

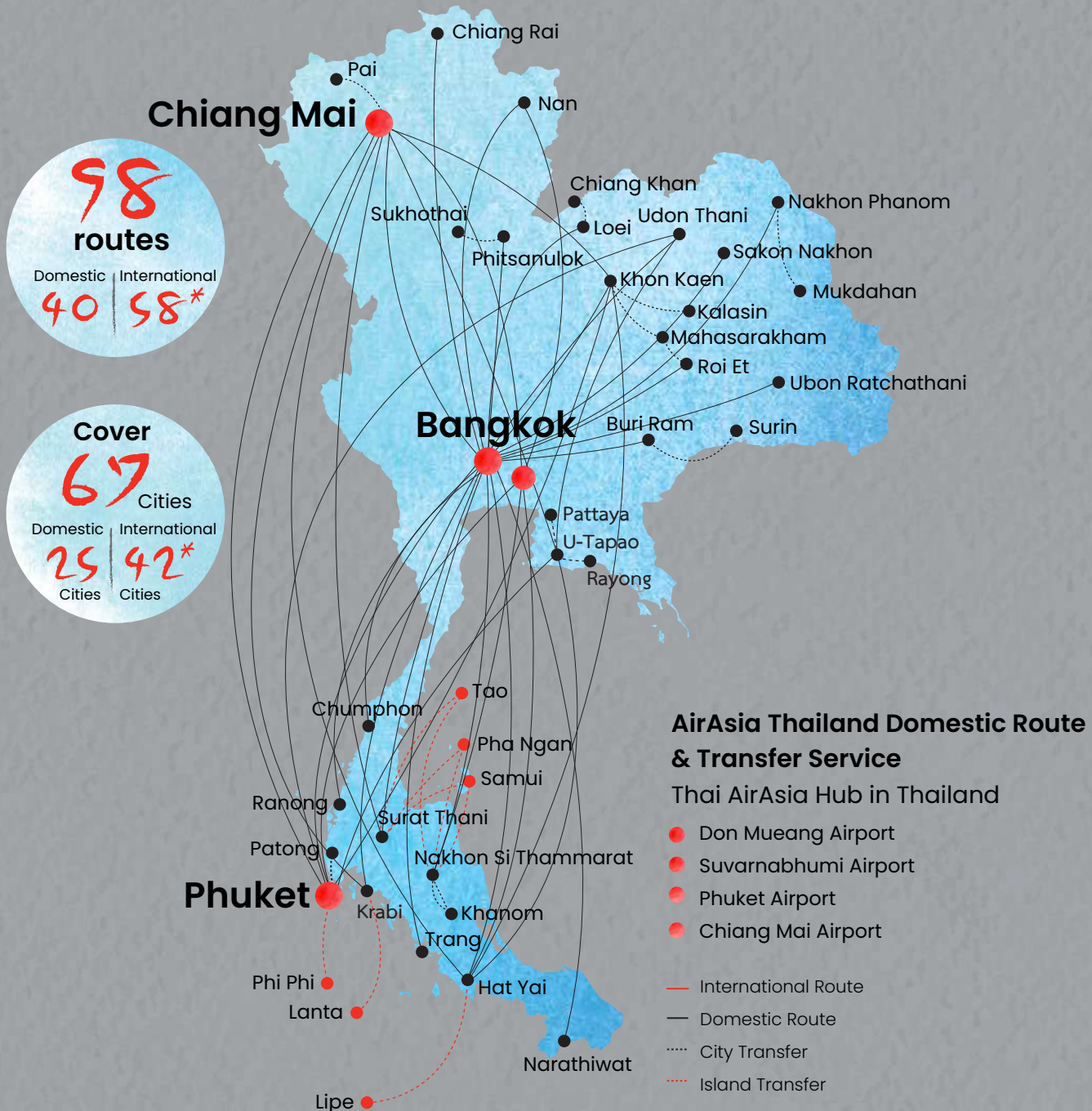


#Travel for Thailand



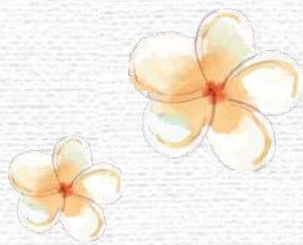
ROUTE NETWORK

(GRI 102-2, 102-6)



* Before the International flight suspension

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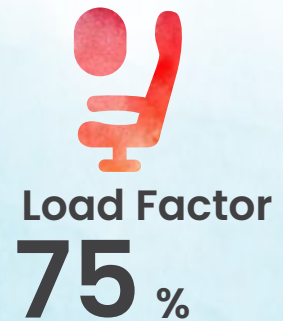
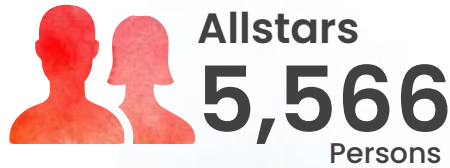
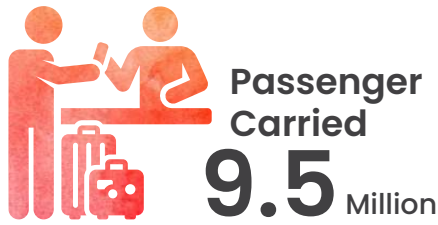
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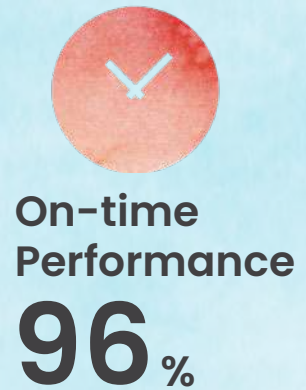
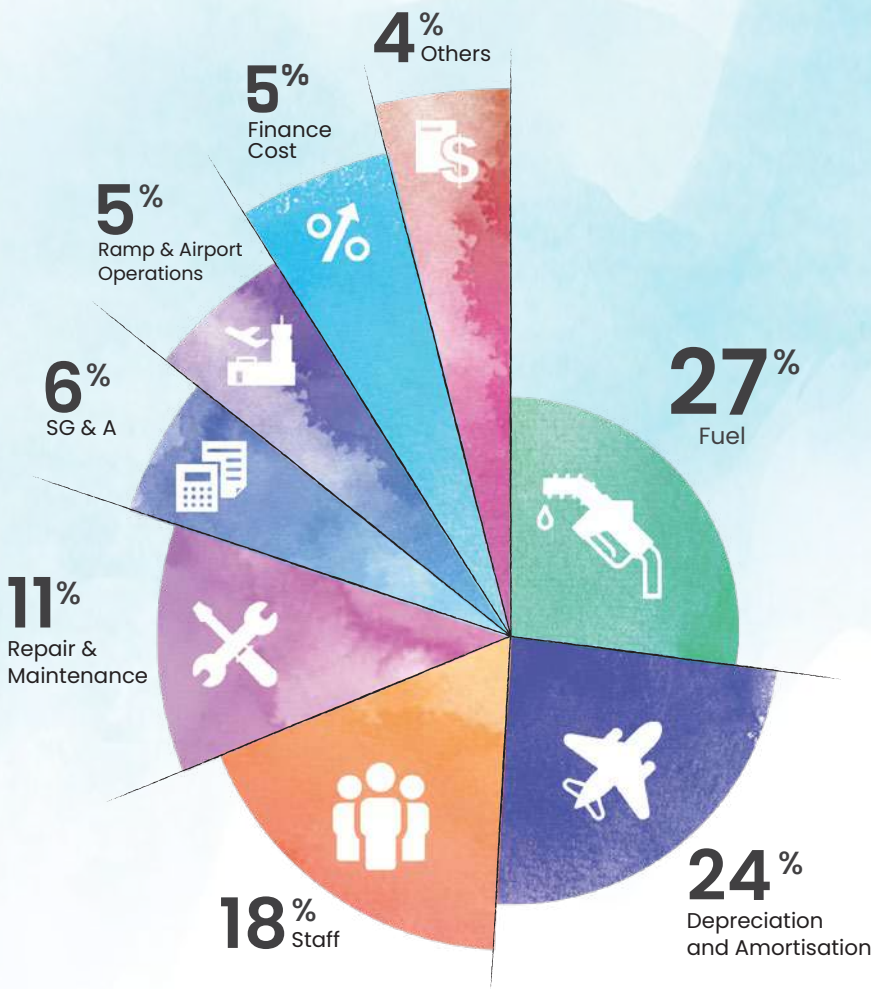
General and
Other Information

KEY FINANCIAL AND OPERATING DATA

(GRI 102-7, 102-8)



COST BREAKDOWN OF 2020





FINANCIAL HIGHLIGHTS

(Unit: Million Baht)

For the year ended 31 December	2018 ⁽¹⁾	2019 ⁽¹⁾	2020
Statement of Comprehensive Income			
Revenues from sales and services	38,905	40,181	13,634
Profit (loss) for the year	601	(122)	(7,551)
Profit (loss) attributable to owners of the Company	70	(474)	(4,764)
Statement of Financial Position			
Total assets	61,747	62,903	67,978
Total liabilities	33,124	35,214	50,618
Equity attributable to owners of the Company	20,455	19,944	14,266
Total equity	28,623	27,689	17,360
Statement of Cash Flows			
Net cash flows from (used in) operating activities	2,869	966	(898)
Net cash flows from (used in) investing activities	(1,733)	(1,794)	12,064
Net cash flows from (used in) financing activities	(2,288)	829	(14,031)
Net increase (decrease) in cash and cash equivalents	(1,152)	1	(2,865)
Key Financial Ratios			
Net profit (loss) margin (%) ⁽²⁾	0.2	(1.2)	(34.9)
Return on assets (%) ⁽³⁾	0.1	(0.8)	(7.3)
Return on equity (%) ⁽⁴⁾	0.3	(2.3)	(27.9)
Basic earnings (loss) per share (Baht)	0.0144	(0.0977)	(0.9823)

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

2.36

As of December 30, 2020

1.00–3.06

52 weeks' range



2020 HIGHLIGHTED ACCOLADES

(GRI 102-12)

IOSA

IATA OPERATIONAL SAFETY AUDIT

IOSA

Operational Safety Audit (IOSA)
by the International
Air Transportation (IATA)



SHA

Amazing Thailand Safety and
Health Administration (SHA)



World Travel Awards (WTA) 2020

Asia's Leading Low-Cost Airline
& Asia's Leading
Low-Cost Airline
Cabin Crew 2020



สภาเด็กและเยาวชนแห่งประเทศไทย
The Children and Youth Council of Thailand

The Children and Youth Council of Thailand

The 2020 Thailand National
Youth Day Royal Trophy : The Private
Organisation with Exemplary
Dedication & Support
on Children and Youth Affairs



NACC Awards 2020

Chorsaard (Integrity Bouquet)
Award : Advertising 2020
by Office of the National
Anti-Corruption Commission
(NACC)





#Promotions

The leading low fare airline with year-round promotions for every occasion

First time ever! Unlimited Pass for domestic flights supports tourism



#Travel for Thailand

Largest domestic network
with regional connections
Stimulating tourism nationwide



#Fly With Confidence

AirAsia puts Health and Safety first

For the confidence of
all passengers and staff



#In This Together

Overcoming every crisis together
Caring for all stakeholders

MESSAGE FROM THE CHAIRMAN OF THE BOARD

(GRI 102-14)



We have not lost hope and is not retreating, but we are even more determined to prepare our personnel and systems for full operation, to be ready to take action as soon as the situations in Thailand and the world return to normal.

I am an economist and I always remember that when drafting a plan, we must assume that if all things are being equal and unchanged, then how should our actions be plotted to bring about positive results for our own good.

In this regard, the likelihood of achieving planned results is however, almost non-existent, because in the real world nothing is static and all factors are in constant flux.

Over the past year up until today, nonetheless, it is the first time that we have experienced this apparent stillness. No assumption is needed.

It is thus an opportune moment (one that will not likely manifest again) for AAV to take advantage of this state of stillness to draw its plans with the utmost accuracy and to ensure the most benefit for its shareholders and all its stakeholders.

In my role as Chairman of the Board, kindly allow me to assure all of our shareholders and stakeholders that we have not lost hope and is not retreating, but we are even more determined to prepare our personnel and systems for full operation, to be ready to take action as soon as the situations in Thailand and the world return to normal.

We are confident that the world still needs air travel and still believe in our motto "Everyone Can Fly". We see this halt as a temporary situation, similar to pressing 'Pause & Play' buttons.

We are hopeful that our shareholders and stakeholders will continue to support us and treat each other the way we have always been.

Mr. Vichate Tantiwanich
Chairman of the Board

MESSAGE FROM THE EXECUTIVE CHAIRMAN

(GRI 102-14)



In the past 17 years that Thai AirAsia has been in service, the COVID-19 crisis marks the most severe situation the company has ever faced. In 2020, we were forced to be in the state of “limbo” to keep ourselves afloat, coupled with efficient capital management to conserve cashflow. We needed to be enthusiastic to adapt strategies and operations to the ever-changing circumstances, indeed a difficult and challenging task.

Due to COVID-19 in the past year, we had to employ every approach for our survival, including sacrifices by executives and staff, who voluntarily took pay cuts and both short and long term leave to contain capital costs. We also had to elevate our health and safety protocols to build confidence in travel while seeking out new business opportunities and revenue streams.

Our policy strategies emphasised collaboration with the government towards securing aid in various forms, especially when Thai AirAsia led members of the Thai aviation industry in requesting different types of assistance from government offices and related agencies such as a discount on the excise tax for jet fuel for domestic routes and reductions of Landing Charges, Parking Charges and Air Navigation Charges, in which we receive satisfactory outcome in this front.

Our most important effort nonetheless was to secure soft loans from the Ministry of Finance. All seven Thai carriers commenced with this request from the onset of COVID-19 in March of 2020 through to the emergence of the second wave in early 2021. News reports will show that through the entire 2020, Thai AirAsia adjusted its plans in accordance with state policies and closely followed up on the request while doing its best to manage the situation from within.

The tourism and transport industries are often the first to be impacted by crisis and while we are confident in our experience and resilience, as well as our defensive and proactive planning, we are not underestimating the situation and affirm that all of our actions over the past year have been to ensure that once the opportunity returns, we will be ready to serve travellers and tourists and play our role in stimulating the nation’s economy.

I wish to thank our wonderful team, all the executives, staff and stakeholders at Thai AirAsia and Asia Aviation Plc. for being together in this trying path. I believe this crisis will make us even stronger and provide us ever valuable lessons, and for us to be ready to reap our rewards in the coming future.

I wish to thank our wonderful team, all the executives, staff and stakeholders at Thai AirAsia and Asia Aviation Plc. for being together in this trying path. I believe this crisis will make us even stronger and provide us ever valuable lessons, and for us to be ready to reap our rewards in the coming future.

Mr. Tassapon Bijleveld
Executive Chairman



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

(GRI 102-14)



*No matter what happens.
No matter how the external
factors would be. We must
believe in managing what
we can manage and adapt
to the situation at the best
of where we are.*



It is often said that time flies when you're happy and yet while it would be difficult to characterise the year 2020 as "happy", it did fly by. The reason this year of adversity passed by so quickly is likely because we were all so occupied with overcoming the challenges, constantly learning to "do new things", seeing events we never thought we would see and doing what we never thought we would do.

For our employees, this year was a major adjustment. New skills had to be learned, alternative work had to be taken and everyone had sacrifice partial remuneration to take our company forward. This year, we learned that "With an open heart to change, there will always be opportunities".

However, regardless of what changes had to take place for our survival, our core business remained our priority. Thai AirAsia is an airline that provides transport based on safety, health and on-time performance and despite the sacrifices that had to be made this year, I continued to see the power in our togetherness and efficient operation, a commitment that must be applauded.

We expect and are hopeful that the situation will improve in 2021 as vaccination against COVID-19 becomes more prevalent. Stimulating domestic tourism will remain a key strategy as we foresee international travel returning at the end of the year, which will bring back familiar energy in the tourism and aviation sectors.

For 17 years, we have remained mindful and made sure to "always be prepared". This was a difficult year, but we made it through while learning new lessons that we can use to further better our business. I assure you, there has never been a crisis from which we did not find an opportunity and this year was no different.

We had to adapt ourselves and change our plans because depending on flights alone was not enough this year. We started new endeavours in the travel and lifestyle segments such as SNAP service, which offers air tickets alongside accommodations, retailing tickets from other airlines, making our Boba Milk Tea available through delivery and transporting goods through Teleport.

No matter what happens. No matter how the external factors would be. We must believe in managing what we can manage and adapt to the situation at the best of where we are.

Mr. Santisuk Klongchaiya
Chief Executive Officer



BOARD OF DIRECTORS AND MANAGEMENT TEAM

Asia Aviation Public Company Limited

1.

Mr. Vichate Tantiwanich

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

2.

Mr. Tassapon Bijleveld

Director / Executive Chairman

3.

Mr. Santisuk Klongchaiya

Director / Chief Executive Officer

4.

Mr. Nuttawut Phowborom

Director / Independent Director / Audit Committee



**BOARD OF DIRECTORS
AND MANAGEMENT TEAM**

Asia Aviation Public Company Limited

5.

Mr. Veerayooth Bodharamik

Director / Audit Committee / Independent Director

6.

Gp.Capt. Tanapat Ngamplang

Director

7.

Mr. Preechaya Rasametanin

Director

8.

M.L. Bovornovadep Devakula

Director / Director of Business Development

9.

Mr. Phairat Pornpathananangoon

Director / Chief Financial Officer



BOARD OF DIRECTORS

Thai AirAsia Company Limited

1.

Mr. Vichate Tantiwanich

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

2.

Mr. Tassapon Bijleveld

Director

3.

Mr. Santisuk Klongchaiya

Director

4.

Mr. Nuttawut Phowborom

Director / Audit Committee / Independent



BOARD OF DIRECTORS
Thai AirAsia Company Limited

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



MANAGEMENT TEAM

Thai AirAsia Company Limited

1.

Mr. Tassapon Bijleveld

Executive Chairman

2.

Mr. Santisuk Klongchaiya

Chief Executive Officer

3.

M.L. Bovornovadep Devakula

Executive Vice President

4.

Mr. Phairat Pornpathananangoon

Chief Financial Officer

5.

Mr. Banyat Hansakul

Head of Engineering

6.

Miss Thiladee Pantumchinda

Head of People Department

7.

Miss Witchunee Kuntapeng

Head of Guest Service



MANAGEMENT TEAM

Thai AirAsia Company Limited

8.

Mr. Pipat Khunprakan

Head of Innovation Commercial and Technology

9.

Miss Nattinee Tawanchulee

Head of Commercial

10.

Miss On-anong Methapipatkul

Head of Inflight Services

11.

Miss Topaz Subunruk

Head of Sustainability and Communications

12.

Mr. Chatupong Hongwiset

Head of Ramp and Ground Service Equipment

13.

Sqn.Ldr. Damrong Phaspipatkul

Head of Flight Operation

14.

Mr. Bandit Pornsarote

Head of Operational Quality Assurance

PUBLIC RELATIONS ACTIVITIES 2020



AirAsia Takes On **COVID-19**

In the light of impact to the tourism and aviation businesses from the COVID-19 pandemic, Thai AirAsia had to scale back flights in **April of 2020, when an official suspension on air travel was announced**, joining in the effort to stifle spread of the virus and provide utmost safety to passengers and crew.



In spite of the difficult situation, AirAsia provided support to the government by facilitating necessary travel, repatriation and the transport of goods. AirAsia cooperated with the Thai government to carry out a repatriation flight between Bangkok and Wuhan, China on 4 February, 2020. The journey not only allowed the airline to assist Thais, it provided an opportunity to learn about heightened disease prevention and apply the knowledge to its current operation.



Once conditions improved, Thai AirAsia began **gradually returning to domestic service in May of 2020**, serving passengers with a necessity for travel while observing stringent health measures set by the Ministry of Public Health and Civil Aviation Authority of Thailand.



Unveiling of New Energy Saving Airplane "Airbus A321neo"

Kicking off 2020 by introducing Thailand's first ever Airbus A321neo on 13 January, 2020, the addition to AirAsia's fleet is distinguished by its energy saving capability, eco-friendliness, USB charging ports for every seat and side and front tables adjustable for phone placement. Able to seat up to 236 passengers (from 180 seats on the Airbus A320), the airplane provides even more opportunity for popular routes.

AirAsia Takes Famed **Boba Milk Tea** from Sky to Doorsteps

Happiness at home! Adapting its business, AirAsia transformed its staff into delivery people to serve its famed Boba Milk Tea direct to homes in Bangkok and Chiang Mai. With meal and beverage service suspended on flights due to COVID-19, the innovation provides a new revenue stream to the carrier and its staff.





airasia.com Strides Towards Being ASEAN's Ultimate App for All!

AirAsia is more than just an airline! Transforming airasia.com into ASEAN's superapp, a lifestyle platform for all that is easy, quick and convenient to use, featuring more than 15 types of products and services across AirAsia's three core businesses of Travel, E-Commerce and Fintech.



Regional Connections Chiang Mai-Hua Hin, Udon Thani-Hua Hin Introduced

AirAsia introduced two new regional connections, Chiang Mai-Hua Hin and Udon Thani-Hua Hin, starting with two flights a week on Fridays and Sundays from 7 August, 2020. Using Hua Hin to stimulate domestic travel, the city has great potential and is among AirAsia's most requested regional connections.



Flying from Bangkok made More Convenient with Addition of Suvarnabhumi Airport

Thai AirAsia has added Suvarnabhumi Airport as a flight base alongside Don Mueang Airport, where all domestic routes have been returned to service. Maintaining its market leadership and providing greater convenience to passengers, AirAsia has become the only airline to offer flights from both of Bangkok's airports, Suvarnabhumi (BKK) and Don Mueang (DMK).



First Time Ever! AirAsia Offered Unlimited Pass

Creating a phenomenon, AirAsia stimulated domestic travel by offering the AirAsia Unlimited Pass for the first time ever! For only 2,999THB, passengers could fly an unlimited amount of times on AirAsia's domestic routes. The option was very well received.

INVESTOR RELATIONS ACTIVITIES 2020

28 January 20 AAV OPEN HOUSE AND SITE VISIT IN 2020

Don Mueang International Airport



25 February 20

FY2019 RESULTS
ANNOUNCEMENT

26 February 20

FY2019 RESULTS
BRIEFING

Grand Hyatt Erawan, Bangkok



13 May 20

THE Q1/2020
RESULTS
ANNOUNCEMENT

30 June 20

INVESTOR UPDATE VIRTUAL CONFERENCE
BY CLSA SECURITIES Virtual Conference

14 May 20

THE Q1/2020
RESULTS BRIEFING
Virtual Conference



30 June 20

THAILAND INVESTMENT
CONFERENCE 2020 -
(BOFA AND PHATRA
SECURITIES)

Virtual Conference

14 July 20

INVESTOR UPDATE
VIRTUAL CONFERENCE
BY UBS SECURITIES
Virtual Conference

22 July 20

**PANDEMIC
PANDERMONIUM**
Virtual Conference

**22 July 20****ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Thai AirAsia Head Office, Foxtrot and Golf Meeting Room

**11 August 20**

THE Q2/2020
RESULTS
ANNOUNCEMENT

13 August 20

THE Q2/2020
RESULTS BRIEFING
Virtual Conference

26 August 20

THAILAND FOCUS 2020
VIRTUAL CONFERENCE
Virtual Conference

3 September 20

NON-DEAL ROADSHOW
VIRTUALCONFERENCE
WITH BUALUANG SECURITIES
Virtual Conference

10 November 20

THE Q3/2020
RESULTS
ANNOUNCEMENT

12 November 20

THE Q3/2020
RESULTS BRIEFING
Virtual Conference

8 December 20**IR MAGAZINE
FORUM &
AWARDS 2020**

Virtual Conference



KEY MILESTONES OF ASIA AVIATION AND THAI AIRASIA

(GRI 102-10)

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.

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.

2009

Thai AirAsia launched new hub in Phuket.

2010

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

2011

- 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 hub in Chiang Mai.

2014

Thai AirAsia rewarded The World Best LCC's OTP in 2013 from Flightstats.

2015

Thai AirAsia rewarded The Best of Airline from The Best of Thailand Awards voted by Chinese tourists.

2016

Thai AirAsia received Airbus A320neo 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).

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 A321neo aircraft, the first two of its kind in Thailand.

2020

- Thai AirAsia launched new hub in Suvarnabhumi International Airport.
- Asia Aviation listed in the Thailand Sustainable Investment (THSI) of 2020.
- Asia Aviation won Best Annual Report of South East Asia.
- Thai AirAsia operated 62 aircraft with 785 domestic flights per week to 25 destinations and 551 flights per week to 42 destinations (before the suspension operations).

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



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

BUSINESS OVERVIEW

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, Allstars, guests, business partners, investors, 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), Bangkok (Suvarnabhumi Airport), Phuket, and Chiang Mai. 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 Thai AirAsia 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, 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.

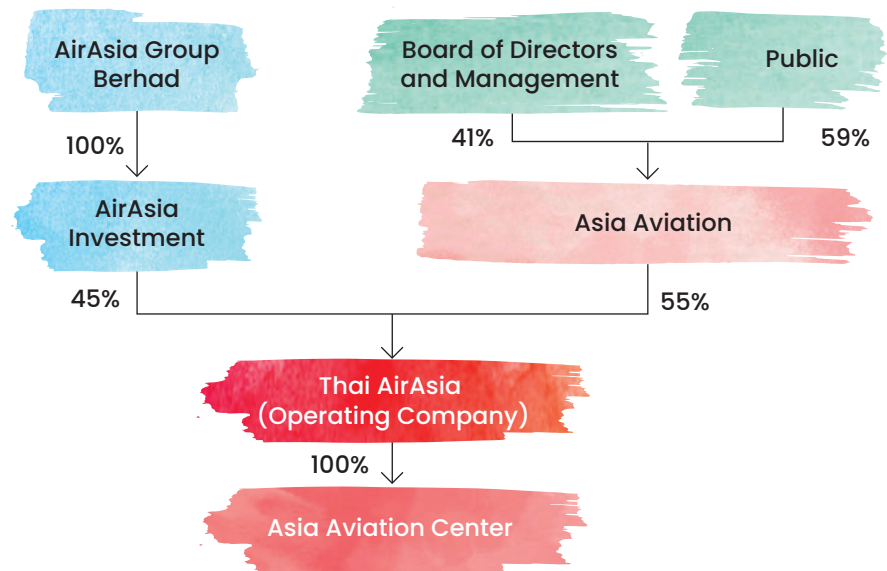
Thai AirAsia, a joint venture between Asia Aviation, who held 51% shareholding in Thai AirAsia (Pre-IPO), and AirAsia Investment "AAI", who held 49%, is incorporated on September 19, 2003 to operate a low-fare airline business with a registered capital of Baht 400,000,000. AAI is a holding company wholly 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.

Thai AirAsia has established, a wholly owned subsidiary, Asia Aviation Center Company Limited on January 27, 2021, to be the academy institution of learning and competency development for aviation tourism and hospitality industries.

