## Human Rights Policy

Asia Aviation and Thai AirAsia operate with respect to and give importance to promote the protection of human rights in all aspects, and will not engage or take part in any act of violation of human rights. The Company and its subsidiary shall adhere to the principles of human rights and all applicable laws and regulations.

Asia Aviation and Thai AirAsia impartially respect the rights of all employees and stakeholders without prejudice against origin, race, religion, gender, ethnicity, age, disability, or any other status entitled for rights, by adopting the principle of human rights.

Asia Aviation and Thai AirAsia regularly study and follow changes and modifications in applicable regulations and laws related to human rights in order to effectively enhance the Company's policy on human rights.

Asia Aviation and Thai AirAsia provide knowledge and understanding for the Board of Directors, Management, and all employees in regard of human rights in terms of policy and operating practice, and urge all employees and stakeholders to cooperate in examination and reporting any violation of human rights through Whistle Blower. For the year 2019 the Company had not received any complaint regard to violation of human rights.

### Treatment for Employees

- Recruitment shall be done on the basis of fairness and equality. Everyone shall receive an equal opportunity in applying and examination for employment under the applicable legal framework and related regulation, without any discrimination based on gender or disability that does not prevent the person from performing his or her duty.
- Employees shall be treated with fairness and honesty. All employees shall be employed under regulations and conditions that comply with laws, regulations, and customary practices. Child labor, forced labor, or breach of labor standard shall not be practiced.
- Any violation of human rights shall be eliminated. Discrimination shall be prohibited and measures will be put in place to ensure equal opportunity for all employees.
- Operating policy shall be put in place to guarantee personal safety for all employees, along with their entitled rights for a clean, safe, and healthy workplace.
- Physical punishment, mental or physical abuse, or verbal harassment shall not be practiced or accepted.

### Treatment for Other Stakeholders

- The Company shall respect the rights in relation to laws, culture and traditions, for all the stakeholders including customers, business partners, subcontractors, and communities around the workplaces. All stakeholders shall be treated equally and encouraged to follow the international standards for human rights.

## Intellectual Property Right Policy and Practice

Asia Aviation and Thai AirAsia operate with respect to, and encourage the human resources to perform their duties, in compliance with laws and regulations regarding intellectual property right, including trademarks, patents, copyrights, trade secrets, and other intellectual properties specified by laws, for example, the use of copyrighted computer software that are inspected and installed by the Company's information technology department only, the encouragement for employees to examine their work or information that it does not violate any intellectual property right.

## Communication with Stakeholders and Whistleblowing Policy

Stakeholders can inquire for information, complain, or report any unlawful violation, the inaccuracy of financial reports or internal control system, and the breach of business ethics of the Company and its subsidiary directly to the Independent Directors or the Audit Committee at [taa\\_auditcommittee@airasia.com](mailto:taa_auditcommittee@airasia.com) and [thaiwhistleblower@airasia.com](mailto:thaiwhistleblower@airasia.com).

The Company has disclosed Whistleblowing Policy on its website at [www.aavplc.com](http://www.aavplc.com) under "Corporate Governance" and "Whistleblowing Channel". Complaints and reports shall be protected and treated confidentially by the Independent Directors or the Audit Committee for further inspection and solution (if any) and shall be reported to the Board of Directors later.

## SECTION 4 INFORMATION DISCLOSURE AND TRANSPARENCY

Asia Aviation has put an importance on disclosing information that is accurate, complete, transparent, timely, and up to the standards set by to the Stock Exchange of Thailand and the Securities and Exchange Commission. This financial reports, general information, and any other significant information that can affect the price of stocks and decision making of investors and stakeholders of Asia Aviation. In order for stakeholders of Asia Aviation to have an equal

access to information, Asia Aviation is publishing its information through the Stock Exchange of Thailand and Asia Aviation's website at [www.aavplc.com](http://www.aavplc.com).

The Board of Directors is aware of the responsibility in preparing Asia Aviation's financial reports and information presented to Shareholders in annual reports, and in assuring the quality of the financial reports, including financial statements of Asia Aviation. Asia Aviation arranges to have the financial reports done according to the accounting standards and audited by reliable and independent auditors. Asia Aviation has established and adhered to appropriate accounting policies and made certain that financial reports of Asia Aviation are accurate, complete, and trustworthy, with important information being accessible.

The Board of Directors also set up an Audit Committee to review the financial reports for their accuracy, completion, and reliability and to make sure information is disclosed in an accurate, transparent and timely manner as regulated for listed companies. The Audit Committee also ensures effective internal control and that laws and regulations, as well as Asia Aviation's regulations are adhered to. Moreover, the Committee looks into related party transactions or transactions with conflict of interest and consider the reasonableness and appropriateness before proposing to the Board of Directors of Asia Aviation for further approval.

The Company has a policy to disclose important information to the public as follows:

1. Objectives and Articles of Association of the Company
2. Financial and Non Financial reports in an accurate and timely manner
3. Report on the responsibilities of the Board of Directors toward financial statements together with the Auditor's report in the Annual Report
4. Information on each Director, sub-committee member and Management and his/her roles and responsibilities and remuneration
5. Information on the attendance of Directors and sub-committee members in Meetings
6. Reports on the Interests of Directors, Management, and related persons
7. Each Director and Management has a duty to report buy-sale the Company's shares to Company Secretary and disclose summary of shareholding reports at the Board of Director Meeting in quarterly.

For investor relations, Asia Aviation has set up the Investor Relations Department to handle the content of the information of Asia Aviation for those who are interested, for example, shareholders, analysts, and investors. The channel of communication is as follows:

**Telephone:** 02 562 5700

**Fax:** 02 562 5705

**Email:** [taa\\_investorrelations@airasia.com](mailto:taa_investorrelations@airasia.com)

**Website:** [www.aavplc.com](http://www.aavplc.com)

Asia Aviation regularly presents information to analysts, investors, and employees at results briefing, roadshows, conference calls, and conferences organised by various entities. The Company also holds joint activities with SET to meet retail investors and has press conference and press release to publicise the performance of the Company and its subsidiary. In addition analysts, investors, and interested parties can also join company visits to meet our management and inquire about our updates.

In 2018 - 2019, investor relation activities are summarised as follows:

Activities	2018 (times)	2019 (times)
International Roadshows	4	2
Domestic Roadshow	9	6
Results Briefing / Annual General Meeting of Shareholders	5	5
Company Visit / Conference call	15	19
E-mail / Phone calls	4-5 times daily	4-5 times daily
Company visited, Joint activities with SET and other agencies	2	3

The Company also arranges for the Compliance Unit to oversee the disclosure of information through various channels, for example, the Company's website, The Stock Exchange of Thailand's website, and Annual Reports. Information shall be accurate, sufficient, timely, and complete, as required by laws, in order to create confidence from investors in the Company's transparency in business operation.

## SECTION 5 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

### Leadership and Vision

The Board of Directors of Asia Aviation and Thai AirAsia consists of Directors with leadership skill and vision to drive Thai AirAsia to become the leading sustainable travel technology company in Asia providing more than just affordable flights.

The Company's Board of Directors revises and specifies vision and mission for the Company every five years to keep them relevant and appropriate for the changing business environment in the future.

### Board of Directors' Structure

Asia Aviation's Board of Directors consists of nine Directors with three being the Independent Directors who are fully qualified under the relevant regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. Each Director has knowledge, competence, experience and expertise in various professions. The number of Directors shall be sufficient to oversee the business of the Company, with at least one Director with direct experiences in aviation business and another one Director with experiences in accounting and finance.

Asia Aviation's Board of Directors has the duties to consider and approve significant matter related to the Company's administration such as policies, visions, strategies, goals, missions, business plans and budgets of Asia Aviation, as well as to supervise the Management team to effectively and efficiently manage the business of Asia Aviation under the legal framework, objectives, articles of association of Asia Aviation and the resolutions of the Board of Directors' Meeting and the Shareholders' Meeting. Such duties must be performed with accountability, loyalty and care under the principles of good corporate governance in order to achieve the best economic value for the business and stability for its Shareholders.

### Qualifications of Directors

1. Directors shall be the persons with knowledge and competency, honesty and integrity in business operation, and sufficient time to dedicate their knowledge and competency for their performance in the Company.

2. Directors shall possess full qualifications and do not have any prohibited characters in compliance with applicable laws related to public companies and other relevant laws, nor any characters that result in the inappropriateness to be trusted with the administration of a public company according to the Notifications of the Securities and Exchange Commission (SEC).
3. The Directors shall not enter into a partnership or be a shareholder or hold the position of Director of any business which has the same nature as and is in competition with the business of Asia Aviation for their own or others' interests, except the Shareholders' Meeting has been informed prior to the appointment.
4. The Directors shall not hold the position of Director in more than five other listed companies. In case of any Director holding the position of Director in more than five listed companies, the Board of Directors shall determine the effectiveness of his/her performance. In the case of the Chief Executive Officer taking the position of Director in other company, the matter needs to pass the approval from the Company's Board of Directors.

### Qualifications of Independent Directors

The Independent Directors shall possess all the qualifications required by the Stock Exchange of Thailand and The Securities and Exchange Commission Thailand and can oversee the interest of all Shareholders equally without any conflicts of interests. The Independent Directors shall be able to attend the Board of Directors' Meetings and provide opinions independently. The qualifications are as follows:

1. Holding not exceeding 1% of the total shares with voting rights of Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation. (inclusive of the shares held by any related person of such Independent Director);
2. Not being, nor having been, a Director who participates in the Management, an employee, staff member or advisor who receives a regular salary, or a control person of Asia Aviation, its parent company, subsidiary company, its associated company, its subsidiary at the same level, Major Shareholder or control person of Asia Aviation, unless the holding of the aforementioned positions has been discontinued for at least two years. However, such prohibition shall not apply in the case where such Independent Director has been a government official or consultant of the government sector, which is a Major Shareholder, or control person of Asia Aviation;

3. Not being person who has a relationship by blood or registration under laws, as father, mother, spouse, sibling, and child, including spouse of child, of its Directors, its Executives, its Major Shareholder, its control person or the person who will be nominated to take up the position of Director or Executive or control person of Asia Aviation or its subsidiary;
4. Not having, or not having had, any business relationship with Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation in a manner which may obstruct its independent judgment. Additionally, not being or not having been a Substantial Shareholder or control person of a person who has a business relationship with Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation, unless such business relationship has been discontinued for at least two years. (the aforementioned business relationship and transaction size shall have the same definition as in the Notification of the Thai Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares);
5. Not being, or not having been, an auditor of Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder, control person of Asia Aviation, and not being Substantial Shareholder or control person or the partner of the audit company for which the auditor of Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation has worked therein, unless such holding of the aforementioned positions has been discontinued for at least two years;
6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation, and not being Substantial Shareholder or control person or the partner of such professional service provider, unless such business relationship has been discontinued for at least two years;
7. Not being a Director nominated to be a representative of a Director of Asia Aviation, Major Shareholder or Shareholders who are related persons to the Major Shareholder;
8. Not undertaking any business which has the same nature as and is in competition with the business of Asia Aviation or its subsidiary company or not being a partner of the partnership or a Director who participates in the Management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding 1% of the total shares with voting right of other companies which undertakes business of the same nature as and is in competition with the business of Asia Aviation or its subsidiary company; and
9. Having no other qualifications causing any inability to express independent judgment in respect of Asia Aviation's business operation.

The qualifications of the Independent Directors shall be as required by the Thai Capital Market Supervisory Board.

### **Appointment and Term of Positions for Directors**

The appointment of a Director shall be in compliance with the Company's Articles of Association and applicable laws, in a transparent and clear manner. The nomination shall go through the process by the Nomination Committee. The consideration shall include sufficient detailed information and profile of the person for the Board of Directors and Shareholders to make decision. Details of the policy on appointment and nomination of Directors can be found under "Nomination and Remuneration Committee".

The Directors's term of positions is according to the Articles of Association of Asia Aviation that at every Annual General Meeting, one-third (1/3) of the total number of the Directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third (1/3) must retire from the office.

The retiring Directors are eligible for re-election. The Director who has been in office for the longest term shall retire.

### **Duties and Responsibilities of the Directors**

Asia Aviation's Board of Directors shall oversee and administer the business and mission of Asia Aviation to be in line with the approval by Shareholders and applicable laws, objectives, articles of association, Shareholders' Meeting resolutions, and Board of Directors' resolutions. Directors shall use their judgement and vigilance in making business decision and perform their duties with caution, accountability, and honesty for the best interest of Asia Aviation.



## **The Division of Duties and Responsibilities between Board of Directors and Management**

Asia Aviation has clearly divided duties and responsibilities between Board of Directors and Management. The Board of Directors sets out policies and administer the operation of the Management on the policy level, while the Management manages each area according to the policies and Authority Limit which has been approved by Board of Directors and recorded as resolution passed in the Minutes of Board of Director Meeting. Consequently, the Chairman of the Board of Directors cannot be the same person as the Chief Executive Officer (CEO) nor the Executive Director in order to balance and examine the Management.

### **The Chairman of the Board of Directors has an important role as follows.**

1. The Chairman has an important part in making decisions for the Company's policies as a result of the Board of Directors' Meeting that considers and sets the business direction together with the Management, and provides recommendations for business operation to the Management without interfering in the daily duties of the Management. The Chairman as the leader of the Board of Directors, oversees and monitors the performance of the Board of Directors and sub-committees and encourages all Directors to achieve the objectives as planned.
2. To be a leader in the Board of Directors' Meeting and to ensure that the Meetings are conducted effectively and efficiently and also comply with the laws, regulations and Article of Association of the Company. In addition, the Chairman encourage Directors to participated in Meetings, express their opinions equally and provide comments independently. In case of the votes come to a draw between two sides, the Chairman of the Board of Directors makes the casting vote. Another key role of the Chairman is to summarise the resolutions of the Meeting and ensure that all proceeding will be done clearly.
3. To be a leader in the Shareholders' Meeting and to ensure that the Meetings are conducted effectively and efficiently and also comply with the laws, regulations and Article of Association of the Company. In addition, the Chairman shall allocate sufficient time and allow Shareholders to express their opinions equally as well as answer inquiries of Shareholders' appropriately and transparently.
4. To support and be a good role model in compliance with corporate governance and business ethics.

The Company has clearly set scopes of duties and responsibilities for Board of Directors and the Chief Executive Officer, which can be found under "Scope of Duties and Responsibilities of the Board of Directors", "Duties and Responsibilities of the Executive Chairman" and "Duties and Responsibilities of the Chief Executive Officer".

Asia Aviation has appointed the Company Secretary with the duties and responsibilities as follows:

1. To provide advice to the Board of Directors regarding legal framework and regulations of Asia Aviation that the Board of Directors shall be aware of, to ensure compliance to the rules and regulations, and to report any significant changes in the legal matters to the Board of Directors.
2. To organise the Shareholders' Meeting and Board of Directors' Meeting in accordance to laws and regulations of Asia Aviation.
3. To record the Minute of the Shareholders' Meeting and Board of Directors' Meeting and to make sure the resolutions of the Meetings are followed.
4. To prepare and keep record of a register of Directors, the Company's Annual Report, Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, Notice of the Shareholders' Meeting and Minutes of the Shareholders' Meeting of Asia Aviation.
5. To keep the reports of interest filed by the Directors or Management, with the copies submitted to the Chairman of Board of Directors and the Chairman of Audit Committee within seven business days after the report is received.
6. To ensure the information disclosure and report the responsible information to the related agencies as prescribed by the government's rules and regulations.
7. To facilitate activities of Asia Aviation's Board of Directors and manage other related matters in accordance to the legal framework, or as assigned by Asia Aviation's Board of Directors, or as prescribed by the Notification of the Capital Market Supervisory Board.

### **Sub-committees**

In addition to the Board of Directors, Asia Aviation has set up sub-committee to assist in administering the business, that is the Audit Committee. The three members, who are responsible for auditing and internal control for Asia Aviation, are of the qualifications as required by the Stock Exchange of Thailand and the Securities and Exchange Commission. Their duties and responsibilities are as assigned by the Board of Directors of Asia Aviation, as specified in the Audit Committee Charter.

Nevertheless, at the Asia Aviation's Board of Directors' Meeting No. 2/2014, held on February 26, 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee. The three Independent Directors set appropriate nomination and remuneration for Directors, with the details shown under "Nomination and Remuneration Committee".

### **Report of the Board of Directors**

The Audit Committee has the duty to review the Company's financial reporting and proposes the reports to the Board of Directors of Asia Aviation on a quarterly basis. The Board of Directors of Asia Aviation shall be responsible for the accuracy Asia Aviation's financial statements and financial information as described in the Annual Report. The financial statements shall be prepared in accordance with the accounting principles which are generally accepted in Thailand and audited by a certified public accountant. An appropriate accounting policy shall be applied and always be complied with. In addition, information shall be adequately disclosed in the notes to the financial statements.

At the Asia Aviation's Audit Committees' Meeting No. 1/2020, held on February 25, 2020, without the attendance of any Executive Directors or Management, the Audit Committee, consisting of three Independent Directors, evaluated the internal control system by interviewing the Head of Internal Audit and concluded that the internal control for Asia Aviation and its subsidiary was sufficiently effective in alleviating business risks. The operation of the internal audit in 2019 in inspecting other departments within Asia Aviation and its subsidiary did not result in any significant weakness in internal control system that can affect the operation of Asia Aviation and its subsidiary. Auditor did not report any significant weakness.

### **Board of Directors' Meeting**

According to the Articles of Association of Asia Aviation, the Board of Directors shall hold a Board of Directors' Meeting at least once every three months by setting dates for the whole year and additional special meetings may be held as necessary. A meeting notice shall be delivered to Directors for consideration at least five business days prior to the date of the Meeting, unless it is necessary or urgent to preserve the rights or benefits of Asia Aviation. At each meeting, the agenda of the Meeting will be clearly specified and supported by the completed and sufficient documents, and are delivered to the Directors in advance so that the Directors will have enough time to study such information prior to the Meeting. At the Board of Directors' Meeting, each Director shall be able to openly

discuss and express his or her opinion. In addition, the Senior Management will be invited to attend the Board of Directors' Meeting in order to give additional information as they are directly involved in such matters.

Asia Aviation is committed to providing the Board of Directors with adequate, complete continuous and timely information prior to Board of Directors' Meeting. The Directors can directly and independently contact the Company Secretary. The Company Secretary is responsible for advising the Board of Directors of Asia Aviation on the compliance with legal and regulatory requirements.

The Board of Director has also specified that Non-Executive Directors can organise meetings as deemed appropriate without the attendance of any Executive Director or Management, in order to create an opportunity for discussion on business challenges of the Company or other topics of interest.

### **Remuneration**

At the Asia Aviation's Board of Directors' Meeting No. 2/2014, held on February 26, 2014, and the Thai AirAsia's Board of Directors' Meeting No. 1/2014, held on March 3, 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee to determine and propose remuneration for Directors annually for the Board of Directors' and/or Shareholders' approval. The Committee has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for Directors in other leading companies in the Stock Exchange and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors. The Company has disclosed the aforementioned information and the remuneration for each Director in the Annual Report and Form 56-1 of the Company, which can be found under "Structure of Directors' Remuneration".

### **Development on Directors and Management**

The Board of Directors of Asia Aviation has a policy to enhance and accommodate the provision of training and knowledge for Directors and Management to administer the business of the Company effectively with the continuous improvement on operation. Directors and Management are encouraged to participate in valuable trainings that are beneficial to their performance, including training by state agencies or independent organisations, for example, Director

Training by the Thai Institute of Directors that the SEC requires Directors of listed companies to participate at least in one programme, including the Directors Certification Program (DCP), Directors Accreditation Program (DAP) and the Audit Committee Program (ACP).

In the case of a change in Directorship, the Company Secretary is assigned to assist in the preparation for the Director's duties by coordinating in the following areas:

1. Collecting required information related to Directorship to ensure the compliance with applicable laws related to Directorship.
2. Preparing useful information for new Director to perform his/her duties, for example, Articles of Association of the Company, Director's Manual for Listed Companies, Operating Results, and Nature and Direction of Business.
3. Organising meetings or discussions between Chairman and Directors, and Management to acknowledge and inquire about the business operation of the Company and its subsidiary.

### The Performance Assessment of the Board of Directors

Asia Aviation and its subsidiary have the Performance Assessment of the Board of Directors and sub-committee once a year by dividing into the Performance Assessment of the Board of Directors as a whole and the Self-Assessment of the board of directors on an individual basis, to be used as the framework in examining the performance of the Board of Directors and sub-committee. For the purpose of improving the performance of the Board of Directors to correspond with specified policies.

The Performance Assessment of the Board of Directors and sub-committee covers main areas as follows:

1. Structure and qualifications of the Board of Directors

2. Roles, duties and responsibilities of the Board of Directors
3. Board of Directors' Meeting
4. Performance of the Directors
5. Relationship with the Management
6. Self-improvement of the Directors and Executive development

In 2019 , the Performance Assessment of the Board of Directors and sub-committee of Asia Aviation detail as follows:

the Board of Directors / Sub-committee	Self-Assessment as a whole (%)	Self-Assessment on an individual basis (%)
Board of Directors	97	97
Audit Committee	96	97
Nomination and Remuneration Committee	96	97

The Performance Assessment of the Board of Directors and sub-committee of Thai AirAsia detail as follows:

the Board of Directors / Sub-committee	Self-Assessment as a whole (%)	Self-Assessment on an individual basis (%)
Board of Directors	95	95
Audit Committee	98	99
Nomination and Remuneration Committee	95	99
Corporate Governance and Sustainability Committee	100	99

As such, the Nomination and Remuneration Committee is responsible for reviewing performance assessment to be accurate, complete and comply with good corporate governance. Also the Committee have considered the results of the director self-assessment in the past year as a reasonably criteria for the consideration of the remuneration of directors. The Company Secretary summarises the results of the assessment and reports to the Board of Directors to further improve operational efficiency in more effective way.

### The Performance Assessment of Chief Executive Officer

Consequently, Asia Aviation operates its business by holding shares in Thai AirAsia which is its subsidiary that operates the core business for the Company, therefore, The performance assessment of Chief Executive Officer has been established for Thai AirAsia.

The Board of Directors and the Nomination and Remuneration Committee of Thai AirAsia has arranged for an annual performance assessment for the Chief Executive Officer, main areas as follows:

Section 1: Progress of plan with specified goals and milestone for each goal

Section 2: Performance assessment

- Leadership
- Strategic setting
- Strategic practice
- Financial planning and results
- Relationship with the Board of Directors
- External relationship
- Management and relationship with human resources
- Position succession
- Knowledge of products and services
- Personal characteristics

Section 3: Self-improvement

### Succession Plan

The Board of Directors of Thai AirAsia has established succession plans for positions of Chief Executive Officer and Senior Management by evaluating and analysing the potential and performance of qualified candidates to set the individual plan for development training and management learning in order to prepare the replacement of important positions in case of resignation or retirement or other reasons and also maintain confidence from stakeholders that the operation of the Company can continue without any disruption.

The Board of Directors has assigned the Nomination and Remuneration Committee to consider and specify the criteria and succession plan when the position of Chief Executive Officer and Management is vacant. Revision of the succession plan shall be carried out and Chief Executive Officer is to report to the Board of Directors regularly on the succession plan.

### Corporate Governance Policy

Asia Aviation has set up a written policy on corporate governance and the Board of Directors is to review this policy and the compliance therewith on an annual basis. After the Company's ordinary shares have been listed on the Stock Exchange of Thailand, Asia Aviation shall comply with the relevant rules and regulations as prescribed by the Securities and Exchange Commission, the Stock Exchange of Thailand and the Capital Market Supervisory Board. The details of the report on corporate governance will be included in the Company's Annual Report and the Annual Registration Statement (Form 56-1).

### Corporate Governance Code for listed companies 2017 (CG Code)

In 2019, the Board of Directors has applied key principles and best practices according to the corporate good governance for listed companies in 2017 (CG Code), issued by the Securities and Exchange Commission. Every Director has acknowledged them and understood their benefits. Directors have realised their role as organisation leaders and assigned each department to implement the CG Code principles in each department to create more sustainable value to the organisation. The Board of Directors has reviewed those CG Code principles on an annual basis to make sure that every department has followed those CG Code principles appropriate to the Company's business. This point has been noted as a resolution in the Meeting of the Board of Directors.

### Code of Conduct

Asia Aviation has operated its business in adherent to strict business ethics, including safeguarding Asia Aviation's and its subsidiary' confidentiality, abiding laws, operating in an honest and prudent manner, paying respect to each other, and taking good care of Asia Aviation's properties and the environment. All Directors, Executives and employees shall oblige by this guideline. All Directors and new recruits shall receive a business ethics manual that they have to acknowledge and strictly follow. The Company has disclosed its complete Code of Conduct on the Company's website, under "Corporate Governance", under "Corporate Governance Policy and Download" and under "Code of Conduct".

### Compliance to Rules and Regulations and Business Ethics

Thai AirAsia determines to promote understanding among the employees in regard of principles and policies related to business ethics and the compliance to rules and regulations, along with the handling and reporting of suspicion of violation of laws, rules and regulations, and policies of Thai AirAsia that raises doubts in integrity of the employees or Thai AirAsia.

Thai AirAsia has provided related training, for example, training on Code of Conduct, training on prevention of corruption, and anti-corruption and anti-bribery training, which are compulsory for all employees at all levels. All new recruits shall participate in the following trainings and take required examination during their probation periods otherwise they will not pass the probation:

- Code of Conduct Training for all employees to understand the principle and standard that all employees shall adhere in order to eliminate doubt in integrity of the employees and Thai AirAsia.

- Fraud Awareness Training for employees to learn to prevent and report any suspicious act of corruption for Thai AirAsia.
- Anti-Corruption and Anti-Bribery Training for employees to understand problems and effects of corruption and bribery, and to learn to prevent and report any suspicious act of corruption or bribery through the Company's channels.

Thai AirAsia monitor and evaluate the compliance of rules and regulations and business ethics of employees, Management and the Board of Directors. The internal audit department is responsibility and report the evaluation results to the Audit Committee annually.

### **Anti-Corruption Policy**

Asia Aviation and Thai AirAsia operate businesses on the basis of transparency, fairness and integrity by identifying the organisation structure with clear segregation of responsibilities, working process, chain of command in each organisation so as to balance the appropriately intra-related power. Practical guidelines for Directors, Management, staff and related parties are determined so as to protect and prevent every form of fraud and corruption. This is the joint obligations to perform duties, make decisions and conduct businesses that may expose to certain fraud and corruption under good investigation and care. Details are as follows:

#### **Definition**

"Corruption" means any act of bribery by engaging in the act of directly or indirectly offering, promising, soliciting, asking, or accepting money, valuable items, or any inappropriate advantages with government officials, state or public agencies, or any concerned agents so that the said agents perform or refrain from performing their duties rightfully in order to gain or achieve unethical advantages for business. Exceptions shall be made should they be permitted by laws, rules, regulations, announcements, customs, local traditions, or common business practices.

#### **Overall Policy**

All Directors, members of Management, employees of Asia Aviation and Thai AirAsia are prohibited from implementing or accepting any act of direct or indirect corruption. Anti-Corruption policy audit or examination shall be done regularly along with revision of roles and duties of all concerned parties and the guidelines for practice, in order to remain relevant to changes in businesses, rules, regulations, and legal requirements.

### **Roles and Responsibilities**

1. Board of Directors has duties and responsibilities in setting policies and overseeing the promotion of the effective anti-corruption system in order to ensure that its members of Management are aware and give importance to counter bribery and corruption.
2. Audit Committee has duties and responsibilities in auditing the financial reporting system, internal control system, and risk assessment, to ensure that the systems hold least risk in corruption that may affect the Company's financial position and operations, and that the systems are appropriate, trustworthy, and in accordance with international standards. The Committee shall also be notified of suspicious engagement in corruption or bribery involving internal parties, and examines cases and proposes punishments alongside the Board of Directors.
3. Chief Executive Officer and members of Management have duties and responsibilities in setting up the system and promoting and supporting anti-corruption policy in order to disseminate to employees and all associated parties to adopt for operation. They also shall review the appropriateness of the system and measures in correspond with the changes in business, and rules, regulations and legal requirements.
4. Internal Control Department has its duty to audit that the performance of all departments in the Company is accurate and line with the regulations. The Department is responsible for the audit report and the risk evaluation in relation to corruption from internal control examination, for the Audit Committee. In addition, the Department is to be responsible for any tasks assigned by the Audit Committee concerning corruption investigation.

### **Operating Guidelines**

1. Directors, Management, and employees at all levels shall uphold the Anti-Corruption and business ethics policy by not directly or indirectly engaging in any act of corruption.
2. Any employee who discovers any act of corruption related to the Company or its subsidiary must report it to his/her supervisor or a responsible person. Employees shall provide cooperation in investigation. Should employees have any questions or doubts, they can consult their supervisors or a responsible person whose duty is to monitor business ethics compliance through established channels.
3. Asia Aviation and Thai AirAsia shall provide justice and shall protect the employees or the persons reporting the violations by adopting measures to protect whistleblowers or those who cooperate in reporting the corruption as specified by the Whistleblowing Policy.

4. The violator of the Anti-Corruption policy is deemed as breaching the business ethics, and shall be considered for disciplinary punishment as regulated, and may be punished by laws should the violation is unlawful.
5. Asia Aviation and Thai AirAsia communicate and create understanding and awareness for all stakeholders who perform or operate any significant issues that may affect the Company or its subsidiary in relevance to the Anti-Corruption policy.
6. Any activity in concern with the Anti-Corruption policy shall follow the guidelines on code of conduct, good corporate governance principles, and practice guideline towards stakeholders, relevant rules, regulations, and operating guidelines, and other guidelines that Asia Aviation and Thai AirAsia may issue in the future. However, for operation clarity in issues that involve high corruption risk, Directors, Management, all employees at all levels shall take extra attention when handle the following issues:

#### **Financial or Other Benefits**

- Directors, Management, and employees shall not personally accept financial or other benefits from customers, business counterparts, or any persons for working in the name of Asia Aviation and Thai AirAsia.
- Directors, Management, and employees shall not lend or borrow, or collect contribution from customers or business counterparts of Asia Aviation and Thai AirAsia except loans from banks or financial institutions as customers of said banks or financial institutions.

#### **Gift and Hospitality**

- Directors, Management, and employees shall avoid accepting gift, in cash or in kind, from customers or business counterparts of Asia Aviation and Thai AirAsia except in the customary traditions and the value does not exceed Baht 1,500. If the value of the gift exceeds Baht 1,500, the employee shall declare the gift to his/her supervisor for further appropriate action.
- Directors, Management, and employees may accept business hospitality if it is beneficial for Asia Aviation and Thai AirAsia. However, hospitality shall be avoided if it is in the manner not appropriate for business relationship from persons relevant to Asia Aviation and Thai AirAsia or future business counterparts.

#### **Cash or Other Rewards**

- Asia Aviation and Thai AirAsia do not have any policy to offer cash, bribery, inducement, or any special rewards in any forms to customers, business counterparts, other external agents, or any individuals in order to gain business advantages, except customary business hospitality, business discount, and the Company's sales promotion.

#### **Charitable Contribution or Sponsorship**

- Charitable contribution or sponsorship shall be done in a lawful and transparent manner and follows procedures specified by Asia Aviation and Thai AirAsia. Examination and approval of transaction shall be done by authorised persons of Asia Aviation and Thai AirAsia and follow up shall be done in order to ensure the contribution or sponsorship is used in accordance to its objectives and not as a subterfuge for bribery.

#### **Risk Assessment for Corruption**

Thai AirAsia has set up a team consisting of Internal Audit Manager, Compliance and Accounting Manager to assess its exposure to fraud and corruption. Their responsibilities are to determine the procedures for risk management on fraud and corruption by jointly assess, analyse, monitor, control and update risk status on the overall fraud and corruption to remain at the acceptable level. The team will investigate the suspected cases that are vulnerable to fraud and prepare the annual report for presentation to the Audit Committee.

Risk assessment tools are used to assess exposures to fraud and corruption by adjusting The Association of Certified Fraud Examiners' guidelines in evaluating the internal control environment and various kinds of frauds that may incur in the Company. In 2019, the team analysed and assessed business risks of various departments so as to identify their exposures to fraud and corruption e.g. manipulation; forge; change of record or document or financial report; misuse of business assets; misappropriation; conflict of interest; abuse of internal information; corruption in various forms; etc. Last year, exposures to fraud and corruption remain in the acceptable level. Information from the assessment will be used as guidelines to increase the Company's internal audit efficiency and effectiveness and to find preventive measures on fraud operations by setting the good internal control system.

#### **Dissemination of Anti-Corruption Policy**

For every individual in the organisation to be aware of the Anti-Corruption policy, Asia Aviation and Thai AirAsia will perform the following actions:

1. Communicate the Anti-Corruption policy through cooperate communication channel, namely the Company's website, Annual Registration Statement (56-1), and Annual Report (56-2).
2. Provide training on Anti-Corruption policy for new recruits.
3. Review Anti-Corruption policy annually.

## Report of Interest

The Company has required that Directors, Executive Directors, and Management, under the definition by the Securities and Exchange Commission of Thailand, provide report of interest for themselves and their related persons when they are appointed. Changes shall be revised and reported annually.

## Internal Control and Internal Audit

The Board of Directors of Asia Aviation has put the internal control system in place in order for the operation of Asia Aviation to go according to the objectives, Article of Association, and applicable rules and regulations, as well as the internal audit and the check and balance system to effectively protect and look after the capital and investment of Shareholders and Asia Aviation and its subsidiary's properties. Asia Aviation and its subsidiary have stipulated levels of authority and responsibilities of Management and employees and operating regulations in writing. The Internal Control Department has its duty to audit that the performance of all departments in the Company is accurate and line with the regulations. The Audit Committee shall monitor the administration and operation of Asia Aviation in order for Asia Aviation to achieve an effective internal control and reliable financial reporting system. The Internal Control Department shall directly submit the audit report to the Audit Committee for revision and evaluation of the internal control system of Asia Aviation and its subsidiary. Miss Duangporn Tantiwiwat acts as the Head of Internal Control. The details on internal control and internal audit can be found under "Internal Control and Internal Audit".

## Risk Management

Asia Aviation is aware and realises the importance of risk management in order to achieve effectiveness and efficiency in the Management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation operates its business by holding shares in Thai AirAsia, therefore, risk management system has been established for Thai AirAsia, which is its subsidiary and operates core business.

Risk Management Committee consists of Executive Chairman, Chief Executive Officer and the Management from all departments to manage internal and external risks that may affect operation to an acceptable and appropriate level by evaluating and examining evaluation result from all departments and revising policy regarding risk management annually. The details on risk management can be found under "Risk Management".

## Audit Fee for the year 2019

Asia Aviation and its subsidiary paid the audit fee to EY Office Limited, as external auditors for 2019. Nevertheless, EY Office Limited, do not have any relation or any conflict of interest with the Company, the Executives, or the Major Shareholders, or anyone related to the aforementioned persons. The details of audit fee for the year 2019 are as follow;

### Audit Fee

In 2019, Asia Aviation and its subsidiary paid the audit fee of Baht 5.40 million to the office of the Auditors, comprising Asia Aviation and subsidiary's audit fees of Baht 1.00 million and Baht 4.40 million, respectively. In addition, there are one time charge due to change accounting program and new TFRS in the amount of Baht 1.40 million. No other audit fee had been paid to the auditors or related parties to the auditors and the Auditors' office.

### Non-Audit Fee

Its subsidiary paid total non-audit fee for the special purpose review and advisory service (BOI) was Baht 0.80 million. No the expense of undelivered work for the year 2019.

The engagements of the office of the Auditors and its related parties to provide the non-audit work were reported to the Audit Committee to ensure that it would not involve any conflict of interest or any review of their own work which would contaminate the independence judgment of the Auditors.

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**Bloomberg  
Gender-Equality Index  
(GEI)**

The first and only company in Thailand selected as a member of the Bloomberg Gender-Equality Index (2019-2020)



**Carbon Disclosure Project  
(CDP)**

The first and only bank in Thailand received a score of A- (Leadership level) (2019)



**Dow Jones  
Sustainability Indices  
(DJSI)**

The first bank in Thailand and ASEAN selected as a member of the DJSI for four consecutive years (2016-2019)



**Sustainability Award  
Bronze Class  
of the banking industry  
category  
(2018-2019)**



FTSE4Good

**FTSE4Good  
Emerging Index**  
Selected as a constituent of the FSTE4Good Emerging Index for four consecutive years (2016-2019)



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Leadership level in its ESG performance among emerging market banking sector peers

# SUSTAINABILITY REPORT 2019



Thai AirAsia's "Flight of Sustainability" continued in 2019 through turbulent economic, social and environmental circumstances. While the year may have been lacklustre in terms of economics however, it provided an opportunity for the company to look inward and consider more effective ways to manage itself, its capital and to the effectiveness of its operations on society and the environment so as to seek ways to mitigate such impacts.

This year we are proud to be the only airline included on the Thailand Sustainability Investment (THSI) list of the Stock Exchange of Thailand and ranked third globally for on-time performance by OAG. These achievements were a result of our most important capital, capital, our employees with effective performance, who have led us to being an airline that provides safe, convenient, on-time and environmentally friendly service, that creates repeat customers, and is supported by the communities through which it flies, its partners and service providers towards long term growth.

## Sustainability Commitment

Thai AirAsia is committed to provide worthwhile travel services while elevating the quality and responsibility of its business impacts on society and the environment with caring for all its stakeholders and seeking out development opportunities for mutual growth.



## About this Report

(GRI 102-12, 102-13, 102-45, 102-50, 102-53, 102-54)

Thai AirAsia compiles this sustainability report on an annual basis to disclose its management processes and returns in the areas of economics, society, the environment and governance that are material to its sustainability as well as in response to the United Nations' Sustainable Development Goals (SDGs) to its stakeholders and other interested parties.

This is the second annual report compiled by the company covering the period between 1 January, 2019 and 31 December, 2019. 'This report has been prepared in accordance with the GRI Standards: Core option';

## Scope and Boundary (GRI 102-46)

This sustainability report exclusively presents operations during the year 2019 by Thai AirAsia Co. Ltd. within the nation of Thailand. Operational returns of businesses in which the company has less than half the stake, either directly or indirectly, or is not directly involved in administration due to an administrative board serving as an intermediary have not been included in this report.

## Report Content (GRI 102-48, 102-49, 102-51)

Material issues as identified by GRI Standards: Core Option and presented in this report differs from the 2018 edition as follows:

1. New material issues of sustainability added for the 2019 report include Financial Performance and Digitisation Innovation.
2. Content in this report covers seven material issues of sustainability with Financial Performance reported in the Annual Report. The material issue of sustainability in 2018 which is not included in this 2019 edition is Stakeholder Engagement as Thai AirAsia places great importance on this issue across all its operations.

## Validation (GRI 102-32)

The core content and critical information of this report was reviewed and evaluated by executives from each department in the company to validate accuracy, pertinence to material sustainability issues and relevance to all stakeholders. External agency was not employed for validation of this report.

## Contact Point

For additional information, any inquiries or suggestions on this report, please contact us at:

### Sustainability and Communications Department

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Address

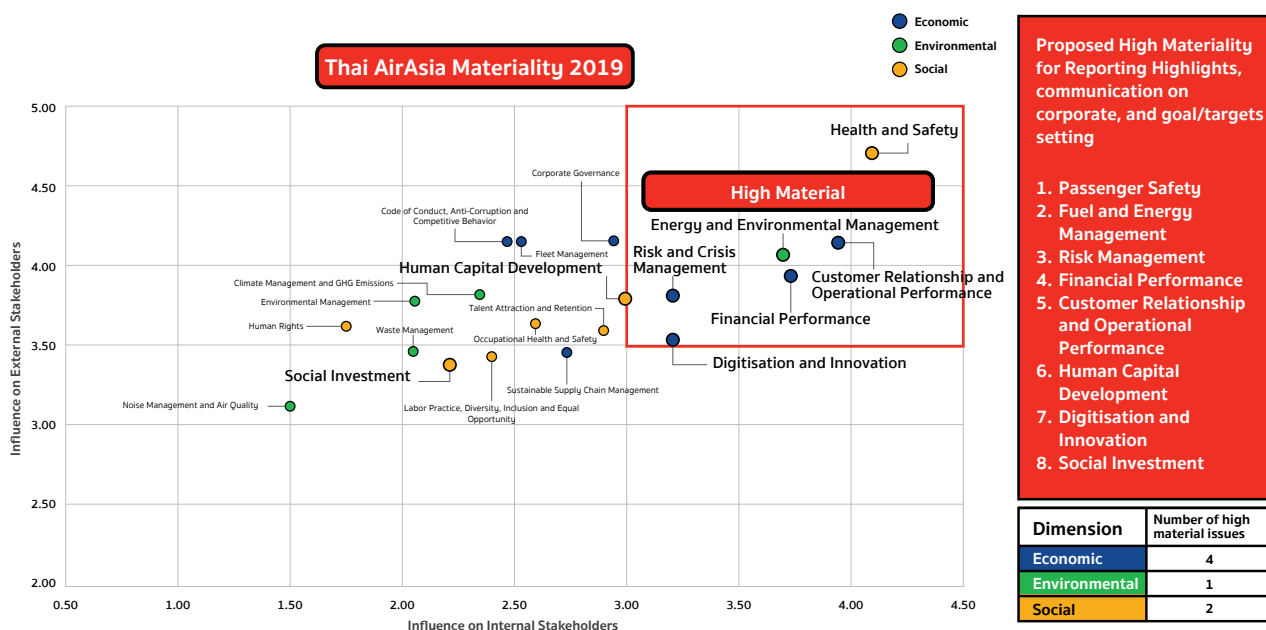
222 Don Mueang International Airport, Central Office Building, 3<sup>rd</sup> Floor, Room 3200, Vibhavadee Rangsit Road, Sanambin, Don Mueang, Bangkok 10210

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## MATERIAL ISSUES FOR SUSTAINABILITY 2019 (GRI 102-47)

Thai AirAsia compiled this report to communicate to its stakeholders its determination to operate in accordance with sustainability strategies covering the three dimensions of economy, society and environment and its Sustainability Commitment. The company reviewed material issues in 2018 and additional views from stakeholders in meetings with its Corporate Governance and Sustainability Committee to decipher internal and external factors affecting how it can operate to meet with international sustainability standards while also considering the sustainability context of world-class airlines and stakeholder inclusiveness as well as present and future risks to its business. Observing standards set by the Stock Exchange of Thailand's Sustainability Index through directions approved by its Company Board and executives, material issues for sustainability were indicated for this year, including 20 outlined by stakeholders. Related issues were grouped into a final eight by the Sustainability Committee and given scores according to vertical and horizontal criteria based on Global Reporting Initiative (GRI) Standards. Concluded material issues were as follows:

### Process for Executive Endorsement of Materiality by the Corporate Governance and Sustainability Committee



<p>Health and Safety</p>	<p>Energy and Environmental Management</p>	<p>Risk and Crisis Management</p>	<p>Financial Performance</p>
<p>Customer Relationship and Operational Performance</p>	<p>Human Capital Development</p>	<p>Digitisation and Innovation</p>	<p>Social Investment</p>

## Sustainability Strategies 3G Good/ Green/ Growth

### GOOD

Thai AirAsia operates with adherence to the principle of good governance, conducting business with strict compliance to laws, rules, regulations, contracts and agreements, with transparency and accountability, with respect towards human rights, treating labourers with fairness and justice, fostering a good organisational culture, investing in developing personnel both in terms of skills and ethics, creating growth opportunities for communities surrounding the tourism industry and supporting sustainable growth with the goal of becoming an organisation that is accepted and trusted by society and its stakeholders.

### GREEN

Thai AirAsia is dedicated to effectively manage its resources and seeking to safeguard the environment from impacts generated throughout its supply chain. The company targets and acts to mitigate its effect on the environment in all aspects at all times, so that it may grow with harmony and truly sustain while also campaigning for travelling with responsibility to the environment

### GROWTH

Thai AirAsia is dedicated in promoting sustainable social growth in all dimensions, starting with the growth of its own business to support social reinforcement. Thai AirAsia builds careers with stable income, creates opportunities and sources innovations that allow for safe and convenient travel. Alongside efficiently managing capitals, communicating with stakeholders to ensure understanding and sharing its knowledge and innovations by working with other organisations towards social sustainability, progress for positive change.

## 1 Health and Safety



(GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 416-2)

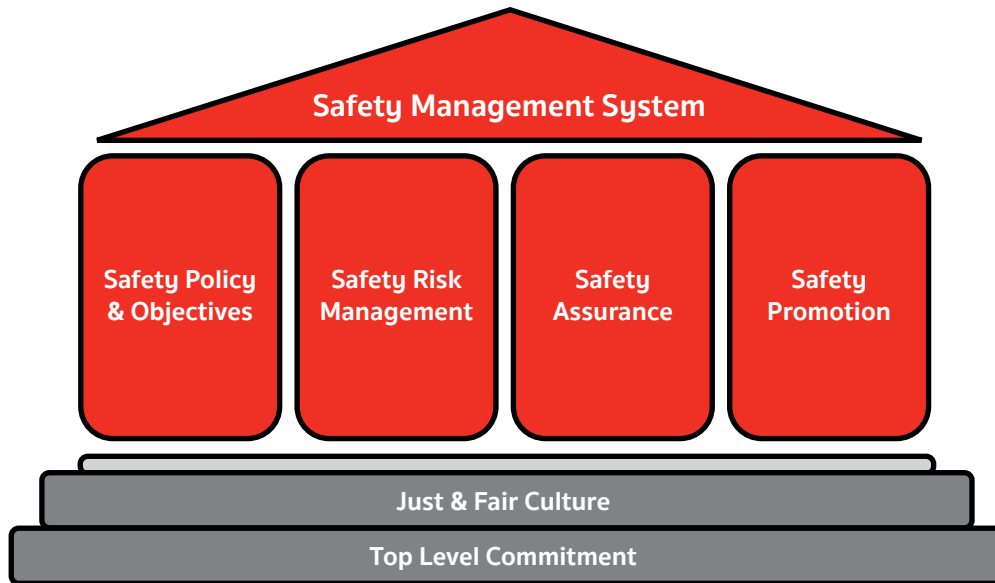
Safety is the highest priority in the aviation industry. All operations and planning within Thai AirAsia are aimed at reducing accidents to zero, as any mistake could lead to harm towards the life and property of passengers, customers or employees, resulting in damage to the airline's reputation and trustworthiness.

Proactive work to prevent accidents and loss by Thai AirAsia in 2019 led to achieving its Safety Performance Indicators (SPIs) and reducing incidents from 2018. Accidents resulting in fatality were zero. The Lost Time Injury Frequency Rate (LTIFR) fell to 84 percent from 2018 (target was less than 1.5 incidents per 1 million man hours worked), the Injury Severity Rate (ISR) dropped to 70 percent (target was less than 4.4 lost days per 1 million man hours worked). Notably, accident and incident rates fell even as the company expanded, a direct result of "Safety Always" being an "Allstar Values".

### 1. Safety Management System: SMS

Thai AirAsia's safety process is based on guidance from its Safety Management System (SMS), which encompasses the dangers and risks outlined by the International Civil Aviation Organization (ICAO)





## Safety Management System Scope

### 1.1 Safety Policy and Objectives

The Safety Policy portrays the determination of our senior management to process and enforce the delivery of the highest safety performance throughout the organisation.

### 1.2 Safety Risk Management

Management and control of safety risks are carried out through a two-step process, consisting of; 1. Hazard Identification, in which risks and dangers are sought and classified by type, process, cause and conditions, Information is collected, analysed and systematically broadcast; 2. Safety Risk Assessment and Mitigation, in which safety risk assessment outcomes are deemed acceptable or unacceptable, with unacceptable risks subjected to further analysis with the aim of setting prevention and mitigation measures.

### 1.3 Safety Assurance

Safety assurance is the creation of a system for risk management that provides assurance of safety from emerging risks that consists of:

- Safety Performance Monitoring and Measurement
- Management of Change
- Continuous improvement and auditing

### 1.4 Safety promotion

Safety promotion encompasses necessary safety training, safety communication and the fostering of a safety culture among employees at every level.



## 2. Safety Performance Indicators (SPIs) 2019

The company monitors the safety of its flight operations using Safety Performance Indicators (SPIs) that are tracked by the Safety Committee and at safety meetings held by the executive board, which resulted in preventative measures against accidents and incidents.

Safety Performance Indicators (SPIs)	Target	Results	
		2018	2019
Number of fatalities	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	≤ 1.50 incidents per 1 million man hours worked	1.31	0.21
Injury Severity Rate (ISR)	≤ 4.40 lost days per 1 million man hours worked	2.26	0.68

## 3. Safety Management System - SMS

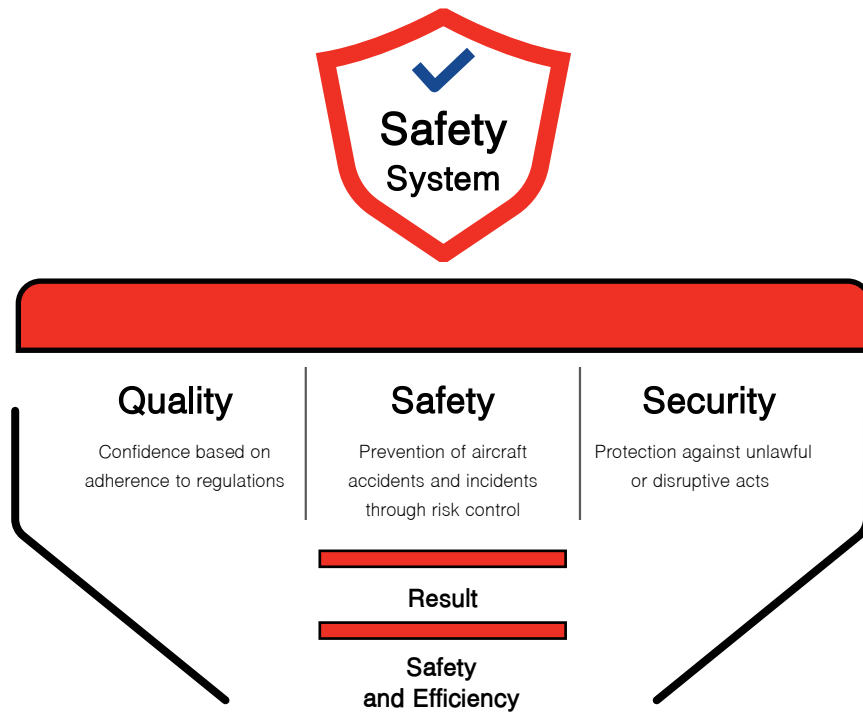
- The Safety Committee is divided into four groups according to area of operation for highest efficiency. The groups are Flight Safety, Cabin Safety, Ground Safety and Maintenance Safety. Groups are to follow up on safety indexes and comply as a report under safety policies to brief the Chief Executive officer who will execute on the decision.
- The Coruson system is used to collect leads on risks of accident or incident with all employees able to easily access the system from anywhere at any time. Incidents entered into the system are investigated and resolved in a timely and efficient manner.
- Employees that experience an accident or injury while on duty have the right to seek medical treatment using insurance provided by the company.
- Strict safety training is carried out for all employees to ensure they have the necessary skills to carry out their duties as outlined work manuals. Each employee's training need is designated and in addition they are provided with daily life safety skills such as safe driving and personal hygiene.

### Performance 2019

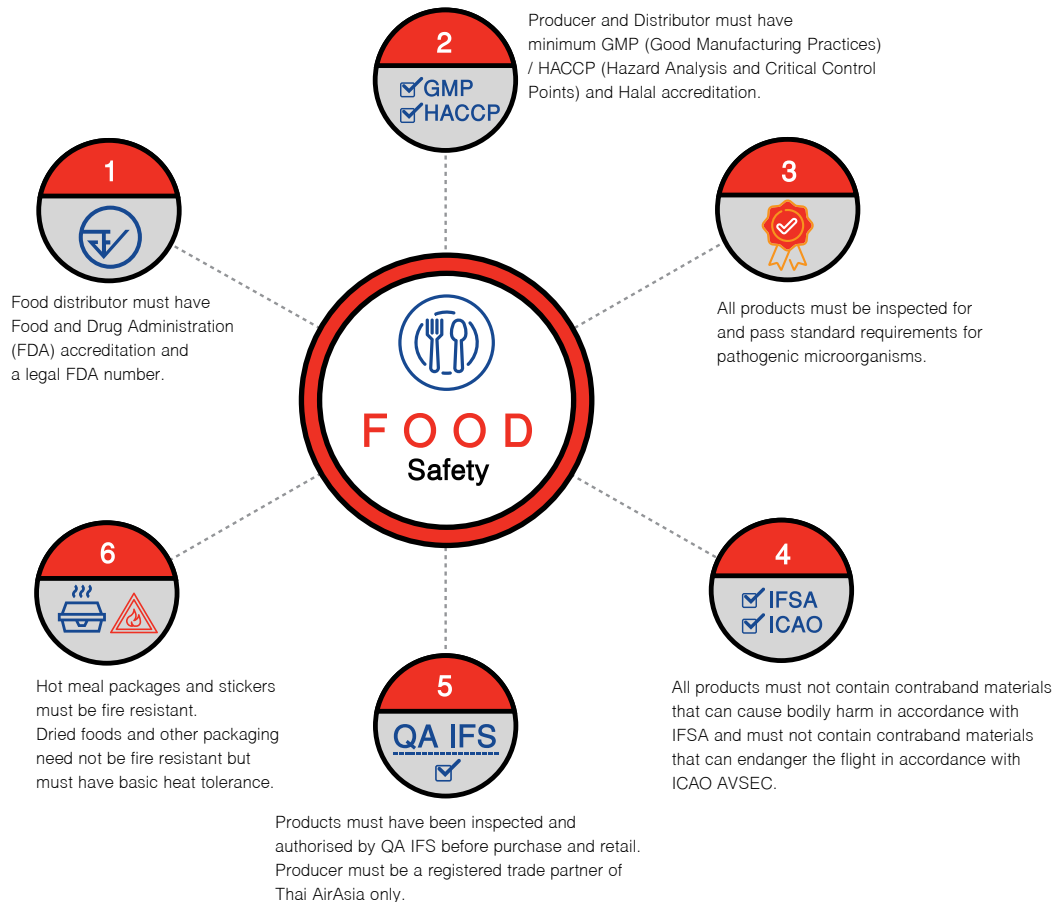
All pilots, cabin crew and staff must attend the following safety training courses and revisions:

Course	Participants	Amount
Crew Resource Management (CRM)	Pilots and Cabin Crew	1,818
Safety Emergency Procedure (SEP)	Pilots and Cabin Crew	1,818
Emergency Response Plan (ERP)	All Staff	2,320
Safety Management System (SMS)	All Staff	2,320
Occupational Health and Safety (OHS)	All Staff	1,531
Human Factors (HF)	All Staff	2,082
First Aid	All Staff	3,219
Basic Fire Fighting	All Staff	2,254

#### 4. Airline Safety and Security Systems



#### 5. Food Safety





## • Food Safety and Complaint Management

Over 4 million food merchandise are provided by the In-Flight Products and Services Department each year. All complaints lodged by customers during flights are registered and addressed, whether they concern food safety or preparation quality, in the interest of utmost customer satisfaction. Every complaint spurs an investigation that extends to all related departments, provided with a resolution and a careful response is issued to the original passenger. These measures are taken to protect future passengers from harm. The airline also takes responsibility in the event the consumption of its food products or service results in injury or illness. Targets are set for complaints by passengers concerning food safety with the main goal being for zero passenger injuries or fatalities from consumption of food products on flights and less than 35 complaints per 1 million food items (35PPM).

Food safety and quality in 2019 met targets with zero instances of injury, fatality or allergy. The rate of food safety complaints in 2019 was 19.1 per 1 million food items, down from 35.4 in 2018, a direct result of increased knowledge, close monitoring, collaboration and development among both food producers and relevant staff with the ultimate aspiration being to provide high quality and safe products and achieving mutual growth throughout the supply chain.

Overview of Passenger Food Safety	Results	
	2018	2019
Consumer Injuries	0	0
Consumer Fatalities	0	0
Allergic Reactions	0	0
Complaints Leading to Fines	0	0
Complaints Leading to Reprimand	0	0
Complaints Concerning Health and Food Safety	35.4 PPM	19.1 PPM

## 6. Aircraft Maintenance Safety

Thai AirAsia maintains its aircraft with experienced aircraft engineers using parts and equipment that meet EASA and FAA standards to ensure that repair work adheres to international specifications and that all of its aircraft are service ready at all times.

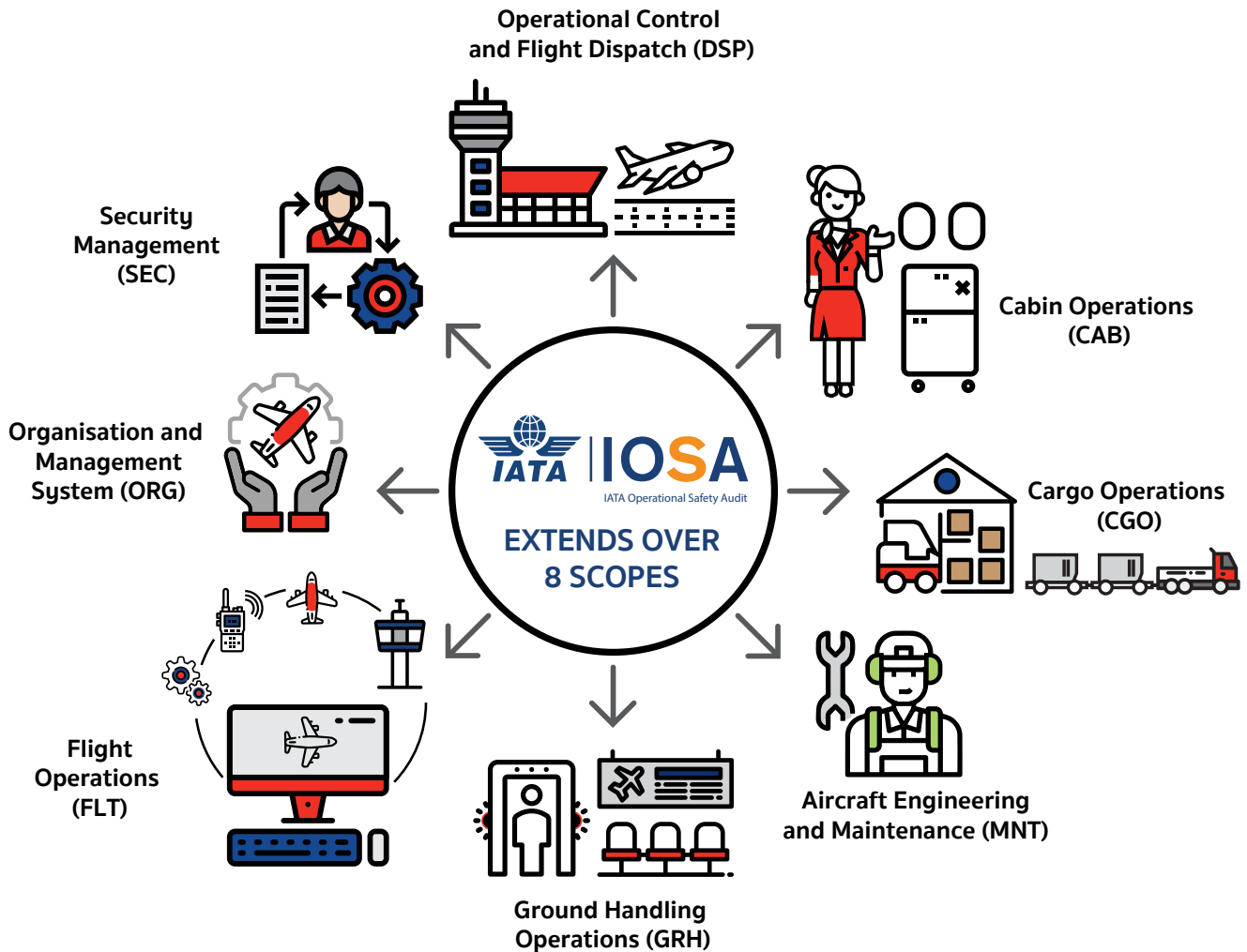
On top of regular maintenance, the Engineering Department reinforces safety and mitigates possible errors in maintenance using the KYT (Kiken, Yoshi, Training) method, which calls for analysis and prediction of dangers that may occur during work and the prescription of preventative measures across different topics. Each team presents its KYT in diagrams and online video to ensure awareness and know-how during operation.



## 7. Thai AirAsia Quality Assurance Systems

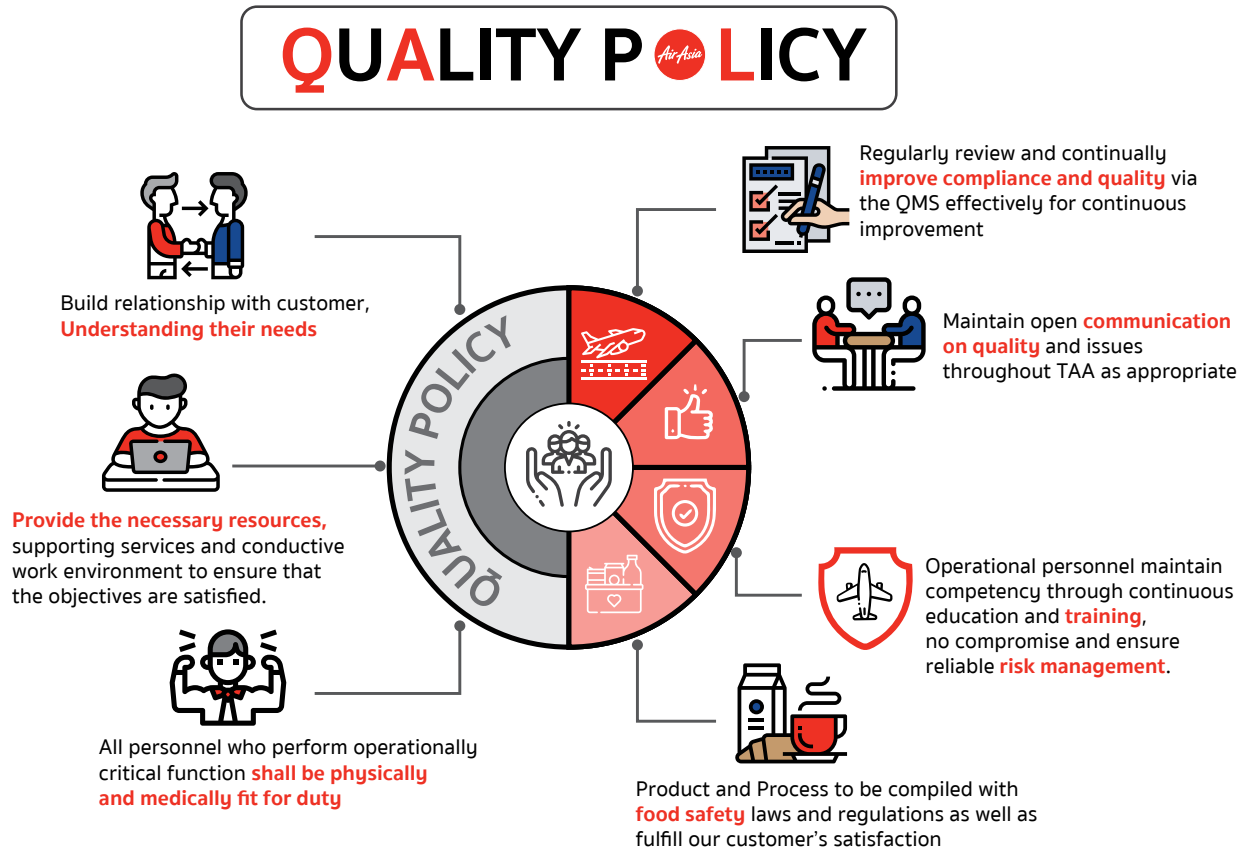
Thai AirAsia, from its chief executive officers to all staff, is dedicated to operating in accordance with regulations set by the Civil Aviation Authority of Thailand (CAAT), the International Civil Aviation Organization (ICAO), the standards of IATA Operational Safety Audit (IOSA) and ISO 9001:2015.

In 2019, Thai AirAsia requested to undergo the IATA Operational Safety Audit (IOSA), a safety evaluation process that covers eight operational areas:



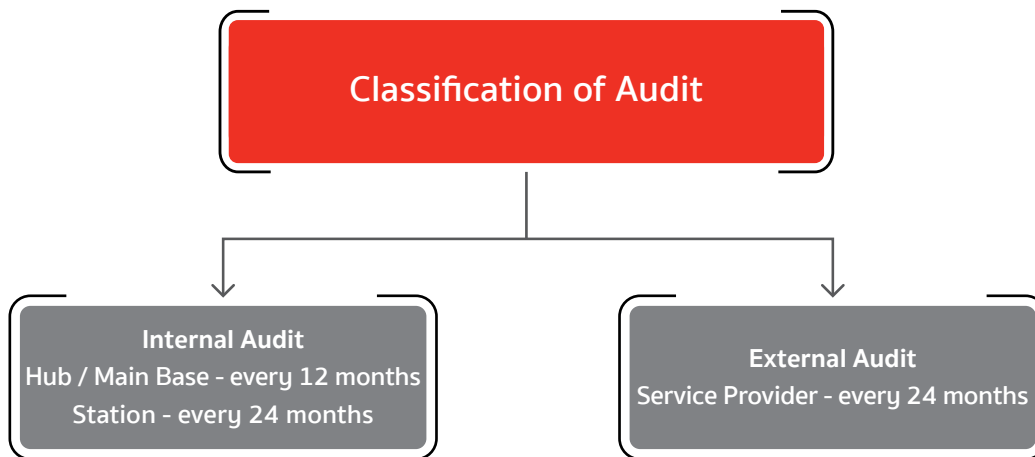
The airline is expected to pass the IOSA in an affirmation of its safe and efficient management and flight operations, which were to the standards of IATA. Validation of its lowered risk of preventable accidents allowed for a reduction in its insurance premium with an official certificate from IATA expected in the first quarter of 2020.

## 7.1 Quality Policy

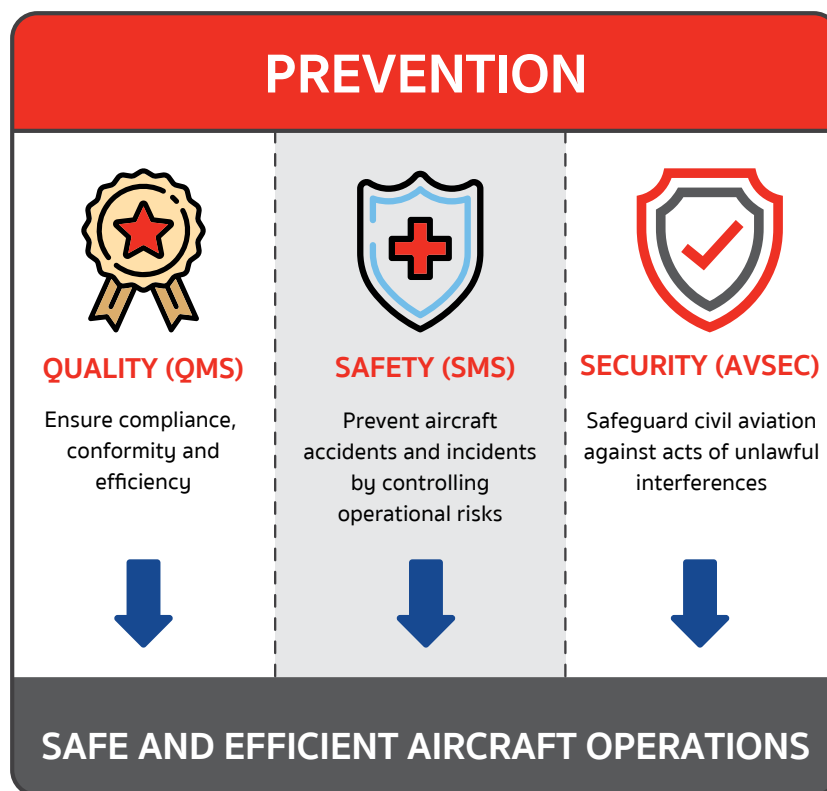


## 7.2 Quality Assurance Audit

Quality Assurance at Thai AirAsia is carried out consistently and has produced results according to plans and criteria. The Quality Assurance system is constantly monitored for development towards greater efficiency with weaknesses or defects that could harm flight operations removed as well as analysed for the establishment of safeguards against repeat issues, enhancing efficacy and moving the company towards its objectives.



### 7.3 Work Collaboration Pillars (Quality, Safety, Security)



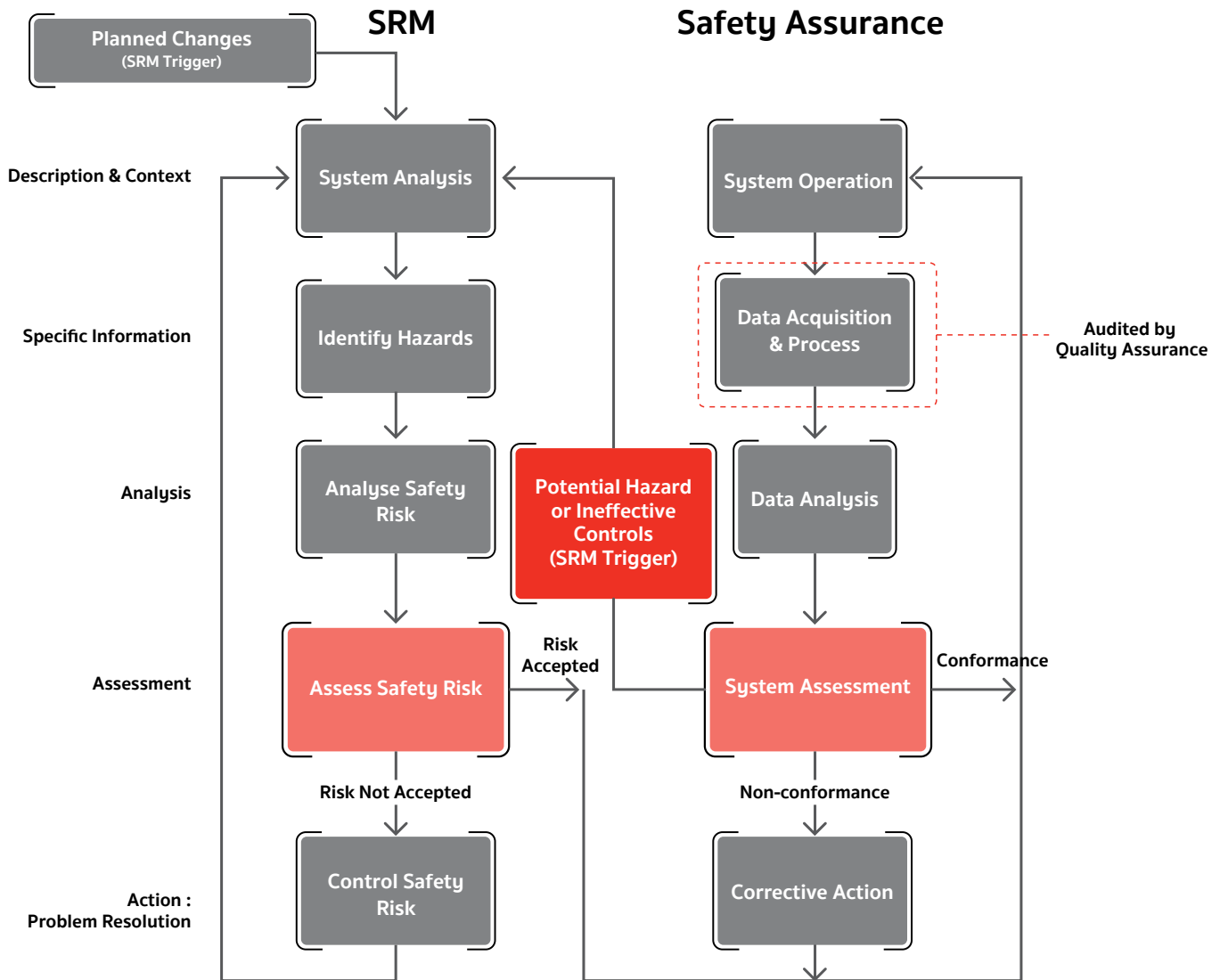
Collaboration within Thai AirAsia is built upon three pillars designed to increase efficiency as well as the safety of operations. The three consist of Quality, Safety and Security. The Chief Executive Officer chairs a quarterly meeting assessing internal accident and incident reports and sets guidelines for improvement of both operation and assessment with the goal being to keep the rate of accidents and incidents within an acceptable range or at zero.