INVESTMENT STRUCTURE

Investment structure as of December 31, 2020 is as following;



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

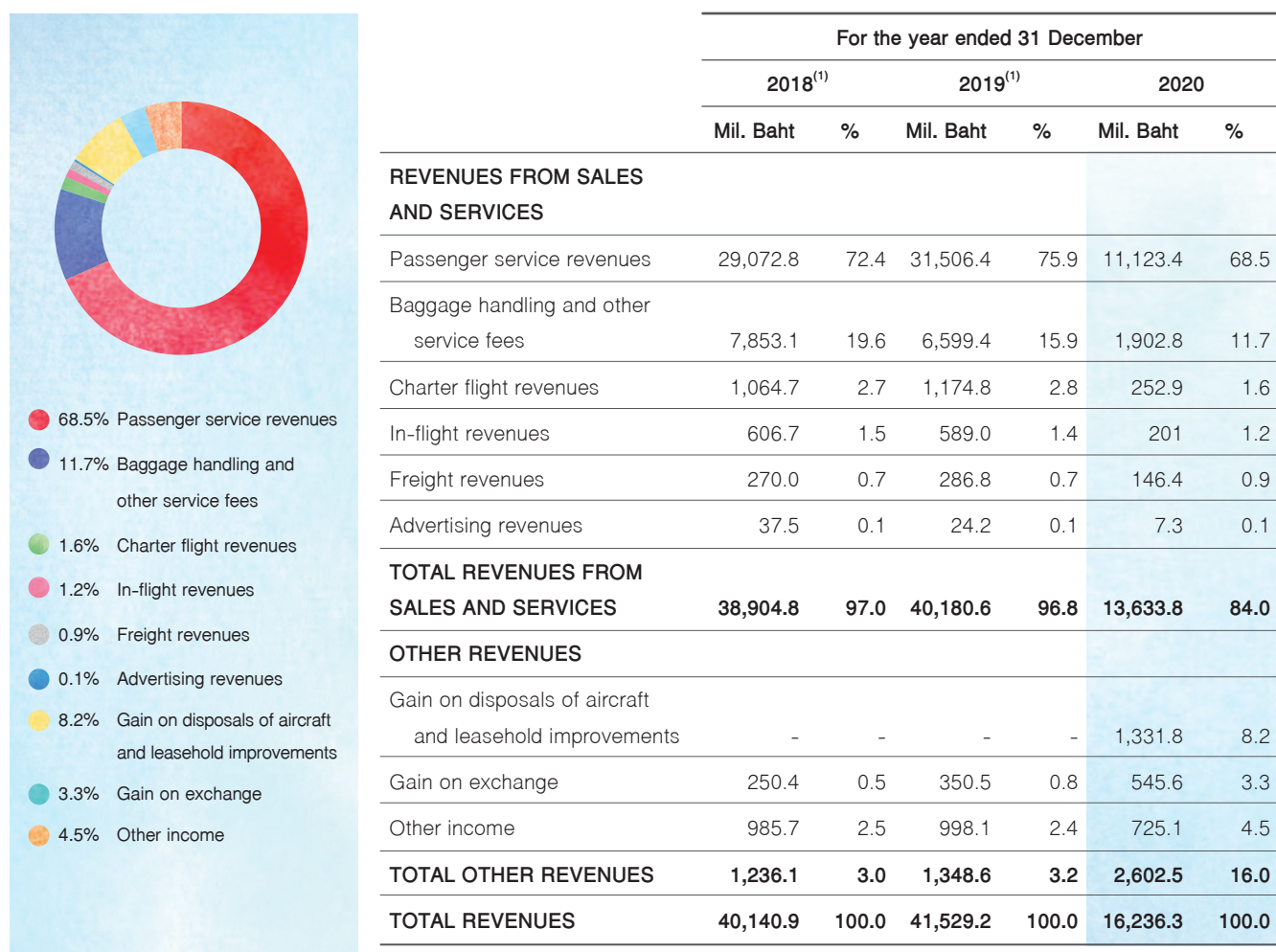
Thai AirAsia has the supports from AAB in many areas, including the permission to be a sole operator in Thailand to use "AirAsia" as a trade name for the business operation, access to market knowledge, and customer services. Presently, Thai AirAsia is leasing its aircraft from AirAsia Mauritius "AAM", 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.

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, 2018 - 2020 is shown with details below.



Remark: ⁽¹⁾ Reclassification of the comprehensive income statements

ASIA AVIATION AND THAI AIRASIA'S BUSINESS

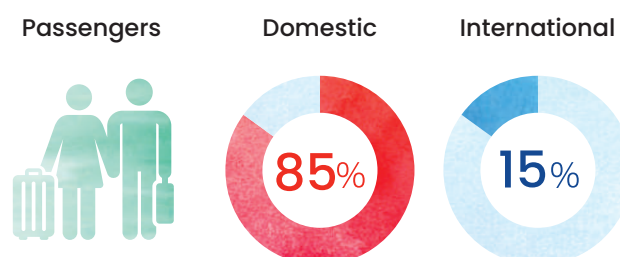
Asia Aviation operates as a holding company, which currently only holds an investment in Thai AirAsia.

Thai AirAsia operates a low-fare airline business with the Airbus A320 family, including 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 96% of our flights in 2020 (which measures the proportion of flights departing within 15 minutes of the scheduled departure time).

In 2020, the number of passengers carried of Thai AirAsia was at 9.5 million passengers, 85% of which were passengers on the domestic routes, and 15% of which were passengers on the international routes.



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

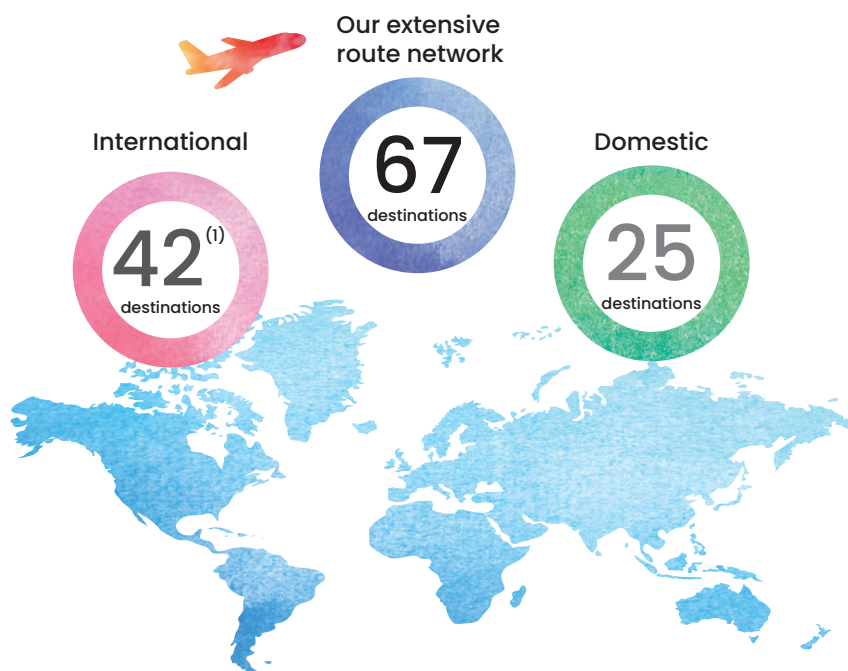
	For the year ended 31 December		
	2018	2019	2020
Capacity (million seats)	25.2	26.1	12.6
Passengers carried (million)	21.6	22.1	9.5
Load factor (%) ⁽¹⁾	85	85	75
ASK (million) ⁽²⁾	25,019	26,940	10,174
RPK (million) ⁽³⁾	21,243	22,670	7,735
Average fare (Baht) ⁽⁴⁾	1,477	1,478	1,199
Revenue per ASK (Baht) ⁽⁵⁾	1.56	1.49	1.34
Cost per ASK (Baht) ⁽⁶⁾	1.58	1.55	2.31
Cost per ASK (non-fuel) (Baht) ⁽⁷⁾	1.00	1.03	1.68
Number of aircraft at period end	62	63	62
Number of stages flown	139,848	144,421	69,368
International	54,142	61,406	10,320
Domestic	85,706	83,015	59,048
Average stage length (kilometre) ⁽⁸⁾	991	1,033	804
Aircraft utilisation (block hours per day) ⁽⁹⁾	12.0	12.3	7.4
Ancillary revenue (Baht in millions)	7,134	7,511	2,285
Ancillary revenue per passenger (Baht)	331	339	241
Fuel consumption (million barrel)	4.57	4.94	1.76
Company's average market jet fuel price (USD per barrel) ⁽¹⁰⁾	85.2	77.1	46.7
On time performance (%) ⁽¹¹⁾	86	86	96

- (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 (2020: actual distance; 2018-2019: standard distance)
- (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 (2020: actual distance; 2018-2019: standard distance)
- (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 other costs) divided by ASK
- (7) Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding other 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 (GRI 102-4, 102-6)

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 four hub airports comprising Bangkok (Don Mueang), Bangkok (Suvarnabhumi), Phuket, and Chiang Mai as of December 31, 2020.

Our extensive route network reached a total of 67 cities in Asia, covering 25 domestic destinations and 42 international destinations (before the suspension operations), along with 40 domestic routes and 58 international routes (before the suspension operations) to totalling 98 routes. With our extensive route network, our customers have access to the combined route network of the airlines under AirAsia Group in countries such as Malaysia, Indonesia, Philippines, and India.



⁽¹⁾ Before the suspension operations

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 2020, the airline industry was challenged by the widespread of the COVID-19 pandemic. As the results, Thai AirAsia announced the suspend operations on all international flights since March 22, 2020, onward and all domestic flights from April 1 - 30, 2020. Supportively, Thai AirAsia resumed its flight operations on selected domestic routes since May 1, 2020, by reallocating its capacity to align with the travel demand. During 2020, Thai AirAsia inaugurated new domestic cross-region routes such as Chiang Mai to Hua Hin and Udon Thani to Hua Hin. Besides, Thai AirAsia launched a new operating hub at Suvarnabhumi Airport ("BKK") to operate five direct flights, which bound from Bangkok (Suvarnabhumi) to Chiang Mai, Phuket, Hat Yai, Nan, and Nakhon Si Thammarat. Thai AirAsia also added more frequency on the top-ranked domestic routes; consequently, Thai AirAsia reinstated the domestic capacity to reach the pre-COVID level. Nevertheless, Thai AirAsia suspended some flights in 2020 to manage its flight efficiency and aircraft utilisation with the travel demand, such as Hat Yai to Chiang Rai and Pattaya (U-tapao) to Khon Kaen.

Thai AirAsia aims to firmly establish itself as Thailand's leading carrier in both trunk and secondary tourism destinations and maximise the returns, especially in the domestic market. We also support the passenger growth for connecting domestic travellers and people travelling among the countries within this region. Also, Thai AirAsia seized the opportunity to capture a new customer base, including additional cargo services, by launching a new operating hub at Suvarnabhumi Airport ("BKK") to strengthen its market position.

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%, 19% and 17% of our revenues in 2018, 2019 and 2020 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, including COVID-19, 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, Hat Yai, Chiang Rai 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 20 kilograms checked baggage, a meal, a standard seat selection as well as Tune Protect Insurance coverage comprising 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 on-board 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 on-board prices, in which the food will also be served first prior to the sales of on-board 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 on-board 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).

2.3 OTHER SERVICES

- Bangkok Bank AirAsia Platinum Master Card 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.

- 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, 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. It will determine how many seats to allocate to each fare level for each flight and each departure date to maximise our revenue. We consider the market demand and supply, competition, historical performance, domestic and international economics forecasts as factors.

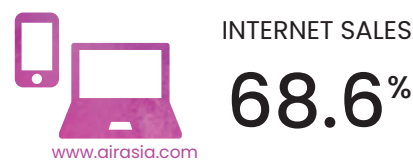
As there are a limited number of seats in the lower fare level, the earlier a passenger books a seat, the more likely it is that the passenger will purchase a seat at the lowest published fare. Our fares are priced based on one-way travel and also priced as connecting flight (Fly-Thru). The confirmed booking of a seat after full payment is non-refundable, except for the portion relating to any applicable airport tax. However, passengers are unable to

reroute but can 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, which depend on the matter.

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, 2020, Thai AirAsia has a proportion of our total bookings sold through the Internet 68.6%, direct sales 3.0% and indirect sales 28.4%.



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, direct debit and internet banking, ATM, Mobile Banking, or at service counters such as Counter Service, Tesco Lotus, Big C Supercentre, 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, including cash payment at 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 online as well. Thai AirAsia obtains revenues from OTA 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. 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, 2020, Thai AirAsia has Airbus A320 family of 62 aircraft. Thai AirAsia has entered into the aircraft's operating leases in total 51 aircraft, 14 aircraft with AAM (a subsidiary of AAB) and 37 aircraft with the third-party lessors. Meanwhile, seven of the leased aircraft were under the financial lease agreement with financial institutions, and four of the plane belonged to Thai AirAsia. Three aircraft of the fleet are on the process of deregistration due to the retirement in 2020. For 2021, Thai AirAsia has no plan to deliver new planes and expects to reduce its fleet owing to the retirement and reallocation of aircraft within the AirAsia group, bringing the Thai AirAsia's total fleet to 54 at the ended year.

Airbus A320 family have a proven track record of reliability in short-haul, high-frequency operations with an appropriate number of passengers per flight. Thai AirAsia's Airbus A320 family fleet comprised 49 of Airbus A320, 11 of Airbus A320 neo (New Engine Option), and two of Airbus A321neo, having the average fleet age of 7.5 years. In 2020, the aircraft utilisation rate was at 7.4 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, which is the aircraft manufacturer. Group procurement enables us to benefit from bulk discounts off the official list price of such aircraft.

As at December 31, 2020, Thai AirAsia received 9 certificates of promotion privileges for 39 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 of Baht 415.0 million, as the case may be for the first projects and amounting to Baht 13,360.1 million for the second project and on a range of Baht 1,409.0 million to Baht 1,531.7 million for the third to ninth project (c) an allowance of a five-year carry forward 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 2018, 2019, and 2020 were Baht 14,635.6 million, 13,962.8 million and 6,398.7 million, accounting for 37%, 34% and 27% 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 procurement:** 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:** 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 2018, 2019 and 2020. 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 2018, 2019 and 2020.

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, 2020, Thai AirAsia keeps Baht 531.8 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. Thai AirAsia 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 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;
- **Ensure** externally supplied systems and services to support our operations are delivered meeting our safety performance standards; and
- **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

While the relevant airport operators are responsible for security screening of passengers and baggage at our domestic and international destinations, Thai AirAsia trains our staff to remain vigilant in identifying potential security breaches, as well as to handle unruly passengers. All potential employees undergo thorough background screening prior to being hired.

Thai AirAsia provides extensive training to ensure that our staff have appropriate skills to carry out their relevant duties as stipulated in our employee manuals. All crew and ground handling staff are required to undergo dangerous goods awareness training to be able to identify potentially dangerous goods and items that threaten the safety of the flight (these include flammable liquids and containers that are likely to explode under pressure).

Thai AirAsia is in compliance with all of CAAT's and the ICAO's regulations. In addition, cockpits in all of our aircraft have reinforced bulletproof doors.

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) Oracle Cloud Application, which was used for our financial operations and procurement (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. Besides, The Ramp and Ground Service Equipment (GSE) of Thai AirAsia implement the Baggage Reconciliation System (BRS) that improve baggage handling and ensure that all bags are loaded onto an approved flight, starting from domestic flights at the initial phase. The system verifies baggage matching with a verified boarding passenger at the check-in before it is loaded onto a departing aircraft to minimise misdirected baggage to the misplaced flights. This system immediately display information on the dashboard allowing the duty staff to monitor closely.

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 including Grounding Liability Limited to USD 125 million anyone grounding. 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.

Thai AirAsia has purchased the War, Hi-Jacking and Other Perils Liability (AVN52E) up to USD 750 million per occurrence and in annual aggregate.

INDUSTRY OUTLOOK AND COMPETITION

1. ECONOMIC AND INDUSTRY OUTLOOK

In January 2021, the IMF projects the world economic growth to recover by 5.5 percent in 2021, from contracted by 3.5 percent in 2020. The vaccines' distribution will primarily be a critical factor in driving global economic activities and gaining consumer confidence and global trade volume. Furthermore, the government stimulus plan and the supporting policies from the leading economic countries such as the US and Japan will fuel the global economic recovery. However, the economic recovery remains under pressure from several aspects such as the new wave of COVID-19, new variants of the virus, the delay in vaccines distribution, and reimplementing of lockdown measures.

Regarding the jet fuel prices in 2021, Thai AirAsia forecasts the prices to stand within the average range of 60-65 US dollars per barrel, tended to rise gradually from the increasing oil consumption demand. The recovery of the world economy and vaccination programmes will fuel global economic activities, logistics, and tourism. Moreover, the oil price has supported the Organization of the Petroleum Exporting (OPEC) that considered cutting its production. Nevertheless, non-OPEC petroleum and other liquid fuels are expected to increase by 1.2 million barrels per day of production in 2021, putting pressure on the oil market.

Regarding tourism, the International Air Transport Association (IATA) predicts an increase in international tourist arrivals of 2021 to 2.8 billion people, compared to 1.8 billion in 2020 on the back of the success of vaccination and distribution, including the reopening their borders. Nevertheless, the airline industry could make a loss amount to USD 38.7 billion, compared to USD 118.5 billion loss in 2020. However, the new pandemic, strict lockdown and quarantine measures will incline the tourism industry's growth.

In February 2021, The Office of the National Economic and Social Development Council (NESDC) forecasts Thailand economic growth for 2021 in the range of 2.5% - 3.5%, which continues to recover from the latter half of 2020. Positively, the rebound will accelerate from a low-base effect from 2020 and

the process of the vaccination campaigns in the major global economic countries. The improvement of the Thai economy supported mainly by an increase in household consumption from the implementation of the government's economic stimulus plans, such as 'Half-Half' co-payment scheme and 'We travel together' project. Besides, the economic activities in fewer epidemic areas could operate normally due to the partial lockdown measures. Thai Baht is predicted to strengthen in the range of 29.5 - 30.5 per US dollars as the global economic recovery, which leads the fund flow from safe assets to the emerging market. Moreover, the Monetary Policy Committee has maintained low policy interest rate at 0.5 percent to support economic recovery and reduce the cost of debt for household and business. The vaccination is another positive sentiment to the economy. Thailand plans to produce its vaccines and targets to vaccinate at least 50 percent of the Thai population. The tourism sector will slowly recover in the fourth quarter this year in fulfilment of the vaccination programme in a domestic and international distribution proportion. In the light of the emerging of COVID-19 that began in the late of December 2020, the impact of Thai economy would be severe less than last year one due to partial lockdown, and expected to recover faster than the previous infection from the effective controls of the government. However, the economic recovery would remain highly uncertain the situation, in part control over new waves of COVID-19, the vaccine efficacy and vaccination coverage, the resumption of inbound tourism, and global instability economic and financial.

In 2021, the recovery in tourism industry will primarily depend on the progress of the vaccination. The foreign tourists are expected to return in the fourth quarter of 2021, positively, supported by the success in the COVID-19 containment, the wide distribution of the vaccines, and the aggressive marketing with the travel packages would encourage Thai tourism. Positively, suppose the government relaxes on pandemic control and quarantine measures for vaccinated persons. In that case, it permits entry for vaccinated and selected persons, including film crew, trade show participants, high-income earners, and those with 'Special Tourist Visas' (STVs), this would encourage international travelling demand. In contrast, the uncontrolled virus outbreak and the delay in vaccine distribution can change the timeline for reopening the border. NESDC predicts the inbound tourists at 3.2 million with an estimated revenue of 0.32 trillion. Whereas, Tourism Authority of

Thailand (TAT) forecasted tourist arrivals of 6.5 million, with an estimated revenue of Baht 0.35 trillion. While the number of Thai tourists in domestic market is expected to be 160 million / visit with an estimated revenue of Baht 0.87 trillion, bringing totally tourism revenue in 2021 of Baht 1.22 trillion.

Hence, Thai AirAsia has prepared itself for the resumption of both domestic and international by maintaining its market share and realignment its routes to enhance efficiency and better match demand. The company will also strengthen the cargo business and support vaccines logistic both domestically and regionally, which will mainly underpin the economic recovery and travelling demand. Furthermore, Thai AirAsia has continuous monitoring of its performance to ensure efficient operation and has opened for the new opportunity to optimise returns.

2. COMPETITION

In these days, the COVID-19 outbreak has widely impacted the airline industry and has disrupted international flights. Therefore, the market has shifted a focus into Thai travellers in the domestic market. Many airlines have diversified and developed their strategy to generate revenues through the non-airline business to survive under challenging circumstances. Nevertheless, some airlines have entered bankruptcy and have started their rehabilitation petition, due to a substantial net loss and a lack of liquidity to operate the business. In 2020, more than 42 airlines globally entered some form of bankruptcy protections and some of which were shut down. Meanwhile, Thai Airways and Nok Air have filed their rehabilitation petition, and NokScoot ceased its operation in Thailand this year.

Thai Airways, the national airline which positioned itself as a full service, provided customer experience as "Touches of Thai" offers multiclass scheduled services, complimentary in-flight meals, a frequent flyer programme 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. Moreover, Thai Airways have generated more cash by selling deep-fried dough to support its business. In addition, Thai Airways filed the rehabilitation petition on May 27, 2020, and the Central Bankruptcy Court (CBC) issued an order to proceed rehabilitation on September 14, 2020. Currently, Thai Airways has submitted the rehabilitation plan to the official receiver.

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. Currently, Nok Air filed the rehabilitation petition on November 4, 2020. The planners must submit a rehabilitation plan in the first quarter of 2021. Thai Airways holds 13.3% equity interest in Nok Air as of July 15, 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 Samui Island routes. Moreover, the airline focuses on leisure travellers and routes not exceeding 5 hours from the operation centres, covering Southeast Asia, South Asia and India. Furthermore, Bangkok Airways has invested in the 'City Airport' deal in The Eastern Economic Corridor, which will fortify ground business, catering and warehouse in the future.

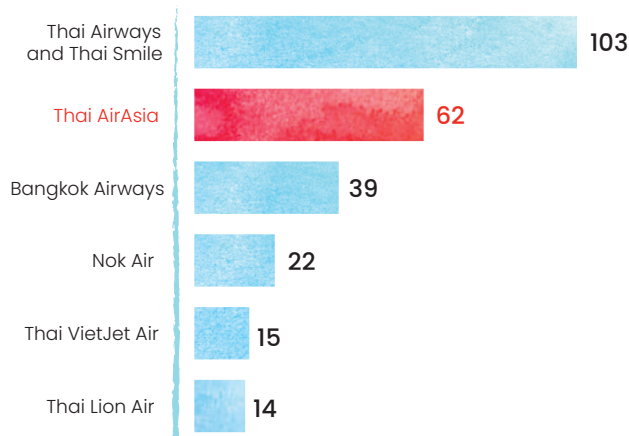
Thai Lion Air, a low-cost carrier of Indonesia part of Lion Group, has started its operation at Don Mueang International Airport. The airline strategy provides a lower price than competitors with a slogan "We make people fly" with more focus on route expansions of domestic routes. During 2020, Thai Lion Air reduced its fleet to 14 aircraft from 34 aircraft last year.

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 Vietjet Air has rapidly grown business through both the promotions and the route operation expanding. In 2020, it has increased its fleet by four aircraft during the year.

Thai AirAsia's strategy is to offer the best low fares with flight frequency, quality of service in its peer group and on-time performance. Given our cost management effectiveness, Thai AirAsia is better positioned 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 2020, Thai AirAsia faced the outbreak of the COVID-19, which resulted in realigning its network by reducing the frequency or suspending flights in the high risk exposed countries and reallocates its active capacity management to align with travel demand. Moreover, it has less price competition,

especially in the trunk routes provided by low-cost carriers and full-service carriers. Thai AirAsia also offers services on unique routes to avoid competition and maintains leadership in the domestic market. Hence, Thai AirAsia dominates the airfare on those routes such as Bangkok to Roi Et. Thai AirAsia inaugurated the new routes connected with the government economic stimulus and travel demand, such as new domestic cross-region routes from Chiang Mai to Hua Hin and Udon Thani to Hua Hin. Moreover, Thai AirAsia offered "AirAsia Unlimited Pass" to encourage domestic travel and launched the campaign "Travel for Thailand" that support both business and leisure travel, including many local tourism operator offers, to help boost the recovery efforts in Thailand. The Company also seized new opportunities to capture a customer base at Suvarnabhumi Airport, bound for Chiang Mai, Phuket, Hat Yai, Nan and Nakhon Sri Thammarat connecting passengers to both domestic and international routes in Asia. Furthermore, the Company expanded into the food delivery business and platform business. The delivery business has served food and beverage delivery, direct from flight to door. The digital platform business has developed "AirAsia.com" to be Asean's super app for airline booking and comprehensive lifestyles like Fintech and logistics. The hero product is 'SNAP', which offers the guests more ways to enjoy fantastic deals with the introduction of SNAP flight and hotel packages and the lowest guaranteed package prices.

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 of December 31, 2020, as shown below;



Source: CAAT and SET Filing

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) Thai Lion Air, (5) Thai VietJet Air, and (6) 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 we serve by offering passengers the opportunity to fly with the international standard quality and experiences at the valuable airfares. Besides, we aim to gain market dominance in each serving routes. Thai AirAsia has supported the travelling recovery through advertising **#Travel for Thailand** that encourage and promote domestic travel to boost our country's economic recovery through encouraging the household spending, meanwhile the international borders remain closed. For 2021, domestic tourism is the key to economic stimulation and to enhance income distribution before the resumption of

international flights within the forth quarter 2021. Hence, Thai AirAsia has not plan to take new aircraft deliveries and expects to reduce its fleet owing to the aircraft retirement and reallocation within the AirAsia group, bringing its fleet to 54 aircraft by the ended year. This downsizing fleet size aligns with the forecasted pandemic's travel demand and normality will take time. Therefore, Thai AirAsia actively manages its network and reallocates its capacity, including opening new routes or even launching promotions that align with travelling demands and tourism stimulus packages. Furthermore, Thai AirAsia focuses on cost containment by reducing the unnecessary expenses and renegotiating the debts repayment. At the same time, Thai AirAsia seized the opportunity to capture a new customer base to strengthen its market position, especially in the Suvarnabhumi airport's cargo services. Moreover, Thai AirAsia offers new customer experiences and contactless measures to recommend its passengers to check-in online via its website, mobile app or kiosks and use its QR Code system for contactless check-in and luggage loading. It also provides the biometric facial recognition (F.A.C.E.S) to increase customer's convenience and safety.

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 and the effectiveness in management for the readiness of upcoming competition.