Further assuring confidence in flight operations, the Quality Assurance Department and Safety Department devote great importance to safety risk assessments. Evaluations carried out by the Safety Department cover the following areas:

- Significant issue of level 1 and 2 uncovered by internal inspections of the Quality Assurance Department.
- Risk reports from operational personnel.
- Changes to operational procedures, equipment and tools.
- Safety Performance Indicators for flight operations and the operations of each department.

On top of the aforementioned areas, preventative measures and assistive tools are also sought to better manage risks. The final step undertaken by the Safety Department is to test the efficacy of risk control measures through a safety audit, to ensure complete application of measures and their effectiveness.

The Quality Assurance Department then performs a data acquisition process, assessing the Safety Department on its cataloguing of risks and control measures as well as auditing of such measures, looking for proper implementation.



## 2 Energy and Environmental Management

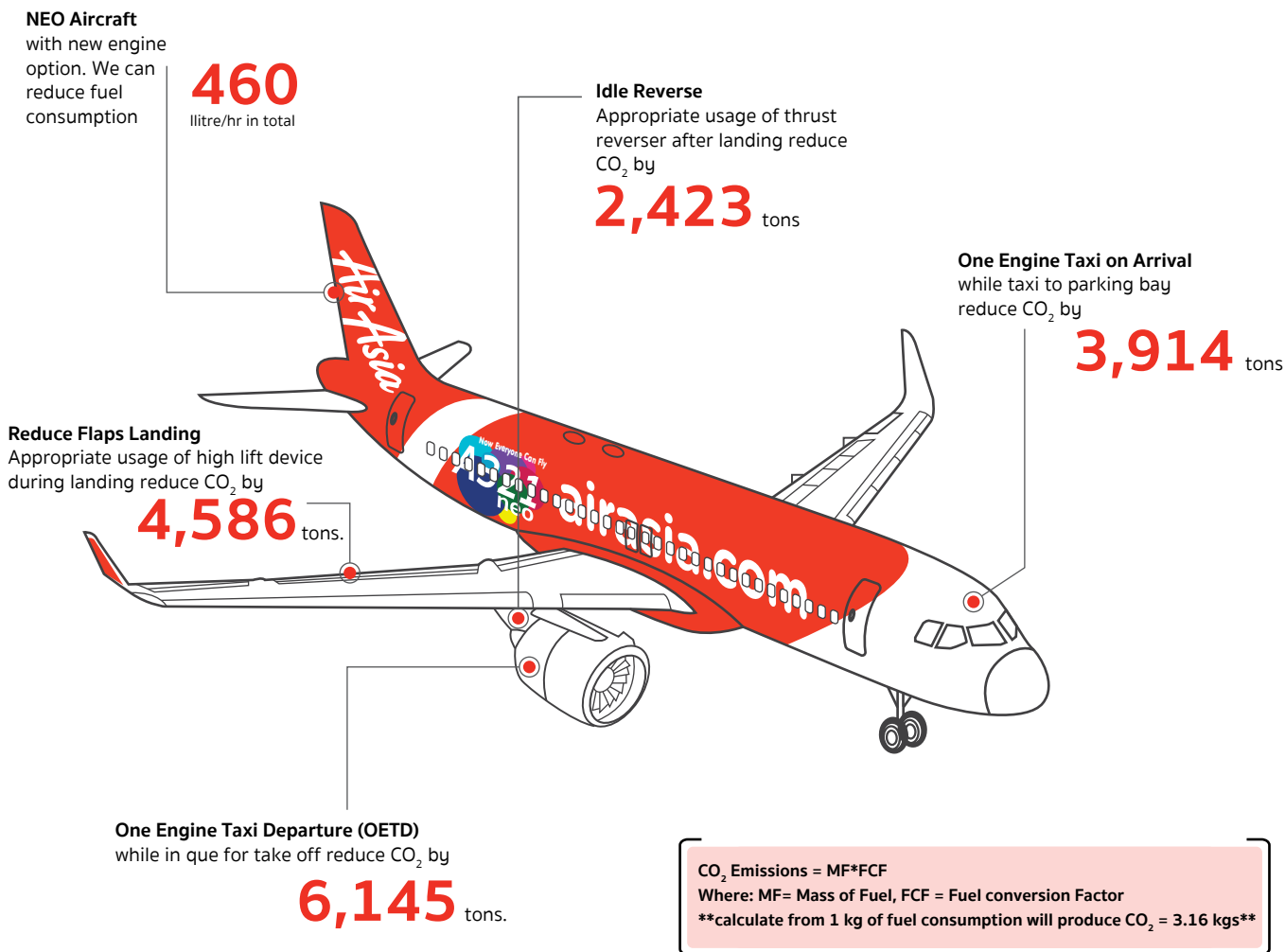
(GRI 103-1, 103-2, 103-3, 302-1, 302-4, 303-3, 305-1, 305-4, 305-5, 306-2)



One environmental issue that has grown in severity and becomes difficult to manage is air pollution, with the particulate matter or PM 2.5 situation this past year is a clear indicator of this problem. Air and climate change are a global concern only likely to grow in significance and impact the economy, society and the environment in the near future. With aviation businesses significantly contributing to these matters, both burning fuels and releasing pollutants with each flight, Thai AirAsia has acknowledged its need to exert maximum effort to reducing its carbon dioxide emissions and reduce its landfilled waste. Towards these goals, the airline carries out the following practices:

### 1. Green Operating Procedures

While accepting that flight operations must produce an amount of carbon dioxide as a result of fuel usage, Thai AirAsia is resolute in mitigating its environmental impact. Throughout 2019, the airline continued to carry out various projects to cut energy consumption and pollution emissions from 2018, emphasizing Green Operating Procedures with detailed practices outlined for pilots targeted at utmost efficiency in all dimensions, reducing fuel usage and reducing noise pollution, all while maintaining safety as a priority.



**1.1 Thai AirAsia's Commitment to Green Operating Procedures Comprises the following:**

**(1) One Engine Taxi Departure**

Due to heavy traffic on runways being a common occurrence, aircrafts often must wait long periods for departure, resulting in unnecessary expenditure of fuel and production of pollution. One Engine Taxi Departure allows Thai AirAsia to reduce fuel consumption for planes waiting to depart by a rate of 7 litres/second. The airline in 2019 saved over 2,477,444 litres of fuel using the technique, cutting 6,145 tons of carbon emissions. Thai AirAsia remains one of the world's leading airlines in using One Engine Taxi Departure from 2018.

**(2) Reduce Flaps Landing**

Thai AirAsia has made the reduce flap landing (Flaps 3) a part of standard procedure for its pilots to reduce fuel consumption as well as noise pollution from its landing aircrafts. The technique allows Thai AirAsia to consume only 10 litres of fuel per landing. Compared to Flaps Full landing, Thai AirAsia pilots in 2019 were able to save fuel as detailed in the below table.

	Fuel Savings in 2019	CO <sub>2</sub> Reduction in 2019
Flaps 3	1,848,887 Litres	4,586 Tons
Flaps Full	0	0

### (3) Idle Reverse Landing

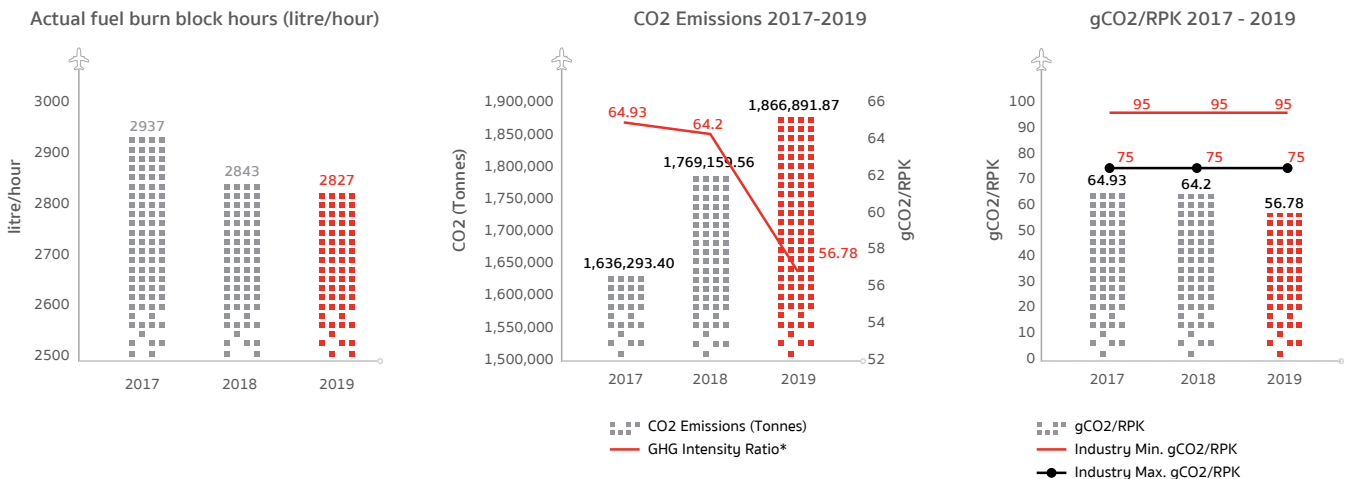
Thai AirAsia has made idle reverse landing standard procedure for its pilots to reduce noise pollution. The manoeuvre was utilised on up to 99% of Thai AirAsia flights in 2019, exceeding initial targets.

### (4) One Engine Taxi on Arrival

Towards reducing unnecessary fuel consumption and pollution emission after landing, Thai AirAsia's policy for pilots is to taxi using one engine when progressing to the apron. This policy in 2019, reduced carbon dioxide emissions by an estimated 3,914 tons.

Thai AirAsia has been collecting data, measuring and evaluating actual fuel burn per block hour throughout the years. When compared to data from 2016, it can be clearly seen that Thai AirAsia has reduced its actual fuel burn per block hour steadily through strict flight policies and excellent cooperation from pilots. The reduction can also be attributed to the acquisition of newer aircraft models with improved fuel saving. The results of efforts to reduce fuel consumption are visualised below:

Even though Thai AirAsia's fuel consumption increases every year in parallel to the expansion of its fleet. The overall CO2 emission in the atmosphere is lower than the global's average and has gradually decreases since 2017 where our fuel reduction policy was enforce effectively.



Thai AirAsia flew an average 19,300 flight hours per month in 2019, meaning it reduced fuel consumption by 3,705,600 litres compared to 2018, cutting carbon dioxide emissions by 9,192 tons for the year.

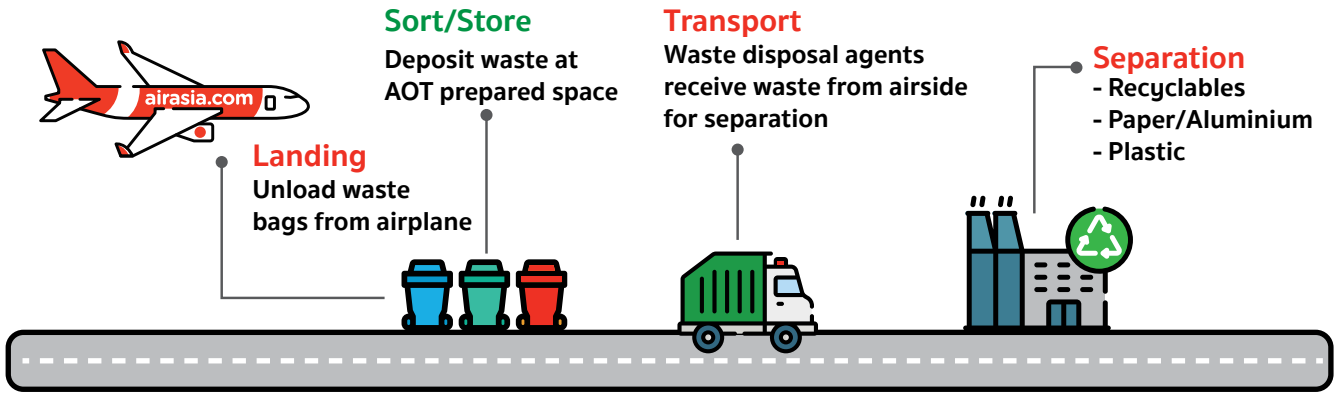
Moreover, Thai AirAsia joined CORSIA (Carbon Offsetting And Reduction Scheme For International Aviation), a scheme initiated by ICAO to control and offset carbon dioxide emissions into the Earth's atmosphere, settings its default at its emission amount in the years 2019 and 2020, compelled by acknowledgement of the aviation business' effect on the global environment.

In the long term, Thai AirAsia is targeting replacing its entire fleet with Airbus A320-NEO and A321-NEO aircraft to reduce fuel usage and pollution emissions. It will also continue to search for new technologies that will enhance the efficiency of its operations.

## 2. Waste Management

Thai AirAsia acknowledges the impact of its creation of “aircraft waste” through operations and has resolved to reduce the amount of landfillable waste it produces by the year 2023.

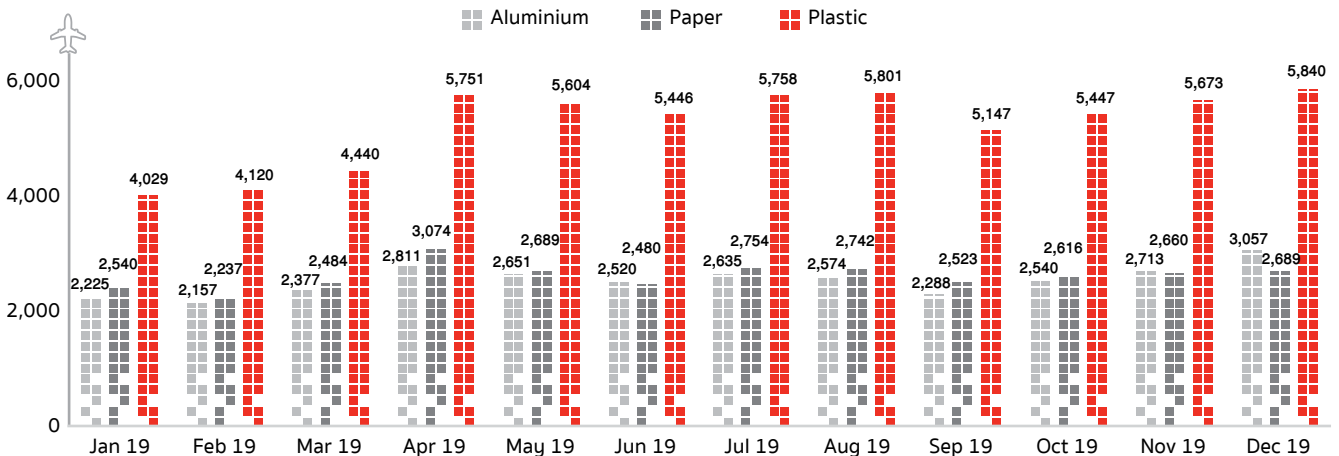
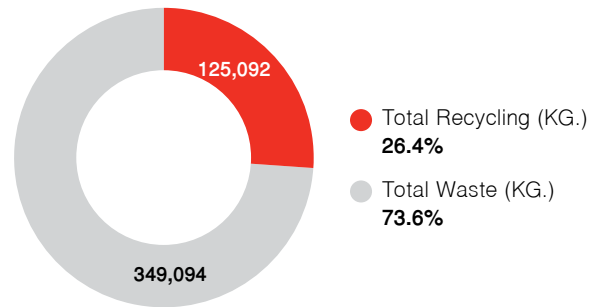
In 2019, Thai AirAsia commenced programs to manage “aircraft waste” alongside waste from its offices and food products as follows:



### 2.1 Aircraft Waste Data

Thai AirAsia began collecting data on its waste in 2019 to establish a database, starting with aircraft waste, which is divided into two categories. Data in 2019 (Jan-Dec) showed the airline generated 474,186 kilograms of waste, divided as follows:

- **Recycling** (recyclable) 125,092 Kilograms (26.4%)
- **Refuse** (non-recyclable, landfillable) 349,094 Kilograms (73.6%)



Graph displaying the proportion of recyclable waste (Aluminium, Paper and Plastic)



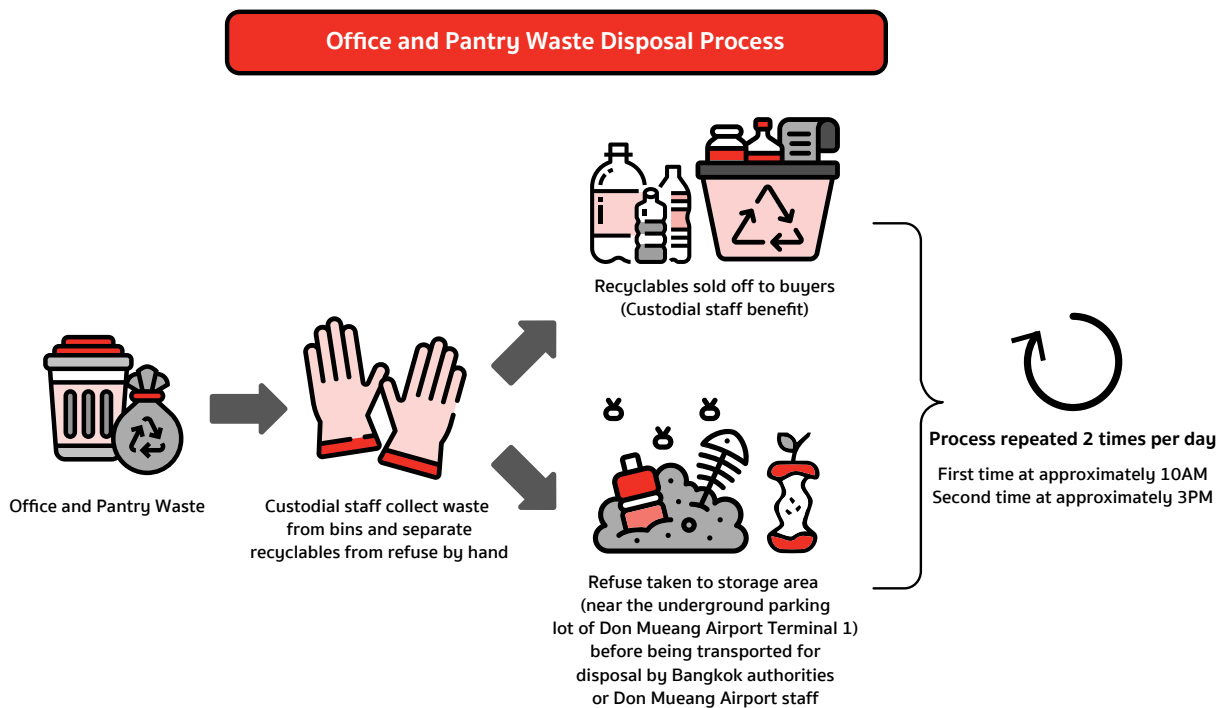
Translating the data to carbon emissions using the constant set by the Thailand Greenhouse Gas Management Organization (TGO) in the Landfillable Waste Group and the waste averages 2.93 for paper/cardboard and 2.53 for food, the average constant is 2.73 (in-flight waste consists of stained paper, food and drinks), equal to 341,501.16 kilograms of carbon or 341.5 tons of carbon. Reducing landfillable waste to zero would thus cut carbon emissions by 1,294,527.78 kilograms or 1,294.5 tons.

## 2.2 In-Flight Waste Separation

Separating waste during flights deals with waste since the primary source. The approach was initiated on the Chiang Mai-Don Mueang route using separation bags to indicate divided waste. The separation allowed for uncontaminated waste to be preserved, increasing the amount of recyclable waste and reducing landfillable waste.

## 2.3 Surveying the Current Waste Management Process

A survey of waste management at the Head Office and food waste from the company’s canteen was conducted to further extend waste management efforts.



Graphic of Office and Pantry Waste Disposal Process

## 2.4 Food Waste Management Seminars

In acknowledgement of the effect of food waste from its flight operations, Thai AirAsia took part in “Thailand’s Annual Conference on Food Waste 2019”, learning that Thailand produces 5,000 - 6,000 tons of waste per day, making food waste a national issue requiring a serious and concerted effort with the ultimate goal being, to cutting waste generation by half by the year 2030 in accordance with, the United Nations’ Sustainable Development Goal 12.3.

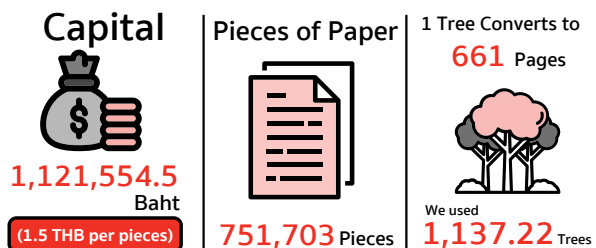
## 2.5 Joining the Thailand Responsible Business Network

Thai AirAsia joined the Securities and Exchange Commission in working with the Thailand Responsible Business Network (TRBN) on the “Vibhavadi Zero Waste” project, with Mr. Chatupong Hongwiset, Director of Ramp and Ground Service Equipment chairing its committee.

### 3. Reduction of Paper Usage

The Quality Assurance Department in 2019 transitioned its quality assessment report process to an electronic system to replace the use of paper documents, downsizing the process for all departments by allowing for expedited collaboration and reducing the entire company's use of paper. In the latter half of 2019, Electronic Flight Bag (EFB) introduced on a trial basis. Flight manuals and airport information were made available through an application accessible via electronic tablet rather than paper document. Pilots were given clear instructions on how to assess and access the information and the change reduced paper usage by 290,000 sheets/month on average.

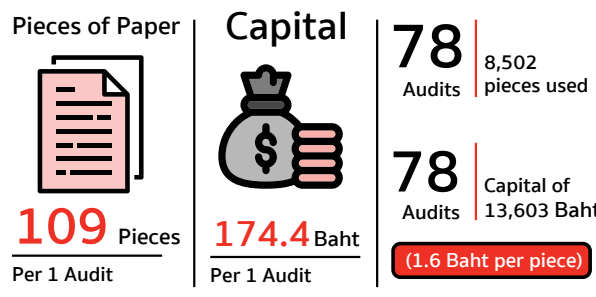
#### Documents and Manuals 2018



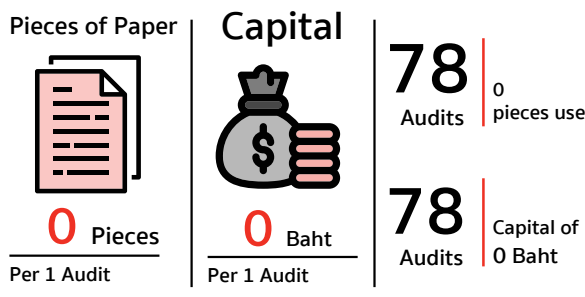
#### Documents and Manuals 2019



#### Quality Audits 2018





#### Quality Audits 2019



**1 Tree**  
 1 Converted into 661 Pages  
 We used 12.86 Trees

### 4. Other resource consumption

In addition, Thai AirAsia has collected the data of other resource consumption such as Electricity and Water to set up and implement the saving plan in the upcoming year.

Category	Total usage of 2019	Equal to
Electricity	<b>2,760,000</b> kWh	 One-year electricity use of 331 houses
Water	<b>15,511</b> m <sup>3</sup>	 6 Olympic-sized swimming pool



### 3 Risk and Crisis Management

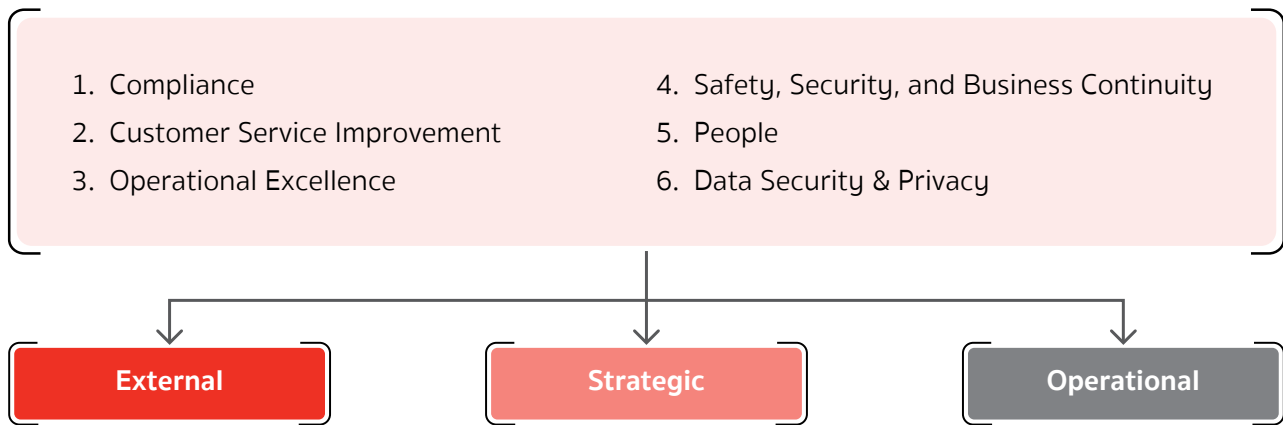
(GRI 102-11, 102-30, 103-1, 103-2, 103-3)

Thai AirAsia has weathered many changes in the aviation industry, all of which posed risks to the continuity of its business and led to the realisation that risk management was needed for all operations. It is considered the duty of all Thai AirAsia employees, or Allstars, to train themselves in the risk management of their area of responsibility, allowing for strong internal management and leading to strong performance. Thai AirAsia’s approach to risk management has always been to deal with issues as they arise and continually monitor them thereafter, ensuring that they remain at an acceptable level. Management of risk at Thai AirAsia is carried out towards strong performance as well as to reduce its negative impacts on society, the environment or to its own business.

Apart from safety risks, Thai AirAsia also engages in Enterprise Risk Management (ERM), which is another tool in the company’s arsenal against fault. In accordance with risk management standard ISO31000, Thai AirAsia performs Risk Identification, Risk Analysis and Risk Evaluation. These processes are carried out in collaboration between operational staff and executives with the Risk Management Department helping efforts and coordinating work as well as building understanding among executives and personnel in every department. This year, Thai AirAsia organised workshops on risk management for every department to bolster understanding, emphasizing the importance of the practice. The Risk Management Department also produced reports and briefed executives on a quarterly basis. Risk reports were provided to top executives and all administrators for their acknowledgement, evaluation and the improvement of risk management plans so as to downgrade risks to an acceptable level in a timely manner.

On risks related to ESG, the Risk Management Department worked with personnel and executives at every level, prioritizing handling of such matters. Issues that arose from current contexts were considered thoroughly to identify risks and so plans could be implemented to keep them at acceptable levels.

An array of risks were faced by the company in 2019, both external, such as the COVID-19 epidemic, changes to aviation laws in destination countries and limitations at airports, and internal, such as operations restructurings and heightened capital costs. The Risk Management Department approached such matters using the ISO 31000 standard, dividing risks into six areas with prescribed management frameworks:



An important element of risk management is Business Continuity Management (BCM), which has the main aim of building confidence in AirAsia’s continuation in spite of possible crises. The company maintains a BCM team to ensure its adaptability and handling capability for when changes occur.

Risks that were subjected to practical tests in 2019 were:

- Online, network, check-in, maintenance or flight operations systems going offline.
- Airports becoming inaccessible due to surrounding conditions or disaster.

All tests indicated relevant offices would be able to effectively continue operation under such circumstances.

The company will be trailing a Crisis Management Team (CMT) in 2020 in preparation to handle non-aviation crises, focusing on the communication of data and reports on emergencies to the Chief Executive Officer for a complete and unified overview. The team will also work with airports that comply with the ISO 22301 standard for business continuity to further plan ways to maintain operation.

## 4 Customer relationship and operating performance

(GRI 102-9, 102-10, 102-44, 103-1, 103-2, 103-3, 414-1)

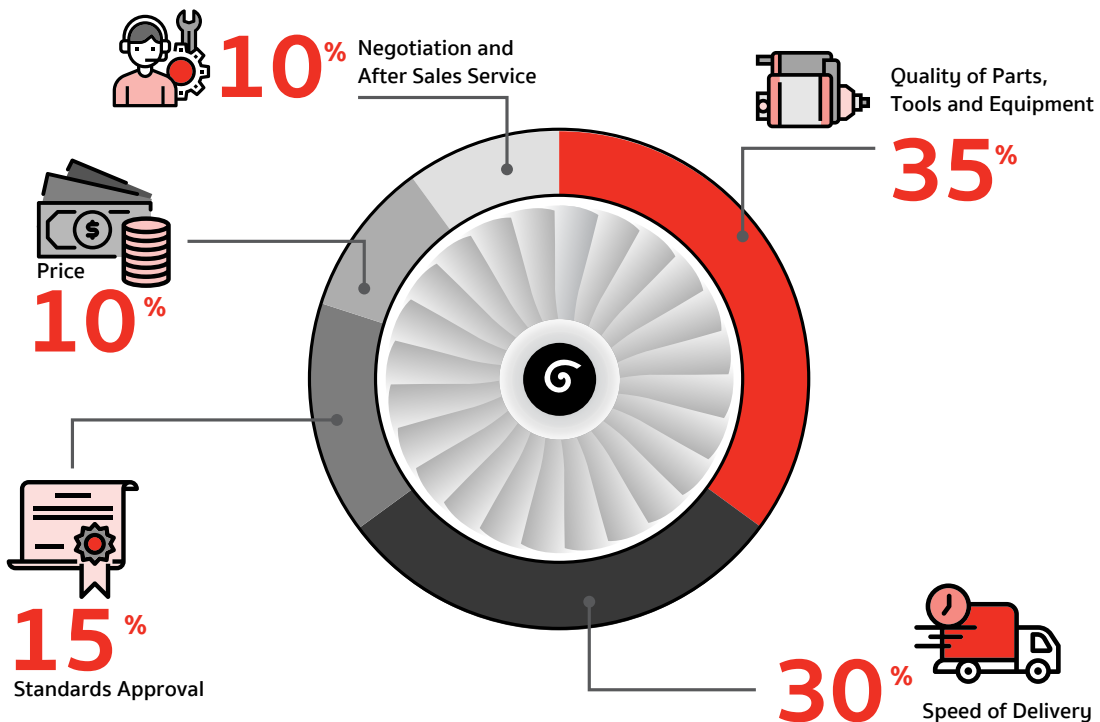


### 1. Supply Chain Management

Being an aviation company that provides flight services, the main links in Thai AirAsia’s supply chain are activities that support the service of its passengers, those that provide aircraft safety and airworthiness, making aircraft maintenance and parts sourcing crucial. Thai AirAsia maintains a process for finding partners in the realm of maintenance and repair as follows:

#### 1.1 Aircraft Parts, Tools and Equipment Sourcing Process

Thai AirAsia has 93 partners that supply its aircraft parts and tools. All the partners were vetted according to criteria that required supplies be aviation grade, meet EASA, FAA or CAAT standards, meet aircraft manufacturer standards and were never involved in an aircraft that experienced an accident or incident. Manufacturers, suppliers and sellers are evaluated annually according to the following benchmarks:



## 1.2 Aircraft and Equipment Repair Service Sourcing Process

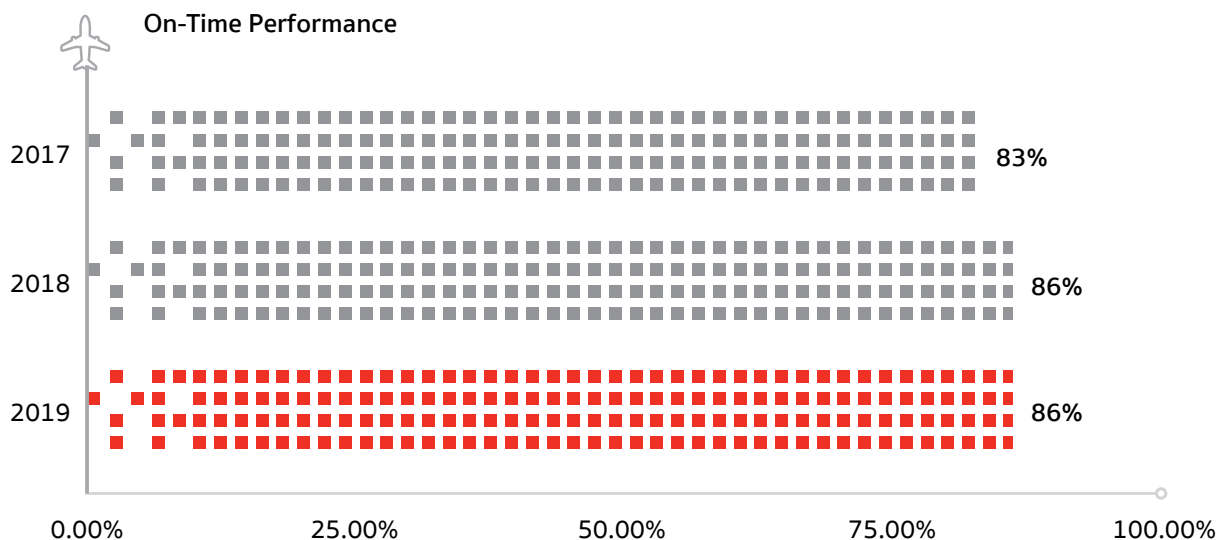
Thai AirAsia has 35 partners for aircraft and equipment maintenance. These partners are evaluated on their capability and must be approved by the Quality Control Engineers Department. Engineering audits dependent on the priority of the partner are performed as detailed in the table below:

Partner	Amount	Evaluation Frequency
Base/Heavy Maintenance	5	Annual
Crucial Equipment Maintenance (i.e. Engines)	11	Annual
Line Maintenance	14	Biennial
Parts and Components Maintenance	5	Annual using benchmarks in 4.1.1

Evaluations in 2019 uncovered non-conformity in the maintenance and practice manuals of eight partners. All eight were provided a 100% rectification plan. For 2020, Thai AirAsia will introduce sustainability issues such as human rights, labour protection and separation to its evaluations.

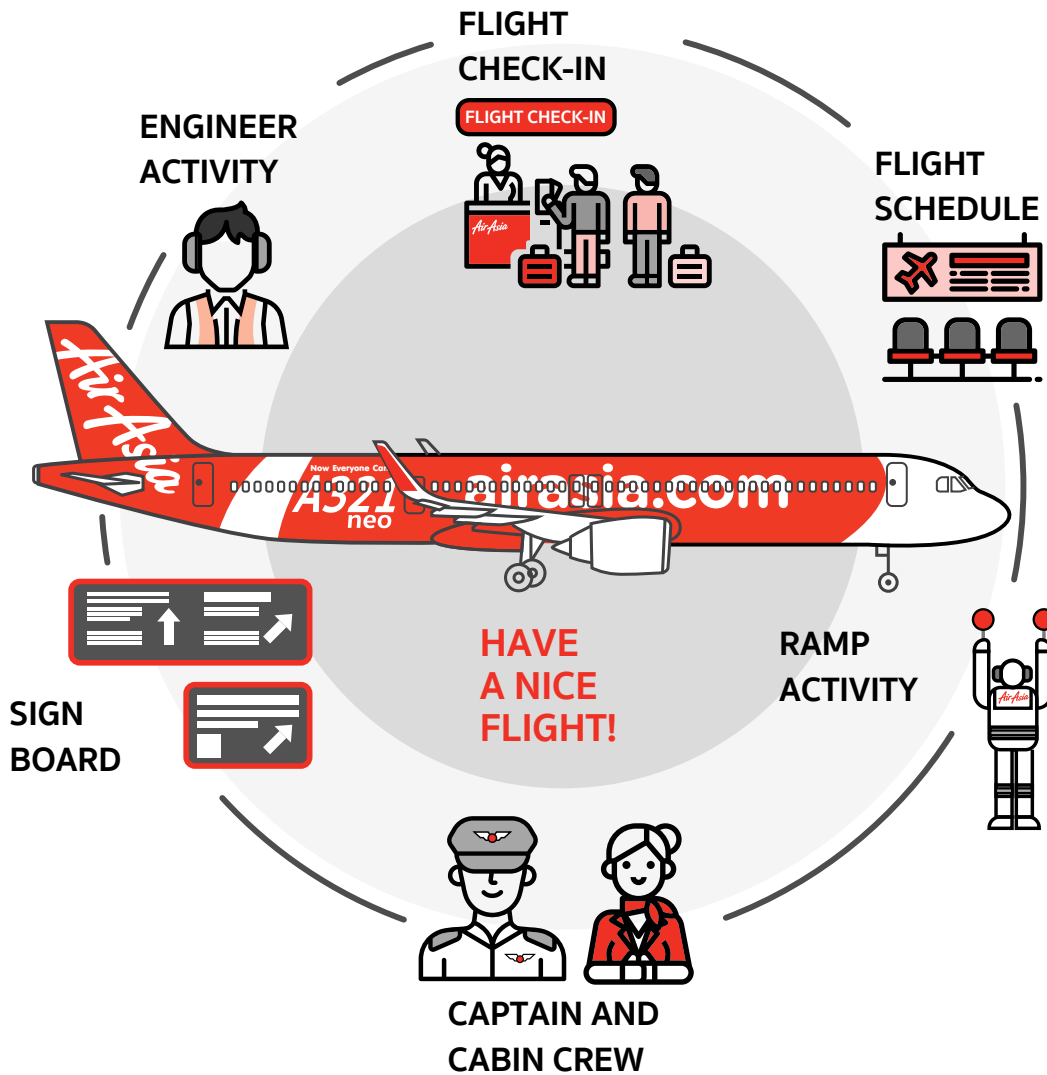
## 2. On-Time Performance

On-time performance is a leading factor for travellers when choosing an airline. In making sure flights depart and arrive safely and on-time, integrative work between many departments is required. Thai AirAsia established a special working group specifically for on-time performance, targeting its on-time performance indicator at 90% for 2019. Statistics and results are monitored around the clock via a dashboard.



Achieving targeted on-time performance requires various efforts by many contributors:

**2.1 Work Time Maintenance** - Each relevant department must manage their time accordingly. This includes pilots, cabin crew, maintenance engineers, ground staff and ramp staff. While each requires a different amount of work time, aircraft are only allotted 25-30 minutes on the ground, making accurate performance a necessity.

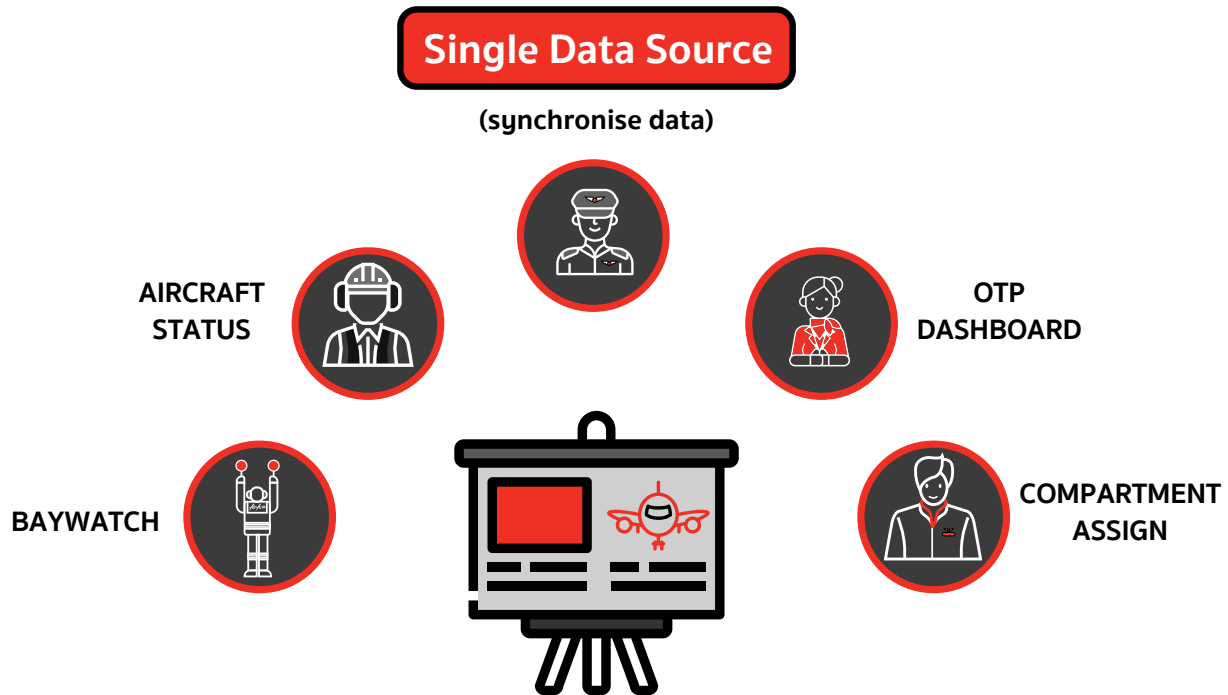


**2.2 Two-Door Aircraft Boarding Test** - The method was tested to reduce passenger waiting times during boarding.

**2.3 Flight Schedule Maintenance** - Analysing and strategising to improve on-time performance requires consideration of cascading effects on flight schedules and use of statistics to review the work of ground staff towards the highest possible efficiency.

**2.4 Flight Sequencing** - Adjustment of flight sequencing takes place throughout each day to reduce delays.

**2.5 Unified Data** - Building an online system connecting all relevant departments reduces time required for communication.



**2.6 Delay Factor Analysis** - The working group analyses the effect of different factors on delays to properly and effectively address causes.

- (1) **Delay Index** - Thai AirAsia utilises a delay index to measure the standard of work of each relevant department.
- (2) **On-Time Performance Dashboard** - A display of on-time performance at each station is available for real-time monitoring.
- (3) **Monthly Meeting** - Regular meetings are held to address issues causing delay with representatives from each department joining in the effort. With delays typically involving more than one department, integrative solutions are required. The meetings also look ahead towards possible issues.

## 2.7 Operations in 2020

Thai AirAsia is resolute in improving the effectiveness of its time management and on-time performance, setting its target for on-time performance at 90% and the following plans:

- (1) **Ground Operations Centre** - Bringing members from each operational department together in a centre to increase the speed and efficiency of work.
- (2) **Two-Door Aircraft Boarding** - Boarding passengers using two doors reduces waiting time. The method is to be used across all stations.

(3) **Delay Prediction** - Predicting potential delays will allow for planning and remedy. Past data and current factors will be used to make predictions.

(4) **Prioritising Every Flight** - Due to Thai AirAsia being relevant to AirAsia carriers in other countries, analysis and development must be done collaboratively.

## 3. Guest Services

At the frontline of serving customers on the ground, Guest Services issue tickets, facilitate boarding and sell ticket reservations at 24 airports across Thailand, providing service that is quick, efficient and excellent.

### 3.1 Operations Targets and 3 Service Quality Indexes

- (1) Net Promoter Score (NPS) must be 50 or higher
- (2) Customer Satisfaction Survey score must be 8.75 or higher out of 10
- (3) Service complaint average must not exceed 0.02%

### 3.2 Performance 2019

- (1) Net Promoter Score (NPS) above average at 55.53%
- (2) Customer Satisfaction Survey scored 9 of 10
- (3) Service complaint average at 0.0029%

Thai AirAsia is constantly developing its service. All guest service personnel participate in development courses specifically organised by the Training Management Centre using over 10 years of experience, analysis of service complaints and the company's core values for synthesis into AirAsia's own approach to service enhancement, dubbed 7 Service Wonders, a training program designed to aid staff in meeting the expectations of passengers and provide them with attentive service.

#### 4. Cabin Crew

Cabin Crew serve passengers inflight with a focus on two main areas, safety and service. Cabin crew play a role in assisting passengers to reach their destinations safely and on time while also ensuring they have a relaxing journey. Service to passengers by cabin crew adhere to standards set by both the Civil Aviation Authority of Thailand and Thai AirAsia.

##### 4.1 Operational Targets

- (1) Support development and enhancement of service excellence in accordance with company strategies.
- (2) Support development of service personnel through standards meeting training to meeting Customer Satisfaction targets and maintain score at above 50%.

##### 4.2 Performance 2019

Thai AirAsia is dedicated to expand its services to meet the varied needs of passengers. The company takes a collaborative approach to service, discussing the area with other carriers in AirAsia Group alongside collecting data and opinions from relevant sources such as passengers, leading airlines and service excellence indexes. Thai AirAsia in 2019 sought service excellence through the following activities:

- (1) Improving the service process to offer quality passenger service using the P.E.A.C.E concept

We must now focus on our PASSIVE guests who can be easily PERSUADED to become PROMOTERS

★★★★★

# WHAT

IS NET PROMOTER SCORE AND CAN WE DO ABOUT IT?

Let's implement those points on our daily and we can achieve the NPS target together!!

**NPS TARGET**  
85%

**5 TOUCH POINTS**  
SERVICE EXCELLENCE

- 3 HAND MOVEMENT
- PERSONALISED SERVICE
- CABIN PRESENCE
- MAGIC WORDS
- THANK YOU GREETING

**P.E.A.C.E.**

- POSITIVE FEEDBACK
- EYE CONTACT
- ATTENTIVE TO GUEST NEEDS
- CLEAR ANNOUNCEMENT
- EXCELLENT GROOMING

**GUEST EXPERIENCE WITH US**

- WOW Factor & Excellent Service: 73%
- NEITHER happy or unhappy with their experience: 17%
- BAD experience: 10%



The P.E.A.C.E. concept of service consists of the following

- P** **Positive Feedback** - Responding to passengers demands and providing services with politeness, wholeheartedly taking in passenger remarks for further quality development
- E** **Eye Contact** - Showing confidence and readiness to take on all situations with dedication and respect
- A** **Attentive to Guest** - Approaching passengers politely and providing sincere service
- C** **Clear Announcement** - Go beyond simply reading out announcements by showing resolution and ensuring clarity and understandability
- E** **Excellent Grooming** - Caring for one's appearance and maintaining company's image

## (2) Development of Service Staff

In 2019, to elevate service by cabin crew, the Training Management Centre (TMC) created and developed the following training courses:

- In-charge Cabin Crew Training - Reinforcing the confidence and capability of cabin crew leaders to better carry out duties that include coordinating and decision making, providing them with crucial leadership skills necessary for both daily and emergency situations. This important course for cabin crew leaders is required on an annual basis.
- Inflight Service Recurrent Training - Emphasising accurate execution of procedures, which change rapidly to keep in step with latest requirements and pose the risk of error. This course is required for cabin crew on an annual basis.
- 7 Service Wonders Training for Cabin Crew - This course trains cabin crew in the airline's particular approach to service, reinforcing understanding towards the expectations of passengers and how to meet with their needs as well as building cabin crew contentment and a positive outlook that will lead to service excellence.

## Cabin Crew Performance 2019

Seq.	Topic	2018	2019
1.	Net Promoter Score	(Began in 2019)	73%
2.	Customer Satisfaction	9.12/ 10	9.17/ 10

Persistent effort and development notably increased passenger satisfaction in cabin crew performance in 2019 as can be seen above. Further quality controls and evaluations were also added in this year with the Cabin Crew Engagement Lead and Senior Cabin Crew Line Trainer tasked with carrying out the assessments. The minimum score for the evaluations set by the Cabin Crew Department was 90% with any cabin crew scoring below the mark having to undergo further processing.

## 5. Passenger Satisfaction

Towards perpetually improving service efficiency, Thai AirAsia conducts quarterly passenger satisfaction surveys, collecting data from Thai AirAsia, passengers arriving at its five flight bases of Don Mueang Airport, Phuket International Airport, Hat Yai International Airport, Khon Kaen Airport and Chiang Mai International Airport. A total of 2,273 passengers were surveyed in 2019.

Responses to surveys indicated that Thai AirAsia was successful in increasing the number of passengers whose flight experience was “better than expected/slightly better than expected” between the years 2017 and 2019 from 34% in 2017 to 46% in 2019, a statistically significant rise.

The most crucial factors affecting customer perception were on-time performance, prompt and enthusiastic service, good human relations throughout the service process and smooth take-off and landing.

Ranking service procedures by importance (from highest to lowest), ticket reservation and check-in were ranked first and second by passengers. Domestic passengers ranked boarding third in importance followed by in-flight service and disembarkation with baggage management at the bottom of the ranking.

International passengers also ranked ticket reservation and check-in first and second and placed in-flight service third in importance, followed closely by the disembarkation process and baggage management. Boarding was lowest in importance according to international travellers.

Passenger satisfaction survey results in 2019 compared to 2018 showed improvement across the board for Thai AirAsia with only booking remaining close in terms of satisfaction to the previous year.

## 6. Communication with Consumers to Foster Product and Service Understanding and Brand Loyalty

Marketing research found that the lead supporting factors for selecting of AirAsia were economically priced services, its range of destinations, on-time performance and strict safety protocols. From these insights, Thai AirAsia based its company culture around Allstars that provides efficient service and safety. The challenge however was striking a balance between serious adherence to efficiency and impressive service, especially for ground staff interacting directly with customers for the most amount of time, from check-in through boarding and baggage management.

The “This is your mother” television commercial, depicting a ground staff member explaining that a carry-on bag exceeding 7 kilograms cannot be allowed, to a customer later to be revealed as her mother. This showcases Thai AirAsia’s commitment in providing equal service and care to all its passengers.

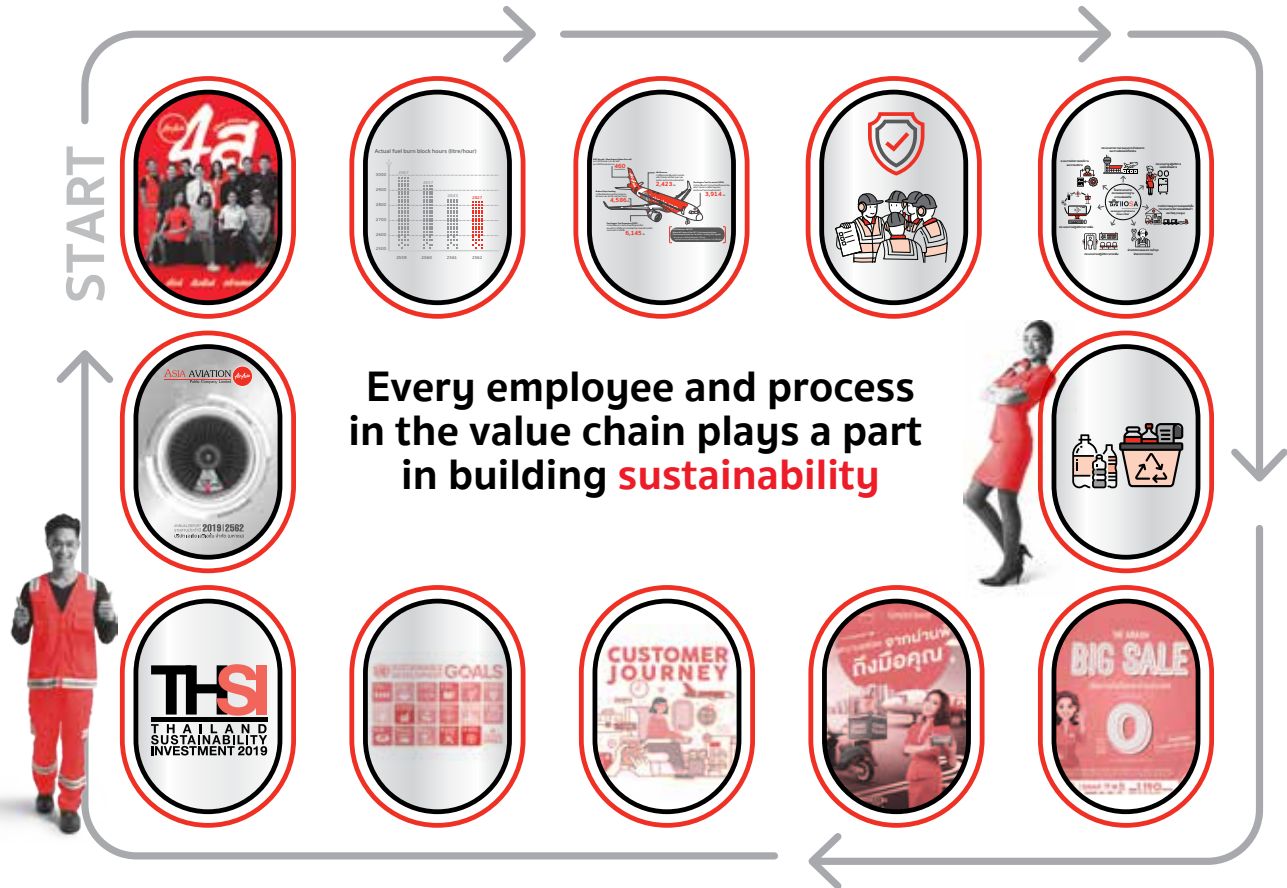
The Nilubon Kon-Nah-Yen online music video campaign, featuring a song sung by actual cabin crew, was created to highlight the airline’s attention to safety and efficient service.

Thai AirAsia continued to build up a strong image in 2019 by highlighting its competitive advantages using consistent communications and marketing as well as activities allowing passengers to express their satisfaction, by scanning the QR Code at all check-in counters across Thailand. The ultimate goal was to create a “company culture” that could be passed on generationally to all Thai AirAsia ground staff members.

## 5 Human Capital Development (GRI 103-1, 103-2, 103-3, 404-1, 404-2)



### 1. Company Culture Promotion



Caring for society by starting close to home, Thai AirAsia began with its own employees, which are believed to be its most significant growth driver. The company focused on the “4 Sors” of Fun, Style, Relations and Creative Sustainability to fuel growth, seeing sustainability as a result of happy personnel working effectively and with an understanding of how their duties affect the company’s longevity and result in sustainability for the society, the economy and the environment.

### 2. Talent Attraction & Retention

Thai AirAsia supports a culture and atmosphere of positivity as well as team work, always seeking to treat its employees with fairness and respect to their individuality. Employment, promotion and transfers are based on good governance and effective human resource management.

Towards sustainability, the Red Avenger team was founded in 2019, bringing together young employees from different departments for training through challenges set directly by the Chief Executive Officer, who also provided close guidance throughout the programme.

### 3. Average Training Hours for AirAsia Employees in 2019

In a time of rapid technological change and varied consumer behaviours as well as digital disruption, Thai AirAsia acknowledges the importance of human capital, a major driver for its forward movement, which is why the company has established a department for developing of training courses attuned to the different responsibilities of employees in various departments.

This year, employees received an average 2.38 hours of training or 0.5 days (based on total employees divided by courses and durations with data from the training management system, a central tracking database of company training).

**(1) Gender**

A total 6,593 employees underwent training, of which 3,945 were male and 2,648 were female or 59% to 41% respectively.

**(2) Employee Type**

Full-time employees that underwent training with third party employees consisted of Ground Handling Agent (GHA).

Year	Average Hours	Total Participation (persons)	Male Participants (persons)	Female Participants (persons)
2018	2.7	4,930	3,144	1,786
2019	3.5	5,439	3,436	2,003

**4. Internal Employee Training Courses**

Course	Target Group (Amount)	Objective	Participation	Medium	Duration
Leader In You	Cabin Crew Leader (400)	Service Sale and Leadership skill and attitude enhancement	20 people/ class	Classroom	2 Days
7 Service Wonders	Guest Services (1,000)	7 Day (Monday-Sunday) service culture training course focusing on different service mind each day	50 people/ class	Classroom	2 Days
	Cabin Crew (1,200)	7 Day (Monday-Sunday) service culture training course focusing on different service mind each day	20 people/ class	Classroom	1 Day
Self-Mastery	Student Pilots nearing graduation in theory	Framework for understanding self, others, passengers, co-workers and leaders in the contexts of age and personality	Dependent on amount of Student Pilots per class	Classroom	1 Day

## 6 Digitisation and Innovation (GRI 103-1, 103-2, 103-3)

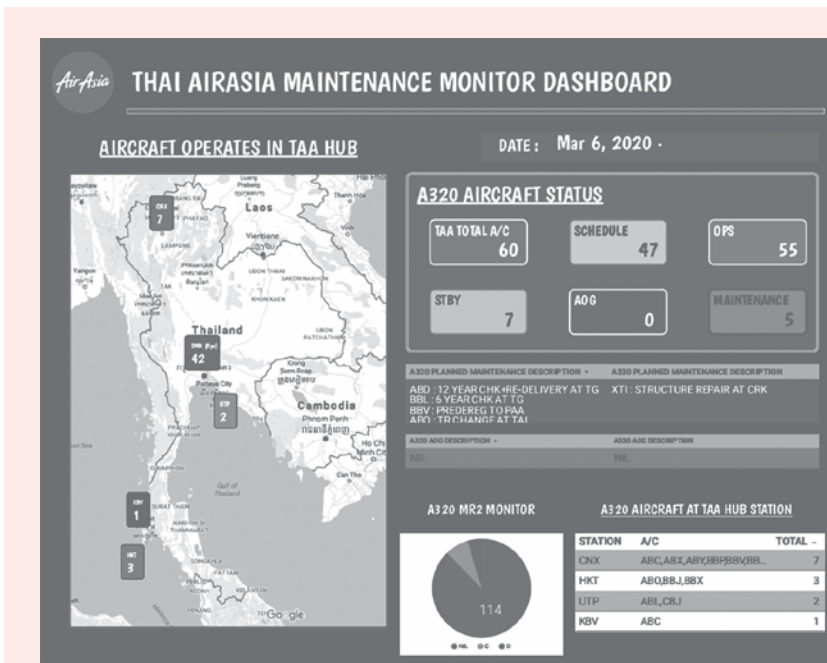


The Engineering Department of Thai AirAsia in 2019 sought to develop operations for modernity and sustainability, using technology to realise concepts and practical application.

Thai AirAsia believes that building and transitioning to digital systems will increase its flexibility when utilising data. The Engineering Department added two aspects to its operational system to better respond to this goal:

### 1. Data Analysis

Data analysis is used to carry out proactive maintenance of aircraft. Analysed data informs repair and maintenance standards and accounts for all factors to prescribe appropriate measures for all situations. For measuring and analysing data, the Engineering Department created a dashboard for monitoring via an electronic system that displays updated data 24 hours a day.



Results from the analysed data is circulated to all AirAsia Group airlines and parts manufacturers for effective development of maintenance. Connecting data from various sources also allows for effective appraisal of different departments.

### 2. Innovations

The Engineering Department in 2019 created an innovation to enhance the efficiency of its work as follows:

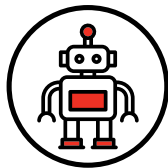
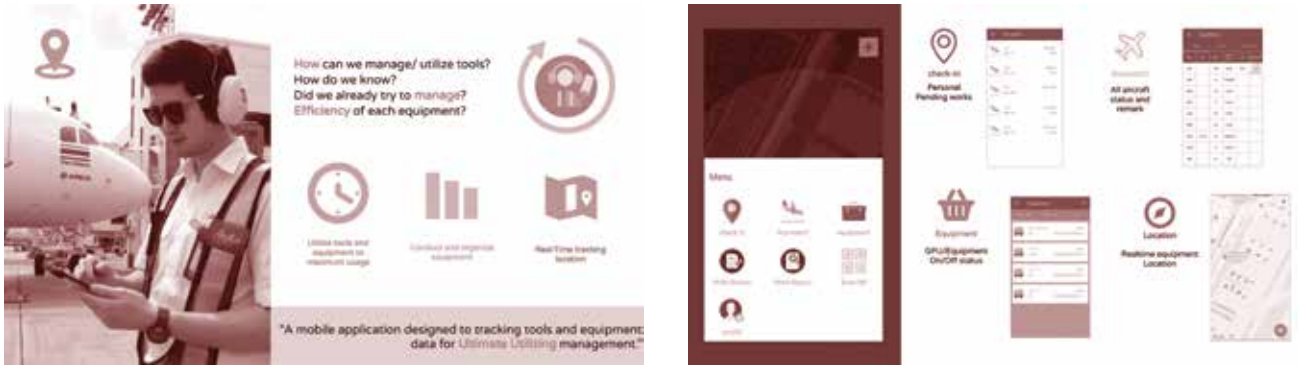
- Life-vest and Emergency Equipment Inspection



Using Radio Frequency Identification (RFID) technology to inspect that state of life-vest and emergency equipments on board the aircraft help reduced processing time from 1 hour to only 15 minutes. This method allows the current status of such equipment to be monitored online.

• **R2M (Resource tools management) Application**

The R2M application accurately indicates the location and current status of ramp equipment for improved equipment utilisation.



Near the end of 2019, the Engineering Department began developing Robotic Process Automation (RPA) for application in every department. RPA allows for operations to be carried out automatically by a computer, reducing the time required for simple tasks such as retrieving reports for data analysis.

**7 Social Investment** (GRI 103-1, 103-2, 103-3, 201-1)



Thai AirAsia understands the importance of social investment in adding value to its supply chain and how social value can bring about commercial benefits such as improved competitiveness and reduced business risk alongside reduced social risks. The airline engages in social investment from the following angles:



Presenting new products, services and marketing channels that have commercial value as well as benefit consumers.



Building value in the company's supply chain by developing human resources, improving operational efficiency, reducing impacts to society and enhancing access to resources.



Community and social development, bettering the lives of community members and bringing Thai AirAsia closer to communities, leading to close bonds with the brand and new marketing channels.

**1. Article 35 Employment Program in collaboration with Friendly Design**

Due to Article 35 of the Disabled Persons Support and Development Act allowing for the contracting of persons with disabilities, Thai AirAsia joined hands with Friendly Design to support the work of its network, emphasizing driving forward friendly design. The purposes of the collaboration were as follows:

1. Build and support awareness of Friendly Design and the universal design principle.
2. Support careers for people with disabilities in accordance with Article 35 of the Disabled Persons Support and Development Act of 2007. In 2019, AirAsia and AirAsia X hired over 64 disabled persons, engaged in social work and strove to be a model of prioritizing and complying with laws to do with the employment of persons with disabilities. Friendly Design surveyed, collected data and forwarded data on areas in need of remedy as well as examples of proper management while engaging in communications to raise understanding and awareness of universal design.

## 2. Journey D



### 2.1 Opportunities and Challenges

The tourism industry is among the core sources of revenue for Thailand, with data from the Ministry of Tourism and Sports showing that in 2018, Thailand earned over Baht 3 trillion from tourism, the fourth highest value in the world. Moreover, Thailand is constantly honing its competitiveness in terms of tourism, with the World Economic Forum's Travel & Tourism Competitiveness Report 2019, published on 4 September 2019, ranking Thailand 31st globally in terms of tourism capability.

It is notable then that while Thailand regularly ranks among the top ten in terms of revenue from tourism, its capability remains 31<sup>st</sup> in the world. This discrepancy reveals that Thailand still must develop in terms of sustainable tourism, especially in the areas of safety, hygiene and preservation of natural and cultural resources.

**'From major source of national revenue to fostering awareness in sustainable development'**

Aviation plays a key role in the tourism industry and is a driver of economic growth and many other positive impacts, generating employment and revenue via the tourism sector. At the same time, inequality and a lack of dispersion of tourism to the grassroots economy remains a cause for concern with airlines causing risks to society and the environment by facilitating travel that can be irresponsible or detrimental and fuelling over-tourism.

Thai AirAsia sees potential in Community-Based Tourism as a means for addressing social issues as well as for benefitting stakeholders and providing it a competitive advantage. These reasons led to the creation of The Journey of Development or Journey D, a long term social investment program based in community tourism and empowering community members to be the owners of their resources and managers of their tourism. The core objective of Journey D is to promote responsible tourism. This is carried out through three strategies supporting sustainable community tourism:

1. Providing courses to develop sustainable tourism at target communities
2. Building a support network for sustainable tourism communities
3. Raising awareness and cultivating community tourism experiences

### 2.2 Journey D Objectives

#### 2017-2018

- Develop Journey D from a short-term CSR activity into a long-term Thai AirAsia social investment project
- Foster 4 sustainable tourism communities
- Develop at least 3 communities per year to sustainably and effectively welcome tourists
- Add at least 2 communities per year to the program

#### 2019

- Develop Journey D from a CSR program to a full-fledged CSV program
- Communicate and generate awareness of responsible tourism through all Thai AirAsia channels
- Increase revenue for tourism communities by at least 15%/year
- Continually connect responsible tourism allies and sustainable tourism communities
- Add 2 sustainable tourism communities

#### 2020

- Build a 10-sustainable tourism community network
- Serve as a hub and long-term partner in the sustainable tourism network
- Expand the project and connect it with business partners
- Develop Journey D and forward its success

### 2.3 Important Developments in 2019

- A large amount of tourism communities showed interest in joining Journey D, from which 8 were chosen, namely; Baan Pong of Chiang Mai, Kemrat of Ubon Ratchathani and the 6 communities of the Phuket tourism network.
- Thai AirAsia facilitated hospitality experts The Erawan Group Plc. to develop participating communities.
- Communicated sustainability as Thai AirAsia's image and brand by supporting 360-degree responsible tourism and attracting over 6 million viewers to its short film.
- Revenue to the 4 Journey D sustainable tourism communities increased by over 10%.

- Successfully upgraded Journey D into a CSV program, bringing pride to all involved and value to the company in the form of branding opportunities, ticket sales and new sustainable partners.

## 2.4 Management Approach

Management of community tourism on the basis of economic, social and environmental sustainability is an efficient tool for addressing social inequality, irresponsible and over tourism as well as for building value in the aviation business.

## 2.5 Operations in 2019

### (1) Sustainable Tourism Potential Development for Target Communities

Development of domestic tourism potential is essential to economic expansion and creates opportunities to disperse revenue to communities and spur local hiring. Journey D designed courses to develop the sustainable tourism potential of member communities, they included:

- “Operational Training to Enhance Knowledge and Skills for the Sustainable Management of Community Tourism”
- “Community-Based Tourism Management Structure”
- “Operational Training on Designing Tourism Routes and Programs”
- “Elevating the Standards and Service of Accommodations and Home Stays with The Erawan Group Plc.”
- “Operational Training on the ‘7 Service Wonders: Caring and Sincerity’ by the Thai AirAsia Learning Centre”

### (2) Building a Support Network for Sustainable Tourism Communities

Network building was another strategy for overcoming social inequality in the tourism sector. Thai AirAsia expanded Journey D to 8 more communities, namely

- Baan Pong, Chiang Mai
- Kemrat, Ubon Ratchathani
- Bang Rong, Phuket
- Ta Chat Chai, Phuket
- Kanan, Phuket
- Kamala, Phuket
- Bang Tao, Phuket

Adding communities is one way Thai AirAsia has found to disperse tourism as it provides more options for travellers. Thai AirAsia positioned itself as the centre of the network to facilitate further connections, attracting business partners and organisations to contribute to the development of tourism communities.

### (3) Community Tourism Communication Building and Experience Cultivation

#### • Building Public Communication

In communicating with the wider public and campaigning for responsible tourism, Thai AirAsia had the 4 communities of Journey D serve as the core representatives, encouraging all to realise the importance of mindful and responsible tourism. A variety of public relations operations were undertaken:

- Local Presenter was a campaign created to spread awareness of community tourism centred around actual community members. It was based on Thai AirAsia’s belief that while sustainable community tourism is a tangible concept, interest has been lacklustre. Having real community members pose as models to promote their way of life via social media was used to draw attention.
- The “Best Ever Promotion #Everyone is the Best Destination”, was based on Thai AirAsia’s most popular campaign, the 0 Baht promotion. By allowing community members to hand out 0 baht promotions and setting the condition of having to personally receive free tickets, the campaign compelled travellers to inhabit the role of responsible tourists and learn about the true value of community tourism.
- Face-to-Face public relations activities, in which community members directly provided information to travellers at various events, such as the Truly Low Fares, Trusted Quality Flea Markets in 3 provinces, Journey D Day, Football Clinic, AirAsia Long Service Award and Local Aroi.

This campaign closed the first chapter of Thai AirAsia’s social investment in sustainability and served as a springboard to building wider awareness in responsible tourism, depicting it as a matter for all rather than just the airline or community members.

#### • Experience Cultivation

With the appeal of community tourism being experiencing the lifestyles, cultures and traditions of community members, tourism influencers were led to experience community tourism, so that they could relay their impressions on being cared for by community inhabitants.



## 2019 Strategy and Operational Result

### Network Building

#### Journey D

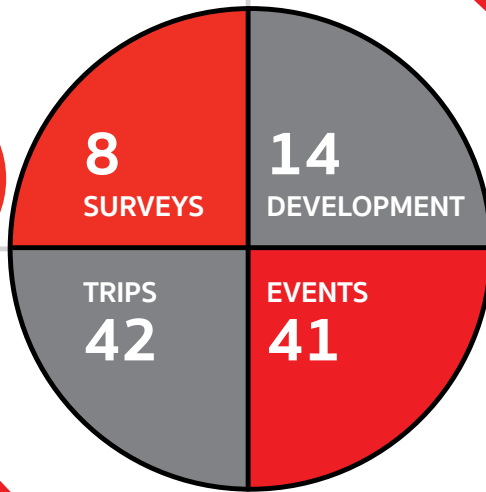
New Community Survey and Data Collection Process

- Baan Pong, Chiang Mai
- Kemrat, Ubon Ratchathani
- Community Tourism Network of Phuket

### Support

#### and develop Sustainable Community Tourism

- Tourism skills development
- Tourism route and activity creation
- Tourism group formation
- Capital consideration process
- In-Destination



### Deliver The Journey D Experience

- Present new experiences to travellers built on community lifestyles and traditions

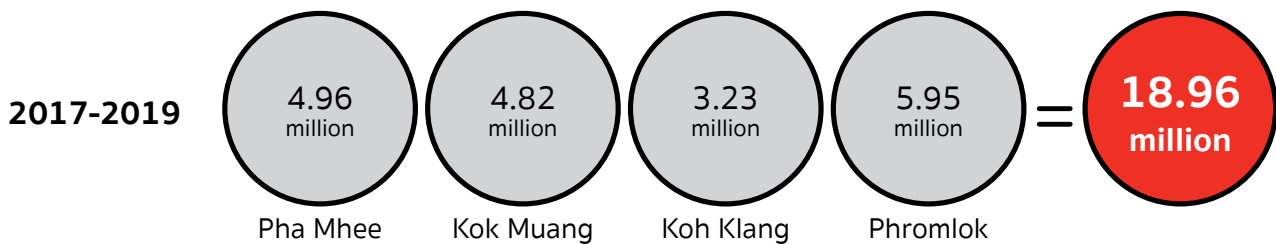
### Communicate to the Public

Make the 4 communities better known by showcasing their products and services

- Truly low fares, Trusted Quality Flea Markets
- Journey D Day
- Football Clinic Journey D
- AirAsia Long Service Award
- Local Aroi x Journey D

### Income generated in Journey D community

(Unit : Baht)



## 2.6 Social Return on Investment

### Social Return on Investment : SROI

concerns the benefits to the society and the environment derived from an activity or project. SROI is found by selecting a quantitative output and translating that output to a monetary value. The SROI concept is based on social responsibility and provides a systematic way to compare capital and economic benefit.

Journey D evaluated its social impact based on the change theory that “Community members developed in terms of sustainable tourism by Journey D will have a better quality of life and better their community”.

Between 2017 and 2019, data was collected on both direct and indirect stakeholders of Journey D so that a 360-degree view of its sustainability could be achieved, encompassing community members, tourism groups, community leaders, allies, travellers and business partners.



### Community Revenue Growth



Community	Additional Revenue from Journey D (Baht per Year)	Total Revenue from 3 Years with Journey D (Baht per Year)
1. Pha Mhee in Chiang Rai	1,649,000	4,947,000
2. Koh Klang in Krabi	1,077,500	3,232,500
3. Kok Muang in Buriram	1,608,000	4,824,000
4. Phrom Lok in Nakhon Si Thammarat	1,983,940	5,951,820

SROI is derived by dividing currently added benefits by the value of investment using the following equation.

Currently Added Benefits

Expended Investment

Added benefit to the 4 communities of Journey D in 2019 totalled 18,955,320 Baht on investment from 2018–2019 totalling 12,666,315 Baht, meaning:



Even with added benefits not accounting for 100 percent of stakeholders, Journey D's SROI equals 1.5, meaning for every 1 Baht invested by Thai AirAsia, stakeholders receive a 1.5 Baht benefit. Divided by stakeholder categories, home stays and communities received the greatest benefit, in line with Journey D's focus on dispersing revenue to communities. This evaluation was focused on uncovering the benefits and revenue directly returned to communities but found other stakeholders such as tourists and residents from community vicinities also benefitting. Added to the equation, these groups would only increase the SROI sum, indicating Journey D's ultimate results surpass the figures.