SECURITIES AND SHAREHOLDERS (GRI 102-5)

EQUITY SECURITIES

Asia Aviation Public Company Limited

As at December 31, 2020, 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)

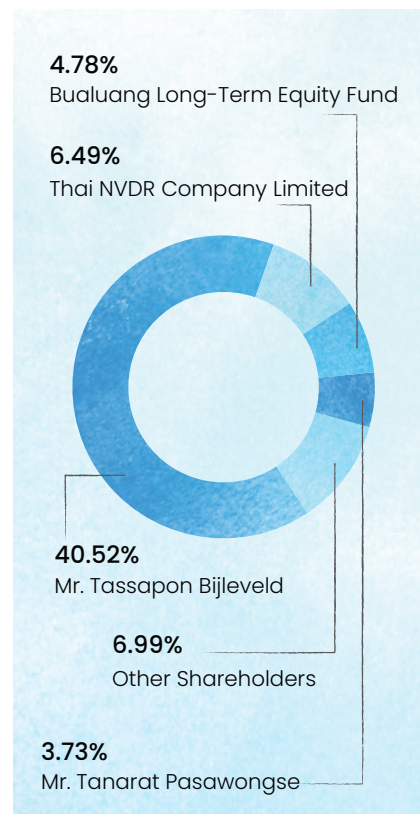
As at December 31, 2020, Thai AirAsia has the registered and paid-up capital of Baht 435,555,600, being common shares of 43,555,560 shares at the par value of Baht 10 per share. With the IPO proceeds, Asia Aviation has injected its capital into Thai AirAsia, increasing its shareholding from 51% to 55%.

MAJOR SHAREHOLDERS

Asia Aviation Public Company Limited

As at December 30, 2020, 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	314,866,819	6.49
3. Bualuang Long-Term Equity Fund	231,909,300	4.78
4. Mr. Tanarat Pasawongse	180,860,800	3.73
5. Bualuang Long-term Equity Fund 75/25	96,427,700	1.99
6. Bualuang Flexible RMF	61,187,800	1.26
7. Mr. Sinchoke Piriyothaisakul	56,696,900	1.17
8. Bualuang Equity RMF	48,940,400	1.01
9. Bualuang Infrastructure RMF	38,615,800	0.80
10. Value Plus - Dividend Long Term Equity Fund	36,936,800	0.76



Thai AirAsia Company Limited

As at December 31, 2020, 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 ^(1,2)	19,600,000	45.00
3. Mr. Tassapon Bijleveld	2	0
4. Gp. Cept. 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
Total	43,555,560	100.00

Remark:

⁽¹⁾ AirAsia Investment (“AAI”) is a subsidiary of AirAsia Group that registered under Malaysian laws, in which AirAsia Group Berhad has a 100% shareholding.

⁽²⁾ AirAsia Group Berhad (“AAGB”), listed of Bursa Malaysia, manages the business of investing in other companies.

AirAsia Group Berhad

As at December 31, 2020, 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.	509,000,000 ⁽¹⁾	15.23	-	-
Tune Air Sdn. Bhd.	516,485,082 ⁽²⁾	15.45	-	-
Tan Sri Dr. Anthony Francis Fernandes	1,600,000 ⁽³⁾	0.05	1,025,485,082 ⁽⁵⁾	30.69
Datuk Kamarudin bin Meranun	2,000,000 ⁽⁴⁾	0.06	1,025,485,082 ⁽⁵⁾	30.69

Remark:

⁽¹⁾ Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Live Sdn. Bhd.

⁽²⁾ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Air Sdn. Bhd.

⁽³⁾ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tan Sri Anthony Francis Fernandes.

⁽⁴⁾ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Datuk Kamarudin bin Meranun.

⁽⁵⁾ Deemed interested by virtue of Section 8 of the Companies Act, 2016 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 2020, 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 2020, Thai AirAsia does not pay dividends to Shareholder.



บัตรเครดิตแอร์เอเชีย ธนาคารกรุงเทพ

ใช้จ่ายทุกวันzilๆ สะสม BIG Points รว้ๆ
ไว้จ่ายค่าตัวแทนเงินสด



บัตรสำหรับคนชอบบิน ที่ใช้จ่ายผ่านบัตรในชีวิตประจำวันzilๆ ทุก 20 บาท รับ 1 BIG Point มี BIG Points ทำไร้ก็ใช้แทนเงินจ่ายค่าตัวได้
และเมื่อใช้บัตรที่แอร์เอเชีย รับ BIG Points สูงสุด 10 เท่า จากการเป็นสมาชิกระดับ Platinum ของ AirAsia BIG Loyalty และสิทธิประโยชน์อีกเพียบ

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RISK MANAGEMENT (GRI 102-15)

Policy and Risk Management Framework

Over the past one year, the global aviation industry has continually faced a wide variety of changes. All these changes are mainly resulted to the risk of the operation. Asia Aviation realises the importance of risk management in order to ensure the management of the company and the subsidiary company is efficiently managed to create the maximum effectiveness. The risk management is considered to be a part of good corporate governance which is an important foundation that helps the company able to achieve sustainable objectives and creating the beneficial to build confidence among all stakeholders, respectively. The benefit of good risk management is also helping management to make better decisions in current rapidly changing situations and creating opportunities for businesses and also to well prepare to deal with new risks that may arise in the future. It can also help reducing the fluctuation of operations with increasing the efficiency using of limited resources for the maximum efficiency. As Asia Aviation operates the business by holding shares in Thai AirAsia, therefore, the risk management system has been designated at Thai AirAsia, which is a subsidiary that operates main business for the company.

Thai AirAsia determined to have the Enterprise Risk Management in accordance with international principles with ISO 31000 standard guidelines, established a Risk Management Committee which consists of Chief Executive Officer and the management from the main department that work together with the risk management department for managing risks arising from both internal and external factors that may affect to the operations to an appropriate and acceptable level by using the proper method for assessing and reviewing the results of the risk assessments from various departments, including reviewing and proposing a policy plan related to risk management annually*. In addition, risk management policy has also been emphasised through corporate culture to employees at all levels for creating risk management awareness to ensure

that all employees are recognised the importance of risk management that arises by applying all relevant methodologies for consistent risk management practices throughout the organisation. This purpose is to enhance the risk management processes for the best effectiveness which can be able to create good performance of business, reduce negative impact on society and the environment, and also minimise any impact that may occur on the business as much as possible.

*Scopes, duties and responsibilities of the Risk Management Committee was disclosed under the heading “**Risk Management Policy**” on the company’s website at <https://www.aavplc.com>

The risk management framework of Thai AirAsia** as follows:

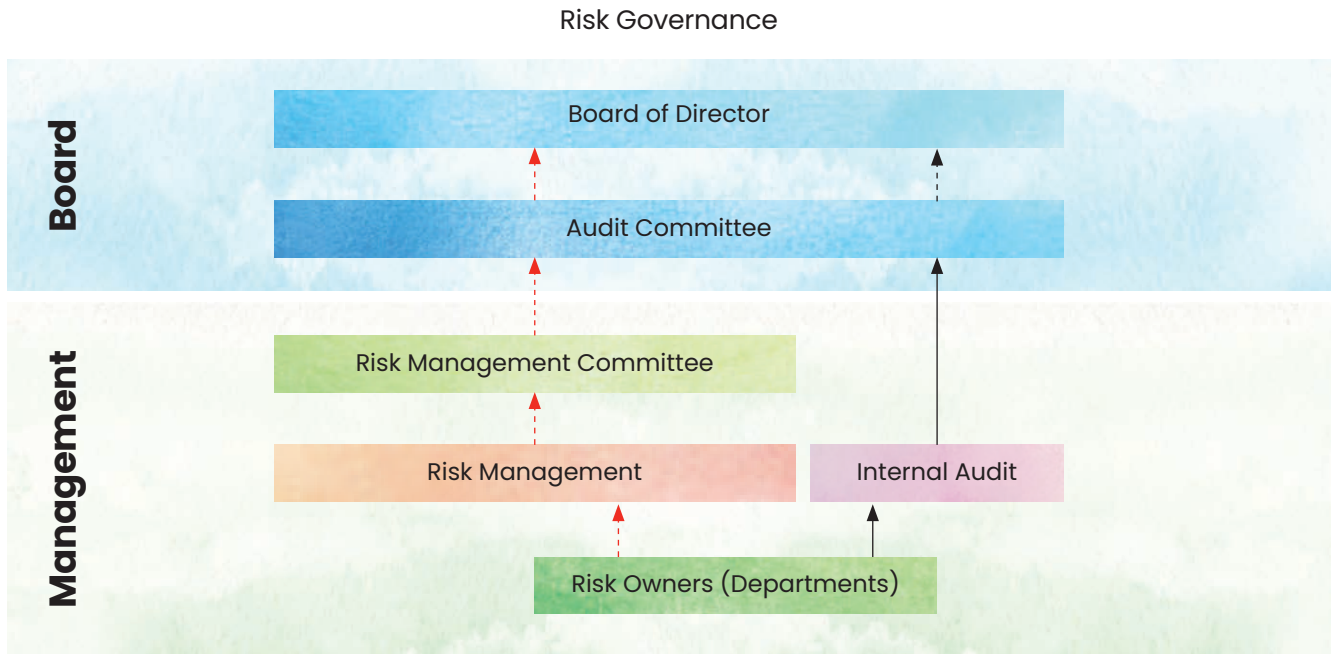
1. Risk Governance
2. Risk Management Culture
3. Strategy, Business Objectives and Risk Appetite
4. Risk Management Policy
5. Risk Management Process



Risk management framework was disclosed under the heading “Risk Management Policy**” on the Company’s website at <https://www.aavplc.com>

1. Risk Governance

Thai AirAsia had established the risk governance to be a part of the management of the entire organisation to ensure that risk management is a priority when performing its duties and governance structure including duties and responsibilities to promote the effective risk management throughout the organisation.



2. Risk Management Culture

Thai AirAsia realised that good and thorough risk management can be created by encouraging all employees to be aware of the risk management through the organisational culture. The company is therefore committed to creating and promoting a concrete and continuity risk management culture which is measurable. Which aims to make all employees aware of all risks which are involved in performing their duties on a daily basis which may affect to the overall organisation. Including being able to be responsible for managing risks appropriately. In order to the effective risk management at the enterprise level and to create a good corporate performance sustainably.

Risk Management Culture

<p>Risk Management Workshop</p>	<ul style="list-style-type: none"> To conduct training with risk owners of each department to properly assess and effective manage their risk management of each department to be the most appropriate.
<p>Risk Management Awareness</p>	<ul style="list-style-type: none"> To create awareness and the importance of risk management for all employees of the organisation via e-learning.
<p>Risk Management Communication</p>	<ul style="list-style-type: none"> To communicate details of risk management policy and principles through the organisational culture for all employees as well as being measured with an annual KPI.
<p>Risk Management Reporting</p>	<ul style="list-style-type: none"> Establish an enterprise risk management reporting system for management and that information is able to be retrieved in timely 24 hours a day via the Google Data Studio.

3. Strategy, Business Objectives and Risk Appetite

Thai AirAsia realises the effectiveness of good risk management which can be happened when it is a part of the company overall strategy planning. This shall be defined in order to lead to the fulfillment of company mission, vision and core values which will be beneficially to drive business operations with clear goals and the risks are properly managed, respectively. In addition, to also provide risk information for decision-making concerning the strategies in line with risk appetite. Risk management is not a component to creating the strategy, but it will be a part of the integration for the company's strategic plan. This is integrated as a part of the strategy setting process, business objectives then be transmitted to each department, and lead to working together with effective risk management.

Due to the strategy that the company has different risks involved for each time period, the acceptable risk level is an important factor in helping the company to decide whether to use that strategy or not. Under that acceptable risk level after choosing any strategy, the company has to always control its operations under the risk tolerance that the company accepts that arising risks. The company has to regularly review its strategy together with the review of acceptable risks which is to adjust to keep pace with the situation and to ensure that the arising risks or the risk that may arise are still at an acceptable level and align with company strategy and main objectives.

4. Risk Management Policy*

Risk management policy had been established to determine the direction and encourage the risk management to be aligned with company strategy and objectives. As well as to communicate with management and all employees about risk management guidelines which lead to action in the same direction. The Risk Management Committee approved risk management policies and guidelines for all departments to use as the guidelines and criteria for assessing, analysing, prioritising and formulating risk management strategies as well as being aware of the scope of duties and responsibilities of each involved parties.

*Risk management policy was disclosed under the heading “**Risk Management Policy**” on the Company's website at <https://www.aavplc.com>

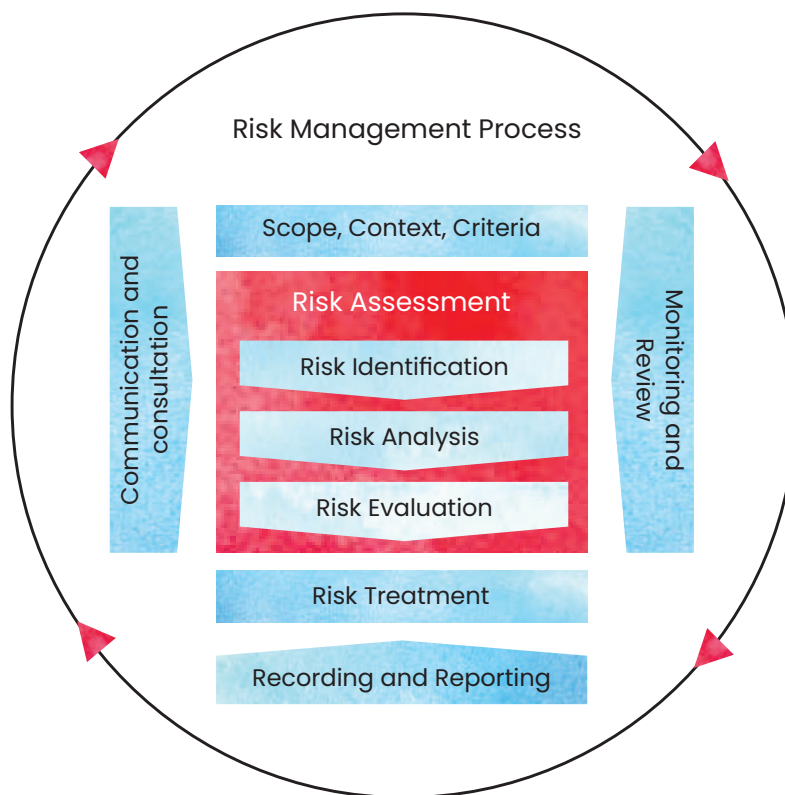
5. Risk Management Process**

The risk management process is focused on being the part of the strategic planning process for the annual business plan. When the risk management is taken into account, this will increase and assure when there is a potential risk and has an impact on the achievement of the company's strategies and objectives, this can be managed according to that established process. Risk management processes are formulated from the guidelines of the international standard ISO 31000 which comprises the following operational procedures;

1. Establish context: Establish the external, internal and risk management context in which the process will take place - the criteria against which risk will be evaluated should be established and structure of analysis defined. (Scope, Context, Criteria)
2. Risk Assessment
 - 2.1 Risk Identification, to identify a risk (threats or opportunities) before risk arising and document the risks in the risk register.
 - 2.2 Risk Analysis, it is an analysis of the likelihood of the risks occurring including the impact that will occur.
 - 2.3 Risk Evaluation, it is risk ranking and guidelines for managing risks.
3. Risk Treatment, it is assessing the current risk management measures and the remaining risk level by finding how to deal with that risk and also preparation of management responses to mitigate threats and maximise opportunities.
4. Recording all relevant details.
5. Reporting for enterprise risk management result.
6. Monitor and review: Monitor and review the performance of the risk management system and changes to the business environment.
7. Communicate: Provide regular reports to senior management and Risk Management Committee at agreed times and to communicate to all level of employees.

Risk management process was disclosed under the heading “Risk Management Policy**” on the Company's website at <https://www.aavplc.com>

Risk Management Process



Thai AirAsia believes that good risk management needs the collaboration from all levels of employees. Therefore, the risk management department has developed a risk awareness training course to raise the importance of risk management to all employees. In addition, the risk management policy is communicated to them throughout the organisation via an organisational culture with the collaboration from People and Culture Department.

Risk Factors

1. Risk factors for the business operations

The aviation business is one of the industries with several unique risk factors. To increase the efficiency within the management mechanism in conjunction with the current rapid change of business carefully, as well as to be prepared for dealing with the possible risks that may affect the company operations more or less, the company emphasises Thai AirAsia to set up the effective risk management procedures for Thai AirAsia and to appoint the Risk Management Committee which comprising management from different departments that are involved in setting policies and assessing risks management of the company, with a supervision and monitor the effectiveness of risk management. 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 measurement in mitigating risks to the acceptable level. To ensure the all level of management and employee are aware of the importance of risk management, from the process of identifying risks that may arise, assess to prioritise risks with the preventive, corrective and control measurement, including risk factors analysis that may cause the company to fail to achieve expected objectives. To consider the potential impact from managing the risks are under the responsibility of each segment at an acceptable level and align with the ISO 31000 risk management standard that the company has chosen. There is also a training workshop on risk management for risk owner at all levels and also increase the level of awareness of the importance of risk management for all employees through instilling it as a part of the corporate culture.

The Company and Thai AirAsia have key risks and emerging 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.

Thai AirAsia categorised risk factors for the enterprise risk management into 4 main categories as follows:



1.1 Operational Risk

It is a risk associated with the company business operations. When these risks occur, they may affect to a significant impact on business continuity. Our operational risks are as follows;

- Thai AirAsia is having the single fleet type of Airbus A320 aircraft and CFM56-5 and LEAP-1A engines.
- Thai AirAsia is dependent on automated system and the internet in its business operation.
- Business operation of Thai Airasia relies on our relationship with AirAsia Berhad.
- Supply chain management and business continuity risk.
- Limitation of relevant airports concerning to company business operational.

1.2 Financial Risk

It is a risk related to the financial condition of The Company. When these risks occur, they may affect to the financial performance including the stability of The Company. Our financial risks are as follows;

- Thai AirAsia cash flow management risk
- 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.
- The business, financial condition, operating results, and prospect of Thai AirAsia may be materially and adversely affected by fuel costs.
- Thai AirAsia may be exposed with interest rate fluctuations.
- Currency fluctuation can have adverse impacts on Thai AirAsia's business, financial condition, and operating results.

1.3 Strategic Risk

It is a risk concerning to company strategies and when these occur, it may affect to the company may not meet planned strategies and lead to failure in achieving objectives. Our strategic risks are as follows;

- The aviation industry is exposed to risks from external factors (e.g. current competition in aviation market, possibilities accident and incident, and climate change).
- Economic slowdown caused by the epidemic and the aviation industry is likely to have a recession.
- The change in passenger travel demand after the pandemic which affects to the company with the operating results and business opportunities.
- Company reputation damaged from social media.
- Climate change caused by the air pollution from the aviation business and relevant regulations to comply. (Emerging Risk)

1.4 Compliance Risk

It is a risk related to the compliance of mandatory rules and regulations that the company has to follow. When it occurs, it may directly affect to fines or penalties that company required to accept. Our compliance risks are as follows;

- Risk of leakage of personal information passengers and employees - Data breach. (Emerging Risk)
- The aviation industry is governed and regulated by international aviation safety and standards.

Operational Risk

<p>Risk event</p> <p>Thai AirAsia is having the single fleet type of Airbus A320 aircraft and CFM56-5B and LEAP-1A engines</p>	<p>Risk details</p> <ul style="list-style-type: none"> As of December 31, 2020, Thai AirAsia has an Airbus' A320 family of 62 aircraft with CFM56-5B and LEAP-1A engines. Airbus A320 and A321neo aircraft are well accepted in the aviation industry since its beginning of production in 1988 and 2017, respectively 	
	<p>Potential causes</p> <ul style="list-style-type: none"> Design flaw or problem found on an Airbus model aircraft or CFM56-5B and LEAP-1A engines Technical/mechanical issues Delays in delivery of new aircraft from Airbus family according to the company's orders <p>Potential consequences</p> <ul style="list-style-type: none"> All/ part of aircraft shall be grounded in order to fix and maintenance Operation disruption Loss of passenger's confidence Financial impact when aircraft leave the fleet 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> 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. Continuously monitor and update the news as well as improving aircraft operations by the collaboration with Airbus, other manufacturers and maintenance units. Strictly maintenance the aircraft periodically to prevent or reduce the damage from the operation To review and evaluate the second market when looking at the fleet exit strategies and provide the greatest flexibility in managing the fleet size to prevent the normal operation disruption from insufficient aircraft
<p>Risk event</p> <p>Thai AirAsia is dependent on automated system and the internet in its business operation.</p>	<p>Risk details</p> <ul style="list-style-type: none"> Thai AirAsia is reliant on the automated system in operating business, including website and online ticket reservation system, and internal communication system. The flight reservation by passengers directly by way of the website and AirAsia application on smartphones came up to 63% in 2020. Thai AirAsia website and online ticket reservation system must be able to accommodate a high volume of traffic and to show important flight information. 	
	<p>Potential causes</p> <ul style="list-style-type: none"> Unavailable or the disruption of mandatory programme and system The possibilities an error has occurred in retaining passenger information after a credit card used for purchasing transaction with the company. Unavailable of internet system. <p>Potential consequences</p> <ul style="list-style-type: none"> Passengers are inconvenient due to restrictions on purchasing tickets via the internet. Internal communication disruption Leakage of personal data that lead to fines and penalties to the company. 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> Apply data breach policy to keep customer personal information securely. Privacy policy has been put in place for customers 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. Backup plan and business continuity plan in place with the collaboration with the relevant significant business unit to prevent a sudden stop in these systems.

Risk event

Business operation of Thai AirAsia relies on our relationship with AirAsia Berhad.

Risk details

- 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 business operation, access to market knowledge, and customer services
- Presently, Thai AirAsia is leasing for some aircrafts from an AAB’s subsidiary, in which the lease agreements will expire from 2021 to 2024.
- Thai AirAsia also has access to spare parts kept by AAB and benefits from airport ground services provided to AirAsia Group members in certain airports and other services from AAB and members of AirAsia Group.
- 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, which was developed by Oracle and used for financial operation and purchasing.
 - AIMS, which is used for flight scheduling and crew rostering.
 - Navtech, which is used for flight planning.
 - Swiss Aviation Software Ltd.'s AMOS, which is used for the management of aircraft maintenance engineering and logistics.

Potential causes

- The increase in the license fee and other amendments from AAB.
- System from AirAsia Berhad may improper to country situation.
- Mandatory software disruption
- Insufficient of spare part from AAB for suddenly requisition of Thai AirAsia.

Potential consequences

- Trade name revocation from AAB
- Operation disruption due to essential software systems failure such as crew members and pilots unable to use the AIMS system for their flight operations.
- The number of spare parts to be shipped from AAB is insufficient to meet the immediately requirements.

Controls and mitigations

- Decisions to engage in the transactions related to AAB are made by Thai AirAsia shall be reviewed and approved from the board.
- Regular meeting has been conducted by top management to assess situations related to relational and dependency issues with AAB.
- Business Continuity Plan (BCP) in place for the malfunction of significant and mandatory software

<p>Risk event</p> <p>Supply Chain Management and Business Continuity Management Risk.</p>	<p>Risk details</p> <ul style="list-style-type: none"> • Currently, airlines in the world, including Thai AirAsia inevitably affected by the epidemic outbreak (COVID-19) which directly affect to the disruption in the supply chain of the aviation industry. • The main supply chain of the company has been affected by this epidemic, such as working capital management which is required for the operation, providing in-flight passenger services after the epidemic began to resolve etc. 	
	<p>Potential causes</p> <ul style="list-style-type: none"> • Epidemic outbreak (COVID-19) • The difficulty paying debt with some suppliers • Changing in some inflight service to response with new normal <p>Potential consequences</p> <ul style="list-style-type: none"> • The schedule of deliveries of new aircraft have been changed. • Over number of available aircraft for the operation • Difficulty in allocating maintenance cost for available aircraft • Ineffective fleet management • Passenger dissatisfaction from the additional processes and restrictions. 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> • To prioritise the payment with each supplier by the direct collaboration between finance and engineering department. • To negotiate with a major supplier about aircraft spare parts pricing including service schedules and credit extension which is requested to be in line with the current company's financial situation. • Engineering department established new procedures to rotate the spare parts which is needed for daily flight operations from grounded aircraft to be used on demand instead of making new purchasing. • To maintain a good relationship with the Supplier continuously for preventing conflicts that may arise. • Keep closely monitoring with CAAT and relevant departments in order to adjust operation procedures for passengers with the most safety and comply with the rules and regulations as much as possible.
<p>Risk event</p> <p>Limitation of relevant airports concerning to company business operational</p>	<p>Risk details</p> <ul style="list-style-type: none"> • Facility restrictions, air traffic control system, including significant and necessary resources for the flight operations of each airport that may insufficient to support the current increasing air traffic volume in the aviation industry. • However, these airport restrictions depend on factors beyond the company's control. Therefore, Thai AirAsia is no guarantee of the elimination of the risks involved in this regard. 	
	<p>Potential causes</p> <ul style="list-style-type: none"> • The inadequacy of any systems from the airport which related to flight operations, such as the number of aircraft that can be supported at each airport, the density management for each flight period, the airport infrastructure, etc. • The increasing of restrictions and regulations by airports which directly related to the company's operations • Ineffectiveness of airport management <p>Potential consequences</p> <ul style="list-style-type: none"> • Passenger's dissatisfaction • Loss of market share • Inefficient/ineffectiveness use of crew/aircraft • Significant increasing of the operating cost 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> • Keep closely and continuously monitoring to airport capacity by the relevant departments e.g. Flight Operations, Engineering, Ground Servicing, and Business Development etc. To update important information of each airport and accommodate the ability to run operation to fit with the limitations of each airport as much as possible which useful for making profit, reduce operating costs, and increasing business opportunities, respectively.

Financial Risk

<p>Risk event Company cash flow management risk.</p>	<p>Risk details</p> <ul style="list-style-type: none"> • Inevitably, the airline industry faces a significant risk of managing an entity's cash flow as a result of unforeseen events that can happen at any time e.g. unidentified loosing of aircraft, a serious accident and incident, terrorism, a catastrophic or serious disease that occurs and directly affects to business. • However, the company is unable to guarantee that the company will not experience a similar event or experience an incident that is more severe than the aforementioned events in the future and the insurance coverage that the company has made will cover sufficient damage value. <hr/> <p>Potential causes</p> <ul style="list-style-type: none"> • Suspension of regular flight operation from pandemic • Financial impact • The incurred damage is greater than the compensation value of the damage insurance policy made • Changing in passenger's travelling demand after pandemic <p>Potential consequences</p> <ul style="list-style-type: none"> • The company has to bear the higher costs, most of them come from passenger claims, repair or replacement of spare parts etc. • Liquidity risk of business • Insufficient cash to meet financial obligations with the supplier according to the original agreed schedule/ credit term. <hr/> <p>Controls and mitigations</p> <ul style="list-style-type: none"> • To continuously maintain financial planning and cash flow management and also find another financing sources by Finance department to support liquidity requirement. • Request corporation from employees to participate for cost savings and benefit of managing cash flow to maximise liquidity under crisis, such as allowing employees to work from home or requesting the employee cooperation to leave without pay etc.
<p>Risk event 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.</p>	<p>Risk details</p> <ul style="list-style-type: none"> • 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 the dividends constitute substantially of Asia Aviation's income. <hr/> <p>Potential causes</p> <ul style="list-style-type: none"> • Thai AirAsia has no operating profit. As a result, no any earn enough income to pay dividends to the shareholders of Asia Aviation. <p>Potential consequences</p> <ul style="list-style-type: none"> • Shareholders of Asia Aviation do not receive dividends from their shareholdings • Loss of shareholder's confident <hr/> <p>Controls and mitigations</p> <ul style="list-style-type: none"> • The company has assigned Thai AirAsia to prepare operating plans and annual budgets, which need to be considered and approved by the Board of Directors. The management conducted the meeting 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. • Financial planning is appropriate, both cash flow and financial ratios. All actions need to be approved by the Board of Directors every time.