Operating from a basis of genuine care for communities and the environment created a clear distinction and positive image for Thai AirAsia. Journey D bolstered confidence in AirAsia customers as well as program participants and created models for elaboration. It is also notable that the results of Thai AirAsia's long-term social investment now exceed the initial injection.

## 2.7 Operations in 2020

Thai AirAsia's next objective is to drive continued growth in its communities and the tourism industry by volunteering to serve as a centre in the network connecting various partners. The airline will also continue to be a long-term investor in society and facilitate all stakeholders in the tourism industry in building responsible and sustainable tourism through a variety of activities. Operations will include:

- **Network Building:** Expansion of target areas/Fostering sustainability in various dimensions
- **Supporting Sustainability:** Organizing activities beyond tourism products and services i.e. Supporting a greater variety of careers within communities
- **Cultivating Experiences:** Presenting each communities' tourism products and services through various sales channels.
- **Communicating with the Public:** Using Thai AirAsia channels to generate maximum awareness.

## 2.8 Effectiveness & Business Results

Journey D was a social innovation created to enrich the production chain that expanded the business channels and customer base of Thai AirAsia, In addition to to be more than just an airline but rather a complete tourism and lifestyle service provider, and as a platform for fostering bonds towards the brand. Evaluating Journey D must include understanding of the concept of "sustainability" by stakeholders such as company staff, partners, investors and community members themselves as well as the results of Journey D in each community.

The "Best Ever Promotion" racked up 6.8 million views and 24,000 Likes. Engagement revealed more people had gained an understanding of sustainable tourism and were intent on being responsible tourists. Many went on to post pictures and spread information on social media, showcasing their responsible travel and tagging others with an interest in sustainable tourism. The campaign generated over 500,000 visits to [www.Journey-D.com](http://www.Journey-D.com), resulting in widespread awareness.

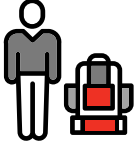

Economic and social evaluations of Journey D revealed to Thai AirAsia that while not every member of each community was a participant in the program, all benefitted from the outcomes of the effort, spurring sustainability to be spread to others. Members in all 4 communities agreed that the program bettered their lives and filled them with a pride and appreciation for their hometown. Most importantly, they all felt connected to Journey D and Thai AirAsia.

## Thai AirAsia Sustainability Material Issue Identification Process (GRI 102-40, 102-42, 102-43, 102-44)


### Stakeholder Engagement

Changes to economic, social, technological and business competition contexts have made passenger and stakeholder behaviors and expectations more complex. Thai AirAsia divides its stakeholders into 5 main groups, government agencies, customers (passengers), communities, Allstars (employees), investors and business partners. The company must constantly study and keep in step with each group's perceptions, attitudes and expectations using surveys and the feedback of relevant agencies to maintain a complete picture that can be used for development and setting directions for its business that respond to their demands and create long term shared value.

Stakeholder	Communication Channel	Frequency	Expectations/Key Points
<b>1. Government Agencies</b> 	Attendance of administrative and regulatory organisation meetings	At least 5 times	Government agencies authorise and regulate Thai AirAsia, which must comply with laws and state prescribed regulations, understanding of economic, social and environmental contexts is necessary.
	Reports to government agencies	Monthly	
	Participation in government office projects and activities	Monthly	
	State audits	1-2 times a year	Cooperation between various state agencies can stimulate tourism and enhance the company's image. The Tourism Authority of Thailand expects Thai AirAsia take part in activities and projects to generate tourism demand both domestically and internationally.
	Compliance with policies for domestic and international tourism set by the Tourism Authority of Thailand	At least 3 projects	
	Collaborations with the Tourism Authority of Thailand	2-4 projects	
	Collaboration with local organisations and agencies to strengthen relations and preserve local cultures	Over 10 times	
			Good relations with government agencies in destination provinces aids in coordination and collaboration. Local agencies expect Thai AirAsia to support and participate in their activities.

Stakeholder	Communication Channel	Frequency	Expectations/Key Points
<p><b>2. Customers (Passengers)</b></p> 	<p>Customer Satisfaction survey</p> <p>Complaints via the Call Centre, Live Chat, Twitter (Ask AirAsia)</p> <p>Customer meetings at Thai AirAsia Sales Offices, Thai AirAsia Travel &amp; Service Centres</p>	<p>Quarterly customer satisfaction surveys</p> <p>Throughout operation hours and 24 hours a day for Live Chat</p> <p>During operation hours</p>	<p>Commercial companies need to hear and understand customer demands to satisfactorily respond and ensure repeat business. Thai AirAsia customers expect safe, on-time and convenient travel to their destinations and ease of contact when in need of information.</p>
<p><b>3. Communities</b></p> 	<p>On-site support and development of community tourism through Journey D</p> <p>Provide knowledge and enhance skills for sustainable tourism</p> <p>Exchanges of opinions on community tourism routes with travellers</p> <p>Homestay development activities with partners</p> <p>Activities promoting travel equality under Thai AirAsia Friendly Design project</p>	<p>Monthly meetings in each community</p> <p>Visits throughout the year</p> <p>6 workshops per community</p> <p>6 test trips per community, 24 times in total</p> <p>1 time per community / 4 communities 4 times in total</p> <p>3 times to generate awareness on accessibility and promote travel for all</p>	<p>Thai AirAsia playing a role in fostering community strength and sustainability</p> <p>Building good relations and long term shared value as well as garnering trust from communities immuns the brand</p> <p>Thai AirAsia sees tourism as a major source of revenue for Thailand and the lack of preparation can result in the destruction of tourism destinations, leading to impacts on the economy, society and environment, making cooperation with communities, prioritising of tourism destinations and supporting environmentally friendly activities necessary for sustainable tourism.</p>

Stakeholder	Communication Channel	Frequency	Expectations/Key Points
	Community and society activity “AirAsia Truly Low Fares, Trusted Quality Flea Market”	3 times January: Kasetsart University, Bangkok February: Chiang Rai April: Phuket	Communities expect Thai AirAsia to support and publicise community tourism as to disperse tourists to, it’s destination provinces, spread out revenue and build awareness towards responsible tourism to protect travel resources.
	Health promotion activities in communities under “Thai AirAsia Fly to Dream Tennis Tournament”, providing sporting equipment, football fields and basketball courts, supporting football clubs and holding football clinics wherein national team players train community youths	AirAsia “Fly to dream tennis” 3 times 1. 9 - 22 Jul 2019 2. 26 Jul - 4 Aug 2019 3. 14 - 25 Aug 2019	
	Online promotion of community tourism	AirAsia “Fly to dream football clinic” 1 time 1. 22 - 23 Sep 2019	
	Media coverage and acknowledgement of business operations in communities	2 times per community / 4 communities 8 times in total - Media communication and access activities i.e. press conferences, interviews, etc., 20 times in total (12 times abroad, 5 times in Bangkok, 3 times regionally) - Press releases, 79 times - Inaugural flights, 21 times - Media trips, 17 times - Media visits, 5 times (1 time in Bangkok, 4 times up country)	

Stakeholder	Communication Channel	Frequency	Expectations/Key Points
<p><b>4. Allstars (Employees)</b></p> 	<p>Town Hall meetings and Messages from top management emailed to all employees</p> <p>Coffee Talk (meetings between CEO and department heads)</p> <p>Operations meetings between top management and department representatives for briefings and problem solving</p> <p>'PO. Box Santisuk', a direct channel to the CEO in which information is kept confidential and used only for company improvement</p> <p>Employee evaluation</p> <p>"Allstars Do Good" program promoting volunteer work by employees and social activities such as blood and stem cell donation</p> <p>Activities supporting of employee's talents such as the sports club</p> <p>Regular employee health checks</p> <p>Technological communication channels such as Workplace by Facebook, a workchat application that facilitates prompt communication with executives 24 hours a day</p> <p>Workplace webpages supporting employee interests and extra income i.e. Marketplace@Thailand, Allstars Photography</p>	<p>2 times a year</p> <p>Weekly</p> <p>Monthly</p> <p>24 hours a day</p> <p>2 times a year</p> <p>Quarterly</p> <p>Quarterly</p> <p>1 time a year</p> <p>24 hours a day</p> <p>24 hours a day</p>	<p>Employees are the driving heart behind Thai AirAsia, delivering value to customers. It is essential to understand the needs, challenges and inspirations of its employees so that it can initiate projects and activities that reinforce company policies. Employees expect the company hear their opinions, highlight their achievements, fairly evaluate and remunerate them and ceaselessly develop their capabilities.</p>

Stakeholder	Communication Channel	Frequency	Expectations/Key Points
<b>5. Investors</b> 	Results Briefing by Management	Quarterly	Investors mainly requires access to information that is accurate, consistent, on-time and timely. The information must be disclosed with transparency, neutrality and fairness to support investment decision.
	Local and International Non-Deal Roadshows	8 times a year	
	Annual General Meeting	Yearly	
	Site Visit	Yearly	
	Company's website	Always	
<b>Financial Institutions</b> 	Meeting, conference and discussion about operational results and company's projects	2 times a year	Support from financial institutions strengthens Thai AirAsia's business, allowing it to acquire airplanes according to targets. Financial institutions expect the company to meet its growth targets and practice fiscal discipline.
	Coordination on transaction proceduers	Throughout the year	
	Reports, notification and data forwarding on financial activities	Monthly	
	Seminars and workshops on the economic situation, financial markets and capital markets	Monthly	
<b>6. Partners (banks, aircraft manufacturers, engine manufacturers, aircraft maintenance centres, etc.)</b> 	Meetings, conferences, teleconferences, workshops and contact via visits by representatives	Each instance of maintenance	Thai AirAsia works with aircraft manufacturers, engine manufacturers and aircraft maintenance centres, which on top provides the company with the needed equipment for its business regularly and daily operational support such as daily maintenance or in some cases provide repair guidance to ensure optimal operation. These partners also take feedback from the company to develop their products and to better maintain the aircrafts of other airlines, creating an industry wide benefit.
	Engineering audits by partners	1 time a year	
	Teleconferences with manufacturers on various updates		
	Visits by aircraft and engine manufacturers to Thai AirAsia		
	Meetings with aircraft and engine manufacturers		
24 hour chatroom for Thai AirAsia engineers and manufacturer engineers			



# INTERNAL CONTROL AND RISK MANAGEMENT

## INTERNAL CONTROL AND INTERNAL AUDIT

(GRI 102-11)

The Board of Directors has put the comprehensive internal control system in place in order to ensure the Company and its subsidiary's compliance with the objectives, Article of Association and applicable rules and regulations, as well as the check and balance mechanism to effectively protect the capital and investment of Shareholders and asset of the Company and its subsidiary. The Company has stipulated levels of authority and responsibilities of Management and employees and operating regulations in writing. The Internal Audit Department has its duty to audit the operation of all departments in the Company and its subsidiary to ensure compliance with the established rules and regulations. The Audit Committee oversees the management and operation of the Company in order to ensure an effective internal control and reliable financial reporting system. The Internal Audit Department reviews and evaluates the internal control system of the Company and its subsidiary and reports the audit result directly to the Audit Committee.

At the Board of Directors Meeting No. 2/2020 on February 25, 2020, the Audit Committee consisting of 3 Independent Directors attended the meeting. The Board of Directors evaluated the internal control system by asking Head of the Internal Audit Department and concluded that from the evaluation of various aspects of the Company's internal control system, i.e. 5 components; control environment; risk assessment; control activities; information and communication. The Company provided sufficient personnel to implement the system efficiently including the internal control system on the supervision of the subsidiary' operations to prevent the misuse of Company's and its subsidiary' assets from the Directors or the Management without authorisation. It also included the transactions with persons who might have conflicts of interest and related parties. For internal control in other topics, the Board of Directors agreed that there were sufficient internal control. In addition, no significant error on internal control system was found from the operations carried by the internal audit unit in 2019 in auditing various organisations in the Company, which may have any impact on the Company's and its subsidiarys' operations. The external auditor did not report any significant errors as well.

### Head of the Internal Audit

The Company assigned Miss Duangporn Tantiwivat as the Company's Head of Internal Audit on July 15, 2011 because she has gained experiences in accounting audit and internal audit operations for over 10 years and understands the Company's and its subsidiary' activities and operations. As a result, it is appropriate for her to be able to sufficiently perform the functions.

However, the consideration and approval of appointing, removing and transferring Head of Internal Audit must be approved by the Audit Committee.

### Compliance

The Company assigned Miss Nisres Distes as Compliance to oversee the compliance to regulations set by the authorities supervising the Company's business operations.

### The highest responsibility in finance and accounting (Chief Financial Officer: CFO) and the person supervising accounting (Chief Accountant)

Board of Directors Meeting No. 4/2016 has pass the resolution to appoint of Mr. Santhat Sanguandikul as Chief Financial Officer which is the highest responsibility in finance and accounting department since July 6, 2016 and Mr. Nitirat Phoullasiri as Financial Controller was appointed to be the person supervising accounting of the company (accountant) since December 6, 2016. Their qualifications are meet the requirements of the Stock Exchange of Thailand and The Securities and Exchange Commission Thailand.

## RISK MANAGEMENT

Asia Aviation is aware and realises the importance of risk management in order to achieve effectiveness and efficiency in the management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation operates its business by holding shares in Thai AirAsia therefore, risk management system has been established for Thai AirAsia which is its subsidiary, with details as follows:

Thai AirAsia's Board of Directors has approved the policy and guideline in risk management for each department to adopt in evaluating, analysing, ranking, and setting direction and strategy to manage risks, along with setting scopes and responsibilities of each relevant department with details of policy, process, risk management framework, as follows:

### Principle and Policy

1. Thai AirAsia is aware that risk is the main factor in business operation from setting the strategy and business plan, to daily business operation. The Company aims to manage risks to the acceptable level and uses resources in an effective and efficient manner.
2. Risk management is part of the organisation culture that is communicated and assigned to the Management and all employees to realise its importance, and to participate in all the process of risk management.
3. The Management and employees jointly identify, evaluate, and set up risk management annually.
4. Risk Management Committee and Audit Committee evaluate the framework for risk management annually and prepare a report.
5. Each step of risk management shall be reported in writing.

### Framework for Risk Management

1. Roles and responsibilities of each unit on risk management include:
  - Board of Directors and Chief Executive Officer identify direction and strategy, and set up structure and overall environment for the Company to support risk management effectively. Board of Directors also evaluates risk assessment and risk management plan, and approves the operation according to plan.
  - Risk Management Committee specifies risk management policy to cover all risks in management, considers and approves risk management plan, establish working groups and evaluates, assesses, monitors, reports systematically, and recommends risk management process to each unit, and constantly monitors and reports the results to the Audit Committee.
  - Audit Committee examines the risk management to ensure that risks are managed and controlled effectively and at the acceptable level.
  - Internal Audit Department examines the internal control system in the area related to risks specified by the Management as significant, examines the overall risk management procedure, and prepares all the results for report to the Company's Board of Directors, Audit Committee, and other relevant unit.

- Process owners identify, analyse, manage and evaluate risks in their own areas of responsibilities.
2. The aim is to summarise the principle and process adopted by Thai AirAsia in managing risks by jointly apply the policy and process for risk management to identify and manage risks that have the tendency to affect the efficiency and growth of Thai AirAsia.
  3. Risk management process includes setting up objectives, goals, and strategies for risk identification, risk assessment, risk evaluation, risk management, and risk monitoring and reporting.

The operation has followed the framework for risk management under the international standards set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as follows:

1. Considering the characteristics of existing or future risks by identifying events or risk factors that may affect or contribute to the achievement of the organisation's and operational goals appropriately by considering risks from the internal operation, laws, society, politics, and external environment, and assigning all departments to identify and categorise risks systematically, and monitoring changes and reporting to the Management or relevant party regularly.
2. Evaluating risk by specifying criteria for evaluation at each level appropriately at the organisational and operational level, and qualitatively and quantitatively evaluating level of risk by considering both acceptable and unacceptable risks in two aspects, which are the impact of the risk taking place and the possibility of the risk for taking place by specifying the level of risk as high, medium or low.
3. Setting strategy to respond to risk at each level and overall risk by avoiding, reducing, averting, and accepting risk, to ensure that all alternatives are efficiently and worthily considered by managing the high risk first to reduce the possibility and impact of the risk.
4. Each department heads controls, evaluates, and monitors results of risk management to keep it to the acceptable and appropriate level, and regularly revises changes or increases of risks in a risk evaluation report to the Top Management.
5. Risk Management Committee follows up on the success of risk management by considering the plan of the Management who responsible for risk factors and the result of the credible evaluation from operation. In each meeting, Risk Management Committee assigns the responsible Management to report the result of risk management for the Audit Committee's acknowledgement.

# RELATED PARTIES TRANSACTIONS

In the years ended 31 December 2019 and 2018, AAV and TAA have engaged certain transactions with persons who may have conflicts of interest as follows:

Person who may have conflicts of interest	Relationship
1) AirAsia Berhad (AAB)	AAGB is major shareholder in AAB and AAGB is also the indirect major shareholder in TAA through AirAsia Investment Limited which holds 45% equity interest in TAA.
2) PT Indonesia AirAsia (IAA)	IAA is an associate of AAGB in which AAGB holds indirect 49.15% equity interest and operates low cost airlines business in Indonesia.
3) AirAsia (India) Limited (AAI)	AAI is an associate of AAGB in which AAGB holds indirect 49% equity interest and operates low cost airlines business in India.
4) Philippines AirAsia, Inc. (PAAI)	PAAI is an associate of AAGB in which AAGB holds indirect 40% equity interest and operates low cost airlines business in Philippines.
5) Airasia Japan (AAJ)	AAJ is an associate of AAGB in which AAGB holds indirect 33% equity interest and operates low cost airlines business in Japan.
6) AirAsia (Guangzhou) Aviation Service Limited (AGZ)	AGZ have the same major shareholder which is AirAsia Investment Limited and AirAsia Investment Limited hold 100% equity in AGZ and hold 45% equity interest in TAA.
7) AirAsia X Berhad (AAX)	AAX has director who is also director in TAA; Datuk Kamarudin Bin Meranun.
8) AirAsia Pte. Ltd. (AAPL)	AAPL is a subsidiary of AAGB in which AAGB holds indirect 100% equity interest through AirAsia Investment Limited and operates ground handling service to AirAsia Group flight at Singapore station.
9) Thai AirAsia X (TAAX)	TAAX has four directors who are also directors in TAA; Mr. Tassapon Bijleveld, Datuk Kamarudin Bin Meranun, Mr. Phairat Pornpathananangoon and Mrs. Pattra Boosarawongse. Mr. Tassapon Bijleveld is the indirect shareholder in TAAX which holds 49.5%
10) PT Indonesia AirAsia X (IAAX)	IAAX is an associate of AAX in which AAX holds direct 49% equity interest and operates low cost airlines business for long-haul flight in Indonesia.
11) AAE Travel Pte Ltd. (AAE)	AAE is an associate of AAB in which AAB holds indirect 25% equity interest and provided travel information, determining the availability of travel-related goods and services, making legitimate reservations or otherwise transacting business with travel suppliers.
12) Tune Insurance Malaysia Berhad (TIMB)	Tune Protect Group Berhad has director who is also director in TAA; Datuk Kamarudin Bin Meranun. TIMB is a subsidiary of Tune Protect Group Berhad in which Tune Protect Group Berhad holds direct 83.3% equity interest.

Person who may have conflicts of interest	Relationship
13) Tune Hotels Regional Services (Thailand) Co., Ltd. (THT)	Tune Group Sdn. Bhd. has director who is also director in TAA; Datuk Kamarudin Bin Meranun. Tune Group Sdn. Bhd. is major shareholder in THT, THSB and TTSB.
14) Tune Hotels Regional Services Sdn. Bhd. (THSB)	
15) Tune Talk Sdn. Bhd (TTSB)	
16) Tune Talk (Thailand) Limited	Tune Group Sdn. Bhd. has director who is also director in TAA; Datuk Kamarudin Bin Meranun. Tune Group Sdn. Bhd. is an indirect shareholder in Tune Talk (Thailand) Limited through Tune Talk International Sdn. Bhd. (Malaysia) which holds 48% equity interest in Tune Talk (Thailand) Limited.
17) Great Fortune Broker Co., Ltd. (GFB)	GFB is broker for Tune Insurance PLC which was hold direct 49% equity interest from Tune Protect Group Berhad. Tune Protect Group Berhad has director who is also director in TAA; Datuk Kamarudin Bin Meranun.
18) AirAsia SEA Limited (Former : AirAsia (IHQ) Limited) (IHQ)	AAGB is major shareholder in IHQ and AAGB is also the indirect major shareholder in TAA. IHQ has three directors who are also directors in TAA; Mr. Tassapon Bijleveld, Mr. Rozman Bin Omar and Mrs. Patra Boosarawongse.
19) BIGLIFE Sdn. Bhd. (Former : Big Loyalty Sdn. Bhd.) (BIG)	BIG is an indirect subsidiary of AAGB which AAGB holds 80% equity interest.
20) Asia Aviation Capital Limited (AAC)	AAC is a subsidiary of AAB in which AAGB holds indirect 100% equity interest.
21) AirAsia (Mauritius) Ltd. (AAM)	AAM is a subsidiary of AAGB in which AAGB holds indirect 100% equity interest.
22) Bangkok Aviation Center Plc. (BAC)	BAC is the Company which Mr. Tassapon Bijleveld who is director and Executive Chairman of TAA hold 50% of BAC's shares.
23) Airasia SEA Sdn. Bhd. (Former : AirAsia Global Shared Services Sdn. Bhd.) (AASEA)	AASEA is a subsidiary of AAB in which AAGB holds indirect 100% equity interest.
24) Wealth Ventures Co., Ltd. ("Wealth Ventures")	Wealth Ventures is the Company which major shareholder (66.44% of Wealth Ventures' shares) is Mr. Tassapon Bijleveld who is director and Executive Chairman of TAA.
25) Tune Insurance Plc. (TIPLC)	Tune Group Sdn. Bhd. has director who is also director in TAA; Datuk Kamarudin Bin Meranun. Tune Group Sdn. Bhd. is major shareholder in TIPLC.

## 1. Passenger revenue received on behalf of members within AirAsia Group

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia Berhad (AAB)	Passenger revenue received on behalf of members within AirAsia Group is only occurred when payment is made in foreign currency through the bank's payment gateway which includes internet purchase and counter sales.			TAA shares ticket reservation and booking system within AirAsia Group in order to provide customers with convenience in booking ticket across the AirAsia network on the website and counter and sales agents. Passenger revenue received on behalf is a result due to the limitation of bank's payment gateway in transferring passenger revenue to the owner of such revenue within AirAsia Group when payment is made in foreign currency.
(2) PT Indonesia AirAsia (IAA)				
(3) AirAsia (India) Limited (AAI)				
(4) AirAsia X Berhad (AAX)				
(5) Thai AirAsia X (TAAX)				
(6) Philippines AirAsia, Inc. (PAAI)				
(7) PT Indonesia AirAsia X (IAAX)				
(8) Airasia Japan (AAJ)				
	<b>1.1 Revenue that AAB received on behalf of TAA</b>	10,002,662,522	8,025,838,343	
	Receivable from receipts on behalf - AAB	2,277,559,312	881,094,052	<b>Pricing :</b> Reimbursed on actual receipts on behalf of.
	<b>1.2 Revenue that IAA received on behalf of TAA</b>	229,162,166	275,344,836	
	Receivable from receipts on behalf - IAA	502,262,296	302,258,328	<b>Payment term :</b> within 30 days
	<b>1.3 Revenue that AAI received on behalf of TAA</b>	36,725,533	31,761,715	
	Receivable from receipts on behalf - AAI	55,703,171	22,860,397	<b>Transaction in the future :</b> Passenger revenue received on behalf will be an ongoing transaction in the future as it is a normal course of business with general commercial term under the approval in principle by Board of Directors and Audit Committee.
	<b>1.4 Revenue that AAX received on behalf of TAA</b>	539,921,347	482,029,236	
	Receivable from receipts on behalf - AAX	486,853,083	1,825,815,550	
	<b>1.5 Revenue that TAAX received on behalf of TAA</b>	195,671,772	134,434,122	
	Receivable from receipts on behalf - TAAX	39,543,310	13,859,126	
	<b>1.6 Revenue that PAAI received on behalf of TAA</b>	222,371,391	15,784,860	
	Receivable from receipts on behalf - PAAI	217,346,587	6,967,851	
	<b>1.7 Revenue that IAAX received on behalf of TAA</b>	401,820	5,274,914	
	Receivable from receipts on behalf - IAAX	1,116,241	778,954	

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
	<b>1.8 Revenue that AAJ received on behalf of TAA</b>	11,190,835	564,821	
	Receivable from receipts on behalf - AAJ	9,592,375	66,783	
	<b>1.9 Revenue that TAA received on behalf of AAB</b>	3,210,952,730	2,082,447,371	
	Payable from receipts on behalf - AAB	647,275,172	245,393,288	
	<b>1.10 Revenue that TAA received on behalf of IAA</b>	307,561,688	212,457,061	
	Payable from receipts on behalf - IAA	506,705,189	216,518,479	
	<b>1.11 Revenue that TAA received on behalf of AAX</b>	494,140,738	266,578,624	
	Payable from receipts on behalf - AAX	431,215,297	1,575,747,046	
	<b>1.12 Revenue that TAA received on behalf of TAAX</b>	1,339,043,622	2,013,835,834	
	Payable from receipts on behalf - TAAX	30,398,682	159,685,843	
	<b>1.13 Revenue that TAA received on behalf of PAAI</b>	275,813,564	266,768,677	
	Payable from receipts on behalf - PAAI	223,695,874	52,726,077	
	<b>1.14 Revenue that TAA received on behalf of AAI</b>	6,564,909	1,927,421	
	Payable from receipts on behalf - AAI	8,820,207	2,280,305	
	<b>1.15 Revenue that TAA received on behalf of IAAX</b>	137,478	50,391,547	
	Payable from receipts on behalf - IAAX	416,508	566,033	
	<b>1.16 Revenue that TAA received on behalf of AAJ</b>	14,255,988	421,323	
	Payable from receipts on behalf - AAJ	14,126,648	242,776	

## 2. Advance payment on behalf of members within AirAsia Group

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales				
		2019	2018					
(1) AirAsia Berhad (AAB)	Advance payment on behalf within AirAsia Group includes airport charges of airport terminal, ramp and apron areas, passenger service charges, air navigation charges, check-in counters, aerobridge, customs, immigrations and quarantine as well as marketing expenses, training expenses and ICT expenses.			To enhance operational efficiency and management on services which can be shared within AirAsia Group, the advance payment will be made by the party who initiated the route and entered into contract with that particular airport, as well as for marketing and promotional expenses in relation to common routes, training and ICT expenses. The party who entered into contract with the third party will make advance payment on behalf of the Group before making reimbursement based on actual expense.				
(2) PT Indonesia AirAsia (IAA)								
(3) AirAsia X Berhad (AAX)								
(4) Thai AirAsia X (TAAX)								
(5) Philippines AirAsia, Inc. (PAAI)								
(6) AirAsia (India) Limited (AAI)								
(7) PT Indonesia AirAsia X (IAAX)								
(8) AirAsia Japan (AAJ)					<b>2.1 TAA makes advance payment on behalf of AAB</b>	307,503,512	483,532,307	
(9) AAE Travel Pte Ltd. (AAE)					Receivable on advance payment - AAB	494,288,960	388,876,867	
(10) Tune Insurance Malaysia Berhad (TIMB)					<b>2.2 TAA makes advance payment on behalf of IAA</b>	21,010,542	21,781,200	<b>Pricing :</b>
(11) Tune Talk Sdn. Bhd (TTSB)					Receivable on advance payment - IAA	41,203,807	22,568,311	Reimbursement based on actual advance payment or in portion according to the agreed allocation.
(12) AirAsia Pte. Ltd. (AAPL)					<b>2.3 TAA makes advance payment on behalf of AAX</b>	1,257,144	1,554,689	<b>Payment term :</b> within 30 days
(13) Great Fortune Broker Co., Ltd. (GFB)						Receivable on advance payment - AAX	1,126,720	
(14) AirAsia (SEA) Limited (IHQ)					<b>2.4 TAA makes advance payment on behalf of TAAX</b>	289,416,457	710,762,766	<b>Transaction in the future :</b>
(15) AirAsia (Guangzhou) Aviation Service Limited (AGZ)						Receivable on advance payment - TAAX	197,142,448	
(16) BIGLIFE Sdn. Bhd. (BIG)					<b>2.5 TAA makes advance payment on behalf of PAAI</b>	72,229,934	50,328,481	
(17) Asia Aviation Capital Limited (AAC)						Receivable on advance payment - PAAI	42,307,759	
	<b>2.6 TAA makes advance payment on behalf of AAI</b>	1,260,356	432,539					
	Receivable on advance payment - AAI	1,682,015	392,924					
	<b>2.7 TAA makes advance payment on behalf of IAAX</b>	20,163	836,668					
		Receivable on advance payment - IAAX	204,315	203,487				
	<b>2.8 TAA makes advance payment on behalf of AAJ</b>	203,858	154,427					
		Receivable on advance payment - AAJ	94,239	990				
	<b>2.9 TAA makes advance payment on behalf of AAE</b>	-	637,441					
		Receivable on advance payment - AAE	-	-				
	<b>2.10 TAA makes advance payment on behalf of TIMB</b>	859,589	130,596					
		Receivable on advance payment - TIMB	1,790,082	1,274,138				

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
	<b>2.11 TAA makes advance payment on behalf of TTSB</b>	3,926,474	2,243,486	
	Receivable on advance payment - TTSB	560,996	560,996	
	<b>2.12 TAA makes advance payment on behalf of AAPL</b>	-	103,242	
	Receivable on advance payment - AAPL	-	-	
	<b>2.13 TAA makes advance payment on behalf of GFB</b>	685,513	2,806,183	
	Receivable on advance payment - GFB	685,513	2,927,505	
	<b>2.14 TAA makes advance payment on behalf of IHQ</b>	129,101	224,058	
	Receivable on advance payment - IHQ	-	224,058	
	<b>2.15 TAA makes advance payment on behalf of AGZ</b>	2,625,210	21,507,235	
	Receivable on advance payment - AGZ	1,846,979	1,512,062	
	<b>2.16 TAA makes advance payment on behalf of BIG</b>	2,446,923	21,585,025	
	Receivable on advance payment - BIG	1,572,754	2,942,591	
	<b>2.17 AAB makes advance payment on behalf of TAA</b>	589,216,942	735,196,098	
	Payable on advance payment - AAB	206,376,775	66,469,843	
	<b>2.18 IAA makes advance payment on behalf of TAA</b>	61,670,096	44,942,835	
	Payable on advance payment - IAA	104,546,752	46,827,593	
	<b>2.19 AAI makes advance payment on behalf of TAA</b>	1,344,350	2,111,421	
	Payable on advance payment - AAI	4,366,157	2,832,440	
	<b>2.20 AAX makes advance payment on behalf of TAA</b>	7,418,427	16,749,496	
	Payable on advance payment - AAX	5,107,724	56,759,176	
	<b>2.21 TAAX makes advance payment on behalf of TAA</b>	4,981,455	13,075,651	
	Payable on advance payment - TAAX	1,914,851	76,392	
	<b>2.22 PAAI makes advance payment on behalf of TAA</b>	606,583	155,314	
	Payable on advance payment - PAAI	125,862	61,676	
	<b>2.23 IAAX makes advance payment on behalf of TAA</b>	-	79,269	
	Payable on advance payment - IAAX	-	-	



Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
	<b>2.24 AAE makes advance payment on behalf of TAA</b>	9,538,232	36,666,800	
	Payable on advance payment - AAE	2,269,927	2,408,422	
	<b>2.25 AAPL makes advance payment on behalf of TAA</b>	-	696,080	
	Payable on advance payment - AAPL	-	-	
	<b>2.26 AGZ makes advance payment on behalf of TAA</b>	26,772	22,338	
	Payable on advance payment - AGZ	4,965	7,914	
	<b>2.27 AAC makes advance payment on behalf of TAA</b>	-	1,630,740	
	Payable on advance payment - AAC	-	1,630,740	

### 3. Interest income and interest expenses within AirAsia Group

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia (India) Limited (AAI) (2) AirAsia X Berhad (AAX)	Interest income and interest expense within AirAsia Group is calculated upon the late payment of the net outstanding receivables/payables for more than 30 days from invoice date.			TAA and companies within AirAsia Group have charged interest within the Group on the late payment of the net outstanding receivables/payables over the due date, which is 30 days from invoice date.
	<b>Interest income:</b> TAA receives interest income from related parties on the delay of payment.			<b>Interest rate:</b> Interest rate within AirAsia Group is applied, equivalent to AAB's financial cost at 6% per annum in 2018 and 2019.
	<b>Interest income - AAI</b>	-	166,773	<b>Payment term:</b> within 30 days
	Outstanding net receivable - AAI	-	-	
	Interest income receivable - AAI	404,340	322,505	
	<b>Interest income - AAX</b>	-	2,854,981	<b>Transaction in the future :</b>
	Outstanding net receivable - AAX	-	-	- Transaction will be ongoing in the future as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
	Interest income receivable - AAX	-	25,064,326	

#### 4. Aircraft and aircraft engine rental

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia (Mauritius) Ltd. (AAM)	TAA leases its aircraft and aircraft engine (operating lease) from AAM of 14 aircraft as of 31 December 2019.			TAA has leased its aircraft and aircraft engine from AAM for business operation. AirAsia Group has a pooling purchase for higher bargaining power with manufacture.
	<b>Aircraft and aircraft engine rental</b>	2,144,242,113	3,314,226,271	<b>Lease rate :</b>
	Aircraft and aircraft engine rental payable (receivable) - AAM	110,545,497	377,679,384	Lease rate is quoted in US Dollar term for a monthly payment with contract period of 12 years and comparable to industry average rate.
	Other non-current asset - Aircraft and aircraft engine rental deposit	275,785,640	364,818,240	<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Aircraft and aircraft engine rental will be an ongoing transaction until the expiration of lease agreement on each aircraft as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee. In addition, TAA will continue the pooling purchase order together with AirAsia Group.