<p>Risk event</p> <p>The business, financial condition, operating results, and prospect of Thai AirAsia may be materially and adversely affected by fuel costs.</p>	<p>Risk details</p> <ul style="list-style-type: none"> • One of the main operating costs for the aviation business is fuel cost which has fluctuated rapidly in accordance with the condition of oil prices in the world market. • The fuel cost is one of the main operating expenses of the airline business, which accounted for 27% of the operating costs of Thai AirAsia in 2020. Therefore, if the fuel price is rising in significantly, the overall company performance will be affected greatly. <p>Potential causes</p> <ul style="list-style-type: none"> • The fuel cost is one of the main operating expenses of the airline business, which accounted for 27% of the operating costs of Thai AirAsia in 2020 • The estimated actual fuel is less than the planned amount of fuel consumption • Fluctuations in fuel cost <p>Potential consequences</p> <ul style="list-style-type: none"> • Highly and continuously increasing of the operating cost <p>Controls and mitigations</p> <ul style="list-style-type: none"> • 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 fuel efficiency policy to manage the fuel consumption rate to the most effectiveness. • The forward fuel hedging of Thai AirAsia in 2020 accounted for an average proportion of 65% of overall fuel consumption as the planned. • The company has managed to adjust the insurance transaction for jet fuel price to be in line with the world oil price situation. The company also made the adjustment on fuel hedging to reflect the current situation. • Flight Operation department developed fuel efficiency management procedures which purpose to increase the effectiveness of fuel stock management by selecting the most suitable fuel consumption for each flight operation.
<p>Risk event</p> <p>The Company and Thai AirAsia may be exposed with interest rate fluctuations.</p>	<p>Risk details</p> <ul style="list-style-type: none"> • 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. <p>Potential causes</p> <ul style="list-style-type: none"> • The floating rate chosen has significantly increased <p>Potential consequences</p> <ul style="list-style-type: none"> • The increment in financial operating cost • The increasing interest rate is likely to affect the borrowing costs of Thai AirAsia <p>Controls and mitigations</p> <ul style="list-style-type: none"> • 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, 2020, Thai AirAsia has a ratio of long-term debts after interest rate swap between floating interest rates and fixed rates approximately 10 to 90. • Interests rate hedging policy established to prevent the fluctuation of interest rates.

<p>Risk event</p> <p>Currency fluctuation can have adverse impacts on Thai AirAsia's business, financial condition, and operating results.</p>	<p>Risk details</p> <ul style="list-style-type: none"> • Almost transactions in aviation business which generate income and produce expenses are in a variety of foreign currencies. Hence, Thai AirAsia is exposed to foreign exchange rate risks. • Although the Company and Thai AirAsia engages in foreign currency hedging transactions, hedging activities cannot be expected to eliminate currency risks. 		
	<table border="1"> <tr> <td data-bbox="376 366 922 1323"> <p>Potential causes</p> <ul style="list-style-type: none"> • Fluctuation in foreign currencies <p>Potential consequences</p> <ul style="list-style-type: none"> • The increment in financial operating cost </td> <td data-bbox="922 366 1471 1323"> <p>Controls and mitigations</p> <ul style="list-style-type: none"> • 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 structure of the foreign currency loans is made in accordance with the highest currency net operating cash flow. The company manage cash flow by exchanging the remaining balance in each currency into the main expense currency. In order to be able to manage the remaining balance in accordance with the main expense of the company e.g. maintenance expenses, aircraft lease expenses, fuel cost etc. The loan structure in various currencies will be adjusted in accordance with the Net Operating Cash Flow currency, while reducing the risk of excessive foreign currency liabilities. By trying to have more debt denominated in 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. </td> </tr> </table>	<p>Potential causes</p> <ul style="list-style-type: none"> • Fluctuation in foreign currencies <p>Potential consequences</p> <ul style="list-style-type: none"> • The increment in financial operating cost 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> • 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 structure of the foreign currency loans is made in accordance with the highest currency net operating cash flow. The company manage cash flow by exchanging the remaining balance in each currency into the main expense currency. In order to be able to manage the remaining balance in accordance with the main expense of the company e.g. maintenance expenses, aircraft lease expenses, fuel cost etc. The loan structure in various currencies will be adjusted in accordance with the Net Operating Cash Flow currency, while reducing the risk of excessive foreign currency liabilities. By trying to have more debt denominated in 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.
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Strategic Risk

<p>Risk event</p> <p>The aviation industry is exposed to risks from external factors (e.g. current market competition, possibility in aviation incident, climate change etc.)</p>	<p>Risk details</p> <ul style="list-style-type: none"> • 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. • During the monsoons or in the unfavourable weather conditions, flights may be cancelled or postponed. <p>Potential causes</p> <ul style="list-style-type: none"> • News about aircraft accident, aircraft terrorism, or the fear that the aircraft could be hostiled, airport closure, or crime at the airport, etc. • Changing in passenger demand globally • Natural disaster <p>Potential consequences</p> <ul style="list-style-type: none"> • Loss of passenger's confidence on air travel due to negative media coverage • The significant decrease in load factor and overall revenue • An increase in operating costs which are fuel, security and insurance expenses • Flight change, delay or cancellation from uncertain weather conditions • The decrease in revenue per unit due to lower overall traveling demand of passengers. 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> • Safety has become a core principle of Thai AirAsia, it has launched the Safety Management System (SMS) to enhance and support organisation. 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. • The safety audit function is established to evaluate the effectiveness of installed safety risk controls and to assure that the practice is comply with safety regulations. • Emergency Response Team and Business Continuity Plan (BCP) are being desinated to evaluate and deal with any possible emergency situations. With closely monitoring the situation, it will minimise the impact on the flight operation and passengers. • Thai AirAsia has conducted emergency response plan with related government and authorities regularly, including post-exercise evaluation to enhance and maintain a high level of proficiency.
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Risk event

Economic slowdown caused by epidemic and the aviation industry is likely to have a recession.

Risk details

- In late 2019, there was a coronavirus or COVID-19 outbreak in China and has spread to many countries around the world. The World Health Organization (WHO) elevate it to “Pandemic”, together with no any yet developed vaccine to protect against this virus, it causes a widespread pandemic throughout the world and inevitably direct impact on the aviation industry.
- It is necessary to assess the situation, plan and implement immediately response measures in accordance with the situation in accordance with the regulations or requirements that the airline has to meet to assure passengers and employee safety as always.
- The slow recovery of the aviation industry after this serious epidemic crisis.

Potential causes

- COVID-19 outbreak
- Lock down policy announced by Thai Government to control the pandemic on March 2020
- Thai AirAsia stopped all operational on April 2020 (1 month) to comply with Thai government’s regulations.
- Administrative costs such as depreciation of assets, aircraft maintenance, and aircraft lease are high fixed cost which does not vary to flights operation.
- More additional restrictions on air travel after the pandemic crisis

Potential consequences

- The decrement in International flight volume to and from countries with are high risk in pandemic
- The company was unable to generate revenue from the stop operation period according to the government’s policy
- Continuously run of operating cost
- Flight plan and route limitations
- Operation disruption
- Passenger’s confident to travel by the air is decreasing.
- The decrement in load factor which result in revenue decreasing.

Controls and mitigations

- Business Continuity Management Policy has been established and be applied in the overall organisation level by the reference to international standards of business continuity management (ISO22301- Business Continuity Management System). The company is able to continue the business even in a crisis with various backup significant operating systems that are critical and essential to service to passenger. The completeness of the business continuity management system development will be well prepared for any crisis or disaster that may occur in the future. Which truly contributes to the sustainability management of the organisation as well.
- Find another financing sources by finance department to support liquidity requirement.
- People and Culture department asks for the corporation from employees to participate for cost savings to maximise liquidity in cash flow management under crisis, such as allowing employees to work from home or requesting the employee to leave without pay.
- Adjusted the operational strategies to deal with the risk and increasing the opportunity to find additional income to replace the missing parts and also reduce expenses through many methods such as;
 - Develop and implement cargo in passenger cabin service
 - Dangerous Goods (DG) Carrier
 - To increase distribution channel for our onboard food and beverage such as online and delivery
 - To find more opportunity to operate at the Suvarnabhumi Airport

		<p>Controls and mitigations (cont.)</p> <ul style="list-style-type: none"> • Closely and continuously assess the current situation with the relevant parties (such as the Ministry of Public Health and the WHO for surveillance and control this situation in the operation through the creation of strong measures to prevent the infection among employee and passengers. • Work from home policy to reduce the amount of density to work together at the office and to create the maximum safety for all employees. • After pandemic, the company returned to service as usual with the additional a cleaning system and disinfect all aircraft before and after service. This is to assure the confidence of passengers and all operating staff. • Establish measures and adjust procedures for more concise for the operating staff while service to passengers. Including continuously monitoring the practice in accordance with the regulations of the Ministry of Public Health and the Civil Aviation Authority of Thailand for maintaining the safety level of both passengers and operating staff e.g. changed checking procedures to contactless check-in at the Kiosk, ask for the corporation of cabin crew and passenger to wear the protective mask throughout the flight.
<p>Risk event</p> <p>The change in passenger travel demand after the pandemic which affects to the company with the operating results and business opportunities.</p>	<p>Risk details</p> <ul style="list-style-type: none"> • Changing in passenger's confident to travel by the air due to COVID-19 virus can spread through the air from human to human. Thus, this is significantly concerned from passenger about air circulation systems in passenger cabin. <p>Potential causes</p> <ul style="list-style-type: none"> • Passenger concerns about air travel, such as cabin air recirculation systems, check-in procedures, and safety level during flight etc. <p>Potential consequences</p> <ul style="list-style-type: none"> • Loss of passenger's travelling demands 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> • To communicate outside on the cleanliness and the efficiency of cabin air filtration system issue to assure and increase the confidence of passengers. All the aircraft cabins have undergone a complete cleaning sterilised procedure to reduce the risk of disease spreading. This is to ensure maximum safety for both operating staff and passengers before flying. Equipment and disinfectant used are all certified by public health authorities and from aircraft manufacturers. All these operations are controlled and coordinated by engineering department.

Controls and mitigations (cont.)

- Increase cabin cleaning sterilise before servicing on a daily basis. This process is in accordance with the Airbus Aircraft Maintenance Manual: AMM, it will be done within 2 hours by using 5-6 engineering staffs per 1 aircraft (staff of Maintenance Operation Controller: MOC from engineering department) this is to comply with the requirements of the public health authority.
- To provide the external communication regarding to the company standard on the High Efficiency Particulate Arresters (HEPA) air filtration systems with HEPA filters are similar in performance to the standard used to maintain clean air in hospital operating rooms and industrial room. This process of filtering air through this filter will be able to eliminate various particles in the cabin to 99.99% of dust and airborne contaminants, small particles including viruses and bacteria. With this technology, it is internationally recognised for its safety and efficiency in air filtration. Thus, this is making all passengers confident about cleanliness and air quality in the cabin, no concern about the spread of any pathogens.
- Strictly screening passengers, to screen and restrict passengers who are at risk of spreading infection into the aircraft. To adjust and increase travelling procedures such as contactless procedure, social distancing when check in, ask for the cooperation of passenger to wear the protective mask at all times.
- Increased essential care and correctly provide advisory for passengers while onboard the aircraft by cabin crews.
- Adopt to new passenger's norm by finding more opportunities to generate revenue for the sustainability of the company e.g. cargo transportation and dangerous goods transportation etc.

Risk event Company reputation damaged from Social Media.	Risk details <ul style="list-style-type: none"> • Nowadays, technology has become an integral part of every aspect of passenger lives, including transactions with airlines where more passengers can use technology to complete it. The advantage of adopting technology is that transactions can be made faster, process and transaction complexity was reduced and increase more convenience for passengers. • Thai AirAsia has ticket sales via internet and mobile systems in the number of 69% when compared to other distribution methods. • Thai AirAsia have also been developed various systems to accommodate and facilitate passengers in traveling with airlines. From booking flights via the Internet, check-in, and developing more convenience onboard such as a WiFi in the cabin. 	
	Potential causes <ul style="list-style-type: none"> • Thai AirAsia is aimed at being a digital airline with full innovation by moving the customer service system from the call centre switch to a digital service AVA Live Chat (AirAsia Virtual AllStars) • System inoperative/failure and unable to response passenger's demand timely Potential consequences <ul style="list-style-type: none"> • Social media cases which were caused by passenger's dissatisfaction about the implementation of new system/technology from the company such as AVA Live Chat • Loss of passenger's confidence • Company reputation 	Controls and mitigations <ul style="list-style-type: none"> • Sustainability and Communication department together with other relevant to enhance the communication details, process, and benefits of this new implemented and automated system for passengers to understand and acknowledge. • Customer Happiness department has also added details on how to use AVA's services to the passenger's contact channel when a refund is required for a passenger. This is to facilitate and provide basic information which is important to passengers.

Risk event

Climate change caused by the air pollution from the aviation business and relevant regulations to comply. (Emerging Risk)

Risk details

- The aviation industry is inevitably affected by rapidly changing weather conditions, such as the formation of storms or other extreme weather conditions which is unexpected from the forecast data obtained.
- The aviation industry is an important part of the global climate change from the emission of CO₂ as well.
- There are many rules and regulations enforced with air carriers operation by reducing the emission of pollution into the air or to replace the released pollution.
- From the resolution of the general meeting of the International Civil Aviation Organization (ICAO) that has approved the use of measures to reduce emissions or the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to compensate and reduce the carbon footprint of the international sector of the aviation business. In 2018, Thai AirAsia had been chosen by the Civil Aviation Authority of Thailand (CAAT) to participate as a model for the initial practice in supporting CORSIA measures, by setting the level of CO₂ emissions in 2019 as a base, and shall maintain the emission level of greenhouse gas emissions from the international sector not exceeding the base set in 2019.

Potential causes

- The increment of CO₂ emission from the aviation operation is a part of climate change.
- The company is unable to reduce emission from the operation to comply with the relevant regulatory

Potential consequences

- The operation does not go as a planned, such as flight route changed, flight canceled, flight delayed. Which are directly affected to loss of revenue, loss of business's opportunities and passenger's satisfaction.
- Air pollution released from the company's operations is the part of a wide impact on human healthiness and this air pollutant issue is one of the problems that may lead to the company's reputation if this environmental impact management is not properly managed.
- Suddenly changed of flight plan which may impact to increase fuel cost
- High operating cost if the company is unable to manage the carbon credit as required by regulations

Controls and mitigations

- To manage the usage of fuel to the most effectiveness with least impact on the environment, the company studied the effects of fuel usage in aviation operations and resulting to develop the Fuel Efficiency programme by Flight Operation department. This programme is one of the main measures for the most efficient fuel management and create the awareness of the environment to all operating staff.
- Thai AirAsia improves flight efficiency by reducing fuel consumption while maintaining flight efficiency and still adhere to aviation safety as the same by the "Green Operating Procedure", which details as follows;
 1. One Engine Taxi on Arrival (OETA)
 2. Reduce Flaps Landing
 3. Idle Reverse
 4. One Engine Taxi on Departure (OETD)
 5. Electronic Flight Bag (EFB)
- Sustainability and Flight Operation department to collaborate together in order to find out the best practice and report on the carbon emission programme matter to CAAT. Which regards to agreed regulations on 2019, Thai AirAsia be able to offset CO₂ emissions from the fuel used in accordance with the KPI obtained and defined with the requirements by the ICAO.

Compliance Risk

Risk event

Risk of leakage of personal information passengers and employees - Data breach.
(Emerging Risk)

Risk details

- Passenger are now currently proceed almost transaction via online channel and seem to be 100% in the nearest future.
- In 2020, the company has direct ticket sales via the internet 69% of total ticket sales follow by 28% of indirect sales, and indirect sales by 3%, respectively.
- Thailand has announced the enforcement of some Personal Data Protection Act (PDPA 2019) from 27 May 2019.
- The transaction amount between passengers and the company tends to increase and also can be done through various new technology systems, thus this be increasing the risk of data breach as well. However, with measures and systems that the company chosen to prevent the leakage of sensitive information, it does not guarantee that any such risk will disappear.

Potential causes

- Almost relate transaction can be done via the internet
- Possibility of personal data leakage from the digital storage
- Cyber-attack from hacker
- Human error for staff who are working closely with sensitivity data
- Misconfigured system

Potential consequences

- Data leakage; both passenger and employee's confidential data
- Loss of college/customer's trust
- Fines/regulatory sanctions
- Operational disruption resulting in the reduction in future revenue

Controls and mitigations

- Commercial and Technology Innovation department (ICT) to collaborate with Legal and relevant departments which is directly relate to data storage to increase measures to prevent the leakage of personal information and ensure to establish the importance of protecting sensitive data for all level of employees in particular, the employees who perform their duties closely sensitive personal information, to increase more awareness of data leakage while on a duty and also realise the responsibility of company in accordance with the Personal Data Protection Act 2019. Along with strictly cooperating to follow such as giving advice to employees through internal communication about the importance of keeping personal information including the impact if information is leaked to both of the passengers and employees etc.
- The Commercial Innovation and Technology department defines a methodology for managing data (Data Governance) within the organisation and with careful targeting to ensure the safety of the information regard to any suspicious activity that could lead to information leakage.
- The Commercial Innovation and Technology department is in place to respond rapidly to any unforeseen critical technology incident including those of a security nature.

<p>Risk event</p> <p>The aviation industry is governed and regulated by international aviation safety and standards.</p>	<p>Risk details</p> <ul style="list-style-type: none"> The aviation industry is governed by international aviation safety and standards which has various international departments to participate in the audit and measure results in regard to safety matters. 	
	<p>Potential causes</p> <ul style="list-style-type: none"> Failure to meet the safety standards or regulations from the operational. There are new rules or regulations that airlines shall immediately update and follow. Employees may neglect to perform their duties with the standards regulated, resulting in their performance may not meet the established standards. <p>Potential consequences</p> <ul style="list-style-type: none"> If a significant flaw in compliance with regulations or international standards was found, it may result in a company downgraded safety status and affect to other areas such as flight/route suspension, limitation on the number of flights, etc. Brand license, certifications, rights from supervisory authority may be removed. Operation disruption 	<p>Controls and mitigations</p> <ul style="list-style-type: none"> Corporate Safety department has been planned and examined safety-related issues including continuous monitoring and evaluation of safety with every department in the organisation. Moreover, the significant safety issues are also communicated to employees in the organisation regularly. Corporate Quality Assurance department to collaborate with Internal Audit department to assure safety issues through regular inspections of each department as a planned. To ensure the company operational is under consideration for safety which is in accordance with relevant rules, regulations and international standards.

2. Risk to the investment of securities holders

Another risk which is affecting the rights or investment of the securities holders from companies with one shareholder holding more than 25% of the shares, as of December 30, 2020 Asia Aviation Plc. has one largest shareholder, Mr. Tassapon Bijleveld, who holds 40.52% of the total shares sold. Which may make him to be an important shareholder and able to exercise his right to object or disapprove on the resolution of the shareholders' meeting on significant matters that the company's articles of association or the relevant law which require to receive at least 3 of 4 votes of the total number of votes of shareholders who attend the meeting and have the right to vote.

3. Risk to investment of foreign securities

Thai AirAsia has no any investment in foreign securities. Therefore, no details of risk factors were given on this matter.

SUSTAINABLE BUSINESS DEVELOPMENT



About this Report (GRI 102-13, 102-50, 102-52, 102-54)

Thai AirAsia Co. Ltd. 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 report covers the period between 1 January, 2020 and 31 December, 2020 in accordance with Global Reporting Initiative Standards (GRI Standards), Core Option level.

Scope and Boundary (GRI 102-45, 102-46)

This sustainability report exclusively presents operations during the year 2020 by Thai AirAsia Co. Ltd. within the nation of Thailand. Operational returns of businesses in which the company has a less than half 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 differ from the 2019 edition as follows:

1. An added material issue of sustainability in Sustainability Report 2020 is Sustainable Supply Chain Management.
2. The content of this report encompasses all eight material issues to sustainability. Financial returns are contained in the company's Annual Report. A material issue present in the 2019 edition of this report excluded from this 2020 edition is Human Capital Development, the matter is nonetheless still given importance throughout Thai AirAsia processes.

Validation

The core content and critical information of this report was reviewed and evaluated by executives of each of the company's departments to validate accuracy, pertinence to material sustainability issues and relevance to all stakeholders. While an external agency was not employed for validation of this report, environmental operation results were validated by a state registered private agency for reliability, accuracy and transparency.

Contact (GRI 102-53)

Recommendations and opinions on this report are welcome and can be sent to:

The Sustainability and Communications Department

Email: taa_sustainability@airasia.com

Address: 222, Don Mueang International Airport, 3rd Fl., Central Office Bldg., Room no. 3200, Vibhavadee Rangsit Road, Don Mueang, Bangkok 10210

Tel: (66) 2562-5700

The 2019 Novel Coronavirus (COVID-19) pandemic brought about the most volatile year in the history of aviation with the sector among those hardest and most swiftly hit as well as those slowest to recover.

With the situation, completely out of the control of Thai AirAsia Co. Ltd., the best the company could do was make plans, defend and manage issues within its ability, these included caring for the health and safety of its personnel and passengers, managing its cash flow, setting business plans for efficient use of resources and continuing to manage its impact on society and the environment while elevating its value chain.

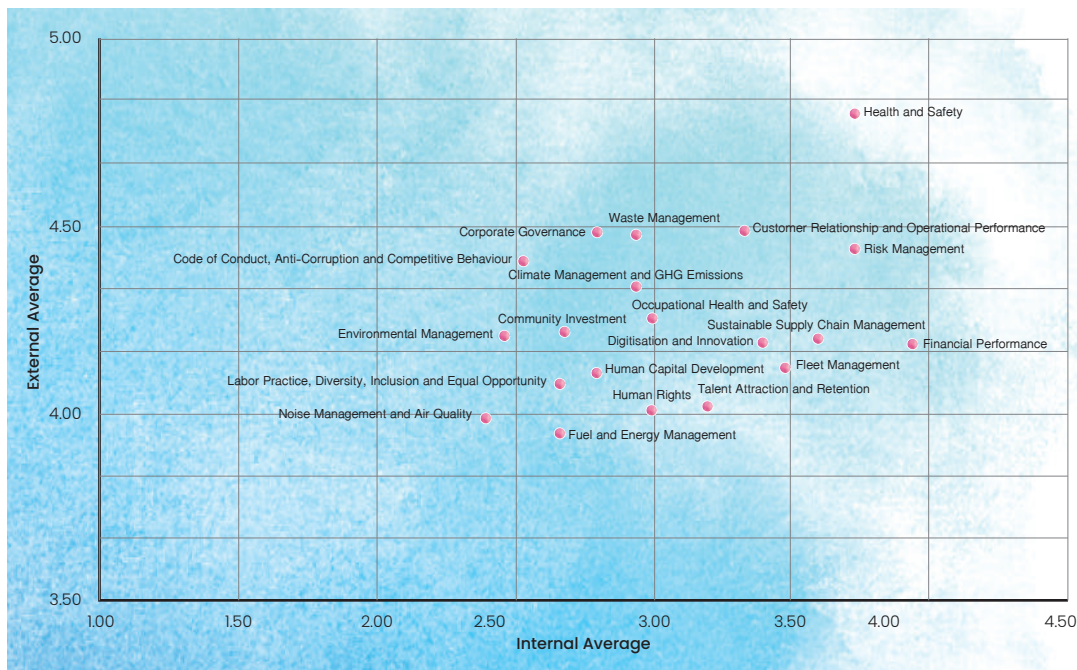
Amidst the challenges of 2020, Asia Aviation Plc. remained the only airline to place on the Stock Exchange of Thailand's Thailand Sustainability Investment list.

Sustainability Commitment

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

Material Issues for Sustainability 2020 (GRI 102-40, 102-42, 102-43, 102-44, 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 2020 and additional views from stakeholders in meetings with its Sustainable Development 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 nine 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:



Health and Safety



Risk and Crisis Management



Financial performance



Customer Relationship and Operational Performance



Sustainable Supply Chain Management



Digitisation and Innovation



Waste, Climate management and GHG Emissions



Talent Retention and Attraction






Social Investment



Thai AirAsia Sustainability Material Issue Identification Process

Stakeholder Engagement

Changes to economic, social, technological and business competition contexts have made passenger and stakeholder behaviours 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
Government Agencies 	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. 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. 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. Thai AirAsia worked closely with state agencies to apply safety measures and standards to staff operations to ensure safe service to passengers. Thai AirAsia continually encouraged state agencies to reduce various government imposed fees and duties.
	Reports to government agencies	Monthly	
	Participation in government office projects and activities	Monthly	
	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 organisation and agencies to strengthen relations and preserve local cultures	Over 10 times	
	Compliance with state policies on safeguarding against and containing the COVID-19 virus	Monthly	
	Encouraging state agencies to provide aid measures to airlines, especially to reduce capital costs borne from government agencies to allow carriers to continue operations under the COVID-19 pandemic situation		

Stakeholder	Communication Channel	Frequency	Expectations/Key Points
Customers (Passengers) 	<p>Customer Satisfaction survey</p> <p>Complaints via the Call Centre, Live Chat, Twitter (Ask AirAsia)</p> <p>Customer meetings at AirAsia Sales Offices, AirAsia Travel & 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>
Communities 	<p>Workshops on the “Seven Service Wonders” in support of community tourism for 11 communities under the Journey D project</p> <p>Communications to promote community tourism and sustainable tourism awareness via Facebook</p> <p>Organisation of field trips with partners</p> <p>Communication of news on business operations to communities and the media for awareness and participation</p>	<p>1 time per year</p> <p>3 times, to build awareness of universal access and promote tourism for people of all ages and conditions</p> <p>2 times per year</p> <p>4 times per year</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 immunises the brand</p>

Stakeholder	Communication Channel	Frequency	Expectations/Key Points
<p>Media</p> 	<p>Provision of news relevant to the company via Email, media LINE groups</p> <p>Press conferences in Bangkok and throughout the provinces</p> <p>Annual meetings with the media in Bangkok and the provinces</p> <p>Participation in seminars and discussions organised by media organisations and supporting media activities both directly and indirectly</p> <p>Communication with the media via online channels such as LINE, social media apps</p>	<p>1 time per week</p> <p>Quarterly</p> <p>1 time per year</p> <p>Regularly</p> <p>Regularly</p>	<p>The media is an important channel for publicizing news about the company such as its direction and overall status, business adaptations, new products and services and new routes.</p> <p>Building relationships with media outlets in Bangkok and the provinces, especially provinces with AirAsia flight bases, familiarises the company to such outlets and allows for mutually beneficial publication of news.</p> <p>Taking part in forums allows the company to indicate its perspective on circumstances surrounding the tourism or aviation industry and builds relationships with major media organisations.</p> <p>Building informal relationships with media outlets forges familiarity and allows for mutually beneficial cooperation.</p>
<p>Allstars</p> 	<p>Internal electronic news circulation using the Workplace by Facebook system</p> <p>Regular Employee Evaluation</p> <p>Executive meetings</p> <p>Operations Meetings between department representatives for briefings and problem solving</p> <p>“Allstars Do Good” programme promoting volunteer work by employees and social activities such as blood and stem cell donation</p> <p>Opportunities for employees to showcase their abilities e.g. Sports Club</p> <p>Coffee Talk (meetings between CEO and department heads)</p>	<p>Daily</p> <p>Every 6 Months</p> <p>Weekly</p> <p>Monthly</p> <p>Monthly</p> <p>Daily</p> <p>Weekly</p>	<p>Employees are the driving heart behind Thai AirAsia, delivering value to customers. It is essential the company understands the needs, challenges and inspirations of its employees so that it may 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
Investors 	Executive operational returns summary meeting Domestic and international investor visits Annual stockholder meeting Operations visits Company website	Quarterly 8 times a year Yearly Yearly Perpetually	The majority of investors wish to access timely, consistent and accurate data that is transparently and rightly presented with equal access for decision making by all investors.
Financial Institutions 	Meetings and discussions on returns and projects Coordination for financial activities Reports, notification and data forwarding on financial activities Seminars and workshops on the economic situation, financial markets and capital markets	2 times a year Year-Round Monthly Quarterly	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.
Partners (banks, aircraft manufacturers, engine manufacturers, aircraft maintenance centres, etc.) 	Meetings, conferences, teleconferences, workshops and contact via visits by representatives 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		Thai AirAsia works with aircraft manufacturers, engine manufacturers and aircraft maintenance centres, which on top of providing the company with the needed equipment for its business also provide regular and daily operational support such as daily maintenance or in some cases providing 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.

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 laborers 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 managing its resources and the environment, 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 true sustainability while also campaigning for travel that is responsible to the environment.

GROWTH

Thai AirAsia is dedicated to 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 capital, communicates with stakeholders to ensure understanding and shares its knowledge and innovations by working with other organisations towards social sustainability, progress and positive change.

1. Health and Safety

(GRI 102-8, 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 416-1, 416-2)

“Safety” is at the heart of Thai AirAsia’s operations and is an area in which the company is dedicated to development, application and adherence to strategies and processes, which are regularly adapted to ensure proper management of resources for the utmost safety of passengers, personnel and all others. This dedication is reflected in the company’s Safety Policy, Safety Management System, safety training for pilots, crew, company-wide staff and contractors and the company’s Safety Culture, all of which allow Thai AirAsia to operate with adherence to national and global regulations and international standards.

While the COVID-19 situation impacted the company in 2020, Thai AirAsia continued to be proactive against accidents, losses and work-related disease. Thai AirAsia’s efforts in 2020 allowed it to meet its Safety Performance Indicators (SPIs), which were further lowered from 2019. The company experienced zero fatal accidents (Target 0), zero work-related diseases (Target 0), a Lost Time Injury Frequency Rate that dropped from 2019 to 54 percent, (Target of less than 2.15 incidents per 1 million work hours) and a lower Injury Severity Rate (ISR) than 2019 of 80 percent (Target of less than 4.40 days lost per 1 million work hours). All combined, the statistics underline how the responsibility of safety is shared across the company, starting from its Chief Executive Officers and executives through to all employees.

1.1 Safety Management System (SMS)

(GRI 103-1, 103-2, 103-3, 403-1)

Thai AirAsia’s Safety Management System (SMS) is in compliance with requirements set by the International Civil Aviation Organization (ICAO) and aligns with the State Safety Policy (SSP).

Scope of the SMS

1.1.1 Safety Policy and Objectives



1.1.2 Safety Risk Management (GRI 403-2)

Management and control of safety risks is 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 and 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.



1.1.3 Safety Assurance

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

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

1.1.4 Safety promotion

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

Safety Training 2020

Despite COVID-19 obstructing participation in planned safety training in 2020, Thai AirAsia sought out digital channels for developing safety knowledge and providing training. The company utilised the application Zoom and E-Learning methodologies to ensure its pilots, crew and staff are equipped with the necessary safety knowledge. Results of safety training in 2020 are as follows:

Course	Participants	Amount
Crew Resource Management (CRM)	Pilots and Crew	1,896
Safety Emergency Procedure (SEP)	Pilots and Crew	1,895
Emergency Response Plan (ERP)	All Staff	1,123
Safety Management System (SMS)	All Staff	1,123
Occupational Health Services (OHS)	All Staff	2,583
Human Factors (HF)	All Staff	1,123
First Aid	All Staff	2,202
Dangerous Goods Regulations	All Staff	2,859

1.2 Safety Performance Indicators (SPIs) 2020 (GRI 403-3, 403-5, 403-9)

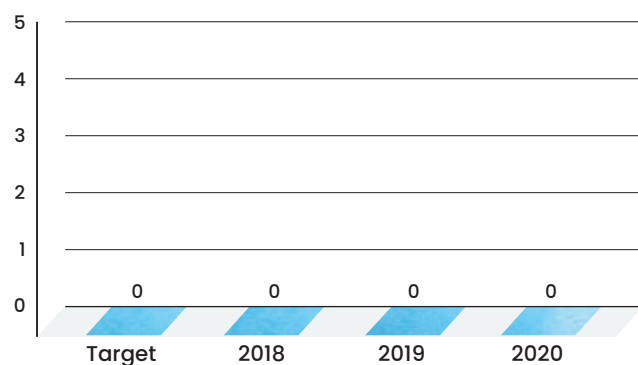
Thai AirAsia determines Safety Performance Indicators (SPIs) and monitors them through Safety Action Group meetings and Safety Review meetings while also maintaining equipment protection measures. Strategies include:

- Safety risk management to maintain risks at an acceptable level.
- Providing strict safety training to all staff to ensure necessary operational skills as outlined in employee manuals, setting training needs for all staff and promoting awareness of daily safety practices such as safe driving and personal hygiene.
- Promoting safety awareness among all staff through activities such as voluntary reports, safety briefings, safety communications and Kiken Yochi Training (KYT).
- Safety supervision, implemented by setting responsibilities for all staff with executives and department heads responsible for ensuring their subordinates strictly comply with safety standards at all times.
- Dividing the Safety Working Group into four sub-groups according to operation line for highest efficacy, namely, Flight Safety, Guest Service Safety, Ramp and Ground Safety and Engineering Safety. The groups meet according to a set schedule to follow up on SPIs and report collected data to the safety meetings for reconsideration of safety strategies with the CEO chairing the meetings to receive briefings and issue orders.

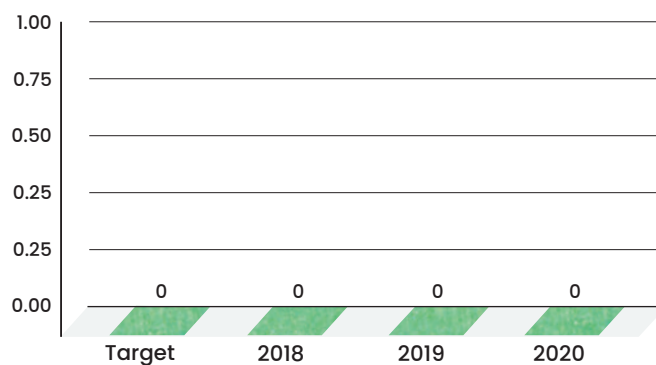
Thai AirAsia systematically manages safety with the cooperation of all of its 5,586 employees across all of its departments. The coordinated effort allowed the company to meet all of its safety targets and placed safety incidents on a downtrend as follows:

Safety Performance Indicators (SPIs)	Target	Results		
		2018	2019	2020
Number of fatalities	0	0	0	0
Work-Related Diseases	0	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	≤ 2.15 incidents per 1 million work hours	1.31	0.21	0.10
Injury Severity Rate (ISR)	≤ 4.40 lost days per 1 million work hours	2.26	0.68	0.14

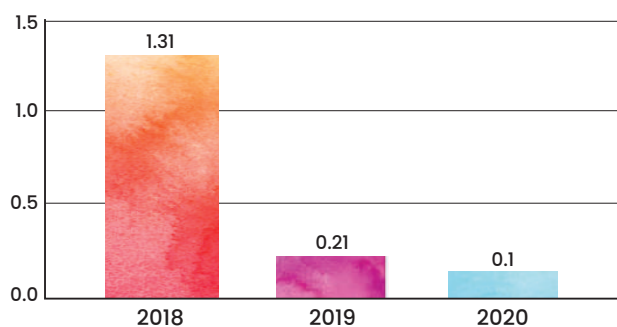
Number of Fatalities



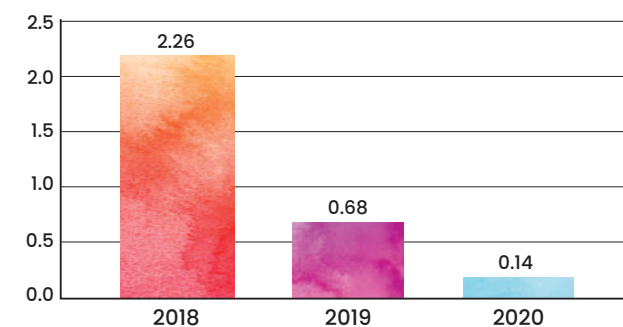
Work-Related Diseases



Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 Work Hours



Injury Severity Rate (ISR) Lost Days per 1,000,000 Work Hours

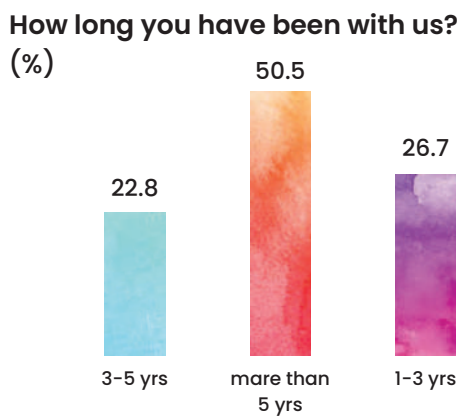
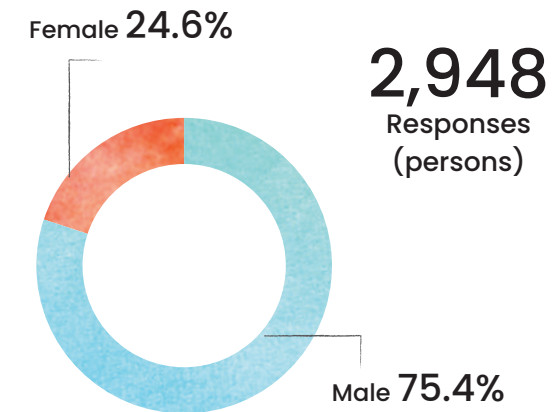
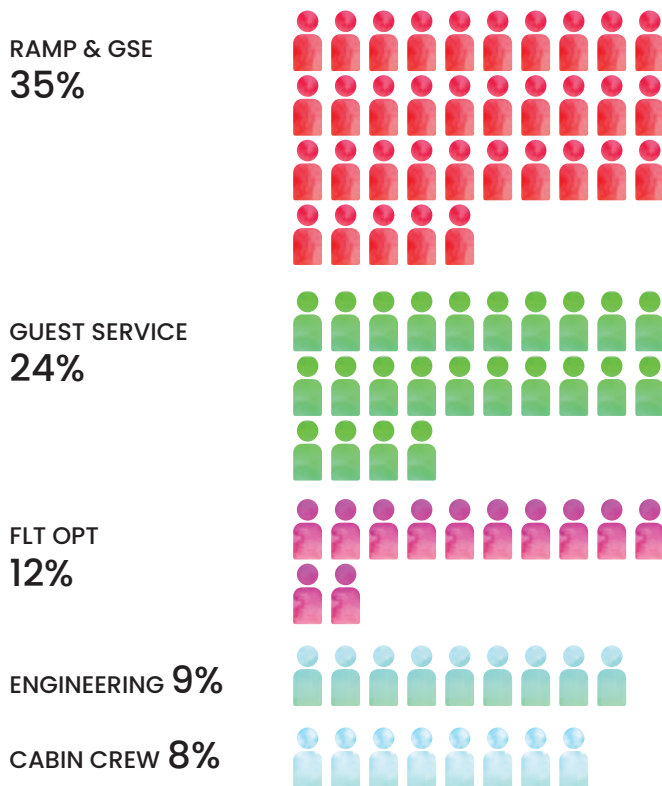


1.3 Safety Management System (SMS)

Thai AirAsia promotes a Safety Culture, with safety appearing among the company's Allstar Values as "Safety Always" along with the message "Safety is Everyone's Responsibility and Starts with You".



A Safety Culture Survey of 2,948 staff found 94 percent view the company as having a Positive Safety Culture



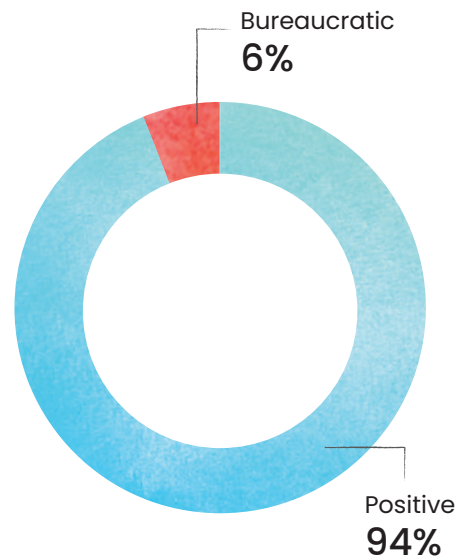
POSITIVE SAFETY CULTURE

- Information seeking culture
- Responsibility is shared
- Dissemination is rewarded
- New Idea is welcome
- Failure leads to enquires and reforms

BUREAUCRATIC SAFETY CULTURE

- Information maybe ignored
- Responsibility is compartmentalised
- Dissemination is allowed but discouraged
- New Ideas is present problems
- Failure leads to local repaired

SAFETY CULTURE



1.6 Aircraft Maintenance Safety

Thai AirAsia repairs and maintains its aircraft with expert aircraft engineers using EASA and FAA approved equipment and parts to ensure the safety of its aircraft and readiness to serve passengers.

On top of adhering to maintenance standards, the Engineering Department also applies Kiken Yochi Training (KYT) to analyse and foresee dangers that can emerge from operation and has set prevention measures and methods divided among categories such as proper equipment usage and repair procedures. Each engineering team creates its own online accessible KYT diagrams and videos based on guidelines and instructions from aircraft, parts and equipment manufacturers to provide knowledge as well as promote awareness both before and during maintenance work.

1.7 Additional Safety Measures due to COVID-19 (GRI 403-10, 416-1, 416-2)

Although the World Health Organization (WHO) rates the risk of viral infection in an aircraft as low based on analysis of data from the 2003 SARS outbreak, Thai AirAsia maintains measures to respond to an emergency outbreak encompassing passengers and staff as follows:

1.7.1 Additional Measures for Customers/Passengers

1.7.1.1 Passenger Screening Measures

Thai AirAsia emphasised passenger screening in response to the COVID-19 situation, requiring passengers pass through temperature screenings. Passengers were also required to wear masks throughout their journey in the interest of safety from the virus with the airline maintaining the right to deny service to individuals refusing to wear a mask.



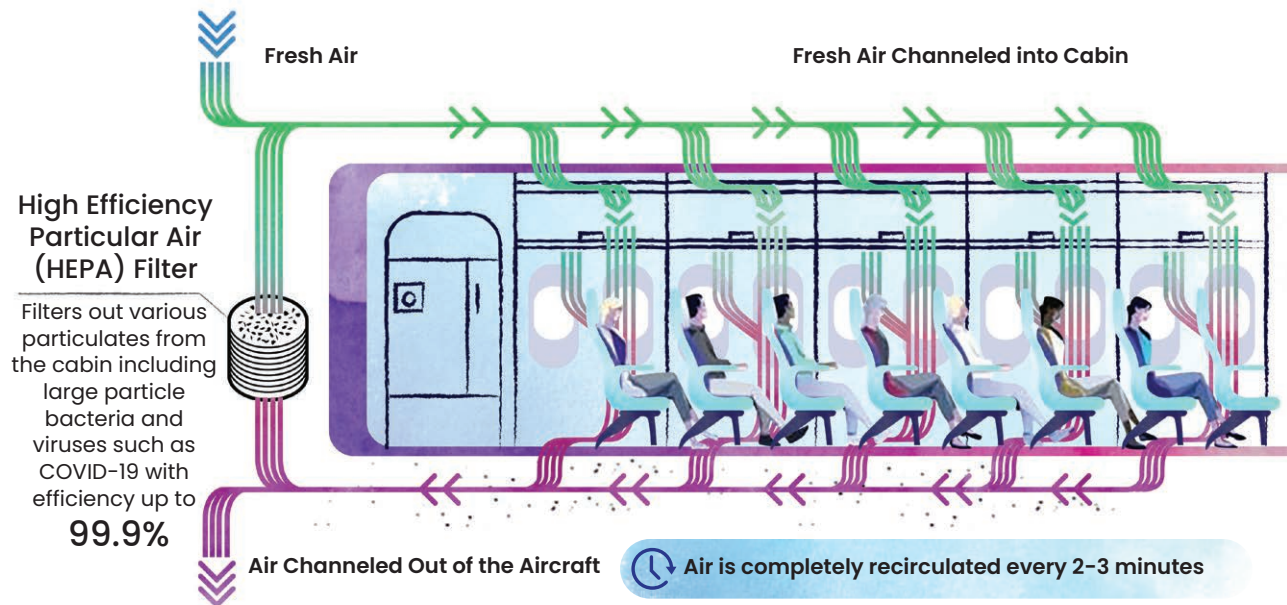
Passengers are required to wear face masks throughout their journey

Passengers not wearing a face mask at check-in or boarding may be denied service by the airline

1.7.1.2 Social Distancing of Passengers

Thai AirAsia limited the maximum number of passengers allowed on its shuttle buses traveling between passenger terminals and aircraft to allow for social distancing, reducing the maximum from 70 people to 20 per bus.

1.7.1.3 HEPA Filter



Thai AirAsia equips all of its aircraft with high efficiency air filters able to seize up to 99.999 percent of particles, viruses and bacteria down to 0.1-0.3 microns in size according to manufacturer testing, providing confidence of air quality in cabins. The filters perform close to those used in hospital operating theatres and industrial factory dormitories.

1.7.1.4 Cabin Disinfection

Disinfection is performed to protect against contamination of both humans and animals. Disinfectants are sprayed directly onto contact surfaces, baggage, cargo, containers, vehicles and products in all relevant areas. Sanitation is done in accordance with requirements outlined in the AIRBUS Aircraft Maintenance Manual, which is supplied by the aircraft manufacturer:

1. Disinfect all surfaces within contact of passengers using clean cloth and high heat.
2. Activate the ventilation system.
3. Disinfect equipment, including all equipment installed in the aircraft using manufacturer and public health agency approved NETBIOKEM DSAM chemicals.
4. Dispose of waste according to the hazardous waste procedure.
5. Use a chemical spray tool for disinfection.

The disinfection process takes a maximum two hours per aircraft and is performed whenever an aircraft is parked overnight.

1.7.1.5 Measures for Charter Flight Passengers

Apart from commercial flights, Thai AirAsia was given the opportunity to operate charter flights from abroad back to Thailand from the onset of the COVID-19 crisis in May of 2020 to the date of this reporting, performing a total 153 charter flights during the period.

Despite several discoveries of infected passengers during these flights, there were no reports of infection among Cabin Crew, a testament to the efficacy of the airline's operations and measures. Charter flight cabin crew were provided guidance by the Bamrasnaradura Infectious Diseases Institute, the Department of Disease Control under the Ministry of Public Health and the Civil Aviation Authority of Thailand (CAAT) to ensure smooth operation on a basis of safety and disease control.

The screening process for charter flight passengers is divided into three steps:

1. Cabin crew informs the passenger to dispose of their used mask into an infectious rubbish bag and provides the passenger with alcohol-based hand gel and a new mask, requiring the passenger disinfect their hands with the gel a second time after putting on the mask before allowing boarding.
2. Cabin crew provides the passenger with alcohol wipes and instructs the passenger to wipe down their baggage to further reduce risk of infection.
3. Cabin crew performs a temperature check of the passenger and engages in conversation to observe for symptoms such as cough, sneezing and difficulty breathing. Passenger must not have a temperature exceeding 37.3 degrees Celsius or must be checked a second time after a short rest period or seated in the aircraft quarantine area for close care.

Upon arrival at the destination airport, cabin crew are to disembark passengers three rows at a time, maintaining distance between passengers. The process is to avoid crowding as well as facilitate ground crew, public health authorities and immigration officials.

1.7.2 Additional Measures for Staff

In accordance with the Emergency Decree and in the interest of employee health, general welfare and business continuity amid the pandemic situation, Thai AirAsia's Human Resources Department issued a policy for staff to comply with government as well as company measures and announced a continually updating guideline for personal protection based on the national situation:

1. Staff must properly wear face masks at all times while operating or while outside of their domicile.
2. Staff are to perform self-evaluations by checking their body temperature and must accurately report all data via the online daily health survey.
3. Staff able to Work from Home may do so.
4. Staff are to be provided with appropriate protective equipment such as face masks, surgical gloves and alcohol-based hand gels. Staff operating in risk areas must be provided training on use of PPE.
5. The Building and Site Management Department must perform a disinfection of office areas every Friday and of areas within parking lots every Wednesday.



Due to its actions in prevention of the spread of COVID-19 and to bolster the confidence of staff and customers, Thai AirAsia was awarded an Amazing Thailand Safety and Health Administration (SHA) mark by the Tourism Authority of Thailand in collaboration with the Department of Health, an affirmation of the health measures the company employed alongside its quality service.



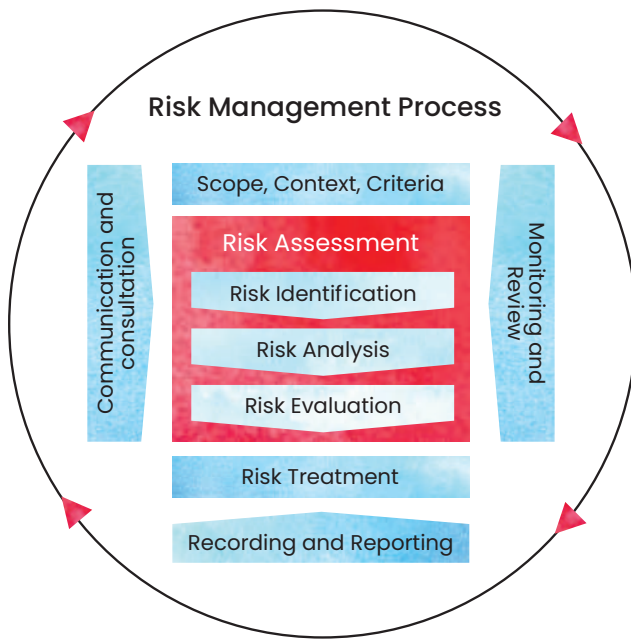
2. Risk and Crisis Management

(GRI 102-11, 102-33, 103-1, 103-2, 103-3)

In the year 2020, the aviation industry, including Thai AirAsia, was made to weather various changes, all of which posed risks to business continuity. Thai AirAsia thus understands the importance of risk management to the efficient management of the company. Ensuring awareness of risks management throughout the organisation is the duty of Allstars with each responsible for enhancing their ability to manage the risks within their line of operation. Risk management is also crucial to the company's performance and forms the basis for the sustainability success, securing stakeholder confidence, prompt executive decision-making, create the business's opportunities, ready for managing the emerging risks, reduce the volatility of normal operation and effectively utilise the limited resources to the most effectiveness. Risk management at Thai AirAsia has always been done by addressing risks as they arise, monitoring such risks to ensure they do not exceed accepted levels and mitigating their impact on society and the environment as well as on the company's business operations as best as possible.

Thai AirAsia is committed to practicing Enterprise Risk Management in accordance with the ISO 31000 framework by performing Risk Identification, Risk Analysis and Risk Evaluation of both internal and external factors, to make sure they remain at acceptable levels. Maintaining a method for evaluating and reviewing risks to its various departments as well as for reviewing plans and policies on risk each year. The Risk Management Committee; Executive Chairman, Chief Executive Officer and core executives had been appointed to collaborate with Risk Management department which is responsible for for coordinating between operational staff and executives to promote correct understanding of risk management as well as emphasizing the corporate culture across all employees. Thus, there creates an understanding of the importance of risk management and the practices can be applied throughout the company, bringing about effective risk management and strong returns. The Risk Management Department is also tasked with compiling risk reports for presentation to executives by quarterly basis, detailing the company's risk status to management to aware, monitor, evaluate and take immediate action to risks to an acceptable level.

Risk Management Process



In 2020, the company set a target for all staff, at all levels, to complete training on risk management to promote awareness of the importance of risk management and risk management practices as well as to disseminate operational practices that effectively manage the company’s risks. The Risk Management Department created the Risks Management Awareness E-Learning course and distributed to all company employees to attend. Evaluation was done after completion of the course with 5,454 of total 5,586 staff or 97.64% passing the test after this training course.

The company organises Risk Management Committee meetings at least two times a year to ensure effective risk management. The committee approves risk management policy for the company and declares them to all staff for implementation.

For 2020, several events posed risks to the company, including the excess Particulate Matter or PM 2.5 issue, changes to aviation laws and restrictions along with laws at route destinations, structural changes within the company and an increase to capital cost. All of these risks were triggered by the COVID-19 pandemic, which brought about myriad changes to aviation. Nonetheless, the company’s risk management apparatus

employed ISO 31000 risk management tools to address these risks, dividing risks into four groups for effective management:

1. Operational Risk
2. Strategic Risk
3. Financial Risk
4. Compliance Risk



Apart from the aforementioned risks, climate change, CO₂ emissions and carbon credits and data breaches have also become matters for attention at the present and are likely to increase more importance in the near future. Risk Management Department has integrated these issues into the risk management practices of each department and across staff of all levels for enhancing risk management efficiency.

Details on significant risks and risk management practices are displayed in section 2 of the Annual Report: Risk Management.

The company maintains a policy for business operation that adheres to the highest ethical standards and is committed to protecting confidential company information, operating with honesty and in compliance with laws and regulations, mutual respect and maintenance of assets and the surrounding environment. The company’s Board of Directors, executives and staff all prioritise these values and understand that strict compliance is their duty. Training courses were on business ethics were created for new and existing employees:

1. Code of Conduct Training
2. Anti-Corruption & Bribery Policy Training

After completing the courses, the company provides documentation under the topic of business ethics to the employee for signing and stores the documentation as part of the employee's record. The employee is thereafter monitored and evaluated on compliance with regulations and ethical conduct with an Internal Audit Department reporting results to the Audit Committee on an annual basis. There were no instances of misconduct or corruption reported in the 2020 evaluation.

2.1 Business Continuity Management (BCM)

Another critical component to risk management is Business Continuity Management (BCM), which has the objective of securing confidence in Thai AirAsia's ability to continue business operations in spite of crisis. A team was formed to create flexibility and readiness to handle any possible changes.