## 5. Aircraft maintenance

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia (Mauritius) Ltd. (AAM)	TAA pays aircraft repair and maintenance cost to AAM, the lessor, for the D check or major overhaul as specified under the aircraft lease agreement.			The operating lease agreement between TAA and AAM required for TAA to have repair and maintenance on leased aircraft as well as has set conditions before delivery, in which the leased aircraft must be fully repaired upon the contract expiration as this a normal terms under aircraft lease agreement.
(2) AirAsia Berhad (AAB)				
	<b>Aircraft maintenance - AAM</b>	854,519,940	1,349,813,746	
	Aircraft maintenance payable - AAM	115,502,357	152,055,020	
	Aircraft maintenance claim receivable - AAM	11,343,906	-	
	<b>Aircraft maintenance - AAB</b>	1,288,129,150	808,378,984	
	Aircraft maintenance payable - AAB	255,630,227	233,816,940	
	Aircraft maintenance reserves- AAB	5,963,213,001	4,532,740,844	
				<b><u>Maintenance rate :</u></b> Maintenance rate is quoted per flight hour / cycle in USD term for a monthly payment and comparable to industry average rate
				<b><u>Payment term :</u></b> within 30 days
				<b><u>Transaction in the future :</u></b> Aircraft maintenance will be an ongoing transaction until the expiration of lease agreement and maintenance agreement on each aircraft as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 6. Booking Fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia Berhad (AAB)	TAA pays online air ticket booking system fee (booking fee) to AAB.			TAA shares the same booking system with others in AirAsia Group. AAB has entered into a contract, on behalf of the Group, with Navitaire, an independent air ticket sales and management system provider, and will charge the booking fee from TAA based on the actual usage at the rate charged by Navitaire.
	<b>Booking fee</b>	143,992,016	162,700,023	
	Booking fee payable - AAB	20,769,953	12,034,810	
				<p><b>Booking fee rate :</b></p> <p>Booking fee is charged at a fixed rate per passenger on a monthly basis; the rate shall not exceed the amount specified in the contract.</p> <p><b>Payment term :</b> within 30 days</p> <p><b>Transaction in the future :</b></p> <p>Booking fee will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.</p>

## 7. Purchase of merchandise and equipment

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia Berhad (AAB)	TAA purchases merchandise and equipment from AAB such as aircraft spare parts and certain inflight merchandise for selling on board.  <b>Purchase of merchandise and equipment</b> Purchase payable - AAB	16,735,367 2,345,958	60,628,026 16,184,661	TAA purchases merchandise and equipment from AAB such as aircraft spare parts and certain inflight merchandise for selling on board. Having centralised the product sourcing, AAB will accumulate all demand from AirAsia Group before making a pooling purchase for higher bargaining power with suppliers.  <b>Pricing :</b> Comparable pricing with the one AAB made with outsiders  <b>Payment term :</b> within 30 days  <b>Transaction in the future:</b> Purchase from the Group will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 8. Administrative Fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia Berhad (AAB)	TAA pays administrative fee to AAB  <b>Administrative fee</b> Administrative fee payable - AAB	14,946,844 2,398,136	15,500,406 1,291,392	TAA pays administrative fee to AAB in return of its assistance on business operations in term of airline technical expertise including administration, crew sourcing, consulting and other assistance in regards to airline business.  <b>Pricing :</b> Fix rate of USD 40,000 per month as agreed in the administrative agreement  <b>Payment term :</b> within 30 days  <b>Transaction in the future:</b> Administrative fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 9. (Gain) loss from fuel swap agreement allocation

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia Berhad (AAB)	TAA has the share of (gain) loss from fuel price swap agreements done through AAB as specified in the fuel swap agreement.			In protecting the risks on fluctuation of fuel price, TAA has entered into the fuel price swap agreement through AAB for better bargaining power. The decision making is dependent on TAA's judgment.
	<b>Share of (gain) loss from fuel price swap agreements - AAB</b>	(74,197,141)	(254,765,405)	<b>(Gain) loss allocation :</b>
	Payable (Receivable) on share of (gain) loss from fuel price swap agreements - AAB	(71,371,768)	22,848,087	(Gain) loss from fuel price swap agreement will be allocated on a monthly basis by the estimated amount of fuel used by each company.
	Other non-current assets - deposits on fuel price swap	14,988,350	16,142,400	<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> (Gain) loss from fuel swap agreement allocation will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 10. Pilot training cost

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Bangkok Aviation Center Co., Ltd. (BAC)	TAA pays pilot training cost to BAC			TAA and BAC mutually signed an MOU for cooperation in commercial pilot training.
	<b>Pilot training cost - BAC</b>	3,949,274	3,838,162	<b>Pricing :</b>
	Pilot training cost payable - BAC	-	58,162	At agreement price of different types of the training
				<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Pilot training cost will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 11. Brand license fee to AirAsia Berhad

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia Berhad (AAB)	TAA pays Brand license fee to AAB			From January 2013, TAA will pay AAB for using the brand. " AirAsia".
	<b>Brand license - Expense</b>	608,504,991	594,567,535	
	Payable on brand license fee - AAB	152,739,782	146,173,206	<b>Pricing :</b> At 1.5% of total revenue The rate is comparable to the rate that AAB charge to other joint venture within AirAsia Group.
				<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Brand license fee will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 12. Revenue from administrative fee from Insurance premium

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Tune Insurance Malaysia Berhad (TIMB)	TAA receives administrative fee from Insurance Premium which is received from passenger in AirAsia			TAA receives administrative fee from Insurance Premium which is received from passenger in AirAsia Insure project
(2) Great Fortune Broker Co., Ltd. (GFB)	Insure project.			
	<b>Revenue from administrative from insurance premium - TIMB</b>			<b>Pricing :</b> Insurance Premium paid to TIMB and GFB are based on actual receipts. Administrative fee as agreed in the administrative agreement can comparable to market price.
	Insurance Premium	9,897,170	13,813,376	
	Administrative fee	2,474,292	3,453,344	
	Payable (Receivable) on Insurance Premium	(148,769)	(72,923)	<b>Payment term :</b> within 30 days
	<b>Revenue from administrative from insurance premium - GFB</b>			<b>Transaction in the future :</b> Administrative fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
	Insurance Premium	244,108,705	220,681,094	
	Administrative fee	40,529,793	36,692,069	
	Payable on Insurance Premium	1,728,831	319,069	
	Receivable on Administrative fee	851,237	3,601,972	

### 13. Management Fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Asia Aviation Plc. (AAV)	TAA pays management fee to AAV			TAA pays management fee to AAV for consultant and management policy which are related to operating company.
	<b>Management fee</b>	25,000,000	31,250,000	<b>Pricing :</b> Management fee at 6,250,000 Baht per quarter and Actual cost as agreed in the administrative agreement
	Payable on management fee - AAV	-	-	<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Management fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

### 14. Accounting, People, ICT service fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Airasia SEA Sdn. Bhd. (Former : AirAsia Global Shared Services Sdn. Bhd.) (AASEA)	AASEA provides service for people, accounting, and ICT services for AirAsia Group. AAB provides service for ICT services for AirAsia Group since June 2017			AASEA provides service for people, accounting, and ICT services which AAB provide ICT services since June 2017 for AirAsia Group. AASEA and AAB will calculate services fee by staff headcount.
(2) AirAsia Berhad (AAB)	<b>Accounting, People, ICT service fee - AASEA</b>	51,339,574	39,615,010	<b>Pricing :</b> Invoices will be issued to AirAsia Group by calculating from staff headcount as agreed in the administrative agreement plus margin as specified in the service agreement.
	Payable on Accounting, People, ICT service fee - AASEA	17,703,789	9,614,896	
	<b>ICT service fee - AAB</b>	31,717,112	30,986,626	
	Payable on ICT service fee - AAB	7,219,930	2,156,651	<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Accounting, People, ICT service fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.



## 15. Loyalty program service fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) BIGLIFE Sdn. Bhd. (Former : Big Loyalty Sdn. Bhd.) (BIG)	BIG arranges Big Loyalty program for return benefit to customer in AirAsia Group, by issuing big point. Customer can redeem point for flight ticket and other service in AirAsia Group.			BIG arranges Big Loyalty program for return benefit to customer in AirAsia Group, by issuing big point .Customer can redeem point for flight ticket and other service in AirAsia Group.
	<b>Loyalty program service fee</b>	80,585,176	51,127,335	<b>Pricing :</b> Loyalty program service fee as agreed in the administrative agreement
	Payable on Loyalty program service fee - BIG	16,103,868	57,730,848	
	<b>Passenger Revenue</b>	173,472,400	83,889,649	
	Receivable on Passenger Revenue	75,797,274	86,047,932	<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Loyalty program service fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 16. Purchase of merchandise

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Tune Talk (Thailand) Limited	TAA purchases merchandise such as sim card for selling on board.			TAA purchases merchandise such as sim card for selling on board from Tune Talk (Thailand) Limited.
	<b>Purchase of merchandise</b>	3,095,240	4,708,000	<b>Pricing :</b> Purchases merchandise price as agreed in the administrative agreement
	Purchase payable - Tune Talk (Thailand)	-	-	
				<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Purchase of merchandise from this company will be an ongoing transaction as it is a supporting normal course of business with general commercial term.

## 17. Security Service

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia (India) Limited (AAI)	TAA pays security service for FD flight in Cochin (COK), Kempegowda (BLR), Kolkata (CCU), Jaipur (JAI), Chennai (MAA), Bhubaneswar (BBI) and Visakhapatnam (VTZ) to AAI.			TAA enters into Security service agreement with AAI due to state requirement on separated security service to handle flight which AAI will provide security service for FD flight at Cochin (COK), Kempegowda (BLR), Kolkata (CCU), Jaipur (JAI), Chennai (MAA), Bhubaneswar (BBI) and Visakhapatnam (VTZ) station.
	<b>Security Service - AAI</b>	19,557,022	12,193,730	<b>Pricing :</b> Security service fee as agreed in the administrative agreement
	Payable on security service - AAI	28,705,284	12,546,546	<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Security services will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 18. Expenses for room services and meeting room services

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Wealth Ventures Co., Ltd. ("Wealth Ventures")	TAA uses accommodation and meeting room at Hotel Mercure Bangkok Makkasan.			TAA uses accommodation and meeting room at Hotel Mercure Bangkok Makkasan which convenience and sufficient meeting rooms.
	<b>Expenses for room services and meeting room services</b>	2,188,196	1,056,105	<b>Pricing :</b> Room service fee as agreed in the administrative agreement
	Payable - Wealth ventures	76,576	76,576	<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Expenses for room services and meeting room services will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 19. Marketing fund expenses

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia (Guangzhou) Aviation Service Limited (AGZ)	AGZ provides marketing service for China market to TAA.  <b>Expense for Marketing fund</b> Payable on marketing fund - AGZ	139,035,327 27,036,505	146,406,573 69,447,640	AGZ provides marketing service for China market to TAA.  <b>Pricing :</b> Marketing fund fee as agreed in the administrative agreement which will quarterly correct in advance.  <b>Payment term :</b> within 30 days  <b>Transaction in the future :</b> Expenses for Marketing fund will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 20. Ground service expenses

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) AirAsia X Berhad (AAX)	TAA receives ground service from companies under AirAsia Group.			TAA enters into Ground service agreement with companies under AirAsia Group
(2) AirAsia (Guangzhou) Aviation Service Limited (AGZ)				
(3) AirAsia (India) Limited (AAI)	<b>20.1 Expense for Ground service - AAX</b> Payable on Ground service - AAX	(1,458,242) 7,114,931	11,845,203 11,691,952	<b>Pricing :</b> Ground service fee as agreed in the administrative agreement.
	<b>20.2 Expense for Ground service - AGZ</b> Payable on Ground service - AGZ	139,935,721 39,522,625	103,765,524 1,751,2702	<b>Payment term :</b> within 30 days
	<b>20.3 Expense for Ground service - AAI</b> Payable on Ground service - AAI	6,480,203 5,775,856		- <b>Transaction in the future :</b> - Expenses for ground service will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 21. Other Services

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Thai AirAsia X (TAAX)	TAA provides service for inflight warehouse management, ICT, People management, and other services to TAAX			TAA provides service for inflight warehouse management, ICT, People management, and other services to TAAX
	<b>Revenues for other services fee - TAAX</b>	15,867,997	5,959,873	<b>Pricing :</b> Other services fee as agreed in the administrative agreement.
	Receivables on other service fee - TAAX	4,139,481	5,801,154	
				<b>Payment term :</b> within 30 days
				<b>Transaction in the future :</b> Revenues for other services fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## 22. Advertising Revenue

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2019	2018	
(1) Tune Insurance Plc. (TIPLC)	TAA provide advertising service to TIPLC.			TAA provide advertising service to TIPLC.
	<b>Revenues for Advertising revenue - TIPLC</b>	6,850,000		- <b>Pricing :</b> - Advertising fee as comparable pricing with the one TAA made with outsiders.
	Receivables on other Advertising revenue - TIPLC	7,329,500		
				<b>Payment term :</b> Within 30 days
				<b>Transaction in the future :</b> This will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

## **The Audit Committee Opinion on the related parties' transactions**

The related parties' transactions have been considered and opined by the audit committee of Asia Aviation and Thai AirAsia as reasonable and essential for the operations of both companies, having general commercial terms under the normal course of business, undertaken for the best interests of the companies.

## **Approval procedure for related parties' transactions**

In the case of entering into the related parties transactions, Asia Aviation and Thai AirAsia will follow the guidance in accordance with the Securities and Exchange Act as well as the notifications, rules and regulations of the Securities Exchange Commission (SEC) and will consider on the basis of necessity and reasonableness of the transaction with the fair price and business terms at the company's best interests before proposing to the Board of Directors and/or Shareholders' Meeting, whichever case may be. Person with conflict of interest shall not be eligible to approve on such transaction. In the case that the audit committee of the Company and/or of Thai AirAsia lacks the expertise in considering the upcoming related parties transactions, the Company and Thai AirAsia will appoint independent experts or auditors for opinion on such transactions.

## **Policy on entering into the related parties' transaction in the future**

Asia Aviation and Thai AirAsia will enter into transactions with related parties in the future with considerations on the reasonableness, the appropriate pricing policy and fair business terms as well as with proper approval process according to relevant rules and regulations at the best interest of the company.

# AUDIT COMMITTEE REPORT

## DEAR SHAREHOLDERS OF ASIA AVIATION PUBLIC COMPANY LIMITED,

The Audit Committee comprises of three qualified Independent Directors, namely Mr. Vichate Tantiwanich as Chairman of the Audit Committee, Mr. Nuttawut Phowborom and Mr. Veerayooth Bodharamik as member of Audit Committee. Head of the Internal Audit Department also acts as the Committee Secretary.

All Directors on the Audit Committee are fully qualified as required by the Stock Exchange of Thailand and have performed their duties responsibly and completely as stipulated in the Audit Committee Charter approved by the Company's Board of Directors, as well as in accordance to the Notice of the Stock Exchange of Thailand.

For the accounting period ending December 31, 2019, the Audit Committee called 5 meetings and 3 meetings attended by all members of the Audit Committee. After that, the Audit Committee reported results from the Audit Committee Meeting to the Board of Directors Meeting.

For the accounting period ending December 31, 2019 the Audit Committee completely perform their duty as specified in the committee charter. The details can be summarised as follows:

1. Reviewed the quarterly and annual financial statements for 2019 with the Company's Executives and the auditors with constructive comments and recommendations to ensure that the financial information is accurate, complete, reliable and in compliance with the generally accepted practices, and also being appropriately and sufficiently disclosed.
2. Reviewed the efficiency and effectiveness of the internal control system, the risk management, and the internal audit system, together with the Internal Audit Department, the Company's Executives, and auditors.
3. Reviewed the Audit Committee Charter and the Internal Audit Charter in order to ensure the past practice has been done completely according to their responsibilities and assignment and also to make the said charters up-to-date and appropriate to the corporate environment.
4. Reviewed the results of the internal audit for each quarter in 2019 and ensured the modification and improvement as recommended in the audit reports for effective and efficient operation.

5. Approved the plan, budget and headcount of internal audit for year 2019 and considered the result of internal audit report which Internal Audit Department reported directly to Audit Committee including evaluated the performance of the Head of Internal Audit Department.
6. Reviewed and commented on connected transactions or transactions which might give rise to conflict of interest and the disclosure of the said information as regulated by the Stock Exchange of Thailand and the Securities and Exchange Commission.
7. Considered the appointment and remuneration of auditors by taking the business expertise and experiences, the appropriateness of the fees and the independence of the auditors into consideration. Consequently, for the fiscal year ending on December 31, 2019, the Audit Committee selected and proposed Mr. Termphong Opanaphan C.P.A. Registration No. 4501, Miss Manee Rattanabunnakit C.P.A. Registration No. 5313, Miss Kosum Cha-em C.P.A. Registration No. 6011 and Mrs. Kunlapee Piyawannasuth C.P.A. Registration No. 6137 as the Company's and its subsidiarys' external auditors. Over the past accounting period, the external auditors performed their work with good knowledge, professional capabilities and provided recommendations on internal control system as well as risk exposures. They are independent in doing their jobs with the appropriate remuneration rates.
8. Reviewed the Company's compliance with the regulations and legal framework of the Stock Exchange of Thailand and the Securities and Exchange Commission and other applicable laws, and the principles of good corporate governance, in cooperation with the Company's Executives and the Internal Audit Department.

From the above-mentioned operations, the Audit Committee believe that in 2019 the Company prepared its financial statements accurately in compliance with the generally accepted accounting standards with information accurately, sufficiently and reliably disclosed; appropriate and efficient internal audit and risk management. The Company complied with the relevant laws and regulations with the transparent supervision on related transactions without causing any conflicts of interest and having optimal benefits to the Company and its Shareholders. The Company's operations were sufficiently, transparently and reliably in compliance with the principle of good corporate governance.



(Mr. Vichate Tantiwanich)  
Chairman of the Audit Committee

# REPORT OF DIRECTORS RELATING TO RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for Asia Aviation’s financial statements and Asia Aviation and its subsidiaries’ consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparency disclosed in the notes to financial statements for the Company Shareholders and investors.

The Board of Directors has provided and maintained risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy, financial reports, review internal controls, internal audit and risk management system. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

The financial statements of the Company and the consolidated financial statements of The Company and its subsidiary have been examined by an external auditor, EY Office Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company’s records and related data as requested. The auditor’s opinion is presented in the auditor’s report as part of this annual report.

The Board of Directors considers the Company’s overall internal control system satisfactory and provides credibility and reliability to Asia Aviation’s financial statements and Asia Aviation and its subsidiaries’ consolidated financial statements for the year ended December 31, 2019. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(Mr. Vichate Tantiwanich)  
Chairman of the Board



(Mr. Santisuk Klongchaiya)  
Chief Executive Officer

# MANAGEMENT DISCUSSIONS AND ANALYSIS

## EXECUTIVE SUMMARY

The global economy during 2019 was faced with a decelerating growth from the prolonged and heightened trade war together with the geopolitical tensions, affecting trade policy and economics. Consequently, the export, the investment and the confidence in the private sector were going through a slowdown. However, the global economy during the fourth quarter of 2019 (Q4/2019) was likely stable from the progress of trade negotiation between the US and China. The US economy grew with a slower rate, primarily due to a slowdown in the manufacturing, reflected in a decrease in Purchasing Manager Index in which a direct effect from the trade war. At the same time, the Chinese economy expanded 6.1 percent, lower than the 6.6 percent growth reported in 2018, mainly from the deterioration in the exports along with, the declining in confidence of manufacturing and investment. While, the Eurozone economy has confronted with the diminished economic trend from a deceleration in the manufacturing sector, while the services sector grew at a sluggish rate, disrupted by trade and geopolitical tensions. Thus, the volatilities mentioned above have impacted Thailand's economic growth and the company's operation.

In Q4/2019, the Thai economy grew at 1.6 percent, hitting the slowest pace of expansion in more than five years. As a result, full year 2019 GDP growth slowed to 2.4 percent from 4.2 percent in 2018 due to the deceleration of manufacturing. Although the government measures enhanced the services sector, its growth was at a sluggish rate. Furthermore, the continual strengthening of Thai baht from the surplus of trade balance and foreign exchange reserve led to a contraction in exports and tourism industry. At the same time, the imports remained steady from the lack of confidence in the global economy.

International tourists to Thailand in 2019 (January to December) increased by 4 percent from the same period last year to 39.8 million. Meanwhile, international tourists to Thailand in Q4/2019 (October to December) improved by 6 percent over the same period last year to 10.3 million. The major international tourists are from East Asia visitors. Among those regions, South Asia maintained the highest growth at 20 percent. Meanwhile, the Chinese tourists recovered for two consecutive quarters by 15 percent together with the first time recovery in the number of European visitors by 2 percent compared to the same period last year.

The number of passengers carried of Thai AirAsia in 2019 was at 22.15 million, or up by 3 percent over the same period last year. While, Q4/2019 marked at 5.4 million, edged down by 1 percent compared to the same period last year. At the same time, the Available Seat Kilometres (ASK) declined by 1 percent from the last year to 6,398 million as a result of capacity realignment to enhance efficiency and better match demand. During the said quarter, Thai AirAsia inaugurated new route from Chiang Rai to Hangzhou in China. It also increased flight frequencies on popular routes including Bangkok (Don Mueang) to Jaipur in India and Bangkok to Nan.

## FINANCIAL PERFORMANCE SUMMARY

Asia Aviation Public Company Limited ("AAV") is a major shareholder of Thai AirAsia Company Limited who is an airline operator of Thai AirAsia, in which the Company currently holds 55 percent.

### **Asia Aviation Public Company Limited's financial performance for the year ended 31 December 2018 and 2019 has been summarised below:**

#### Statement of Comprehensive Income

For the year ended 2019 (FY2019), Asia Aviation Plc had total revenues of Baht 41,553.1 million, increased of Baht 1,352.9 million or up by 3 percent compared to the same period last year. Meanwhile, loss before finance cost and income tax amounted to Baht 100.0 million, reversed from a net profit before finance costs and income taxes amounted to Baht 660.1 million from the same period last year. Consequently, a net loss for the year attributable to equity holders of the Company in FY2019 amounted to Baht 474.0 million, reversed from profit for the year attributable to equity holders of Baht 70.0 million, having a net loss margin of 1 percent and basic loss at Baht 0.0977 per share. Thus, loss in total comprehensive income for the year attributable to equity holders of the Company amounted to Baht 438.0 million, which is calculated by including the reassessments of employee benefit obligations resulting in the actuarial gain in an amount of Baht 81.7 million and net with the income tax in an amount of Baht 16.3 million.



## Statement of Financial Position

### Assets

As at 31 December 2019, total assets amounted to Baht 62,902.6 million, increased by Baht 1,155.8 million or 2 percent compared to the year ended 31 December 2018, due to;

- (1) Current assets increased by Baht 1,061.4 million, an increase in the amounts due from related parties of Baht 1,047.8 million, despite a decrease in cash and cash equivalents in an amount of Baht 140.4 million.
- (2) Non-current assets increased by Baht 94.4 million due to an increase in the aircraft maintenance reserves of Baht 1,430.5 million in relation to an increase in operational hours. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of Baht 1,307.9 million, resulting from an increase in accumulated depreciation.

### Liabilities

As at 31 December 2019, total liabilities amounted to Baht 35,214.1 million, decreased by Baht 2,090.2 million or 6 percent compared to the year ended 31 December 2018, due to;

- (1) Current liabilities increased by Baht 2,936.9 million, mainly from an increase in the short-term borrowings from financial institutions in an amount of Baht 1,100 million which is proposed for the working capital, the long-term debentures due in May 2020 in an amount of Baht 1,000.0 million, and an increase in the trade payables of Baht 755.4 million.
- (2) Non-current liabilities decreased by Baht 846.7 million, resulting from the repayments of liabilities under finance lease agreements in an amount of Baht 1,760.4 million. Whereas, long-term borrowings from financial institutions increased by Baht 1,661.7 million which is proposed for funding the acquisition of land and the building constructed.

### Equity

As at 31 December 2019, total shareholders' equity amounted to Baht 27,688.5 million, decreased by Baht 934.3 million or 3 percent compared to the year ended 31 December 2018, resulting from the loss for the period in an amount of Baht 866.2 million, the accumulative effect of change in accounting policy for the revenue recognition in an amount of Baht 133.5 million, and net with the other comprehensive income for the year in an amount of Baht 65.4 million. Hence, equity attributable to owners of the Company and non-controlling interests of the subsidiary as at 31 December 2019 amounted to Baht 19,943.9 million and Baht 7,744.6 million, respectively.

## Statement of Cash Flows

For the year ended 31 December 2019, Asia Aviation had net cash generated from operating activities in an amount of Baht 965.7 million due to an increase in trade payable in the period review. While net cash used in investing activities was at Baht 1,793.9 million, mainly from the payment for aircraft maintenance reserves along with the operational hours. At the same time, net cash generated from financing activities was Baht 828.8 million mainly due to an increase in the long-term borrowing from financial institutions for funding the acquisition of land and the building constructed and the short-term borrowings from financial institutions for the working capital, despite the payment for liabilities under finance lease agreements and interest paid. As a result, Asia Aviation Plc had the net increase in cash and cash equivalents of Baht 0.6 million, while the cash and cash equivalents at the end of the period amounted to Baht 3,982.2 million.

## Thai AirAsia's financial performance for the year ended 31 December 2018 and 2019 has been summarised below:

### Statement of Comprehensive Income

For the year ended 2019, total revenues of Thai AirAsia amounted to Baht 41,511.3 million, expanded by 3 percent from Baht 40,199.4 million in FY2018. Mainly, revenues from sales and services in an amount of Baht 40,180.6 million increased by 3 percent compared to the same period last year, primarily due to a 3 percent increase in passengers to 22.1 million, having a load factor of 85 percent. Though, the average fare was at Baht 1,478 per passenger and almost the same with the last year, as a result of improving in the domestic market fares. However, the appreciation of Thai Baht against Chinese Yuan and other regional currencies impacted the conversion in the exchange rate of the international route revenues. Ancillary revenues of Thai AirAsia in FY2019 grew by 5 percent to Baht 7,511.4 million and beaten the target, mainly due to an increase in revenues from seat selection and Fly-Thru service, which connected flights between AirAsia Group, align with the expansion of the international routes. As a result, ancillary revenues per passenger was at Baht 339 per passenger or increased by 3 percent from the same period last year. Moreover, Thai AirAsia grew its fleet size to 63 aircraft at the end of December 2019 by adding two aircraft of A321 neo and retiring one aircraft of A320. ASK increased by 8 percent year-on-year a result of an increase of new routes and added frequencies to China, Indochina and India routes, reflected by the rise in its aircraft utilisation to 12.3 hours per day in FY2019 from 12.0 hours per day in FY2018.

For the year ended 2019, total expenses of Thai AirAsia amounted to Baht 41,658.4 million, increased by 5 percent from Baht 39,539.2 million in FY2018. This increase was primarily from an increase in staff cost, raised mainly from the number of headcount and the recognition of the additional long-term employee benefit liabilities to comply with the labour laws. Moreover, the expenses related to ramp and airport operations increase in line with the number of flights. However, the fuel costs declined by 5 percent from the same period last year as a 10 percent decrease in reference fuel prices compensating for an 8 percent growth in fuel consumption, which increased parallel to the ASK growth. At the same time, the income tax revenue amounted to Baht 1.2 million, decreased from Baht 211.1 million in 2018, as a result of the accumulative unused tax losses from the past periods. In consequence, a net loss for the year 2019 amounted to Baht 871.5 million, having a net loss margin of 2 percent. Total comprehensive income for the year amounted to Baht 806.1 million, which is calculated by including the reassessment of employee benefit obligations resulting in the actuarial gain of Baht 81.7 million and net with the income tax in an amount of 16.3 million.

## Statement of Financial Position

### Assets

As at 31 December 2019, total assets amounted to Baht 39,067.0 million, increased by Baht 1,149.1 million or 3 percent compared to the year ended 31 December 2018, due to;

- (1) Current assets increased by Baht 1,057.1 million, mainly from an increase in the amounts due from related parties of Baht 1,047.5 million, despite a decrease in cash and cash equivalents in an amount of Baht 147.4 million.
- (2) Non-current assets increased by Baht 92.0 million due to an increase in the aircraft maintenance reserves of Baht 1,430.5 million in relation to an increase in operational hours. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of Baht 1,307.9 million, resulting from an increase in accumulated depreciation.

### Liabilities

As at 31 December 2019, total liabilities amounted to Baht 32,228.6 million, increased by Baht 2,088.7 million or 7 percent compared to the year ended 31 December 2018, due to;

- (1) Current liabilities increased by Baht 2,935.8 million, mainly from an increase in the short-term borrowings from financial institutions in an amount of Baht 1,100 million which is proposed for the working capital, the long-term debentures due in May 2020 in an amount of Baht 1,000.0 million, and an increase in the trade payables of Baht 755.4 million.

- (2) Non-current liabilities decreased by Baht 847.0 million, resulting from the repayments of liabilities under finance lease agreements of Baht 1,760.4 million. Whereas, long-term borrowings from financial institutions increased by Baht 1,661.7 million which is proposed for funding the acquisition of land and building constructed.

### Equity

As at 31 December 2019, total shareholders' equity amounted to Baht 6,838.4 million, decreased by Baht 939.6 million or 12 percent compared to the year ended 31 December 2018, mainly due to the loss for the period an amount of Baht 871.5 million and the accumulative effect of change in accounting policy for the revenue an amount of Baht 133.5 million, and net with the other comprehensive income for the year in an amount of Baht 65.4 million. Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at 31 December 2019 were 3.21x and 2.65x, respectively.

## Statement of Cash Flows

For the year ended 31 December 2019, Thai AirAsia had net cash generated from operating activities in an amount of Baht 958.8 million due to an increase in trade payable in the period review. While net cash used in investing activities was at Baht 1,794.0 million, mainly from the payment for aircraft maintenance reserves along with the operational hours. At the same time, net cash generated from financing activities was Baht 828.8 million mainly due to an increase in the long-term borrowing from financial institutions for funding the acquisition of land and the building constructed and the short-term borrowings from financial institutions for the working capital, despite the payment for liabilities under finance lease agreements and interest paid. As a result, Thai AirAsia had the net increase in cash and cash equivalents of Baht 6.4 million, while the cash and cash equivalents at the end of the period amounted to Baht 3,889.6 million.

## Business Outlook

In January 2020, the International Monetary Fund (IMF) projected the world economic growth in 2020 to be at 3.3 percent, recovered gradually from the last year. This growth was mainly due to an easing of the US and China trade war and No-deal Brexit. The economic recovery, however, remains under pressure from several aspects such as the uncertainty of second phase trade negotiation between the US and China and the geopolitical risks of several countries, and the novel coronavirus outbreak (COVID-19). Those factors impose potential risks to tourism growth. In order to respond to the risks that may arise and affect the company's operation, the company analyses possible factors that may prevent the company in achieving its goals and mitigate its risks as follows;

- (1) Interest rate fluctuation: the US economy has a positive signal from the signed off first phase trade agreement. As a result, the Federal Reserve (Fed) is believed to maintain the interest rate steady during the first half of 2020 and likely to hike an interest rate by 0.25 percent to 1.25 percent ahead of the election in November 2020. While Bank of Thailand (BoT) cut its policy rate to 1.00 percent on February 2020 in order to shield the economy from the impact of the spreading COVID-19. The effect of the decreased rate would likely support the borrowing costs of the company as the company would finance for the aircraft and business expansions. Thus, the company has set a measure to alleviate interest rate risk by fixing interest rate during the negotiation for financial lease contracts and by considering using financial instruments at an appropriate time. As of December 31, 2019, Thai AirAsia has a ratio of long-term debts after an interest rate swap between floating interest rates and fixed rates approximately at 10 to 90.
- (2) Currency fluctuation: the Thai baht will continue to remain strong throughout 2020. However, the concern over the COVID-19 economic impact led to the depreciation of Thai baht in the short term. The company has revenues and expenses in various currencies. Therefore, the company has adopted the practice of Natural Hedging to reduce the exposure of foreign exchange rates fluctuation by matching cash expenses and revenues in the same currency as practically possible. Moreover, the structure of the foreign currency loans is made according to the highest currency net operating cash flow. The company also used financial instruments for currency risk management when deemed applicable.
- (3) Fuel costs fluctuation: the company forecasts the jet fuel prices in 2020 to stand within the average range of USD 70 - 75 per barrel, tended to decline from the lengthening excess supply. This was mainly due to the lower consumption, affecting by the trade war between the US and China, as well as the COVID-19 outbreak brought China's fuel consumption. Although, the Organization of the Petroleum Exporting (OPEC) considered cutting its production, this could not offset a decrease in global oil demand. However, the escalating tension in the Middle East, putting the pressure on global oil price volatility. In an attempt to ensure against the constant fluctuation in fuel costs, the company has the fuel hedging policy as a tool to mitigate its exposure to volatility at 74 percent of the total fuel consumption for the year 2020 at an average cost of USD 59.7 per barrel.

The Office of the National Economic and Social Development Council (NESDC) revises down its forecast of Thailand economic growth for 2020 in an average of 1.5 - 2.5 percent, grew at a sluggish rate from the impact of COVID-19 outbreak to the tourism industry, the drought disaster, and the delayed fiscal budget. According to the Tourism and Sports Ministry, revenue from tourism in 2020 is expected to decrease of 3 percent from the last year to achieve at 2.91 trillion, of which Baht 1.78 trillion will stem from international tourists, decreased by 8 percent from the previous year. The number of international tourists in 2020 is forecasted to fall to 36.0 million, or down by 10 percent from the prior year. In response to COVID-19 outbreak economic impact, Thai government endorsed new 16 tourism-stimulus measures with the budget of Baht 500 million to boost the international tourists. In February 2020, the Cabinet passed the resolution to reduce jet fuel excise tax for domestic flights to Baht 0.20/litre, from Baht 4.726/litre until September 30, 2020 to mitigate the impact on the airline business.

For the year 2020, Thai AirAsia revises down the targeted passengers to 20.5 million to align with the situation of COVID-19 outbreak, resulting in a lower load factor of 84 percent. However, Thai AirAsia prompted to manage the situation including reduce frequency or flight cancellation and relocate capacity arrangement to better match demand, together with the cost saving initiative. In term of operations, the Company continues to monitor the situation and fully adhere to safety and public health standards to build confidence in traveling for the passengers. With our proactive management, Thai AirAsia aims to realign its routes and enhance its efficiency. Whereas, after the situation back to normal, the company is striving to stimulate air travel by adding new potential destinations, especially in the South Asia and South part of Japan and add additional flights to strengthen its market share position.

Furthermore, the active of new A321neo aircraft to its fleet, which has more capacity and energy-efficient, together with the excise tax reduction tend to reduce the cost per unit of the Company.

Additionally, Board of directors of the company approved the entering into the aircraft sale and leaseback of 9 aircraft and an outright sale of 1 aircraft transactions. As at February 24, 2020, the transaction were successfully completed 4 out of 10 aircraft, having of 3 aircraft for sale and lease back and 1 aircraft for outright sale. The remaining transactions of 6 aircraft are expected to be completed within the first quarter of the year 2020.

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# FINANCIAL STATEMENTS

31 December 2019  
Asia Aviation Public Company Limited  
and its subsidiary



# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Asia Aviation Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Asia Aviation Public Company Limited (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Asia Aviation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asia Aviation Public Company Limited and its subsidiary and of Asia Aviation Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond to the matter are described below.

### Recognition of passenger service revenues and other related services

Passenger service revenues and other related services of the subsidiary amount to approximately 96% of total revenues which are key performance indicators for users of the financial statements. In addition, recognition of passenger service revenues and other related services for each flight relies on data processed from complex IT systems and involves a significant volume of advanced booking tickets via various sales channels and different ticket prices. As a result, I focused on accuracy and occurrence of data in the revenue reports that were generated from the system to recognise revenues during the year.

I have examined the recognition of passenger service revenues and other related services of the subsidiary by

- Reviewing the testing results as reported in auditor reports of those service organisations, IT general controls and IT application controls over ticket reservation, collections for which covered ticket fare and other related services, and revenue recognition of passenger service revenues and other related services.
- Assessing and testing the subsidiary's internal controls with respect to the revenue process, receipt process and financial statement close process by making enquiry of responsible persons, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Reconciling passenger service revenues recorded in the book to reports generated from a related system.
- On a sampling basis, examining flight information and flight schedules for revenue transactions occurring during the year.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenue transactions throughout the period, including accounting entries made through journal vouchers.

## Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 25 February 2020

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	3,982,231,614	4,122,623,007	92,650,669	85,647,164
Trade and other receivables	9	597,448,919	492,723,479	600,000	450,000
Amounts due from related parties	7	1,920,158,411	872,366,691	450,000	150,000
Inventories		294,641,205	188,318,274	-	-
Current tax assets		24,179,899	24,752,508	-	3,262,956
Prepaid expenses		356,807,227	423,904,907	924,125	811,830
Other current assets		251,412,464	240,794,017	-	49,291
<b>Total current assets</b>		<b>7,426,879,739</b>	<b>6,365,482,883</b>	<b>94,624,794</b>	<b>90,371,241</b>
<b>Non-current assets</b>					
Long-term investment	10	13,191,200	12,593,900	-	-
Investment in subsidiary	11	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	7, 12	5,963,213,001	4,532,740,844	-	-
Property, aircraft, leasehold improvements and equipment	13	24,877,260,550	26,185,182,438	202	4,501
Intangible assets	14	14,878,769,507	14,882,989,798	1	1
Goodwill	15	8,824,825,803	8,824,825,803	-	-
Deferred tax assets	25	-	-	-	343,738
Other non-current assets	7, 16	918,424,474	942,903,352	2,501,570	-
<b>Total non-current assets</b>		<b>55,475,684,535</b>	<b>55,381,236,135</b>	<b>3,069,616,143</b>	<b>3,067,462,610</b>
<b>Total assets</b>		<b>62,902,564,274</b>	<b>61,746,719,018</b>	<b>3,164,240,937</b>	<b>3,157,833,851</b>

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	17	1,750,000,000	650,000,000	-	-
Trade payables		915,104,548	159,682,816	-	-
Other payables		639,616,812	393,233,357	-	520,000
Amounts due to related parties	7	373,823,439	699,189,680	-	-
Current portion of long-term borrowings from financial institutions	18	353,601,294	213,772,250	-	-
Current portion of long-term debentures	19	999,872,760	-	-	-
Current portion of liabilities under finance lease agreements	20	1,334,736,213	1,300,075,453	-	-
Unearned income		4,648,342,693	4,986,934,947	-	-
Income tax payable		619,840	-	619,840	-
Accrued expenses		2,704,532,074	2,561,641,516	1,576,011	754,250
Other current liabilities		238,780,555	57,632,270	618,501	443,561
<b>Total current liabilities</b>		<b>13,959,030,228</b>	<b>11,022,162,289</b>	<b>2,814,352</b>	<b>1,717,811</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions - net of current portion	18	4,285,878,021	2,624,156,110	-	-
Long-term debentures - net of current portion	19	3,096,860,858	4,095,126,167	-	-
Liabilities under finance lease agreements - net of current portion	20	10,158,877,454	11,919,246,970	-	-
Provision for long-term employee benefits	21	666,297,843	422,548,659	-	-
Deferred tax liabilities	25	3,047,146,308	3,040,684,341	-	-
<b>Total non-current liabilities</b>		<b>21,255,060,484</b>	<b>22,101,762,247</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>35,214,090,712</b>	<b>33,123,924,536</b>	<b>2,814,352</b>	<b>1,717,811</b>

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Shareholders' equity</b>					
Share capital					
Registered					
4,850,000,000 ordinary shares of Baht 0.1 each		485,000,000	485,000,000	485,000,000	485,000,000
Issued and fully paid up					
4,850,000,000 ordinary shares of Baht 0.1 each		485,000,000	485,000,000	485,000,000	485,000,000
Premium on ordinary shares		2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings					
Appropriated - statutory reserve	22	48,500,000	48,500,000	48,500,000	48,500,000
Unappropriated		16,810,569,269	17,322,056,067	28,118,311	22,807,766
Equity attributable to owners of the Company		19,943,877,543	20,455,364,341	3,161,426,585	3,156,116,040
Non-controlling interests of the a subsidiary	11.2	7,744,596,019	8,167,430,141	-	-
<b>Total shareholders' equity</b>		<b>27,688,473,562</b>	<b>28,622,794,482</b>	<b>3,161,426,585</b>	<b>3,156,116,040</b>
<b>Total liabilities and shareholders' equity</b>		<b>62,902,564,274</b>	<b>61,746,719,018</b>	<b>3,164,240,937</b>	<b>3,157,833,851</b>

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from sales and services	23	40,180,651,497	38,904,847,688	25,000,000	31,250,000
Dividend income	11.1	-	-	-	1,638,559,825
Gain on exchange		350,471,966	250,401,861	-	-
Other income		1,021,976,290	1,044,957,237	1,758,899	789,019
<b>Total revenues</b>		<b>41,553,099,753</b>	<b>40,200,206,786</b>	<b>26,758,899</b>	<b>1,670,598,844</b>
<b>Expenses</b>					
Cost of sales and services		38,358,527,097	36,423,955,628	-	-
Selling and distribution expenses		1,671,204,119	1,627,575,370	-	-
Administrative expenses		1,623,400,967	1,488,534,680	19,683,135	32,083,956
Loss on exchange		-	-	-	10,575
<b>Total expenses</b>		<b>41,653,132,183</b>	<b>39,540,065,678</b>	<b>19,683,135</b>	<b>32,094,531</b>
<b>Profit (loss) before finances costs and income tax revenue (expense)</b>		<b>(100,032,430)</b>	<b>660,141,108</b>	<b>7,075,764</b>	<b>1,638,504,313</b>
Finance costs		(765,529,180)	(743,708,995)	-	-
<b>Profit (loss) before income tax revenue (expense)</b>		<b>(865,561,610)</b>	<b>(83,567,887)</b>	<b>7,075,764</b>	<b>1,638,504,313</b>
Income tax revenue (expense)	25	(599,706)	210,926,772	(1,765,219)	(126,840)
<b>Profit (loss) for the year</b>		<b>(866,161,316)</b>	<b>127,358,885</b>	<b>5,310,545</b>	<b>1,638,377,473</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain	21	81,722,070	9,610,620	-	-
Less: Income tax effect	25	(16,344,414)	(1,922,124)	-	-
<b>Other comprehensive income for the year</b>		<b>65,377,656</b>	<b>7,688,496</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(800,783,660)</b>	<b>135,047,381</b>	<b>5,310,545</b>	<b>1,638,377,473</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(473,999,019)	69,965,327	5,310,545	1,638,377,473
Non-controlling interests of the subsidiary	11.2	(392,162,297)	57,393,558		
		<b>(866,161,316)</b>	<b>127,358,885</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(438,041,305)	74,194,000	5,310,545	1,638,377,473
Non-controlling interests of the subsidiary		(362,742,355)	60,853,381		
		<b>(800,783,660)</b>	<b>135,047,381</b>		
<b>Earnings (loss) per share</b>					
Basic earnings (loss) per share	27				
Profit (loss) attributable to equity holders of the Company (Baht)		(0.0977)	0.0144	0.0011	0.3378
Weighted average number of ordinary shares (Shares)		4,850,000,000	4,850,000,000	4,850,000,000	4,850,000,000

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements						
	Equity attributable to owners of the Company				Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings				
Appropriated			Unappropriated				
<b>Balance as at 1 January 2018</b>	485,000,000	2,599,808,274	48,500,000	18,872,576,491	22,005,884,765	9,447,217,238	31,453,102,003
Profit for the year	-	-	-	69,965,327	69,965,327	57,393,558	127,358,885
Other comprehensive income for the year	-	-	-	4,228,673	4,228,673	3,459,823	7,688,496
Total comprehensive income for the year	-	-	-	74,194,000	74,194,000	60,853,381	135,047,381
Dividend paid (Note 30)	-	-	-	(1,624,714,424)	(1,624,714,424)	(1,340,640,478)	(2,965,354,902)
<b>Balance as at 31 December 2018</b>	485,000,000	2,599,808,274	48,500,000	17,322,056,067	20,455,364,341	8,167,430,141	28,622,794,482
<b>Balance as at 1 January 2019</b>							
- as previously reported	485,000,000	2,599,808,274	48,500,000	17,322,056,067	20,455,364,341	8,167,430,141	28,622,794,482
Cumulative effect of change in accounting policy for revenue recognition (Note 4)	-	-	-	(73,445,493)	(73,445,493)	(60,091,767)	(133,537,260)
<b>Balance as at 1 January 2019</b>							
- as restated	485,000,000	2,599,808,274	48,500,000	17,248,610,574	20,381,918,848	8,107,338,374	28,489,257,222
Loss for the year	-	-	-	(473,999,019)	(473,999,019)	(392,162,297)	(866,161,316)
Other comprehensive income for the year	-	-	-	35,957,714	35,957,714	29,419,942	65,377,656
Total comprehensive income for the year	-	-	-	(438,041,305)	(438,041,305)	(362,742,355)	(800,783,660)
<b>Balance as at 31 December 2019</b>	485,000,000	2,599,808,274	48,500,000	16,810,569,269	19,943,877,543	7,744,596,019	27,688,473,562

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2018</b>	485,000,000	2,599,808,274	48,500,000	9,144,717	3,142,452,991
Profit for the year	-	-	-	1,638,377,473	1,638,377,473
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,638,377,473	1,638,377,473
Dividend paid (Note 30)	-	-	-	(1,624,714,424)	(1,624,714,424)
<b>Balance as at 31 December 2018</b>	485,000,000	2,599,808,274	48,500,000	22,807,766	3,156,116,040
<b>Balance as at 1 January 2019</b>	485,000,000	2,599,808,274	48,500,000	22,807,766	3,156,116,040
Profit for the year	-	-	-	5,310,545	5,310,545
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,310,545	5,310,545
<b>Balance as at 31 December 2019</b>	485,000,000	2,599,808,274	48,500,000	28,118,311	3,161,426,585

The accompanying notes are an integral part of the financial statements.

# CASH FLOW STATEMENT

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before (loss) tax	(865,561,610)	(83,567,887)	7,075,764	1,638,504,313
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Write-off of bad debts	-	2,239,192	-	-
Depreciation and amortisation	1,716,745,797	1,666,752,866	4,299	4,300
Gain on sales and write-off of leasehold improvements, equipment and intangible assets	(292,399)	(359,467)	-	-
Long-term employee benefits expenses	334,972,904	85,483,876	-	-
Unrealised (gain) loss on exchange	(249,484,329)	1,584,040	-	-
Interest income	(22,191,032)	(58,709,864)	(108,899)	(189,018)
Dividend income	-	-	-	(1,638,559,825)
Finance costs	765,529,180	743,708,995	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	1,679,718,511	2,357,131,751	6,971,164	(240,230)
Operating assets (increase) decrease				
Trade and other receivables	(103,889,980)	(47,515,228)	(150,000)	900,000
Amounts due from related parties	(1,075,319,968)	75,213,791	(300,000)	(30,442)
Inventories	(106,322,931)	(39,517,737)	-	-
Prepaid expenses	67,097,680	(52,607,986)	(112,295)	1,006,019
Other current assets	(2,069,165)	43,773,118	2,550,861	(202,031)
Other non-current assets	24,478,878	(69,106,493)	(2,501,570)	-
Operating liabilities increase (decrease)				
Trade payables	755,421,732	(150,983,356)	-	-
Other payables	246,383,455	(85,089,386)	(520,000)	(61,512)
Amounts due to related parties	(325,366,241)	529,097,466	-	-
Unearned income	(481,190,187)	165,946,512	-	-
Accrued expenses	123,873,329	200,033,277	821,761	(2,280,750)
Other current liabilities	181,148,285	(48,973,808)	174,940	(53,855,304)
Payment for long-term employee benefits	(9,501,650)	-	-	-
Cash flows from (used in) operating activities	974,461,748	2,877,401,921	6,934,861	(54,764,250)
Cash paid for income tax	(9,539,700)	(8,116,398)	(801,641)	(959,890)
Income tax refund	761,386	-	761,386	-
<b>Net cash flows from (used in) operating activities</b>	<b>965,683,434</b>	<b>2,869,285,523</b>	<b>6,894,606</b>	<b>(55,724,140)</b>

The accompanying notes are an integral part of the financial statements.



# CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Decrease in current investments	-	1,493,248,063	-	-
Increase in long-term investment	(597,300)	(710,000)	-	-
Payment for aircraft maintenance reserves	(1,430,472,157)	(880,476,643)	-	-
Payment for leasehold improvements and acquisitions of property, aircraft and equipment	(379,854,170)	(2,406,628,375)	-	-
Acquisitions of intangible assets	(5,368,875)	(4,164,654)	-	-
Interest income	21,304,653	64,007,428	108,899	189,018
Dividend income	-	-	-	1,638,559,825
Proceeds from sales of equipment	1,123,079	1,402,174	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(1,793,864,770)</b>	<b>(1,733,322,007)</b>	<b>108,899</b>	<b>1,638,748,843</b>
<b>Cash flows from financing activities</b>				
Increase in short-term borrowings from financial institutions	1,100,000,000	650,000,000	-	-
Proceeds from long-term borrowings from financial institutions	2,016,695,000	1,226,187,000	-	-
Payments for front end fees of long-term borrowings from financial institutions	(1,500,000)	-	-	-
Repayment of long-term borrowings from financial institutions	(214,682,250)	(1,721,805,103)	-	-
Proceeds from issuance of long-term debentures	-	2,500,000,000	-	-
Payments for front end fee of long-term debentures	-	(4,000,717)	-	-
Cash paid for liabilities under finance lease agreements	(1,310,572,352)	(1,291,551,592)	-	-
Interest paid	(761,185,101)	(681,760,565)	-	-
Dividend paid	-	(2,965,354,903)	-	(1,624,714,424)
<b>Net cash flows from (used in) financing activities</b>	<b>828,755,297</b>	<b>(2,288,285,880)</b>	<b>-</b>	<b>(1,624,714,424)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>573,961</b>	<b>(1,152,322,364)</b>	<b>7,003,505</b>	<b>(41,689,721)</b>
Cash and cash equivalents at beginning of the year	4,122,623,007	5,337,959,662	85,647,164	127,336,885
Unrealised exchange loss on cash and cash equivalents	(140,965,354)	(63,014,291)	-	-
<b>Cash and cash equivalents at end of the year (Note 8)</b>	<b>3,982,231,614</b>	<b>4,122,623,007</b>	<b>92,650,669</b>	<b>85,647,164</b>
Non-cash items:				
Increase (decrease) in other payables from acquisitions of equipment	20,211,253	(36,650,659)	-	-

The accompanying notes are an integral part of the financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

## 1. General information

Asia Aviation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in investing in low-fare airline business company. Its registered address is at 222, Don Mueang International Airport, 3rd floor, Central Office Building, Room no. 3200, Vibhavadee Rangsit Road, Sanam Bin Sub-District, Don Mueang District, Bangkok.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Asia Aviation Public Company Limited (“the Company”) and the following subsidiary (“the Group”):

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(%)	(%)
Thai AirAsia Company Limited	Low-fare airline service	Thailand	55	55

b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) A subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investment in subsidiary under the cost method.

### 3. New financial reporting standards

#### a. Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

##### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the separate financial statements. However, the Group adopted IFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated. The Group elects to apply the practical expedient by not restating completed contracts as at 1 January 2019 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4.

#### b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

##### **Financial reporting standards related to financial instruments**

A set of IFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and an entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

This standard does not have any significant impact on the separate financial statements. However, the management of the Group expects the adoption of these accounting standards to result in the following adjustments to the consolidated financial statements.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade and other receivables and amounts due from related parties.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. The Group is currently considering application of hedge accounting for certain derivatives. However, the Group discloses fair values of derivatives in Note 32.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

#### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

This standard does not have any significant impact on the separate financial statements. However, for consolidated financial statements, the Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the consolidated statement of financial position as at 1 January 2020 for leases of aircraft and aircraft engine agreements to be to increase the Group's assets by approximately Baht 20,254 million and the Group's liabilities by approximately Baht 21,426 million, and to be decrease the Group's retained earnings by approximately Baht 1,172 million. However, the management of the Group is currently evaluating the impact of this standard on the financial statements from other lease agreements in the year when they are adopted. The future minimum lease payments in respect of non-cancellable space, office, office equipment and ground support equipment leases are disclosed in Note 31.3.

#### **4. Cumulative effect of change in accounting policy due to the adoption of new financial reporting standard**

As described in Note 3, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the change in the accounting policy due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

(Unit: Million Baht)

	<b>Consolidated financial statements</b>
Impact on retained earnings as at 1 January 2019	
Processing and change of air ticket fees	143
Related tax	(9)
<b>Total</b>	<b>134</b>

The amounts of adjustments affecting the consolidated statement of financial position as at 31 December 2019 and the consolidated statements of comprehensive income for the year ended 31 December 2019 are summarised below.

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		
	<b>Previous accounting policy</b>	<b>Increase (decrease)</b>	<b>TFRS 15</b>
<b>Statement of financial position</b>			
<b>Assets</b>			
Current assets	7,427	-	7,427
Non-current assets	55,476	-	55,476
<b>Total assets</b>	<b>62,903</b>	<b>-</b>	<b>62,903</b>
<b>Liabilities</b>			
Current liabilities			
- Unearned income	4,629	19	4,648
- Others	9,311	-	9,311
Non-current liabilities			
- Deferred tax liabilities	3,048	(1)	3,047
- Others	18,208	-	18,208
<b>Total liabilities</b>	<b>35,196</b>	<b>18</b>	<b>35,214</b>
Shareholders' equity			
Retained earnings	16,869	(10)	16,859
Non-controlling interests	7,753	(8)	7,745
Others	3,085	-	3,085
<b>Total shareholders' equity</b>	<b>27,707</b>	<b>(18)</b>	<b>27,689</b>
<b>Total liabilities and shareholders' equity</b>	<b>62,903</b>	<b>-</b>	<b>62,903</b>

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		
	<b>For the year ended 31 December 2019</b>		
	<b>Previous accounting policy</b>	<b>Increase (decrease)</b>	<b>TFRS 15</b>
<b>Statement of comprehensive income</b>			
<b>Profit or loss:</b>			
Revenues from sales and services	40,057	124	40,181
Income tax revenue (expense)	7	(8)	(1)
Others	(41,046)	-	(41,046)
<b>Loss for the year</b>	<b>(982)</b>	<b>116</b>	<b>(866)</b>
<b>Loss attributable to:</b>			
Equity holders of the Company	(538)	64	(474)
Non-controlling interests of the subsidiary	(444)	52	(392)
<b>Loss per share (Baht)</b>			
<b>Basic loss per share</b>	<b>(0.1109)</b>	<b>0.0132</b>	<b>(0.0977)</b>

The adjustment is for processing and change of air ticket fees of the scheduled flight operation segment. The subsidiary has considered that such fees are collected as part of the flight service which is a contract performance obligation, and should be recognised throughout the flight service period. Previously, the revenues were recognised in full upon passenger's process of purchase or change of an air ticket.

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Passenger service revenues and other related services*

Passenger service revenues and other related services such as baggage handling fee, assigned seat revenue, cancellation and documentation revenue, processing fee and other fees are recognised upon the rendering of flight services. The value of seats sold and fees for which flight services have not been rendered is included in deferred revenues.

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividend income*

Dividend income is recognised when the right to receive the dividends is established.

## 5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less.

## 5.3 Trade receivables

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## 5.4 Inventories

Inventories comprising food, beverages and merchandise are valued at the lower of cost (under the first-in, first-out method) and net realisable value.

Consumables used internally for aircraft repairs and maintenance are valued at the lower of cost (under the weighted average method) and net realisable value.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated cost necessary to make the sale. Allowance is made, as appropriate, for obsolete, slow moving or defective inventories.

## 5.5 Investments

- a) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- b) Investment in non-marketable equity securities, which the subsidiary classifies as other investment, is stated at cost net of allowance for impairment loss (if any).
- c) Investment in subsidiary is accounted for in the separate financial statements using the cost method.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## 5.6 Property, aircraft, leasehold improvement and equipment and depreciation

Land is stated at cost less allowance for loss on impairment (if any).

Aircraft, leasehold improvements and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Initial cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of comprehensive income during the financial period in which they are incurred.

The subsidiary will transfer aircraft maintenance reserves to cost of aircraft and aircraft engines once the major overhaul occurred, approximately every 6 years, and amortised as expenses over the useful life not over 6 years on the straight line basis. In case that next major repair and maintenance occurs before the previously capitalised amount is fully amortised, the remaining balance of previous repair and maintenance will be charged to profit or loss in the financial period which next major repair and maintenance incurred.

Depreciation of aircraft, leasehold improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Aircraft and aircraft engines	- 5 - 25 years
Aircraft spare parts	- 5 and 10 years
Leasehold improvements	- 5 and 10 years
Computers	- 5 years
Furniture, fixture and office equipment	- 5 years
Operating equipment	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

An item of property, aircraft, leasehold improvements and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## 5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 5.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives, which are computer software, have useful lives of 5 years.

No amortisation is provided on computer software under installation.

Intangible assets with indefinite useful life, which are landing rights, are not amortised. Landing rights are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided that minimum utilisation requirements are observed. The assessment of indefinite useful lives of the intangible assets is reviewed and impairment is tested annually.



## 5.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## 5.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

## 5.11 Long-term leases

Leases of aircraft, leasehold improvement or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, aircraft, leasehold improvement or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## 5.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

## 5.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, aircraft, leasehold improvement and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to

sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### 5.14 Employee benefits

##### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### *Post-employment benefits and other long-term employee benefits*

###### *Defined contribution plans*

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

###### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

#### 5.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 5.16 Income tax

Income tax represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### 5.17 Derivatives

Derivative financial instruments that the subsidiary uses to manage risks comprise fuel price swap agreements, forward foreign exchange contracts, interest rate swap agreements and cross currency swap agreement. Such instruments are not recognised in the consolidated financial statements on inception date but are disclosed the fair values at the end of the reporting period.

### 5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## Post-employment benefits under defined benefits

The obligation under the defined benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 7. Related party transactions

Significant related persons and companies of the Group are summarised as below.

- Khun Tassapon Bijleveld, the major shareholder, director, and management of the Group, and the Bijleveld family
- AirAsia Berhad Group, the 45% held shareholder in the subsidiary
- Directors and senior management of the Group

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the years ended 31 December				
	2019	2018	2019	2018	
<b>Transactions with a subsidiary</b>					
(eliminated from the consolidated financial statements)					
Management income	-	-	25	31	Contract price
Dividend income	-	-	-	1,639	As declared
<b>Transactions with related companies</b>					
Engineering service income	116	-	-	-	Contract price
Ground handling income	42	31	-	-	Contract price
Interest income from default receivables	-	3	-	-	6 percent per annum
Other administrative income	42	40	-	-	Contract price
Other service income	16	9	-	-	Contract price
Commission income from loyalty program to customers	88	51	-	-	Contract price
Advertising income	7	-	-	-	Contract price
Share of gain from fuel price swap agreements	74	255	-	-	Allocated based on usage

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the years ended 31 December				
	2019	2018	2019	2018	
Allocated staff cost for accounting and other service expenses	83	71	-	-	Contract price
Aircraft and aircraft engines rental expenses	2,144	3,314	-	-	Contract price
Aircraft repair and maintenance expenses	2,143	2,158	-	-	Market price
Purchases of merchandises and equipment	17	61	-	-	Market price
Management expenses	15	16	-	-	Contract price
Booking fee expenses	144	163	-	-	Contract price
Pilot training expenses	4	4	-	-	Contract price
Brand license fee expenses	609	595	-	-	1.5 percent of airline operating income
Expenses for loyalty program to customers	88	51	-	-	Contract price
Ground handling service expenses	145	108	-	-	Contract price
Marketing fund expenses	139	146	-	-	Contract price
Security expenses	20	12	-	-	Contract price
Conference room and other service expenses	2	1	-	-	Contract price
Dividend paid	-	1,341	-	-	As declared

As at 31 December 2019 and 2018, the outstanding balances between the Group and those related parties are as follows.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Receivables - related parties</b>				
Related companies (common shareholders and/or directors)	1,920,158,411	872,366,691	450,000	150,000
Total	1,920,158,411	872,366,691	450,000	150,000
<b>Aircraft maintenance reserves - related party (Note 12)</b>				
Related company (common shareholders and directors)	5,963,213,001	4,532,740,844	-	-
Total	5,963,213,001	4,532,740,844	-	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Other non-current assets - related parties (Note 16)</b>				
<i>Deposits for lease of aircraft and aircraft engines</i>				
Related company (common shareholders and directors)	275,785,640	364,818,240	-	-
<i>Deposits for fuel price swap agreements</i>				
Related company (common shareholders and directors)	14,988,350	16,142,400	-	-
<i>Other deposits</i>				
Related company (common directors)	20,000,000	20,000,000	-	-
Total	310,773,990	400,960,640	-	-
<b>Payables - related parties</b>				
Related companies (common shareholders and/or directors)	373,823,439	699,189,680	-	-
Total	373,823,439	699,189,680	-	-

#### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	159,509,714	160,538,668	7,880,000	14,939,343
Post-employment benefits	40,065,046	13,312,749	-	-
Other long-term benefits	172,632	-	-	-
Total	199,747,392	173,851,417	7,880,000	14,939,343

## 8. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	38,826,334	32,307,459	-	-
Bank deposits	3,943,405,280	3,479,315,548	92,650,669	85,647,164
Bank deposit held for short-term payment	-	611,000,000	-	-
Total	3,982,231,614	4,122,623,007	92,650,669	85,647,164

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.22 and 2.70 percent per annum (2018: Between 0.25 and 3.05 percent per annum).

Bank deposit held for short-term payment represents a portion of the savings deposit that the subsidiary has set aside for the payment of fuel costs to a local private company.

## 9. Trade and other receivables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables</u>				
Aged on the basis of due dates				
Not yet due	432,763,913	381,408,490	-	-
Past due				
Up to 3 months	79,187,910	36,615,849	-	-
3 - 6 months	19,721,014	17,720,138	-	-
6 - 12 months	10,633,380	6,708,364	-	-
Over 12 months	44,372	286,611	-	-
Total trade receivables	542,350,589	442,739,452	-	-
<u>Other receivables</u>				
Accrued airport fee and incentive income	6,332,761	5,063,889	-	-
Accrued income	2,730,251	2,011,695	600,000	450,000
Others	46,035,318	42,908,443	-	-
Total other receivables	55,098,330	49,984,027	600,000	450,000
Total trade and other receivables	597,448,919	492,723,479	600,000	450,000

## 10. Long-term investment

General investment represents is the investment in ordinary shares of Aeronautical Radio of Thailand Limited.

## 11. Investment in subsidiary

### 11.1 investment in subsidiary as presented in separate financial statements is as follows.

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during for the years	
	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)				
Thai AirAsia Company Limited	435,555,600	435,555,600	55	55	3,067,114,370	3,067,114,370	-	1,638,559,825

On 14 February 2012, the Company entered into an “Amended and Restated Shareholders’ Agreement” with three parties which are AirAsia Investment Ltd. (a subsidiary of AirAsia Berhad), AirAsia Berhad and Thai AirAsia Company Limited pursuant which the parties set out their respective rights and obligations with respect to Thai AirAsia Company Limited. According to the “Amended and Restate Shareholders’ Agreement”, the Company has gained control over Thai AirAsia Company Limited. The “Amended and Restate Shareholders’ Agreement” will be effective from the date that the Securities and Exchange Commission issues a letter to the Company notifying that it has commence counting the period of effectiveness of the draft prospectus filed by the Company in relation to an initial public offering, which is 4 May 2012. Therefore, Thai AirAsia Company Limited has been considered as a subsidiary instead of a joint venture from that date onward.

On 29 May 2012, the Company subscribed for an additional 3,555,560 shares of Thai AirAsia Company Limited, totaling Baht 2,663 million, at a price of Baht 749 each. Therefore, the Company’s shareholding interest in Thai AirAsia Company Limited was increased from 51% to 55% from that date.

### 11.2 Details of investment in subsidiary that have material non-controlling interests

(Unit: Baht)

Company’s name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests in subsidiary		Profit (loss) allocated to non-controlling interests during the years		Dividend paid to non-controlling interests during the years	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)						
Thai AirAsia Company Limited	45	45	7,744,596,019	8,167,430,141	(392,162,297)	57,393,558	-	1,340,640,478

### 11.3 Summarised financial information that based on amounts before inter-company elimination about the subsidiary that has material non-controlling.

*Summarised information about financial position*

(Unit: Baht)

	Thai AirAsia Company Limited	
	As at 31 December	
	2019	2018
Current assets	7,332,254,945	6,275,111,642
Non-current assets	31,734,732,697	31,642,781,568
Current liabilities	(13,956,215,876)	(11,020,444,478)
Non-current liabilities	(18,272,335,631)	(19,119,381,132)



Summarised information about comprehensive income

(Unit: Baht)

	<b>Thai AirAsia Company Limited</b>	
	<b>For the years ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
Revenue	41,551,340,854	40,199,428,343
Profit (loss)	(871,471,861)	127,541,239
Other comprehensive income	65,377,656	7,688,496
Total comprehensive income	(806,094,205)	135,229,735

Summarised information about cash flows

(Unit: Baht)

	<b>Thai AirAsia Company Limited</b>	
	<b>For the years ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
Cash flows from operating activities	958,788,828	2,925,009,663
Cash flows used in investing activities	(1,793,973,669)	(1,733,511,025)
Cash flows from (used in) financing activities	828,755,297	(2,302,131,281)
Net decrease in cash and cash equivalents	(6,429,544)	(1,110,632,643)
Cash and cash equivalents at beginning of the year	4,036,975,843	5,210,622,777
Unrealised exchange loss on cash and cash equivalents	(140,965,354)	(63,014,291)
Cash and cash equivalents at end of the year	3,889,580,945	4,036,975,843

## 12. Aircraft maintenance reserves

AirAsia Berhad, a related party, had entered into an Aircraft maintenance services agreement with the subsidiary. Under this agreement, the subsidiary will make prepayments for the aircraft maintenance reserves based on the number of aircraft, number of engines and number of hours flown. These aircraft maintenance reserves are managed by AirAsia Berhad for future maintenance/overhaul deemed necessary to be performed once the aircraft reached certain engine hours/hours flown. Aircraft maintenance reserves will be transferred to aircraft upon actual overhaul occur.

Movements of the aircraft maintenance reserves account during the years 2019 and 2018 are summarised below.

(Unit: Baht)

	<b>Consolidated financial statements</b>	
	<b>2019</b>	<b>2018</b>
Net book value as at 1 January	4,532,740,844	3,652,264,201
Payment for aircraft maintenance reserves	1,430,472,157	880,476,643
Net book value as at 31 December	5,963,213,001	4,532,740,844

### 13. Property, aircraft, leasehold improvements and equipment

(Unit: Baht)

Consolidated financial statements										
	Land	Aircraft and aircraft engines	Aircraft spare parts	Leasehold improvements	Computers	Furniture, fixtures and office equipment	Operating equipment	Motor vehicles	Assets under construction and installation	Total
<b>Cost</b>										
As at 1 January 2018	-	28,640,569,929	1,198,525,114	197,882,638	137,594,634	73,652,182	331,280,976	122,932,565	65,428,241	30,767,866,279
Additions	650,760,000	1,419,717,515	54,567,468	18,362,765	20,116,342	7,680,112	27,034,394	46,781,814	124,957,306	2,369,977,716
Disposals/write-off	-	-	(105,132)	(2,134,901)	(9,181,030)	(1,935,999)	(8,518,051)	-	-	(21,875,113)
Transfers	-	-	-	180,241,461	4,434,351	3,940,610	-	-	(188,616,422)	-
As at 31 December 2018	650,760,000	30,060,287,444	1,252,987,450	394,351,963	152,964,297	83,336,905	349,797,319	169,714,379	1,769,125	33,115,968,882
Additions	-	21,014,710	102,815,366	14,183,281	19,911,480	5,118,190	4,894,381	51,473,927	180,654,088	400,065,423
Disposals/write-off	-	-	-	(6,000)	(9,651,183)	(760,992)	(6,661,309)	(1,709,000)	-	(18,788,484)
Transfers	-	-	-	9,091,813	251,845	-	-	-	(9,343,658)	-
As at 31 December 2019	650,760,000	30,081,302,154	1,355,802,816	417,621,057	163,476,439	87,694,103	348,030,391	219,479,306	173,079,555	33,497,245,821
<b>Accumulated Depreciation</b>										
As at 1 January 2018	-	4,143,974,142	520,094,743	143,777,754	82,298,249	55,296,651	251,188,714	98,488,107	-	5,295,118,360
Depreciation for the year	-	1,446,860,659	101,001,169	32,761,859	20,032,422	9,272,677	34,684,550	11,887,160	-	1,656,500,496
Depreciation on disposals/write-off	-	-	(16,662)	(1,847,055)	(8,710,056)	(1,881,072)	(8,377,567)	-	-	(20,832,412)
As at 31 December 2018	-	5,590,834,801	621,079,250	174,692,558	93,620,615	62,688,256	277,495,697	110,375,267	-	6,930,786,444
Depreciation for the year	-	1,475,941,581	110,089,195	39,595,705	21,606,374	7,855,713	31,357,323	20,711,158	-	1,707,157,049
Depreciation on disposals/write-off	-	-	-	(5,999)	(9,067,093)	(759,999)	(6,416,133)	(1,708,998)	-	(17,958,222)
As at 31 December 2019	-	7,066,776,382	731,168,445	214,282,264	106,159,896	69,783,970	302,436,887	129,377,427	-	8,619,985,271
<b>Net book value</b>										
As at 31 December 2018	650,760,000	24,469,452,643	631,908,200	219,659,405	59,343,682	20,648,649	72,301,622	59,339,112	1,769,125	26,185,182,438
As at 31 December 2019	650,760,000	23,014,525,772	624,634,371	203,338,793	57,316,543	17,910,133	45,593,504	90,101,879	173,079,555	24,877,260,550
Depreciation for the year										
2018 (Baht 1,582 million included in cost of sales and services, and the remaining balance in selling and distribution and administrative expenses)										1,656,500,496
2019 (Baht 1,617 million included in cost of sales and services, and the remaining balance in selling and distribution and administrative expenses)										1,707,157,049

(Unit: Baht)

	<b>Separate financial statements</b>
	<b>Office equipment</b>
<b>Cost</b>	
1 January 2018	62,187
31 December 2018	62,187
31 December 2019	62,187
<b>Accumulated depreciation:</b>	
1 January 2018	53,386
Depreciation for the year	4,300
31 December 2018	57,686
Depreciation for the year	4,299
31 December 2019	61,985
<b>Net book value:</b>	
31 December 2018	4,501
31 December 2019	202
<b>Depreciation for the year</b>	
2018 (Included in administrative expenses)	4,300
2019 (Included in administrative expenses)	4,299

As at 31 December 2019, the subsidiary had aircraft with net book value of Baht 16,438 million (2018: Baht 17,467 million) which were acquired under finance lease agreements.

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,117 million (2018: Baht 600 million).

The subsidiary has pledged its land and building constructed thereon and 4 aircraft (2018: 2 aircraft) with net book value amounting to approximately Baht 4,348 million (2018: Baht 2,808 million) as collateral against credit facilities received from financial institutions as discussed in Note 18.

## 14. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

(Unit: Baht)

	Consolidated financial statements				Separate financial statements
	Landing rights	Computer software	Computer software under installation	Total	Computer software
As at 31 December 2019:					
Cost	14,856,000,000	78,251,176	2,268,805	14,936,519,981	6,420
Less: Accumulated amortisation	-	(57,750,474)	-	(57,750,474)	(6,419)
Net book value	14,856,000,000	20,500,702	2,268,805	14,878,769,507	1
As at 31 December 2018:					
Cost	14,856,000,000	90,294,873	-	14,946,294,873	6,420
Less: Accumulated amortisation	-	(63,305,075)	-	(63,305,075)	(6,419)
Net book value	14,856,000,000	26,989,798	-	14,882,989,798	1

Reconciliations of the net book values of intangible assets for the years 2019 and 2018 are presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	14,882,989,798	14,889,077,519	1	1
Acquisition of computer software	5,368,875	4,164,654	-	-
Write-off - net book value at write-off date	(418)	(5)	-	-
Amortisation	(9,588,748)	(10,252,370)	-	-
Net book value at end of year	14,878,769,507	14,882,989,798	1	1

Landing rights are tested for impairment together with goodwill due to there are in the same cash-generating unit (CGU) in Note 15.

## 15. Goodwill

Since 4 May 2012, the Company had gained controls over Thai AirAsia Company Limited according to an "Amended and Restated Shareholders' Agreement". Then the Company had determined the fair value of identifiable assets acquired and liabilities assumed of Thai AirAsia Company Limited and compared it to the fair value of 51 % shareholding previously held before acquisition date in Thai AirAsia Company Limited. The excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition is recognised as goodwill in the consolidated statement of financial position.

Goodwill and landing rights are allocated to the cash-generating unit (CGU) identified according to business segment as follows.

(Unit: Baht)

	Consolidated financial statements	
	Scheduled flight operations	
	2019	2018
Goodwill	8,824,825,803	8,824,825,803
Landing rights	14,856,000,000	14,856,000,000
	23,680,825,803	23,680,825,803

The management has considered that goodwill and landing rights are not impaired.

The recoverable amount of a CGU is determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budget approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate as stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used in the value-in-use calculation are summarised below.

(Unit: %)

	Scheduled flight operations	
	2019	2018
Growth rate <sup>1</sup>	0.00	0.00
Discount rate <sup>2</sup>	9.55	8.40

<sup>1</sup> Weighted average growth rate used to extrapolate cash flows beyond the budget period

<sup>2</sup> Pre-tax discount rate applied to the cash flow projection

The Management determined budgeted profits based on past performance and its expectations of market development. The weighted average growth rate used are consistent with the forecast included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

The recoverable amount will be equal to the carrying amount if the key assumptions used for value-in-use are changed to be as follow.

(Unit: %)

	Scheduled flight operations	
	2019	2018
Discount rate	11.07	14.40

## 16. Other non-current assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Aircraft and aircraft engine rental deposits - related party	275,785,640	364,818,240	-	-
Aircraft and aircraft engine rental deposits - unrelated parties	366,876,252	343,998,289	-	-
Fuel deposits	88,476,922	69,777,820	-	-
Rental deposits	64,390,438	53,372,086	-	-
Airport operation deposits	34,600,000	34,600,000	-	-
Fuel price swap deposits	14,988,350	16,142,400	-	-
Other deposits	73,306,872	60,194,517	2,501,570	-
Total other non-current assets	918,424,474	942,903,352	2,501,570	-

## 17. Short-term borrowings from financial institutions

As at 31 December 2019, short-term borrowings were in the form of promissory notes and carried fixed interest at rates between 1.93 and 2.70 percent per annum (2018: between 2.40 and 3.25 percent per annum).