The COVID-19 situation and its impacts on the aviation industry necessitated Thai AirAsia adapt to the New Normal. The company adjusted measures and policies to mitigate relevant risks and to comply with emergent regulations with BCM a component of the adaptation as a part of the corporate culture. In 2020, impact assessments for each department were improved and work was done with the Safety Department to communicate and implement policies to do with business continuity:

1. Provision of personnel for Guest Services, Engineering, Ramp & GSE and Inflight services.
2. Adaptation to Work from Home and division of work groups for the Accounting, Corporate Quality Assurance, Marketing and Customer Relations departments.
3. Division of teams for operation from secondary offices for the Flight Operation and Customer Relations departments.

These policies, alongside safety measures including social distancing and temperature screening, have been maintained to the present and encompass all departments across all of the company's 24 domestic stations and 13 stations abroad. The BCM working group has used online communications to build awareness of all these developments to ensure business continuity.

For business continuity in 2021, principles from 2020 will be maintained with frameworks for collaboration between departments to be expanded to ensure that the BCM is responsive to all possible crises and changes. Analysis of effects and the results of tests and practical trials will also be used to enhance BCM.

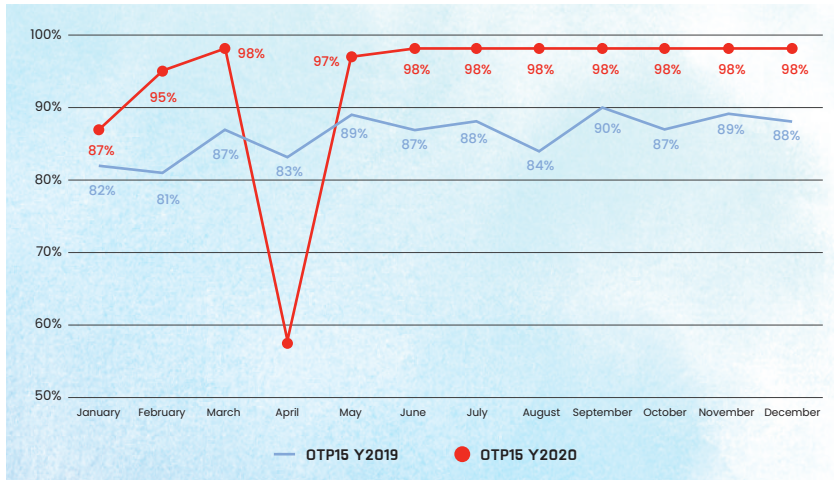
3. Customer Relationship and Operational Performance

(GRI 102-43, 102-44, 103-1, 103-2, 103-3)

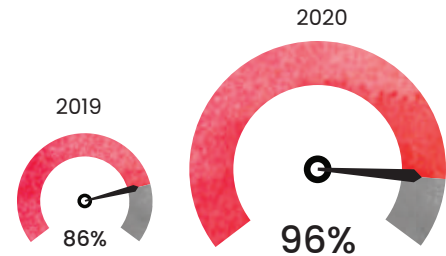
3.1 On time performance (GRI 102-44, 103-1)

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, setting its on-time performance indicator at 87%. Statistics and results are monitored around the clock via a dashboard.

On Time Performance Improved from 2019 by 10%



On Time Performance in



Meeting on-time performance targets required adjustment of several work approaches as follows:

1. Operation Time Consideration - Pilots, cabin crew, engineering, ground crew and ramp crew must all perform different duties requiring different timescales during the 25-30 minutes an aircraft is on the ground. Each unit must accurately utilise its operation time to ensure on-time departure.
2. Two-Door Boarding Trial - This approach was trialled to reduce boarding time.
3. Flight Schedule Consideration - Analysis was performed to strategise improvement to on-time performance. Flight scheduling impact was reviewed and statistics were used to analyse ground operations, leading to amendments for more efficient time management.
4. Flight Sequencing - Daily flight sequences and pairings were adjusted to reduce delays.
5. Single Database Operation System - A connected online document system was constructed to reduce communication time and facilitate operations. On-time performance indicators are transmitted through the system to each station.
6. Analysis of Delay Types and Patterns - A working group analyses the effects of delays so that source causes can be addressed and sets KPIs for each unit.

Due to the COVID-19 situation, it was necessary for Thai AirAsia to suspend service throughout the month of April, resulting in a 52 percent reduction in flights when comparing 2019 and 2020. However, the airline's On-Time Performance moved to 96 percent from 86 percent the previous year, a 10-point increase.

Management Approach 2020

(GRI 103-2, 103-3)

Thai AirAsia is committed to enhancing its On-Time Performance and set its on-time target rate to 90 percent in 2020, up 3 percent from 2019, using the following approaches:

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 Airplane Boarding

Boarding passengers using two doors reduces wait times. 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. Prioritizing Every Flight

Due to Thai AirAsia being relevant to AirAsia carriers in other countries, analysis and development must be done collaboratively.

5. COVID-19 Prevention Measures

In light of the COVID-19 pandemic, Thai AirAsia added further measures and coordinated with Airports of Thailand to more frequently utilise aerobridges to avoid passenger crowding on shuttle buses with the buses limited to a capacity of 50 people to allow for social distancing.

3.2 Guest Services

Guest Services are Thai AirAsia's most passenger facing department, issuing tickets, boarding and booking flights at all 24 airports from which the airline flies in Thailand. At the core of Guest Services is acting with speed, efficiency and service excellence. The department underwent a New Promoter Score (NPS) evaluation in 2020 and was required to score no less than 50 percent. For 2020, the department achieved a score of above average satisfaction at 64 percent, up 8.47 percent from 2019 (55.53 percent).

On top of NPS, the Training Management Centre provides courses to develop Guest Service staff, drawing on over 10 years of experience and service complaints compared against the company's core values. The courses improve staff in accordance with Thai AirAsia's "7 Service Wonders" concept, designed to meet passenger expectations and showcase the company's attention and care. The courses have been provided since 2018 and in 2020 were provided through remote training channels in compliance with the company's social distancing policy.

Providing care to passengers affected by flight cancellations, the department dispatched 70 staff to field passenger queries. The assigned staff were trained in addressing questions and providing assistance by Customer Happiness specialists from the Customer Relations Department. These policies have commenced to the present.

3.3 Cabin Crew

Cabin Crew serve passengers in-flight 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.

Operational Targets

1. Support development and enhancement of service excellence in accordance with company strategies.
2. Support development of service personnel through training that meets standards and leads to meeting higher Customer Satisfaction scores as targeted. Score must not drop below 50%.

Performance 2020

Many changes took place in the Cabin Crew department over the past year with operational procedures significantly altered in accommodation of the situation and in the interest of effective COVID-19 prevention, the root cause of the changes and a continuing threat globally.



Cabin crew operations were altered in accordance with lessons taken from repatriation flights from Wuhan, People's Republic of China. Standard Operating Procedures were also changed according to the developing situation and declarations from relevant agencies such as the Centre for COVID-19 Situation Administration (CCSA) and Civil Aviation Authority of Thailand (CAAT). At the core of the alterations was the safety of attending staff, contact points and passengers.

While both commercial flight and charter flight operating procedures deviated significantly from regular circumstances, the changes did not pose an obstacle to Thai AirAsia's cabin crews maintaining the Net Promoter Score (NPS) set by the Regional Cabin Crew Department of 50. Thai AirAsia cabin crew achieved an NPS of 70 for 2020.

The final component to effective operation by cabin crew during the COVID-19 pandemic was training, which was adapted to the New Normal. Compulsory courses such as Safety Emergency Procedures (SEP) and First Aid as well as auxiliary skills courses such as In-Flight Service SOP Recurrent, were translated into online courses with strong cooperation from the Training Management Centre (TMC), which divided training into two phases. Before receiving training via the Zoom application, cabin crew were required to engage in self E-Learning and to take a pre-test. Cabin crew were then allowed to undergo annual training and were tested before being provided approval. All parts of the training procedure were authorised by the CAAT.

Overall, it is clear that Thai AirAsia thoroughly planned out its operations and monitored results to ensure standards compliance. The company integrated efforts with other agencies and received approvals from relevant bodies in the interest of maximum safety, security and sustainability for operation through the COVID-19 situation and into the future.

3.4 Thai AirAsia Quality Control Systems

Thai AirAsia, under the leadership of its Chief Executive Officer and through all of its staff, is committed to operating in complete compliance with regulations prescribed by the Civil Aviation Authority of Thailand (CAAT) and International Civil Aviation Organization (ICAO) and with the IATA Operational Safety Audit (IOSA) and ISO 9001:2015.

For 2021, Thai AirAsia has decided not to extend its IOSA Certificate in light of impacts from the COVID-19 situation, which resulted in a suspension of international Thai AirAsia flights through to Quarter 4 of 2020. Nonetheless, the Group Operational Quality Assurance body performed an annual Internal Operational Audit to ensure Thai AirAsia's compliance with the latest IOSA Standards Manual (ISM). The company is to request an IOSA (IATA Operational Safety Audit) once the situation returns to normalcy. ISO 9001:2015 audits have been maintained as usual.

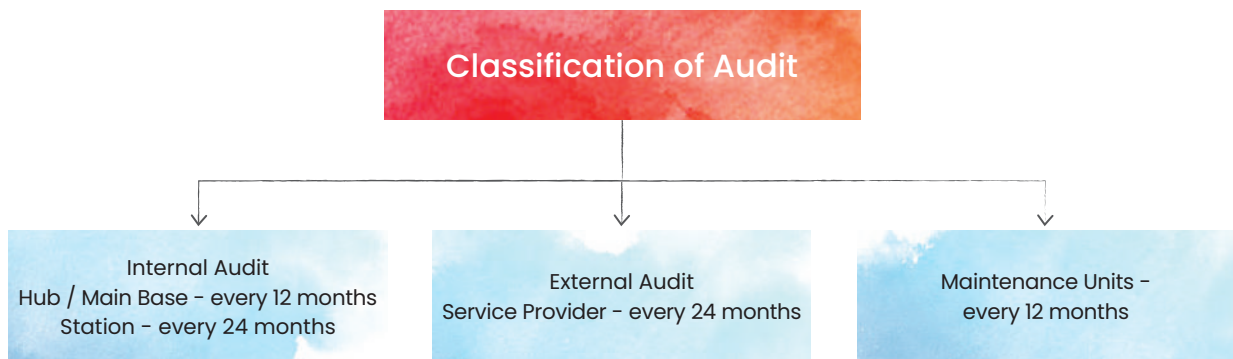
Thai AirAsia has filed a request with the CAAT to receive a license to transport dangerous materials via aircraft and is currently being subjected to an inspection of its locations, procedures and staff capabilities to decipher compliance with CAAT dangerous goods air transport regulations and ICAO technical requirements for transport of dangerous goods by air.

3.4.1 Quality Policy

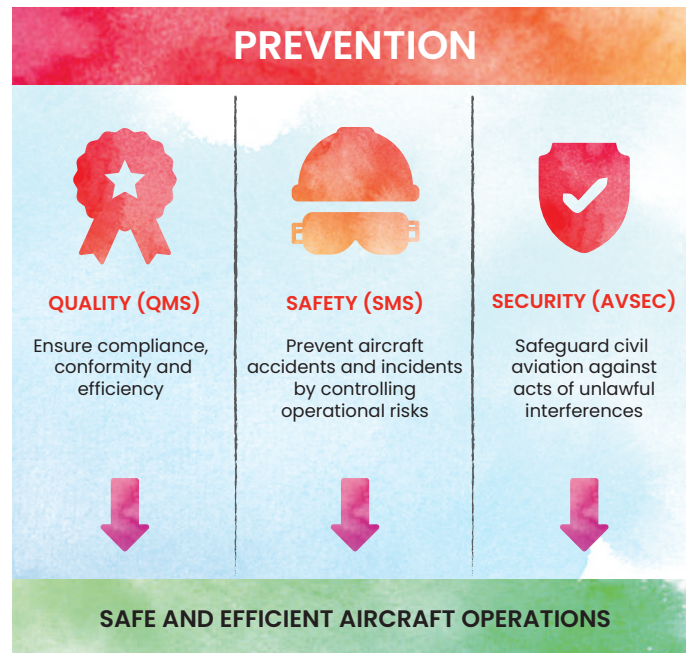


3.4.2 Quality Assurance Audit

In 2020, the Quality Assurance Department of Thai AirAsia began performing remote audits on areas subject to travel restrictions in light of the COVID-19 pandemic to ensure the continuity of auditing and quality control as well as to reduce capital costs and expenditures related to auditing while still maintaining performance quality.



3.4.3 Work Collaboration Pillars (Quality, Safety, Security)



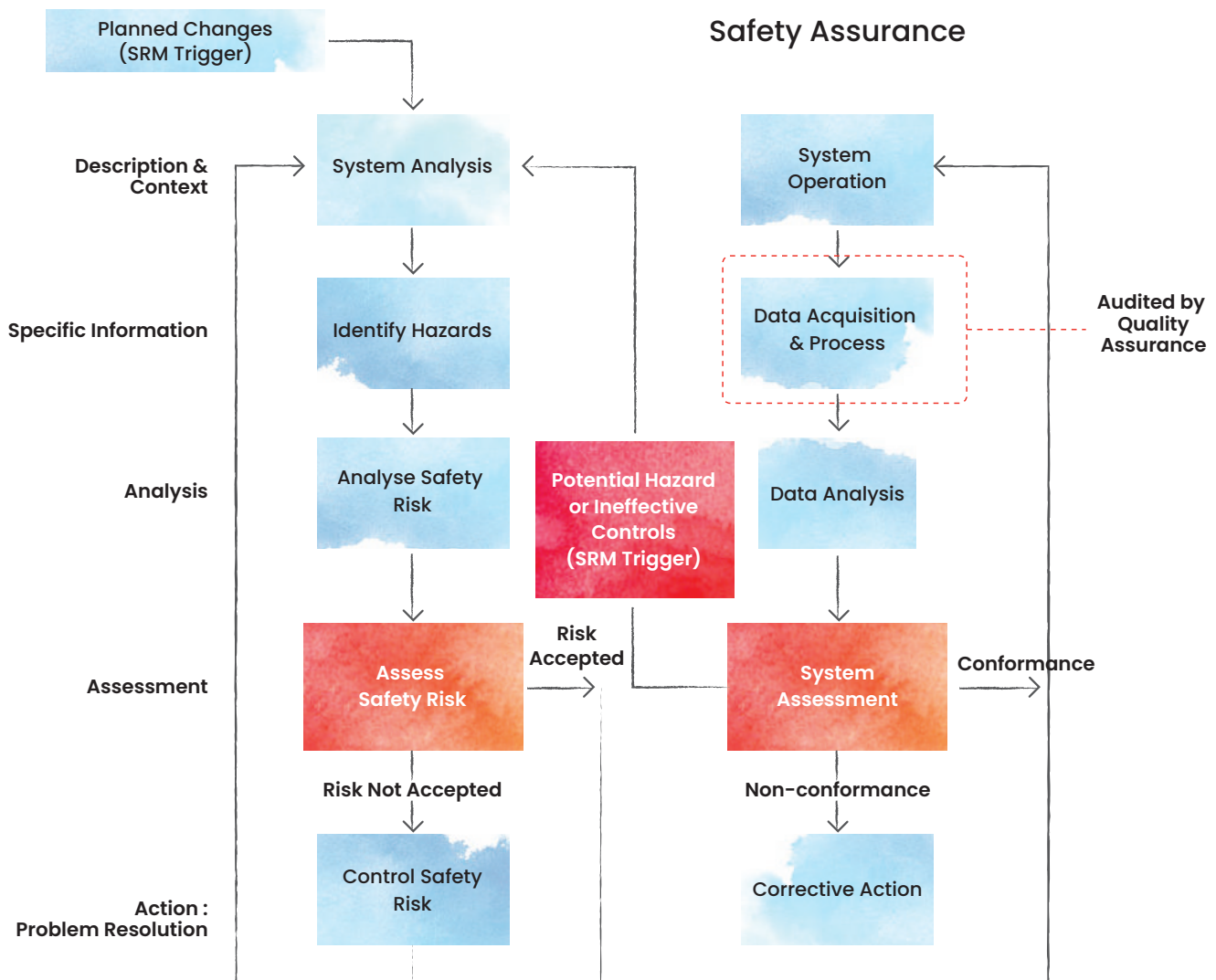
Collaboration within Thai AirAsia is built upon three pillars designed to increase efficiency as well as the safety of operations. The three consist of Quality, Safety and Security. The Chief Executive Officer chairs a quarterly meeting assessing internal accident and incident reports and sets guidelines 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 Control Department and Safety Department devote great importance to safety risk assessments. Evaluations carried out by the Safety Department cover the following areas:

- Level 1 and 2 flaws uncovered by internal inspections of the Quality Control 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

After the Safety Department assesses risks, the Quality Control Department performs an on-site audit, checking through each area of assessment to ensure proper implementation.

Safety Review Meeting



4. Sustainable Supply Chain Management

(GRI 102-9, 102-10, 103-1, 103-2, 103-3, 414-1)

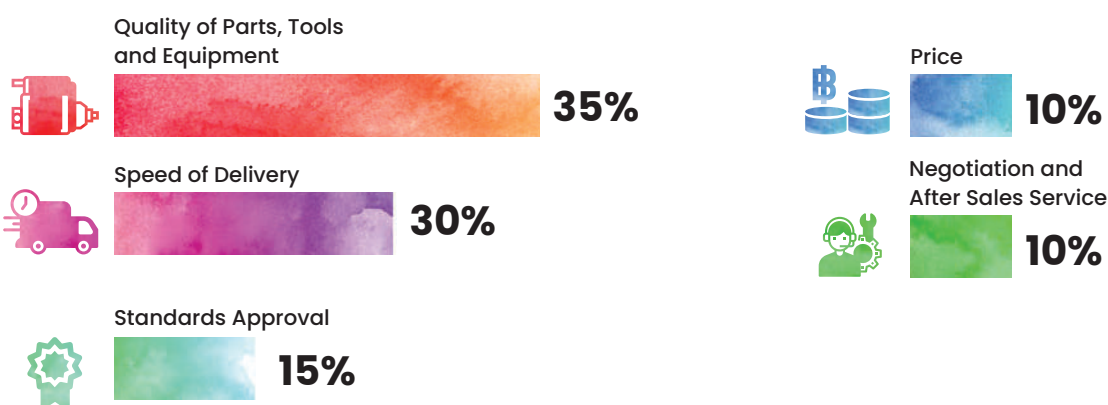
Being an aviation company that provides flight services, the main links in Thai AirAsia's supply chain are activities that support the service of its passengers, those that provide aircraft safety and airworthiness, making aircraft maintenance and parts sourcing crucial. Thai AirAsia maintains a process for finding partners in the realm of maintenance and repair that emphasises their capability and the standards of their products and equipment.

At present, Thai AirAsia has over 600 partners who passed through a procurement and assessment process based on company policies seeking to ensure their product and service procurement procedures are sustainable and ethical. Thai AirAsia applies a Supplier Code of Conduct (SCOC) drafted by AirAsia Group to its partnerships and indicates and such in its partnership agreements. The SCOC encompasses the following principles:

- Business Integrity and Conflict of Interest
- Labour Practices
- Confidentiality and Personal Data Protection
- Environmental Health & Safety Management
- Social Responsibility
- Competitive Pricing & Terms

4.1 Aircraft Parts, Tools and Equipment Procurement 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:



4.2 Aircraft and Equipment Maintenance Unit Procurement Process

Thai AirAsia has 40 domestic and international 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	10	Annual using benchmarks in 4.1.1

*Critical Partners are those within the crucial aircraft maintenance or equipment groups with which Thai AirAsia frequently calls upon for service or has a high volume of spending as well as those that are difficult to replace. These partners must be audited annually.

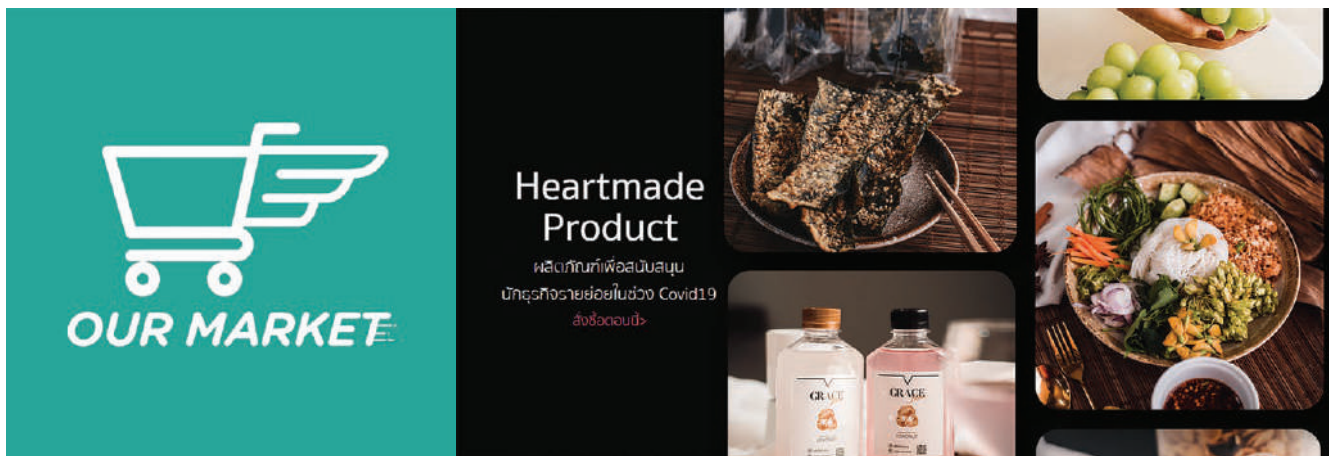
Evaluations in 2020 uncovered 19 points of non-conformity with the maintenance and practice manuals of six partners. All points were 100% rectified and provided a prevention plan. Thai AirAsia plans to introduce sustainability issues such as human rights, labour protection and segregation to its evaluations in the future.

The Thai AirAsia Supply Chain layout can be viewed at www.aavplc.com on page 112.

5. Digitisation and Innovation (GRI 103-1, 103-2, 103-3)

Thai AirAsia aims to keep its operations cutting-edge and sustainable and uses technology to stimulate new ideas that can be translated into practical application, in accordance with its mission to apply technology to maximise the efficacy of its products and for the care of all stakeholders. In 2020, Thai AirAsia established the following projects:

5.1 OUR MARKET



Our Market was initiated with the aim of rehabilitating the economy for small-sized vendors in Bangkok and throughout the provinces. It was launched on 1 September, 2020 and continues to present day.

Our Market started from a gathering of Thai AirAsia staff with different areas of expertise to form an online marketplace selling fresh food and popular provincial products for additional income. The strength of the marketplace was Thai AirAsia's air transport and varied routes, which granted it access to a wide array of goods. Our Market is managed by a team of Thai AirAsia staff who conduct its marketing and sales promotion and possesses a team for home delivery. Buyers are able to access quality food and goods from different regions of Thailand at low prices, delivered expediently direct to their doors.

Towards making a social impact, Our Market provides a channel for receiving seasonal fruits and vegetables and other community-made products, which are subjected to the airline's quality control and benefit from its high flight standards. The channel provides business opportunities to community members and began with locations served by the airline, such as Huay Kok in Chiang Mai, Bang Rong in Phuket and Phromllok in Nakhon Si Thammarat. Popular provincial retailers have also added their goods and dishes to the marketplace, which so far hosts over 200 staff owned stores and 60 independent vendors. The first phase of the project generated over 180,000 THB in revenue.

Moreover, Our Market joined with partner programmes such as SCG-Carelicious, LAZADA-Lazaroi and SCB-Robinhood and aims to add more partners to expand its business and promotional network, to serve a larger group of customers.



5.2 Contactless KIOSK



Due to the COVID-19 situation resulting in measures for social distancing and reducing contact with equipment in public spaces, the Guest Services Department collaborated with the company's ICT Department to develop an airport check-in system that circumvents contact with staff and equipment in the interest of the health and safety of passengers and staff. The departments upgraded check-in kiosks that previously required contact to input data to allow for the scanning of QR codes that facilitate check-in via the passenger's own smartphone. Development began in April 2020 and resulted in 80 kiosks being introduced to airports nationwide from 21 May, 2020.

5.3 Digital Technology for Customer Data Privacy

Data is a crucial resource to Thai AirAsia, informing decision-making, analysis and operational controls towards providing quality service to customers, stakeholders and related agencies. Thai AirAsia utilises AirAsia Group Standards of Practice (SOP) for data privacy and protection (publicised by AirAsia at <https://www.airasia.com/aa/about-us/en/gb/privacy-statement.html>) and divides data as follows:

Data type
Customer Data (C) Private and customer input data
Service Data (S) Business Data
Company or AirAsia Data (A) Data to do with Thai AirAsia

Data Level
Level 1: Public Data disclosed to all parties relevant to Thai AirAsia
Level 2: Internal Sensitive data only available for internal disclosure
Level 3: Confidential Legal or contractually bound data or data that could cause damage to the business if leaked
Level 4: Restricted Data that would cause severe damage to the business if leaked, data contained within a confidential contract with a client or counterparty

Example

Data Type	Data Level			
	Public	Internal	Confidential	Restricted
Customer Data (C)	Customer photographs or details disclosed in public channels	Customer photographs or details restricted to acquaintances and family	Customer telephone number, home address, Email address, birthdate	Customer national identification number, passwords, credit card numbers and information
Service Data (S)	Product promotions, prices and service fees	Flight data, website statistics, project plans	Business targets, marketing plans	Flight route procedures and management, risk management
Company of AirAsia Data (A)	Company address, news and public relations	Company structure, meeting reports	Employee data, system structures, safety reports, financial data	Strategic data, trade secrets, financial limitation data

All internal and external data digitally stored by the company is placed under restricted access with conditions and passwords imposed in accordance with the confidentiality level of the data. Storage devices and servers must receive approval from the AirAsia Group Information Security Department. At Thai AirAsia, the ICT Department is responsible for installing, managing and inspecting communication technology systems and solving any user issues within the company. The department is divided by area of oversight and service into three divisions, ICT Server, ICT Network and ICT Desktop or ICT Support. Each of the three has its own KPIs as follows:

1. System: Server 97% Uptime

All servers within the company must be operational with Server Availability to not be less than 97% per month.

2. Network: Network Connections 97% Uptime

Network connections must be operational and connected to the various systems of AirAsia Group to facilitate operations. Network Availability must not be less than 97% per month.

3. Support: ICT Support must solve ICT issues within allotted timeframes no less than 97% of the time in a month

Level 1 issues must be solved within 3 hours

Level 2 issues must be solved within 1 day

Level 3 issues must be solved within 3 days

Level 4 issues must be solved within 5 days

All three KPIs were met in 2020:

- System:** Server Availability averaged 99.5 % on a target of 97%
- Network:** Network Connection averaged 97.66% on a target of 97%
- Support:** ICT Support averaged 99.88% effectiveness in solving issues on a target of 97%

On top of the aforementioned KPIs, Thai AirAsia cooperated with the AirAsia Group Information Security Department to disseminate information security awareness content to all staff in the interest of promoting and encouraging data privacy protection across the company.

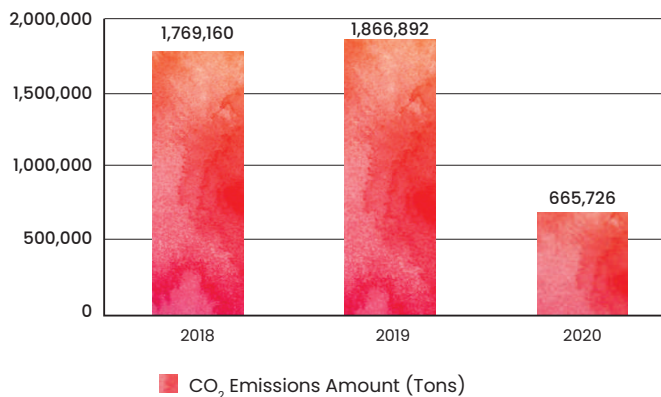
6. Waste, Climate Change and Greenhouse Gas Emission Management (GRI 103-1, 103-2, 103-3, 302-1, 302-4, 305-1, 305-2, 305-4, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5)

Climate change is an issue that has grown in severity each year and is categorised as a high-risk issue by the World Economic Forum in 2020. The aviation sector plays a role in this problem as 2.5 percent of global harmful gas emissions are from the sector. Thai AirAsia acknowledges its responsibility as a provider of air travel and ceaselessly works to control and reduce its CO₂ emissions.

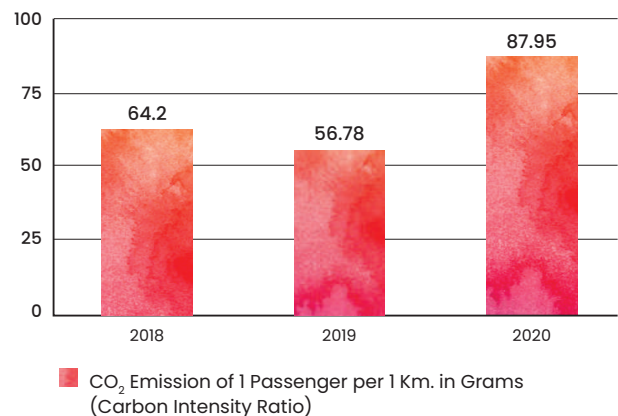
Maintaining the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) initiated by the International Civil Aviation Organisation to contain and offset carbon emissions into the atmosphere, Thai AirAsia has set long term goals for maintaining its carbon emissions to no greater than the base rate set in 2019. AirAsia Group has established a database to monitor fuel usage and carbon emissions.

Beyond joining in programmes under CORSIA, AirAsia Group has also looked into containing carbon emissions from international flights that fall outside the purview of CORSIA and domestic flights.

CO₂ Emissions over the Past 3 Years



Intensity of CO₂ Emissions



Despite the COVID-19 situation halving flights in the year 2020 and reducing fuel consumption and carbon emissions by 64 percent, the Carbon Intensity Ratio, a measurement of grams of Carbon Dioxide emitted per passenger per kilometre of air travel, significantly increased, as is shown in the below graph. This was due to COVID-19 limiting the number of passengers per flight, the suspension of international flights and uncertainty among travellers during the onset of the pandemic. Thai AirAsia aims to return its Carbon Intensity Ratio to 2019 readings in the year 2021. In the long term, the company is targeting a Carbon Intensity Ratio of 3 gCO₂/RPK per year.

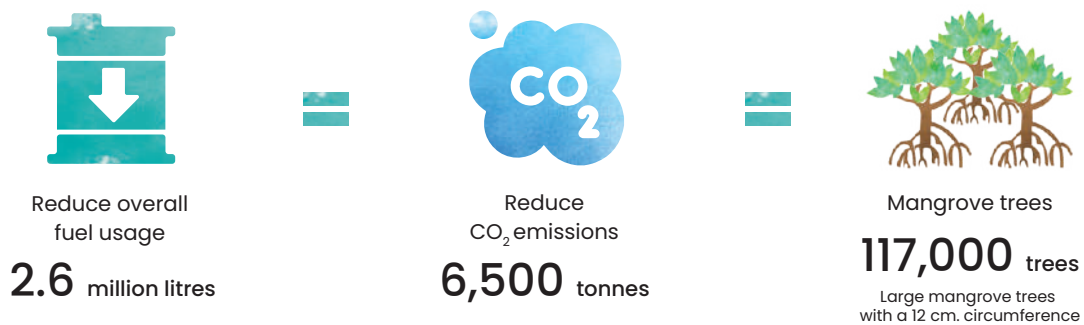
Moreover, Thai AirAsia has continued to support fuel reduction and containment schemes from 2019 and added new programmes, which on top of cutting hazardous emissions have reduced capital costs associated with fuel. These programmes, divided by ongoing and new, include:

6.1 Ongoing Project

Green Operating Procedures



Green Operations Mitigated Environmental Impacts



Thai AirAsia has continued to reduce its GHG emissions through the Green Operating Procedures project with results as follows:

- One Engine Taxi Departure, reducing fuel usage by approximately 7 litres/minute
- Reduce Flaps Landing, reducing fuel usage by approximately 12 litres/flight
- Idle Reverse Landing, reducing fuel usage by approximately 6 litres/flight
- One Engine Taxi on Arrival, reducing fuel usage by approximately 7 litres/minute
- Packs Off Take Off, reducing fuel usage by approximately 3 litres/flight

The Flight Operations Department of Thai AirAsia maintained the procedures as targeted in 2019 and in 2020 the airline was able to reduce overall fuel usage by 2.6 million litres, equivalent to 6,500 tonnes in CO₂ emissions.

6.2 New Project

Aircraft weight reduction

- Extending from the Electronic Flight Bag project, which provides flight data and documentation via an application accessible by tablet. Thai AirAsia trialed the programme in the latter half of 2019 and began full implementation in 2020. On top of reducing paper usage and printing, the approach also reduces on weight on flights, cutting CO₂ emissions by approximately 4 kg./1 flight hour, or by 408 tonnes over the year of 2020.
- Fuel usage during scheduled aircraft taxiing was reduced by using taxiing statistics from throughout each day at each airport to plot most efficient utilisation. The approach reduced refuelling by 120 litres/flight on average.

Opticlimb Operations

During the latter half of 2020, Thai AirAsia initiated a programme to calculate the optimal climbing speed for aircrafts during operation. The programme calculated climbing speeds while referencing climate conditions and reported the optimal speed in the flight plan for input by pilots. The practice is able to reduce fuel usage by 100 litre/flight. From June - December, 2020, Thai AirAsia was able to apply the practice to 88 percent of all flights, exceeding a target of 50 percent. A total 3 million litres (7,600 tonnes of CO₂), or approximately 45 million THB worth of fuel, was saved. For 2021, Thai AirAsia has targeted applying the practice to 90 percent of all flights.

Addition of A321neo Aircraft to Fleet

In January of 2020, Thai AirAsia added two Airbus A321neo aircraft to its fleet. The planes seat 236 passengers, 56 more than the standard Airbus A320. The additional seats help in the reduction of Thai AirAsia's Carbon Intensity Ratio. Moreover, the A321neo uses approximately 15 percent less fuel than the standard A320.

In the future, Thai AirAsia aims to incorporate further innovations and operations to reduce its fleet's fuel usage per flight hour and has targeted limiting CO₂ emissions to no greater than its base rate from 2019 in compliance with the ICAO CORSIA programme with which Thai AirAsia is a participant.

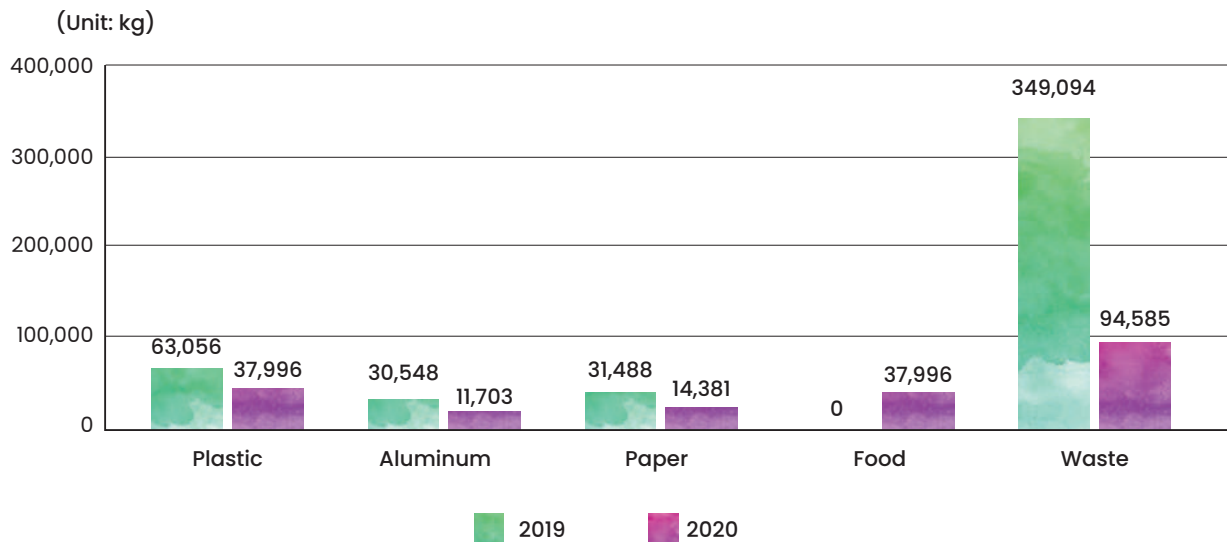
6.3 Waste Management (GRI 306-2)

Waste management is at the foundation of the company's waste termination as without management the company's waste would be landfilled and generate large amounts of CO₂ emissions, a core cause of climate change, at the same time damaging the company's image in terms of environmental responsibility. Thai AirAsia maintains a Zero Landfilled waste target with the intention of avoiding any environmental detriment from its waste.

In avoidance of the aforementioned effects and towards its target, the company separates recyclable waste from refuse and works with JDP Technology, a waste termination company, to separate waste for recycling before refuse is forwarded to its final destination. The approach has significantly increased the company's recycling and reduced landfilled refuse.

For over one year now, Thai AirAsia has cooperated with the Securities and Exchange Commission (SEC) as part of the Thailand Responsible Business Network (TRBN) to participate in the Vibhavadi Zero Waste programme, sharing its information and skills at seminars and applying acquired knowledge to maximise the efficiency of its waste termination. In 2020, Thai AirAsia increased its recycled waste ratio to 55.7 percent from 26.4 percent in 2019, most significantly by converting its food waste, which comprises 25 percent of total waste, to animal feed through coordination with JDP Technology.

Comparison of Data between 2019 and 2020



Waste Data Recording

For the year 2020, COVID-19 had a clear impact on the aviation industry, significantly reducing flights and as a result, reducing actual waste statistics. The lowest quantity of waste seen in the year was 0 kilograms in the month of April.

Nonetheless, Thai AirAsia continued to collect data and share its waste data with the TRBN on a monthly basis. For the entire year of 2020 (January-December), total waste recorded was 213,655 kilograms, divided as follows:

- **Recycling** (recyclable) 119,069 Kilograms (55.7%)
- **Refuse** (non-recyclable) 94,586 Kilograms (44.3%)

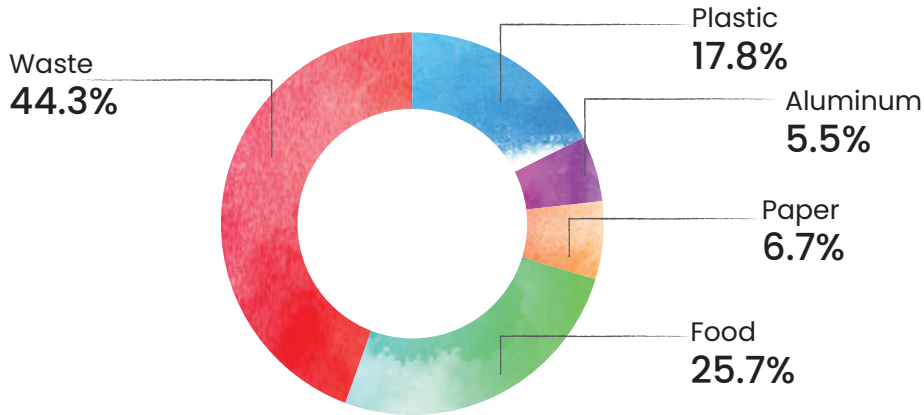


Figure depicting participation in TRBN webinar



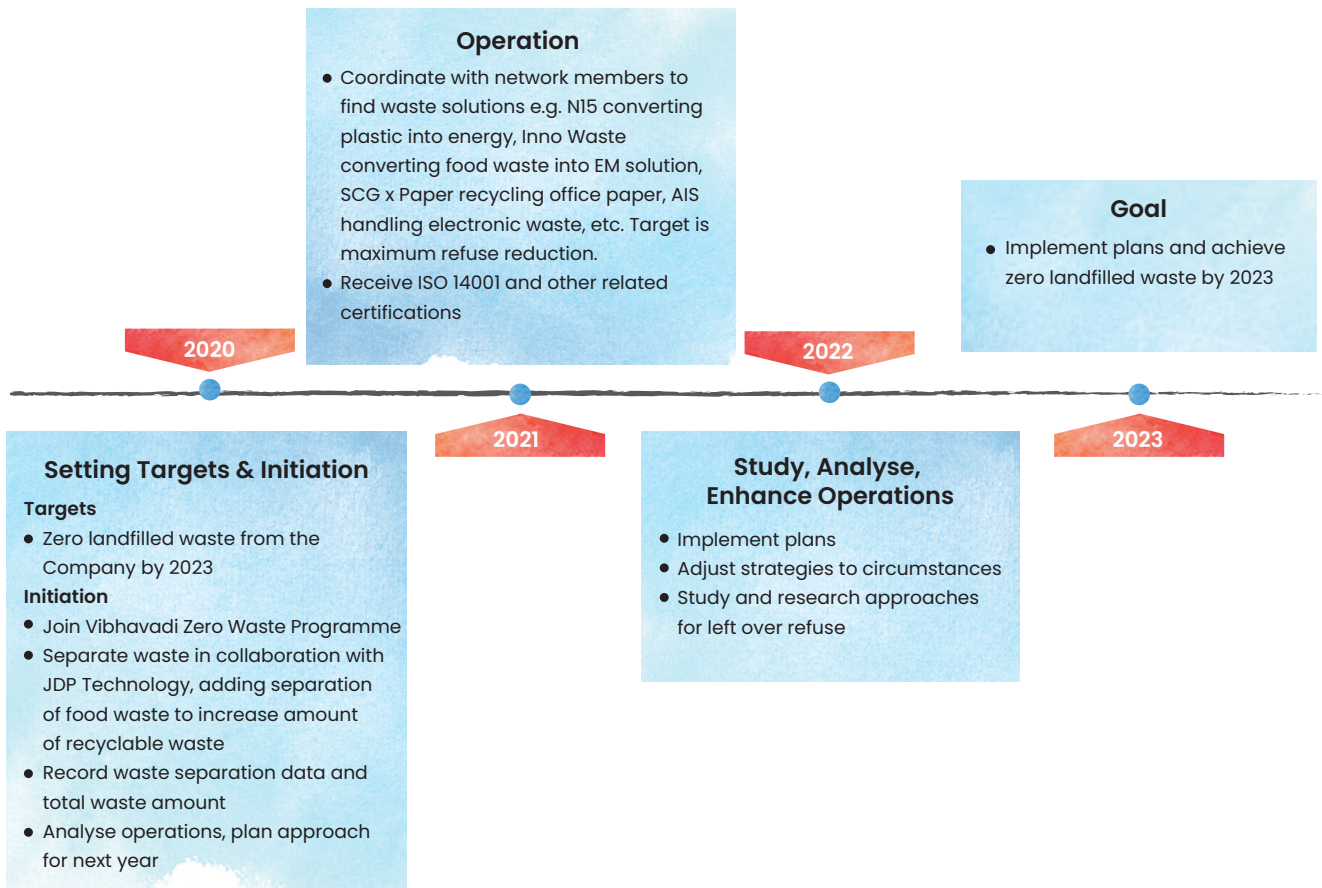
Figure depicting monthly TRBN waste data recording via Google form

Targets and Concrete Results Measuring

1. Zero Landfilled Waste by 2023

- Prior to commencing waste management, Thai AirAsia set a target of achieving zero landfilled waste by 2025 (target set in 2020). After initiating waste management however, it was found that by applying acquired knowledge, the target could be achieved in a much shorter amount of time, resulting in the timeframe being reduced from 2025 by two years to the year 2023, when Thai AirAsia now aims to have zero landfilled waste. The plan includes:
 - Forwarding landfilled waste to N15 Technology, a Refuse Derived Fuel (RDF) company.
 - Converting food waste into animal feed through collaboration with Inno Waste (Thailand), which converts food waste into EM solutions and fertiliser starters. The approach can be used to benefit communities or evolved into a volunteer programme in the future.

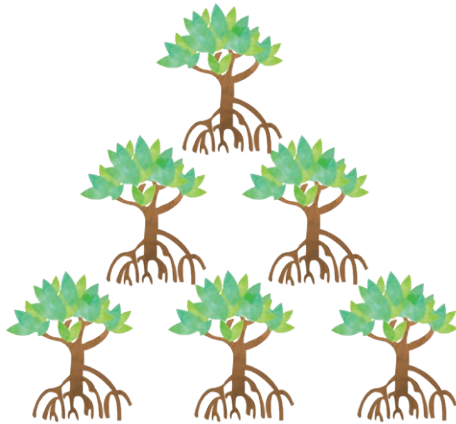
- Organizing waste separation courses with GEPP Sa-Ard and proposing them as orientation courses for all company staff, enhancing waste reduction and management.



Diagrams from NI5 and Inno Waste Presentations

2. Measuring Results of Waste Management

- After collecting data on a monthly basis, Thai AirAsia submitted its data to seek the Low Carbon Business: Waste Management Award and Engagement Award of the Thailand Responsible Business Network and is currently awaiting its declaration. The data was also submitted to the Thailand Greenhouse Gas Management Organisation (Public Organisation) for consideration of inclusion in the Low Emission Support Scheme (LESS). The organisation decided to award Thai AirAsia a Letter of Recognition in acknowledgement of its zero-landfilled waste management and assessed that between 2019 and 2020, Thai AirAsia was able to cut its GHG emissions by an equivalent 245.750 tonnes of CO₂, comparable to planting 476 mangrove trees or circumventing the use of 2,104 automobiles (50 litres of benzene fuel per 1 automobile).



Mangrove trees* = 476 trees

*Large mangrove trees with a 12 cm. circumference



Cars = 2,104 automobiles



A Letter of Recognition from the Ministry of Natural Resources and Environment
By Thailand Greenhouse Gas Management Organisation (Public Organisation)



Evaluation Criteria

Low - Carbon Business Waste Management

Process

- Source**
 - Waste separation bins
 - Separation process
- Midway**
 - Waste collection systems
 - Separation agent expertise
- Destination**
 - Destination for all waste types



Data Management

- Proper data recording
- Reliable, verifiable data
- Data recording covers all waste types
- Regular data recording and transfer
- Data is analysed and applied

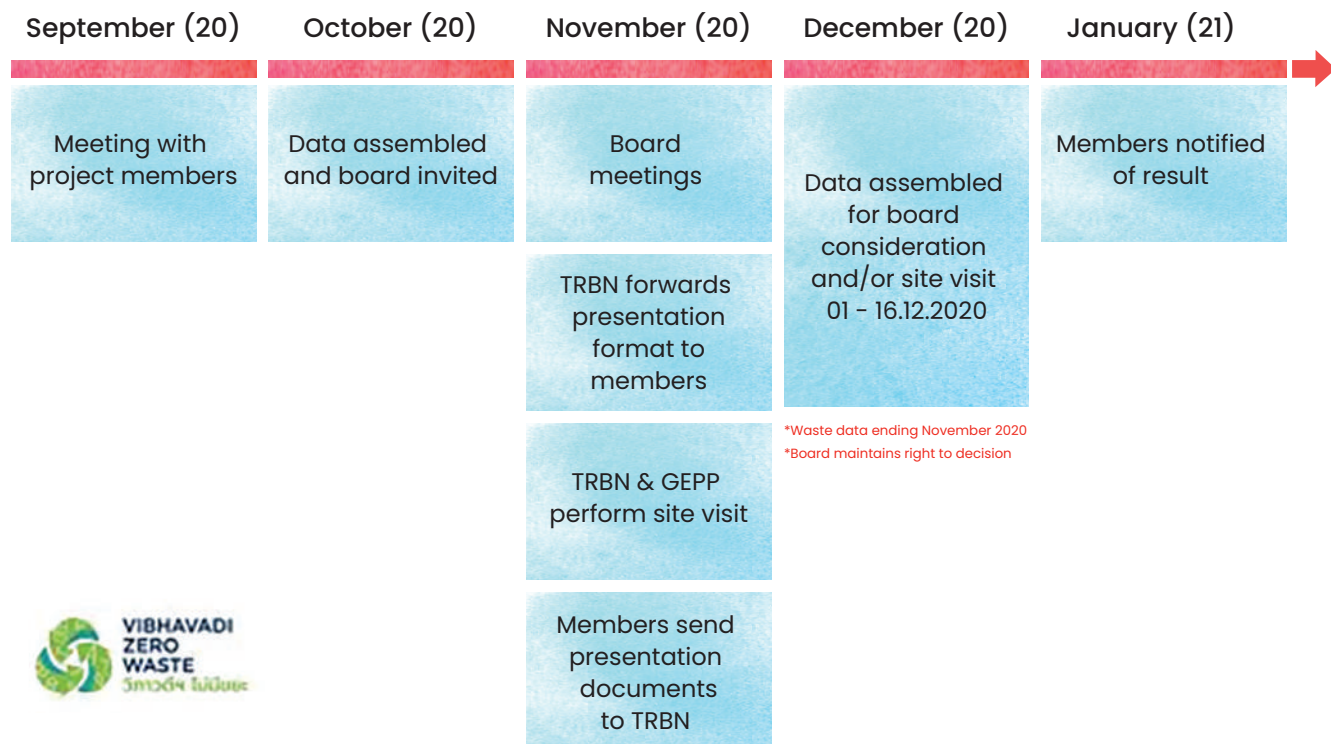
Recycling Rate

- Overall recycling rate average must not be lower than Group average. Score divided into intervals (referencing Group)

Participation

- Policies/regulations support waste management
- Cooperation at all levels of organisation
- Enticing approach to participation
- Regular communication with stakeholders
- Significance devoted to waste management officials

Operation Details



*Waste data ending November 2020
*Board maintains right to decision

*Schedule visit and document presentation part of award consideration



Low Carbon Business Award Criteria: Waste Management and Engagement Award and Operation Timeline



3. Plans to Meet ISO 14001

- After applying for the two aforementioned awards, Thai AirAsia also plans to meet the ISO 14001 environmental management standard, which it sees as an important component to its business operation. The standard will indicate Thai AirAsia as a service provider with appropriate environmental management and bolster confidence among customers and investors. It will also allow the company to achieve ISO 14064, the international standard for GHG emissions reduction, validation in the future.

Thai AirAsia is firmly committed to reducing the amount of its landfilled waste, a major cause of Carbon emissions and climate change, as well as operating with good governance and transparency. Achieving its Zero Landfilled Waste target in 2023 will allow the company to sustainably manage its waste.

6.4 Other Energy Usage

Collected data indicates Thai AirAsia use the following amounts of electricity and water in 2019 and 2020:

Type	Quantity in 2019	Quantity in 2020	Difference Equivalence
Electricity	2,761,467 Kilowatt Hours (kWh)	2,042,789 Kilowatt Hour (kWh)	 Reduction amount = Electricity usage of 86 homes over 1 year
Water	16,921 Cubic Metres (m ³)	9,932 Cubic Metres (m ³)	 Reduction amount = 2.5 Olympic pools

The data shows electricity and water usage fell significantly from 2019 due to the Work from Home policy implemented in light of the COVID-19 pandemic. Thai AirAsia collected this data to inform future policies and targets.

The company announced that employees and their supervisors would carry out a performance evaluation for 2020. Employees and their supervisors coordinated on setting indicators for the evaluation in advance.

7. Talent Retention and Attraction

(GRI 103-1, 103-2, 103-3, 401-1, 404-2)

Thai AirAsia performs annual employee evaluations based on indicators set and agreed upon by employees themselves in coordination with their supervisors at the start of each year. Evaluations aim to make employees aware of whether or not they are operating at their most efficient or are in need of improvement in any area to enhance their efficacy and towards the success of the entire company.

Performance Evaluation

Care for employees by the Human Resources Department begins immediately when an employee is accepted as meeting criteria and into a position with the Company with that employee receiving an appropriate and competitive remuneration and benefits package as compared to other entities in the same industry. Throughout the employee’s time with the Company, they are provided with care including training to reinforce and increase their theoretical and practical performance knowledge so that they may be confident in their effective operation.

Employees also receive regular guidance from superiors on how to best carry out their set tasks through discussion in meetings or through Email. These communications serve to notify the employee to any areas in which they may need improvement or best practices for carrying out their duties. Official evaluation takes place at least once a year during the end of year period. The Human Resources Department announces the procedures and timeframe of the evaluation to employees and their superiors and declares SPIs agreed upon by the two parties at the beginning of the year. Such SPIs were chosen in alignment with the company's objectives for success.

Performance Evaluation for 2020 began in December and covered the following criteria:

1. Employee Duties SPIs - SPIs agreed upon between the employee and their superior at the start of the year specific to their responsibilities and tasks.
2. Employee Self-Improvement - The Company acknowledges the importance of self-improvement through training and other means as well as through the sharing of experiences between employees.
3. Digitisation - The Company supports technological solutions for efficient operation and the reduction of redundancy as well as risk of error.
4. Customer Service - Employees are required to provide careful service and assistance to customers.

In evaluating employees, the Company acknowledges that on top of knowledge and skills for success, exercising the Company's values also plays a part in good performance. For example, the Company encourages employees to "Make it Happen", for them to develop any creative ideas they may have for more effective performance, that may reduce work time or that may reduce cost to the Company. Employees are urged to present such ideas to their superiors.

These Company values do not only seek the successful performance of employees but to provide them a sense of pride, a willingness to be creative and a desire to study the finer details of their posts as to enhance their operation.

The annual Performance Evaluation was carried through the following procedure:

1. Employee completes self-evaluation and forwards evaluation to direct superior.

2. Superior discusses performance and evaluation with employee.
3. Superior forwards evaluation to Human Resources Department.

In light of the COVID-19 situation impacting the lives of employees in ways including necessitating voluntary leave without pay in assistance of the Company while it operated at a reduced capacity, the Human Resources Department uncovered opportunities to generate revenue for such staff, initiating studies and cooperation both within the Company and with other businesses to launch a second job programme for employees that included training so that they may effectively perform and earn income.

Acknowledging the mental impact of the pandemic, which due to being prolonged, depressed the economy and livelihoods, impeded international and interprovincial travel, shortened business operating hours and necessitated online schooling, the Company created a Peer Support channel to provide an outlet for employees experiencing mental anguish due to experiencing such effects or having family and friends experiencing such effects. Through the channel, employees were able to engage in group counselling.