## 18. Long-term borrowings from financial institutions

(Unit: Baht)

	Consolidated financial statements	
	2019	2018
Current portion of long-term borrowings from financial institutions	354,085,140	214,682,250
Less: Front end fee	(483,846)	(910,000)
Net current portion of long-term borrowings	353,601,294	213,772,250
Long-term borrowings from financial institutions - net of current portion		
In over 1 year and up to 5 years	2,170,033,051	1,277,581,216
In over 5 years	2,117,857,838	1,347,699,813
Less: Front end fee	(2,012,868)	(1,124,919)
Long-term borrowings - net of current portion	4,285,878,021	2,624,156,110
Total long-term borrowings from financial institutions	4,639,479,315	2,837,928,360

As of 31 December 2019, the subsidiary had long-term borrowings from several local financial institutions with terms of 6 and 12 years (2018: 6 and 12 years). Principal repayments are scheduled in monthly installments and interest is charged at both fixed and floating rates of between 2.30 and 3.95 percent per annum (2018: 3.10 and 3.95 percent per annum).

The long-term borrowings are secured by the mortgage of the subsidiary's land and building constructed thereon and pledge of the subsidiary's aircraft as described in Note 13.

The borrowing agreement contains certain financial covenants relating to matters such as the maintenance of certain net interest bearing debt to equity ratios.

Fair value of long-term borrowings from financial institutions as of 31 December 2019 amounted to Baht 4,639 million (2018: Baht 2,838 million).

Movements of long-term borrowings from financial institutions account during the years 2019 and 2018 are summarised below.

(Unit: Baht)

	<b>Consolidated financial statements</b>	
	<b>2019</b>	<b>2018</b>
Balance as at 1 January	2,837,928,360	3,332,416,463
Borrowing during the year	2,016,695,000	1,226,187,000
Payment for front end fee	(1,500,000)	-
Amortisation of front end fee	1,038,205	1,130,000
Repayment of borrowings	(214,682,250)	(1,721,805,103)
Balance as at 31 December	<u>4,639,479,315</u>	<u>2,837,928,360</u>

During the year 2018, the subsidiary entered into a long-term loan agreement with a local bank to obtain a fixed interest rate loan of Baht 1,226 million to fund the acquisition of a new aircraft. The loan has a term of 12 years and is secured by the pledge of the new aircraft.

On 28 February 2019, the subsidiary entered into a long-term loan agreement for a floating interest rate loan facility of Baht 1,500 million with a local bank, in order to fund the acquisition of land and construction. The loan has a term of 10 years and is to be repaid in monthly installments, beginning on 30 November 2020. The loan is secured by the mortgage of land and building constructed thereon. As at 31 December 2019, the long-term credit facilities of the subsidiary which have not yet been drawn down amounted to Baht 850 million (2018: Nil).

On 9 December 2019, the subsidiary entered into a long-term loan agreement with a local bank to obtain a fixed interest rate loan of Baht 1,367 million to fund the investment and operations. The loan has a term of 7 years and is secured by the pledge to two aircraft.

## 19. Long-term debentures

As at 31 December 2019 and 2018, the outstanding balance of long-term debentures are summarised below.

(Unit: Baht)

Consolidated financial statements								
No.	Series	Maturity date	No. of units (Million units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest Payment	Book value	
							2019	2018
1/2017	1	Entirely redeemed on 19 May 2020 (3 years)	1.0	1,000	2.65	Semi-annual	1,000,000,000	1,000,000,000
1/2017	2	Entirely redeemed on 19 May 2022 (5 years)	0.6	1,000	3.28	Semi-annual	600,000,000	600,000,000
1/2018	1	Entirely redeemed on 26 June 2021 (3 years)	1.5	1,000	2.56	Semi-annual	1,500,000,000	1,500,000,000
1/2018	2	Entirely redeemed on 26 June 2023 (5 years)	1.0	1,000	2.95	Semi-annual	1,000,000,000	1,000,000,000
Total							4,100,000,000	4,100,000,000
Less: Deferred debenture issuing costs							(3,266,382)	(4,873,833)
Debenture - net							4,096,733,618	4,095,126,167

(Unit: Baht)

Consolidated financial statements		
	2019	2018
Current portion of long-term debentures	1,000,000,000	-
Less: Front end fee	(127,240)	-
Total current portion of long-term debentures - net	999,872,760	-
Long-term debentures - net of current portion	3,100,000,000	4,100,000,000
Less: Front end fee	(3,139,142)	(4,873,833)
Total non-current portion of long-term debentures - net	3,096,860,858	4,095,126,167
Total long-term debentures	4,096,733,618	4,095,126,167

Long-term debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 31 December 2019 amounted to Baht 4,152 million (2018: Baht 4,091 million).



Movements of long-term debentures account during the years 2019 and 2018 are summarised below.

(Unit: Baht)

	Consolidated financial statements	
	2019	2018
Balance as at 1 January	4,095,126,167	1,598,005,612
Issuance during the year	-	2,500,000,000
Payment for front end fee	-	(4,000,717)
Amortisation of front end fee	1,607,451	1,121,272
Balance as at 31 December	4,096,733,618	4,095,126,167

On 26 June 2018, the subsidiary issued two tranches of debentures no. 1/2018, which are named-registered, unsubordinated and unsecured in Baht currency. The subsidiary intended to use the proceeds from the issuance for general investment purpose and/or for loan repayment and/or for working capital.

## 20. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated financial statements	
	2019	2018
Liabilities under finance lease agreements	13,400,792,385	15,926,223,225
Less: Deferred interest expenses	(1,907,178,718)	(2,706,900,802)
Total	11,493,613,667	13,219,322,423
Less: Portion due within one year	(1,334,736,213)	(1,300,075,453)
Liabilities under finance lease agreements - net of current portion	10,158,877,454	11,919,246,970

The subsidiary has entered into the finance lease agreements for rental of aircraft for use in its operation, whereby it is committed to pay rental on monthly and quarterly basis. The terms of the agreements are generally between 11 and 12 years.

Future minimum lease payments required under the finance lease agreements were as follows.

(Unit: Baht)

	Consolidated financial statements			
	2019			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	1,751,468,280	6,951,642,329	4,697,681,776	13,400,792,385
Deferred interest expenses	(416,732,067)	(1,143,544,907)	(346,901,744)	(1,907,178,718)
Present value of future minimum lease payments	1,334,736,213	5,808,097,422	4,350,780,032	11,493,613,667

(Unit: Baht)

	Consolidated financial statements			
	2018			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	1,833,298,943	7,333,195,771	6,759,728,511	15,926,223,225
Deferred interest expenses	(533,223,490)	(1,557,562,734)	(616,114,578)	(2,706,900,802)
Present value of future minimum lease payments	1,300,075,453	5,775,633,037	6,143,613,933	13,219,322,423

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows.

(Unit: Baht)

	Consolidated financial statements					
	Compensations on employees' retirement		Other long-term employee benefits		Total	
	2019	2018	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	422,548,659	346,675,403	-	-	422,548,659	346,675,403
Included in profit or loss:						
Current service costs	108,892,185	75,742,456	21,048,506	-	129,940,691	75,742,456
Interest costs	15,561,012	9,741,420	1,287,463	-	16,848,475	9,741,420
Past service costs and gains or losses on settlement	110,366,089	-	77,817,649	-	188,183,738	-
Included in other comprehensive income:						
Actuarial gain arising from						
- Financial assumptions changes	(47,197,641)	(6,687,462)	-	-	(47,197,641)	(6,687,462)
- Experience adjustments	(34,524,429)	(2,923,158)	-	-	(34,524,429)	(2,923,158)
Benefits paid during the year	(9,501,650)	-	-	-	(9,501,650)	-
<b>Provision for long-term employee benefits at end of year</b>	566,144,225	422,548,659	100,153,618	-	666,297,843	422,548,659

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law has been effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the subsidiary has additional long-term employee benefit liabilities of Baht 110 million as a result. The subsidiary has reflected the effect of the change by recognising past service costs as expenses in profit or loss of the current year.

In addition, during 2019, the subsidiary had new long-term employee benefit plan, Long Service Awards, resulting in an additional long-term employee benefit liabilities of Baht 78 million. The subsidiary has reflected the effect of the plan by recognising past service costs as expenses in profit or loss of the current year.

The subsidiary expects to pay Baht 10 million of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 15 years (2018: 15 years).

Significant actuarial assumptions are summarised below.

(Unit: % p.a.)

	Consolidated financial statements	
	2019	2018
Discount rate	1.71	2.92
Salary increase rate	4.00	5.59 - 10.00
Turnover rate	0.00 - 10.00	0.00 - 10.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Baht)

	Consolidated financial statements			
	2019		2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(73,684,653)	89,519,019	(54,807,587)	66,385,623
Salary increase rate	84,077,686	(70,813,262)	63,023,235	(53,302,727)
Turnover rate	(78,646,773)	67,950,532	(59,137,788)	51,155,593

## 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### 23. Revenues from sales and services

Revenues from sales and services for the years 2019 and 2018 disaggregated by timing of revenue recognition and type of goods or services are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Revenue recognised over time				
Passenger service revenues	31,506,376,334	29,072,863,090	-	-
Baggage handling and other service fees	6,599,437,120	7,853,071,515	-	-
Charter flight revenues	1,174,800,629	1,064,717,911	-	-
Freight revenues	286,831,861	270,000,000	-	-
Advertising income	24,213,281	37,523,715	-	-
Management fee	-	-	25,000,000	31,250,000
Revenue recognised at a point in time				
In-flight revenues	588,992,272	606,671,457	-	-
Total revenues	40,180,651,497	38,904,847,688	25,000,000	31,250,000

### 24. Expenses by nature

Significant expenses classified by nature are as below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Fuel costs	13,962,765,981	14,635,577,794	-	-
Salaries, wages and other employee benefits	6,737,133,772	5,783,967,129	-	1,476,000
Ramp and airport operating costs	5,127,690,780	4,487,472,051	-	-
Repair and maintenance expenses	3,618,330,869	3,207,765,104	-	-
Aircraft rental - unrelated parties	3,088,509,309	1,833,630,036	-	-
Aircraft and aircraft engine rental - related party	2,144,242,113	3,314,226,271	-	-
Depreciation and amortisation expenses	1,716,745,797	1,666,752,866	4,299	4,300

## 25. Income tax

Income tax (revenue) expense for the years 2019 and 2018 are made up as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge for the year	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	599,706	(210,926,772)	1,765,219	126,840
<b>Income tax (revenue) expense reported in profit or loss</b>	<b>599,706</b>	<b>(210,926,772)</b>	<b>1,765,219</b>	<b>126,840</b>

The amounts of income tax relating to each component of other comprehensive income for the years 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated financial statements	
	2019	2018
Deferred tax on actuarial gain	(16,344,414)	(1,922,124)
	(16,344,414)	(1,922,124)

The reconciliation between accounting profit (loss) and income tax (revenue) expense is shown below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit (loss) before tax	(865,561,610)	(83,567,887)	7,075,764	1,638,504,313
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(173,112,322)	(16,713,577)	1,415,153	327,700,863
Reversal of previously recognised deferred tax assets	155,564,119	-	343,738	-
Effects of:				
Promotional privileges (Note 26)	12,590,746	(207,192,769)	-	-
Tax-exempt revenue	-	-	-	(327,711,965)
Non-deductible expenses	4,837,290	3,179,640	6,328	137,942
Revenue subject to tax	9,780,546	9,799,934	-	-
Change in the accounting policy (Note 4)	(9,060,673)	-	-	-
Total	18,147,909	(194,213,195)	6,328	(327,574,023)
Income tax (revenue) expense reported in profit or loss	599,706	(210,926,772)	1,765,219	126,840

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	129,880,251	81,557,793	-	-
Unused tax losses	529,893,825	483,563,326	-	343,738
Total	659,774,076	565,121,119	-	343,738
<b>Deferred tax liabilities</b>				
Fair value of assets from business combination	(2,982,724,852)	(2,982,724,852)	-	-
Finance leases	(724,195,532)	(623,080,608)	-	-
Total	(3,706,920,384)	(3,605,805,460)	-	-
Net deferred tax assets (liabilities)	(3,047,146,308)	(3,040,684,341)	-	343,738

The unused tax losses of the subsidiary amounting to Baht 530 million (2018: Baht 483 million) will expire by 2024 (2018: 2023).

## 26. Promotional privileges

As at 31 December 2019, the subsidiary received 16 certificates (2018: 15 certificates) of promotional privileges from the Board of Investment ("BOI") for 46 aircraft (2018: 44 aircraft) for air transportation business. The main privileges include exemption from payment of import duty on aircraft and related spare parts, and exemption from corporate income taxes for the promoted activities for periods of 5 and 8 years starting from the date on which the subsidiary started earning income from the promoted activities (commencing from 27 December 2011). To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates. As at 31 December 2019, the subsidiary had 44 aircraft (2018: 42 aircraft) under such certificates of promotional privileges from the BOI.

## 27. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the years attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the years.

## 28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors that makes strategic decisions.

For management purposes, the Group is organised into business units based on its services and has two main reportable segments as follows:

- Schedule flight operations: The subsidiary provides passenger air transportation services to routine destination for scheduled flight. The subsidiary sells tickets through its distribution channels such as website, sale counter, travel agents, etc.
- Chartered flight operations: The subsidiary provides passenger air transportation services to non-routine destinations. Flights are operated when there is a hiring from customers who normally are tourist agency companies.

Performance of each operating segment is measured by profit or loss from operation which is using the same basis that the Group measure their profit or loss from operation in the financial statements. Net gain on exchange rates, other income, finance cost and income tax are not allocated to each reporting segment.

The Group's total assets are joint assets that are used among segment. Hence, they are not allocated to each reporting segment.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Revenues and profit (loss) information regarding the Group's operating segments for the years 2019 and 2018 are as follows.

(Unit: Baht)

	Consolidated financial statement					Adjustments and eliminations	Consolidated
	Scheduled flight operations	Charter flight operations	Other segments	Total segments			
<b>For the year ended</b>							
<b>31 December 2019</b>							
<b>Revenues</b>							
Revenues from sales and services from external customers	39,005,850,868	1,174,800,629	-	40,180,651,497	-	-	40,180,651,497
Intersegment revenues	-	-	25,000,000	25,000,000	(25,000,000)	-	-
<b>Total revenues</b>	<b>39,005,850,868</b>	<b>1,174,800,629</b>	<b>25,000,000</b>	<b>40,205,651,497</b>	<b>(25,000,000)</b>		<b>40,180,651,497</b>
<b>Operating result</b>							
<b>Segment profit (loss)</b>	<b>(1,505,550,133)</b>	<b>27,752,582</b>	<b>5,316,865</b>	<b>(1,472,480,686)</b>		-	<b>(1,472,480,686)</b>
Gain on exchange							350,471,966
Other income							1,021,976,290
Finance costs							(765,529,180)
<b>Loss before income tax</b>							<b>(865,561,610)</b>
Income tax expense							(599,706)
<b>Loss for the year</b>							<b>(866,161,316)</b>
<b>Total assets</b>							<b>62,902,564,274</b>



(Unit: Baht)

	Consolidated financial statement					Adjustments and eliminations	Consolidated
	Scheduled flight operations	Charter flight operations	Other segments	Total segments			
<b>For the year ended</b>							
<b>31 December 2018</b>							
<b>Revenues</b>							
Revenues from sales and services from external customers	37,840,129,777	1,064,717,911	-	38,904,847,688	-	-	38,904,847,688
Intersegment revenues	-	-	31,250,000	31,250,000	(31,250,000)	-	-
<b>Total revenues</b>	<b>37,840,129,777</b>	<b>1,064,717,911</b>	<b>31,250,000</b>	<b>38,936,097,688</b>	<b>(31,250,000)</b>		<b>38,904,847,688</b>
<b>Operating result</b>							
<b>Segment loss</b>	(599,089,396)	(35,294,637)	(833,957)	(635,217,990)	-	-	(635,217,990)
Gain on exchange							250,401,861
Other income							1,044,957,237
Finance costs							(743,708,995)
<b>Loss before income tax</b>							(83,567,887)
Income tax revenue							210,926,772
<b>Profit for the year</b>							<b>127,358,885</b>
<b>Total assets</b>							<b>61,746,719,018</b>

#### Geographic information

The Group operates and has operating hubs only in Thailand. As a result, all the revenues and assets as reflected in the financial statements pertain exclusively to this geographical reportable segment.

#### Major customers

For the years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

## 29. Provident fund

The subsidiary and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the subsidiary contribute to the fund monthly and the fund will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 144 million (2018: Baht 124 million) were recognised as expenses.

### 30. Dividends

#### The Company

(Unit: Baht)

Dividend	Approved by	Dividend paid	Dividend per share
Interim dividends for 2018	Board of Directors' Meeting on 11 May 2018	969,984,780	0.200
	Board of Directors Meeting on 12 September 2018	654,729,644	0.135
Total dividends for 2018		1,624,714,424	0.335

#### Thai AirAsia Company Limited (the subsidiary)

(Unit: Baht)

Dividend	Approved by	Dividend paid	Dividend per share
Interim dividends for 2018	Board of Directors' Meeting on 11 May 2018	1,785,777,960	41.00
	Board of Directors' Meeting on 12 September 2018	1,193,422,344	27.40
Total dividends for 2018		2,979,200,304	68.40

### 31. Commitments and contingent liabilities

#### 31.1 Operating aircraft lease commitments

The subsidiary had the future aggregate minimum lease payment in respect of operating aircraft lease agreements made with AirAsia (Mauritius) Limited, a related company, and other lessors, and insurance agreements of aircraft and aircraft engine in respect of non-cancellable, as below.

(Unit: USD)

	Consolidated financial statements			
	2019		2018	
	Lease agreements	Insurance agreements	Lease agreements	Insurance agreements
Payable:				
In up to 1 year	157,810,540	2,471,404	165,455,844	2,186,958
In over 1 and up to 5 years	421,625,504	-	447,783,158	-
In over 5 years	243,365,049	-	231,310,984	-
Total	822,801,093	2,471,404	844,549,986	2,186,958
Total equivalent to Thai Baht	24,956,626,792	74,960,902	27,544,828,874	71,327,213

### 31.2 Aircraft maintenance service commitments

The subsidiary has commitments under aircraft maintenance service agreements made with AirAsia Berhad and AirAsia (Mauritius) Limited, which are related companies, and other aircraft lessors. The subsidiary agrees to pay aircraft maintenance service fees at the rates in USD currency stipulated in the agreements, which vary for each aircraft depending on flight hours and the age of the aircraft.

### 31.3 Operating lease and service commitments

The subsidiary had the future minimum lease payments in respect of space, office, office equipment and ground support equipment leases and other service agreements as follows.

(Unit: Baht)

	Consolidated financial statements	
	2019	2018
Payable:		
In up to 1 year	180,520,243	196,314,881
In over 1 and up to 5 years	160,711,716	320,217,553
In over 5 years	62,666,687	82,390,295
Total	403,898,646	598,922,729

### 31.4 Building construction commitments

As at 31 December 2019, the subsidiary had capital commitments of Baht 601 million (2018: Nil), relating to the construction of a project's building.

### 31.5 Guarantees

- 1) As at 31 December 2019, the subsidiary had guarantee obligations for pilot trainees' education loans from a bank for commercial pilot license courses amounting to Baht 14 million (2018: Baht 65 million) with the term of guarantees of 18 months from the start date of each loan agreement.
- 2) The subsidiary had commitments from letters of guarantee in respect of ground handling, technical support, purchase of aviation fuel and other flight operating activities including maintenance reserve fund in the ordinary course of business as follows.

(Unit: Million)

	Consolidated financial statement									
	2019					2018				
	USD	SGD	INR	Baht	Others (equivalent to Thai Baht)	USD	SGD	INR	Baht	Others (equivalent to Thai Baht)
Guarantees relating to flight operating activities	0.97	1.81	81.82	8.90	12.22	0.74	1.81	81.82	9.40	7.91
Guarantees relating to maintenance reserve fund	57.44	-	-	-	-	50.18	-	-	-	-
Guarantees relating to purchases of aviation fuel	-	-	-	400.00	-	-	-	-	-	-
Bid bond guarantee	-	-	-	100.00	-	-	-	-	-	-
Letter of credit relating to acquiring operating equipment	-	-	-	-	-	-	-	-	-	7.12
<b>Total</b>	<b>58.41</b>	<b>1.81</b>	<b>81.82</b>	<b>508.90</b>	<b>12.22</b>	<b>50.92</b>	<b>1.81</b>	<b>81.82</b>	<b>9.40</b>	<b>15.03</b>
<b>Total equivalent to Thai Baht</b>	<b>1,771.65</b>	<b>40.89</b>	<b>36.78</b>	<b>508.90</b>	<b>12.22</b>	<b>1,660.75</b>	<b>43.49</b>	<b>40.53</b>	<b>9.40</b>	<b>15.03</b>

### 32. Fair values hierarchy

As at 31 December 2019 and 2018, the subsidiary had assets and liabilities in US Dollar and Baht currencies disclosed at fair value which the hierarchy is level 2 as follows.

(Unit: Baht)

	Consolidated financial statements			
	2019		2018	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
<b>Assets for which fair value are disclosed</b>				
Derivatives				
Fuel price swap agreements	283,411,930	-	-	-
Interest rate swap agreements	12,678,918	-	129,165,612	-
Foreign exchange forward contracts	-	-	15,727,820	-

(Unit: Baht)

	Consolidated financial statements			
	2019		2018	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Fuel price swap agreements	-	-	995,910,971	-
Interest rate swap agreements	1,684,187	67,684,311	-	43,893,249
Foreign exchange forward contracts	448,174,777	-	247,666,883	-
Cross currency swap agreements	282,460,445	-	86,753,139	-
Long-term borrowings from financial institutions	-	4,639,479,315	-	2,837,928,360
Long-term debentures	-	4,151,962,496	-	4,091,474,283
Liabilities under finance lease agreements	5,197,954,251	6,295,659,416	6,264,177,307	6,955,145,116

During the years 2019 and 2018, there were no transfers within the fair value hierarchy.

### 33. Financial instruments

#### 33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, amounts due from related parties, trade payables, other payables, amounts due to related parties, short-term borrowings from financial institutions, long-term borrowings from financial institutions, long-term debentures, liabilities under finance lease agreements, and derivatives. The financial risks associated with these financial instruments and how they are managed is described below.

##### *Fuel price risk*

The subsidiary is exposed to the fluctuation of fuel price. To manage the risk of fuel price fluctuation, AirAsia Berhad, a related party, is carried out the risk management on behalf of the subsidiary.

##### *Credit risk*

The subsidiary is exposed to credit risk primarily with respect to trade and other receivables and amounts due from related parties. The subsidiary manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the subsidiary does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and amounts due from related parties as stated in the statement of financial position.

**Interest rate risk**

The Group's exposure to interest rate risk relates primarily to its deposits at financial institutions, short-term borrowings from financial institutions, long-term borrowings from financial institutions, long-term debentures and liabilities under finance lease agreements. Most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The subsidiary uses interest rate swap agreements as a risk management instrument for the future interest payments on certain long-term borrowings and liabilities under finance lease agreements that carry interest at floating rates.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

<b>Consolidated financial statements</b>					
<b>2019</b>					
	<b>Fixed interest rates</b>	<b>Floating interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>	<b>Effective interest rate (% p.a.)</b>
<b>Financial assets</b>					
Cash and cash equivalents	426	1,864	1,692	3,982	0.22 - 2.70
Trade and other receivables	-	-	598	598	-
Amounts due from related parties	-	-	1,920	1,920	-
	426	1,864	4,210	6,500	
<b>Financial liabilities</b>					
Short-term borrowings from financial institutions	1,750	-	-	1,750	1.93 - 2.70
Trade payables	-	-	915	915	-
Other payables	-	-	640	640	-
Amounts due to related parties	-	-	374	374	-
Long-term borrowings from financial institutions	2,864	1,775	-	4,639	2.30 - 3.95
Long-term debentures	4,097	-	-	4,097	2.56 - 3.28
Liabilities under finance lease agreements	4,486	7,008	-	11,494	2.47 - 4.91
	13,197	8,783	1,929	23,909	

(Unit: Million Baht)

Consolidated financial statements					
2018					
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Effective interest rate  (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	233	1,870	2,020	4,123	0.25 - 3.05
Trade and other receivables	-	-	493	493	-
Amounts due from related parties	872	-	-	872	6.00
	1,105	1,870	2,513	5,488	
<b>Financial liabilities</b>					
Short-term borrowings from financial institutions	650	-	-	650	2.40 - 3.25
Trade payables	-	-	160	160	-
Other payables	-	-	393	393	-
Amounts due to related parties	699	-	-	699	6.00
Long-term borrowings from financial institutions	1,600	1,238	-	2,838	3.10 - 3.95
Long-term debentures	4,095	-	-	4,095	2.56 - 3.28
Liabilities under finance lease agreements	5,647	7,572	-	13,219	3.46 - 6.00
	12,691	8,810	553	22,054	

(Unit: Million Baht)

Separate financial statements					
2019					
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Effective interest rate  (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	38	55	93	0.22
Trade and other receivables	-	-	1	1	-
	-	38	56	94	

(Unit: Million Baht)

Separate financial statements					
2018					
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Effective interest rate
					(% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	31	55	86	0.37 - 0.38
	-	31	55	86	
<b>Financial liabilities</b>					
Other payables	-	-	1	1	-
	-	-	1	1	

As at 31 December 2019 and 2018, the subsidiary had outstanding interest rate swap agreements as follows.

Consolidated financial statements				
2019				
Currency	Contract amount	Interest rate		Maturity date
		Fixed	Floating	
	(Million)	(%)	(%)	
Baht	1,726	4.66 - 4.86	THB FIX1M + 1.98 - 2.20, THB FIX6M + 2.25	27 Sep 24 - 10 Jun 26
US Dollar	91	2.24 - 4.21	USD LIBOR3M + 0.56 - 3.00	9 Nov 24 - 20 Jan 27

Consolidated financial statements				
2018				
Currency	Contract amount	Interest rate		Maturity date
		Fixed	Floating	
	(Million)	(%)	(%)	
Baht	2,702	4.66 - 5.09	THB FIX1M + 1.98 - 2.20, THB FIX6M + 2.25	10 Jul 19 - 10 Jun 26
US Dollar	104	2.24 - 4.21	USD LIBOR3M + 0.56 - 3.00	9 Nov 24 - 20 Jan 27

Interest rate swap agreements are due for settlements of the differences in interest amount on a monthly basis.



**Foreign currency risk**

The subsidiary's exposure to foreign currency risk arises mainly from cash and cash equivalents, trade and other receivables, amounts due from related parties, account payables, other payables, amounts due to related parties and liabilities under finance lease agreements that are denominated in several foreign currencies.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in major foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	29	39	188	210	30.15	32.45
Chinese yuan	2,133	103	227	10	4.31	4.72

Moreover, the subsidiary also has balance in other foreign currencies such as Indian Rupee, Malaysian Ringgit, Hong Kong Dollar, Vietnam Dong, Singapore Dollar, Macao Pataca, etc.

The subsidiary has a natural hedge to the extent that payments for foreign currency payables are matched against receivables denominated in the same foreign currency. Moreover, the subsidiary uses forward foreign exchange contract to hedge its exposure to foreign currency risk for payments to be settled in foreign currencies.

As at 31 December 2019 and 2018, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements					
2019					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US Dollar	139	-	30.60 - 33.73	-	14 May 20 - 20 Jan 27

Consolidated financial statements					
2018					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US Dollar	150	-	30.60 - 33.73	-	3 Jun 19 - 20 Jan 27

The subsidiary entered into cross currency swap agreements in order to use it as a risk management instrument to manage on the foreign exchange rate and the fluctuation of interest rate in foreign currency.

As of 31 December 2019 and 2018, the subsidiary had the cross currency swap agreements as below.

Consolidated financial statements				
2019				
Currency	Amount per contract (Million)	Interest rate		Maturity date
		Fixed (%)	Floating (%)	
US Dollar	49	2.64 and 3.74	USD LIBOR3M + 0.70 and 1.95	10 Nov 25 and 30 Sep 28

Consolidated financial statements				
2018				
Currency	Amount per contract (Million)	Interest rate		Maturity date
		Fixed (%)	Floating (%)	
US Dollar	54	2.64 and 3.74	USD LIBOR3M + 0.70 and 1.95	10 Nov 25 and 30 Sep 28

### 33.2 Fair values of financial instruments

The financial instruments which the fair value is not expected to be materially different from the amounts presented in the statement of financial position since they are short-term in nature or carrying interest at rates close to the market interest rates are cash and cash equivalents, trade and other receivables, amounts due from related parties, trade payables, other payables, amounts due to related parties and short-term borrowings from financial institutions.

As at 31 December 2019 and 2018, the estimated fair value of long-term financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows.

(Unit: Baht)

	Consolidated financial statements			
	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Long-term borrowings from financial institutions	4,639,479,315	4,639,479,315	2,837,928,360	2,837,928,360
Long-term debentures	4,096,733,618	4,151,962,496	4,095,126,167	4,091,474,283
Liabilities under finance lease agreements	11,493,613,667	11,493,613,667	13,219,322,423	13,219,322,423

The methods and assumptions used by the subsidiary in estimating the fair value of financial instruments are as follows.

- a) For long-term borrowings from financial institutions and liabilities under finance lease agreements carrying fixed interest rates, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the borrowings with similar terms and conditions.
- b) For long-term borrowings from financial institutions and liabilities under finance lease agreements carrying floating interest rates, their fair value is estimated by book values in the statement of financial position.
- c) For long-term debentures, fair value is derived from quoted market prices of the Thai Bond Market Association.

The fair value of the derivatives as of 31 December 2019 and 2018 as presented in Note 32 has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The subsidiary had considered to counterparty credit risk when determining the fair value of derivatives.

### **34. Capital management**

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In order to obtain the promotional privileges from the Board of Investment, the subsidiary has also to maintain minimum capital investment as specified in each certificate.

### **35. Event after the reporting period**

On 17 December 2019, the Board of Directors' meeting of the subsidiary passed a resolution to approve the entering into the aircraft sale and leaseback transaction with two companies. The transactions comprise selling of 10 aircraft and lease 9 aircraft back to use in the normal business operation. At present, the subsidiary has delivered 1 aircraft according to sale agreement and received 3 aircraft according to sale and leaseback agreement.

### **36. Approval of financial statements**

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.

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GRI Standard	GRI Standard Name	GRI Disclosure	GRI Disclosure Title	Page (s)	Section	Omission
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# ข้อมูลทั่วไปและข้อมูลสำคัญอื่น

## ข้อมูลทั่วไปของบริษัท

<b>ชื่อบริษัท</b> ประเภทธุรกิจ	บริษัท เอเชีย เอวิเอชั่น จำกัด (มหาชน) (ชื่อย่อ "AAV") ประกอบธุรกิจด้านการลงทุนโดยการถือหุ้นในบริษัท (Holding Company) ที่ประกอบธุรกิจสายการบิน ราคาประหยัด หรือธุรกิจอื่นที่เกี่ยวข้องกับสายการบิน ดีเลิศ
<b>คณะกรรมการกำกับดูแลกิจการ</b> ที่ตั้งสำนักงานใหญ่	222 ท่าอากาศยานดอนเมือง อาคารส่วนกลางชั้น 3 ห้องหมายเลข 3200 ถนนวิภาวดีรังสิต แขวงสนามบิน เขตดอนเมือง กรุงเทพฯ 10210 โทรศัพท์: 02-562-5700 โทรสาร: 02-562-5705 www.aavplc.com 0107554000313
<b>เว็บไซต์</b> เลขทะเบียนบริษัท ทุนจดทะเบียนและ ทุนที่ออกและชำระแล้ว ณ วันที่ 31 ธันวาคม 2562	หุ้นสามัญจำนวน 4,850,000,000 หุ้น มูลค่าที่ตราไว้หุ้นละ 0.10 บาท รวมมูลค่า 485,000,000 บาท

## ข้อมูลทั่วไปของบริษัทย่อย

<b>ชื่อบริษัทย่อย</b> ประเภทธุรกิจ	บริษัท ไทยแอร์เอเชีย จำกัด ประกอบธุรกิจสายการบินราคาประหยัด หรือธุรกิจอื่นที่เกี่ยวข้องกับสายการบิน
<b>ที่ตั้งสำนักงานใหญ่</b>	222 ท่าอากาศยานดอนเมือง อาคารส่วนกลางชั้น 3 ห้องหมายเลข 3200 ถนนวิภาวดีรังสิต แขวงสนามบิน เขตดอนเมือง กรุงเทพฯ 10210 โทรศัพท์: 02-562-5700 โทรสาร: 02-562-5705
<b>ทุนจดทะเบียนและ</b> <b>ทุนที่ออกและชำระแล้ว</b> ณ วันที่ 31 ธันวาคม 2562 สัดส่วนการถือหุ้น	หุ้นสามัญจำนวน 43,555,560 หุ้น มูลค่าที่ตราไว้หุ้นละ 10 บาท รวมมูลค่า 435,555,600 บาท ร้อยละ 55.0

## ข้อมูลของบุคคลอ้างอิง

<b>นายทะเบียนหลักทรัพย์</b>	บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด อาคารตลาดหลักทรัพย์แห่งประเทศไทย 93 ถนนรัชดาภิเษก เขตดินแดง กรุงเทพฯ 10400 โทรศัพท์: 02-009-9999 โทรสาร: 02-009-9991 เว็บไซต์: www.tsd.co.th
<b>ผู้สอบบัญชี</b>	บริษัท สำนักงาน ฮิวาย จำกัด ชั้น 33 อาคารเลคริงดา 193/136-137 ถนนรัชดาภิเษก เขตคลองเตย กรุงเทพฯ 10110 โทรศัพท์: 02-264-9090 โทรสาร: 02-264-0789-90 เว็บไซต์: www.euy.com

อนึ่ง ผู้ลงทุนสามารถศึกษาข้อมูลของบริษัทที่ออกหลักทรัพย์เพิ่มเติมได้จากแบบแสดงรายการข้อมูลประจำปี (แบบ 56-1) ของบริษัทที่แสดงไว้ใน [www.sec.or.th](http://www.sec.or.th) หรือ [www.aavplc.com](http://www.aavplc.com)

# General and Other Information

## General Information

<b>Company name</b> <b>Type of business</b>	<b>Asia Aviation Public Company Limited (AAV)</b> A holding company investing in business of low-fare airline or relevant business in relation to airline operation
<b>CG Scoring</b> <b>Head office</b>	Excellent 222, Don Mueang International Airport, 3 <sup>rd</sup> Fl., Central Office Bldg., Room no. 3200, Vibhavadee Rangsit Road, Sanambin, Don Mueang, Bangkok 10210 Tel: 02-562-5700 Fax: 02-562-5705 www.aavplc.com
<b>Website</b> <b>Registration number</b> <b>Authorised and paid-up capital as at 31 December 2019</b>	0107554000313 Common stock of 4,850,000,000 shares at the par value of Baht 0.10 amounted Baht 485,000,000

## Subsidiary's General Information

<b>Subsidiary name</b> <b>Type of business</b>	Thai AirAsia Company Limited A low-fare airline or relevant business in relation to airline operation
<b>Head office</b>	222, Don Mueang International Airport, 3 <sup>rd</sup> Fl., Central Office Bldg., Room no. 3200, Vibhavadee Rangsit Road, Sanambin, Don Mueang, Bangkok 10210 Tel: 02-562-5700 Fax: 02-562-5705
<b>Authorised and paid-up capital as at 31 December 2019</b> <b>Shareholding</b>	Common stock of 43,555,560 shares at the par value of Baht 10 amounted Baht 435,555,600 55.0%

## References

<b>Registrar</b>	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Tel: 02-009-9999 Fax: 02-009-9991 Website: www.tsd.co.th
<b>Auditor</b>	EY Office Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel: 02-264-9090 Fax: 02-264-0789-90 Website: www.euy.com

Investors can study more information from the company's annual registration statement (Form 56-1) from [www.sec.or.th](http://www.sec.or.th) or [www.aavplc.com](http://www.aavplc.com)





**บริษัท เอเชีย เอวิเอชั่น จำกัด (มหาชน)**

222 ท่าอากาศยานดอนเมือง อาคารส่วนกลาง

ชั้น 3 ห้องหมายเลข 3200 ถนนวิภาวดีรังสิต

แขวงสนามบิน เขตดอนเมือง กรุงเทพฯ 10210

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**ASIA AVIATION PUBLIC COMPANY LIMITED**

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