As illustrated, Thai AirAsia seeks to care for its employees throughout all circumstances both during normal business conditions and in times of irregularity. Amid ordinary conditions, the Company considers rewards for employees based on its operational returns and profit in the form of bonuses and pay increases, however, it was decided in 2020 that the Company would forego bonuses.

Employee Satisfaction Survey

A tool utilised by the Company to assess the contentment of its employees with their work and with the support provided by the Company is the Employee Satisfaction Survey. The Employee Satisfaction Survey is undertaken by the Human Resources Department once a year with data analysed to assess employee happiness and satisfaction within the Company. Focus groups are also held and yield valuable information to the Company in terms of retaining skilled employees and enhancing performance.

The Employee Satisfaction Survey is divided into 10 categories. The average score for this year was 4.3, exceeding an expectation of between 4 and 5. The Human Resources Department then performed Focus Group data collection.

Employee Satisfaction and/or Loyalty Evaluation

The Company surveys employee satisfaction once a year and this year sent out a survey seeking to ascertain employee perceptions on support provided by the Company throughout 2020.

Results of the survey indicated a positive perception score of 4.3 points out of 5 with the proportion of perceptions being 79 percent positive, 21 percent neutral and 0 percent negative out of a total 4,398 employees who responded.



The Company enhanced its satisfaction of employees in accordance with the survey findings in the following ways:

Opportunities for Learning at AirAsia

The COVID-19 situation in 2020 affected Thai AirAsia flight operations and resulted in fewer flights, leaving many members of staff with unutilised time. The company contacted external firms in various industries to find second jobs for its employees, including real estate sales as part of Ananda Development. Participating employees were provided with online training covering sales pitch presentation, closing a sale and real estate law. Upon completion of training, employees were also given the opportunity to view the actual project and learn its details at a workshop that included techniques for refocusing weak points of a real estate project as strengths.

Throughout 2020, a total 300 employees took part in the programme and 98 were selected to engage in actual work.

Acceptance and Encouragement for a Job Well-Done

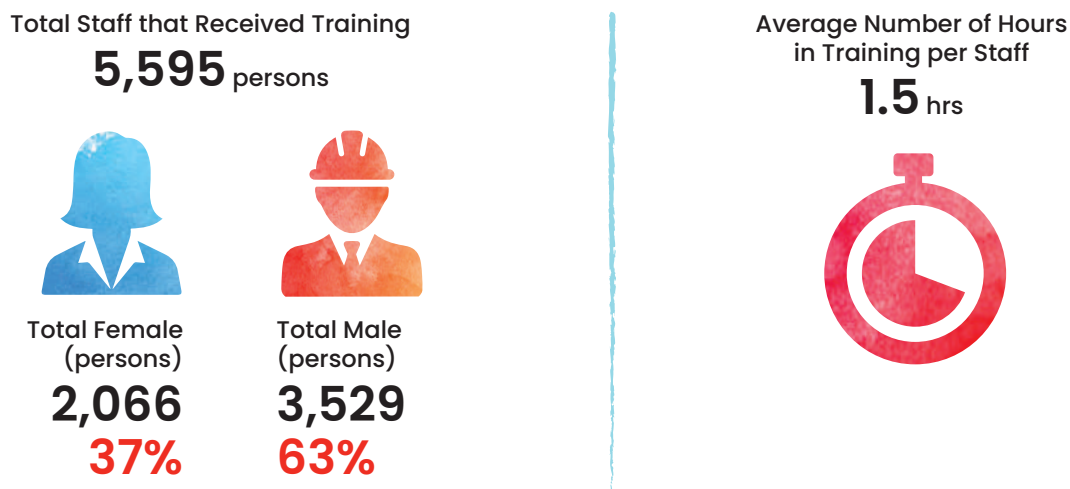
The company circulated photographs of staff who assisted passengers who had forgotten their luggage to quickly reunite with their belongings and the appreciation shown while also issuing its own words of appreciation to the individual staff and their department. Images of the appreciative passenger were broadcast to internal company televisions, including in the staff canteen to recognise the good deed.

Resignation Rate 2020

The resignation rate for 2020 was 3.8 percent calculated an average employee population in 2020 of 5,672 people. The rate was a minimal amount that did not impact operations.

Employee Development Training

Thai AirAsia is determined to produce employees with knowledge and skills as well as a good quality of life and thus maintains a policy for developing the capacities of its human resources and preparing them for competition, so that they may be a driving force and source of sustainability for the Company. Training is provided in line with the demands of each line of work. Cooperation from employees resulted in the following:



It is Thai AirAsia's goal to have all its employees attend training to enhance their work capabilities, to promote a positive attitude and to hone crucial skills for working as an effective team. Training is provided both through practical classes and online with a target of an average 3.5 hours of training per employee per year.

In 2020, employees received an average 1.5 hours of training due to the COVID-19 situation (average was calculated from total of employees that attended training divided by courses and their durations with data taken from the Training Management System, the Company's central database for training). A total 5,595 employees underwent training, divided into 3,529 men and 2,066 women or 63 and 37 percent of the employee total respectively.

8. Social Investment (GRI 201-1, 103-1, 103-2, 103-3, 413-1, 413-2)

Journey D

Opportunities and Challenges

Turning the COVID-19 crisis into an opportunity: Rejuvenating Thailand's natural resources and tourism destinations

The spread of COVID-19 severely impacted the Thai economy in 2020, especially due to lockdowns that significantly curtailed flight frequencies and restricted the number of domestic and foreign tourists. Data from the Economic Tourism and Sports Division indicates that across all of 2020, only 12.23 million domestic tourists engaged in trips, generating 5.44 billion THB in tourism revenue, a contraction of 46.36 percent on-year. This was due to tourists altering their behaviour in accordance with the New Normal, focusing on safety alongside maintaining economic, social and environmental stability.

The crisis posed a major challenge to members of the aviation industry, encompassing all aspects of the business. Nonetheless, regardless of the severity of the situation, Thai AirAsia remained dedicated to being socially responsible and doing good for society and thus continued its work to support and develop sustainable community tourism, seeking to promote awareness of sustainable tourism, to increase the number of quality tourists and to remedy inequality by dispersing tourism revenue to localities. This has been carried out by Thai AirAsia over the past five years by working closely with more than 10 communities nationwide using the following three strategies for promoting 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

Viewed directly, it is clear that impact to tourism from the crisis directly affected communities dependent on the activity for revenue. However, viewed as an opportunity for growth, the situation allowed for goods and products showcasing the identities of the communities to become a new avenue for propelling their grassroots economies.

While Thai AirAsia devoted importance to weathering the COVID-19 crisis, it also remained dedicated to fostering its relationship with communities under the Journey D project and uplifting its value chain.

Journey D Objectives

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 a variety of communities
- Pass on the Journey D Model
 - Collaborate with partners and social enterprises to present local experiences/cultures via food products from communities

2021

- Develop knowledge on online marketing channels
- Support the production of community goods and products that present local identifiers
- Serve as a channel for distributing community goods to other regions
- Promote community tourism destinations to national awareness
- Create value for local cuisine and productions at the national level

Important Developments 2020

- Widespread interest from tourism communities in Journey D was expressed, allowing Thai AirAsia to select eight for addition to the project, namely; Baan Pong of Chiang Mai, Khemrat of Ubon Ratchathani and the six communities of the Phuket Tourism Network.
- Promoted community tourism via AirAsia social media.
- Engaged in a CSR activity helping to transport community farm products obstructed by the COVID-19 situation.
- Successfully developed Journey D into a Creating Shared Value (CSV) programme simultaneously addressing social issues while creating business value and opportunities including brand loyalty, new customers and partners for sustainability.

Management Approach

Managing community tourism on the basis of economic, social and environmental sustainability is an effective tool for addressing social inequality and overtourism while also being a way to create value for the aviation industry.

Performance 2020

- Uncovered value in community storytelling traditions through the use of meaningful stories and helped to preserve local ways of life.
- Promoted community tourism routes in cooperation with the Tourism Authority of Thailand under the Hello Winter project.
- Designed experiences reflecting community cultures and ways of life centred on local cuisine.
- Facilitated the transport of over 1,000 kg. of farm products.

- Presented community tourism experiences to incentive customers, allowing them to experience and learn about local ways of life so that they may share their experiences to a wider audience.

Sustainable Tourism Courses for Target Communities

Developing Thailand's domestic tourism potential is crucial to its economic growth and creates opportunities to disperse revenue to communities as well as local employment. The Journey D project creates courses on developing sustainable tourism potential for member communities, including:

- Storytelling to Pass On Local Identities, techniques for storytelling and using points of interest to forge engaging connections with the purpose of communicating with target tourists
- The 7 Service Wonders Workshop, a course on providing sincere and careful service conducted by the Thai AirAsia Learning Centre

Building a support network for sustainable tourism communities

Network building is 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, PhuketKanan, Phuket
- Kamala, Phuket
- Bang Tao, Phuket

Adding communities is one way AirAsia found to disperse tourism as it provides more options for travellers. 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.

Creating Community Tourism Communications and Experiences

Communications to the Public

In communicating with the public to promote responsible tourism, members of the four Journey D communities were given a central role in campaigning for all stakeholders to be aware of the need for mindful and caring tourism.

- Hello Winter was a campaign featuring 60 routes across Thailand conducted in cooperation with the Tourism Authority of Thailand with highlights of tourism communities and responsible tourism brought to the fore. Complimentary vouchers were provided to the first 30 people to book AirAsia tickets and travel packages to the Journey D communities of Pha Mhee in Chiang Rai, Kok Muang in Buriram and Phromlok in Nakhon Si Thammarat. Details were made available at www.journey-d.com
- Public relations activities promoting tourism communities via Thai AirAsia platforms

Experiences

The allure of community tourism is experiencing the actual ways of life, cultures and traditions of each community. Influential travellers were provided with these experiences so they could relay them to a wider audience.

- Captain's Choice 2morrow Scaler: Beyond Frontiers was an incentive activity for executives in the 2morrow Scaler training course, allowing them to experience local ways of life and cultures
- PTT Global Chemical Co. Ltd. was sponsored on an outing to Koh Klang community in Krabi province

Operations Approach 2021

The next goal for Thai AirAsia is fuelling further growth for communities and the tourism industry by serving as a medium between different partners as well as a long term social investor in tourism industry stakeholders, facilitating opportunities for responsible and sustainable tourism through various activities. The approach will consist of:

- **Building** marketing channels to present community identified goods and to expand revenue streams.
- **Supporting** sustainability through activities beyond product retail and tourism such as by supporting the creation of new community-based careers.

- **Delivering** experiences by featuring community products and tourism services in various channels.
- **Communicating** with the public via AirAsia channels for maximum awareness.

Effectiveness & Business Results

Journey D is a social innovation created to add value to Thai AirAsia’s production chain, increase avenues for business and tap into new customer groups in line with its goal of being more than an airline but a complete tourism and lifestyle service provider. While also a platform for building brand loyalty, measuring the effectiveness of Journey D must also account for awareness and understanding of sustainability among the company’s stakeholders, from its own staff to partners, investors and community members themselves as well as account for the benefits achieved by Journey D communities.

The “Once I Can Fly, You Must Eat Well” campaign transporting premier community goods across the nation helped move over 1,000 kilograms of farm products from Journey D communities,

generating over 100,000 THB in revenue for each community while connecting consumers with goods direct from their source sold at wholesale prices. Information on community tourism was added using cards thanking buyers for their support, further building awareness.

After operating throughout 2020, it was clear that the tourism industry was one sector severely impacted by the COVID-19 pandemic, which limited Thailand’s ability to welcome tourists and necessitated tourism destinations reduce their maximum capacity for the sake of health security, resulting in tourism communities losing revenue. Thai AirAsia was nonetheless able to find new areas for income and served as a medium for distributing community goods, transporting them from their source to urban consumers and allowing the products to promote the identities of their origins. Thai AirAsia worked with social enterprises (SE) to fuel the economy and disperse sustainability to communities under the Journey D project and expects to continue expanding the effort to more areas.

Supply Chain

Firm Infrastructure	Financial Policy	Accounting	Regulatory Compliance	Legal	Community Affairs
Human Resources Management	Flight, Route and Yield Analyst Training	Pilot Training Safety Training	Baggage Handling Training	Agent Training	Inflight Training
Technology Development	Computer Reservation System, Inflight System Flight Scheduling System, Yield Management System			Product Development Market Research	Baggage Tracking System
Procurement	Information Technology Communication				
	<ul style="list-style-type: none"> • Route Selection • Passenger Service System • Yield Management System (Pricing) • Fuel • Flight Scheduling • Crew Scheduling • Facilities Planning Aircraft Acquisition 	<ul style="list-style-type: none"> • Ticket Counter Operations • Gate Operations • Aircraft Operations • Onboard Service • Baggage Handling • Ticket Offices 	<ul style="list-style-type: none"> • Baggage System • Flight connections 	<ul style="list-style-type: none"> • Promotion • Advertising • Loyalty Programme • Travel Agent programmes • Group Sales • Electronic Tickets 	<ul style="list-style-type: none"> • Lost Baggage Service • Complaint Follow-up
	Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	Service

ค่าธรรมเนียมไม่เคยขาด


โอน เงินต่างประเทศ

ง่าย ไม่ต้องไปสาขา ผ่าน **K PLUS**

โอนได้แล้ววันนี้



ปลายทางรับเงินไวเต็มจำนวน
12 สกุลเงิน **30** ประเทศ

 **ชีวิตจริงใช้จริง**

MANAGEMENT DISCUSSIONS AND ANALYSIS

EXECUTIVE SUMMARY

The year 2020 brought the unique challenge, the crisis of coronavirus pandemic (“COVID-19”), to the world economy, in which already bottomed out. The global economic activities have recovered from easing of lockdown measures, the government’s economic stimulus packages, and the success in the vaccine development. However, the recovery remains clouded by uncertainties such as the prolonged pandemic situation, the ineffectiveness of the vaccine, and the vaccine distribution. The US economy in the fourth quarter of 2020 (“Q4/2020”) contracted by 2.5 percent, gradually improving from the third quarter of 2020 (Q3/2020), due to a rise in the export and consumer spending, which reflected from the increasing manufacturing purchasing managers’ index (“PMI”), even though the government spending has been cut. Thus, the US economy in 2020 declined by 3.5 percent, from a 2.2 percent growth in the previous year. Meanwhile, China’s economy continuously expanded during Q4/2020 to 6.5 percent compared to the same period last year, thanks to a growth in the manufacturing, investment, and consumption, as well as the exports on the back of the recovery of global demand. As a result, the Chinese economy in 2020 grew by 2.3 percent, contracting from a 6.0 percent growth in 2019. In contrast, the Eurozone economy decreased by 5.1 percent in Q4/2020, continually contracting from Q3/2020, due to the reimplemented lockdown policies to contain the infections, which reflected from a decrease in manufacturing PMI. Hence, the EU economy in 2020 declined by 6.8 percent, from a 1.3 percent growth in 2019.

In Q4/2020, the Thai economy decreased by 4.2 percent, gradually recovering from the previous quarter, despite a short-term slowdown after the new wave of the epidemic. Notably, private consumption and government spending from the government economic stimulus packages enhanced the Thai economy. Meanwhile, private investment and exports

decreased at a slower pace. The tourism sector growth has somewhat recovered, as the inbound tourists in Q4/2020 were only 10,822 people as a result of opening the border for the Special Tourists Visa (“STV”) in this quarter. Nevertheless, the government has promoted domestic tourism through “We Travel Together” to stimulate domestic spending and enhance liquidity for entrepreneurs, resulting in a recovery of visitors and incomes. Thai tourists in this quarter increased to 45.3 million-time, despite the impact of the new wave of COVID-19 infections in mid-December. In 2020, Thai and international travellers decreased by 46.4 percent and 83.2 percent, respectively compared to those of the same period last year. Whereas, the revenue generated by Thai and international tourists declined by 55.4 percent and 82.6 percent, respectively compared to those of the same period last year. Hence, the Thai economy in 2020 dropped by 6.1 percent, from a 2.3 percent growth in 2019.

In Q4/2020, Thai AirAsia has recovered from the high travel demand in the festive season and the tourism stimulus schemes. Our domestic capacity resumed to above the pre-pandemic level in the said quarter. Thai AirAsia carried more than 2.81 million passengers and almost reached 80 percent of load factor in November resulted in posting a 74 percent load factor in this quarter after the impact of the new outbreak. In 2020, Thai AirAsia served 9.49 million passengers with a load factor of 75 percent as expected.

Given the aforesaid impact, Asia Aviation Public Company Limited’s posted total revenues in 2020 of Baht 16,237.3 million, a net loss for the year of Baht 4,764.1 million, and a net loss in the statement of comprehensive income of Baht 4,882.8 million.

FINANCIAL PERFORMANCE SUMMARY

Asia Aviation Public Company Limited (“Asia Aviation”) is a major shareholder of Thai AirAsia Company Limited (“Thai AirAsia”) who is an airline operator of Thai AirAsia, in which the Company currently holds 55 percent.

Asia Aviation’s financial performance for the three-month and the year ended 31 December 2019 and 2020 have been summarised below:

Statement of Comprehensive Income

For the year ended 2020 (“FY2020”), Asia Aviation had total revenues of Baht 16,237.3 million, decreased by 61 percent compared to the same period last year. Meanwhile, total expenses were in a total of Baht 23,788.1 million, declined by 43 percent from the year ended 2019 (“FY2019”), resulting in a net loss for the period attributable to equity holders of the Company in FY2020 of Baht 4,764.1 million, compared to the net loss in an amount of Baht 474.0 million for the previous year, thereby a basic loss was at Baht 0.9823 per share. With other comprehensive income from a loss on cash flow hedges in an amount of Baht 170.0 million and from the actuarial loss in reassessments of employee benefit obligations in an amount of Baht 45.7 million, the Company posted a loss in total comprehensive income attributable to equity holders in an amount of Baht 4,882.8 million, from a loss in FY2019 in an amount of Baht 438.0 million.

Statement of Financial Position

Assets

As at 31 December 2020, total assets amounted to Baht 67,977.7 million, increased by 8 percent compared to as at 31 December 2019, due to;

- (1) Current assets decreased by Baht 4,666.7 million, mainly from a decrease in cash and cash equivalents in an amount of Baht 2,871.9 million and the redemption of debenture of which principal amounted to Baht 1,000.0 million. Meanwhile, the amounts due from related parties decreased by Baht 1,104.6 million.
- (2) Non-current assets increased by Baht 9,741.8 million due to a recognition of the right-of-use assets in an amount of Baht 28,527.3 million from TFRS16 adoption. Whereas, the

aircraft, leasehold improvement and equipment decreased in an amount of Baht 18,646.8 million, mainly from ten aircraft disposal.

Liabilities

As at 31 December 2020, total liabilities amounted to Baht 50,617.4 million, increased by 44 percent compared to as at 31 December 2019, due to;

- (1) Current liabilities increased by Baht 3,864.3 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 4,691.2 million mainly due to TFRS16 adoption. Whereas, the unearned income decreased by Baht 2,275.7 million as travel restrictions have slashed advance bookings and as a portion of the long-term debenture in an amount of Baht 1,500.0 million was reclassified from non-current liabilities to current liabilities.
- (2) Non-current liabilities increased by Baht 11,539.0 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 14,515.7 million mainly due to TFRS16 adoption. Whereas, long-term borrowings from financial institutions decreased by Baht 1,212.6 million, owing to the repayments of liabilities and the interest paid.

Equity

As at 31 December 2020, total shareholders’ equity amounted to Baht 17,360.3 million, decreased by Baht 10,328.2 million or 37 percent compared to as at 31 December 2019, mainly due to the operational loss for the period and the loss on impairment of the right-of-use assets. Hence, equity attributable to owners of the Company and non-controlling interests of the subsidiary as at 31 December 2020 amounted to Baht 14,266.1 million and Baht 3,094.2 million, respectively. The return on equity (ROE) was at -27.9 percent.

Statement of Cash Flows

For the year ended 31 December 2020, Asia Aviation had net cash used in operating activities in an amount of Baht 897.9 million mainly due to the operating loss in the period under review. Meanwhile, net cash generated from investing activities was at Baht 12,064.4 million, mainly from proceed of ten aircraft disposal. Net cash used in financing activities was Baht 14,031.4 million, mainly due to payments for early termination of lease agreements and long-term borrowings together with repayment for liabilities under lease agreements and interest paid as well

as repayment of long-term debenture. As a result, the net decrease in cash and cash equivalents amounted to Baht 2,864.9 million, while the cash and cash equivalents at the end of the period amounted to Baht 1,110.4 million.

Thai AirAsia's financial performance for the three-month and the year ended 31 December 2019 and 2020 have been summarised below

Statement of Comprehensive Income

In FY2020, total revenues of Thai AirAsia amounted to Baht 16,236.3 million, decreased by 61 percent from Baht 41,529.3 million in FY2019. Primarily, revenues from sales and services amounted to Baht 13,633.9 million, decreased by 66 percent compared to the same period last year due to the COVID-19 outbreak, whereby Thai AirAsia temporarily hibernated operations on all international flights from 22 March 2020 onwards, resulting in a 57 percent decrease in passengers to 9.49 million in FY2020, especially for international passengers declined by 84 percent from last year, in line with the tourism industry. Thai AirAsia rearranged its flights and capacity to match the travel demand. As a consequence, the load factor was at 75 percent as expected. Moreover, the average fare in FY2020 was at Baht 1,199 per passenger, decreased by 19 percent from last year, as having revenues mainly from domestic routes. In FY2020, total ancillary revenues of Thai AirAsia amounted to Baht 2,284.7 million, decreased by 70 percent from last year, due to the drop in the international passengers and international routes, which impacted to the checked baggage fee and the freight revenue, accordingly. Furthermore, Civil Aviation Authority of Thailand ("CAAT") disallowed food and beverages service on the flight in the second quarter, and allowed to resume the service in September. As a result, the ancillary revenue amounted at Baht 241 per passenger, or down by 29 percent from last year.

In FY2020, total expenses of Thai AirAsia amounted to Baht 23,794.6 million, decreased by 43 percent compared to the same period last year at Baht 41,658.4 million. The cost of sales and services amounted to Baht 20,484.2 million, reduced by 47 percent from FY2019 at Baht 38,358.5 million, attributable primarily to a 72 percent decrease in fuel cost (before hedging) in support of lower fuel consumption and reference fuel price, thanks to active capacity management to match travel demand. Meanwhile, the net fuel cost (including net loss from fuel hedging) decreased by 54 percent compared to last year. The reduction

also reflected in staff costs from the leave without pay and furlough schemes and expenses related to ramp and airport operations from the discount of landing charge, parking charge and air navigation charge. The maintenance and overhaul expenses also decreased along with lower flight hours, even it recorded higher maintenance reserves for those sales and leaseback aircraft. Nevertheless, the depreciation expense increased due to a recognition of the right-of-use assets according to TFRS16. Furthermore, the selling and administrative expenses amounted to Baht 1,857.3 million, declined by 44 percent from FY2019, mainly from the branding license fee on net revenue, staff costs, and marketing expenses. Whereas, the cost per available seat kilometres excluding fuel cost (CASK ex-fuel) was at Baht 1.68, up by 63 percent from the last year, resulting from a 62% decrease in the available seat kilometres ("ASK") along with active capacity management to match the travel demand. Fuel cost per available seat kilometres was at Baht 0.63, up by 22 percent from the last year from a realised fuel hedging loss. Meanwhile, Thai AirAsia continuously monitors our punctuality, reflecting in the on-time-performance ("OTP") of 96 percent, increased from 86 percent compared to the last year. Nevertheless, the utilisation of aircraft in operations was at 7.4 hours per day of the operating aircraft, declining from 12.3 hours per day from the previous year.

In FY2020, the other incomes rose to Baht 2,602.5 million from Baht 1,348.6 million in FY2019, attributable primarily to the gain on disposals of aircraft and leasehold improvements of Baht 1,331.8 million and the unrealised gain on the foreign exchange rate difference of lease liabilities of Baht 545.6 million from the Baht appreciation. Simultaneously, the other expenses increased attributable primarily to a loss on impairment of right-of-use assets of Baht 1,416.0 million and a derivatives loss of Baht 37.2 million due to hedging ineffectiveness. Hence, loss from operating activities in FY2020 amounted to Baht 7,558.3 million. Moreover, finance costs increased mainly from interest expenses of lease liabilities under TFRS 16. The income tax revenue amounted to Baht 661.5 million, mostly from an increase in deferred tax assets regarding the adoption of new financial reporting standards. In consequence, Thai AirAsia had a net loss for the period of amounted to Baht 8,673.0 million. With other comprehensive income from a loss on cash flow hedges in an amount of Baht 170.0 million and a loss on the reassessment of employee benefit obligations in an amount of Baht 45.7 million, it had a loss in total comprehensive income the period amounted to Baht 8,888.7 million.

Statement of Financial Position

Assets

As at 31 December 2020, total assets amounted to Baht 45,129.8 million, increased by 16 percent compared to as at 31 December 2019, due to;

- (1) Current assets decreased by Baht 4,675.0 million, mainly from a decreased in cash and cash equivalents in an amount of Baht 2,877.5 million and from the redemption of debenture of which principal amounted to Baht 1,000.0 million. While the amounts due from related parties decreased by Baht 1,104.6 million.
- (2) Non-current assets increased by Baht 10,737.8 million due to a recognition of the right-of-use assets in an amount of Baht 28,527.3 million from TFRS16 adoption. Whereas, the aircraft, leasehold improvement and equipment decreased by Baht 18,646.8 million, mainly from ten aircraft disposal.

Liabilities

As at 31 December 2020, total liabilities amounted to Baht 48,625.6 million, increased by 51 percent compared to as at 31 December 2019, due to;

- (1) Current liabilities increased by Baht 3,864.5 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 4,691.2 million, mainly due to TFRS16 adoption. Whereas, the unearned income decreased by Baht 2,275.7 million as travel restrictions have slashed advance bookings and as a portion of the long-term debenture in an amount of Baht 1,500.0 million was reclassified from non-current liabilities to current liabilities.
- (2) Non-current liabilities increased by Baht 12,532.5 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 14,515.7 million, mainly due to TFRS16 adoption. Whereas, long-term borrowings from financial institutions decreased by Baht 1,212.6 million, owing to the repayments of liabilities and the interest paid.

Equity

As at 31 December 2020, total shareholders' equity deficit amounted to Baht 3,495.8 million from the previous year at amount of Baht 6,838.4 million from the previous year, mainly due to the operational loss for the period and loss on impairment of the right-of-use. Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at 31 December 2020

were -11.06 x and -10.77 x, respectively. Excluding the operating lease liabilities, D/E Ratio and Net Gearing Ratio were -3.41x and -3.12x, respectively.

Statement of Cash Flows

For the year ended 31 December 2020, Thai AirAsia had net cash used in operating activities in an amount of Baht 903.5 million mainly due to the operating loss in the period under review. Meanwhile, net cash generated from investing activities was at Baht 12,064.3 million, mainly from proceed of ten aircraft disposal. Net cash used in financing activities was Baht 14,031.4 million, mainly due to payments for early termination of lease agreements and long-term borrowings together with repayment for liabilities under lease agreements and interest paid as well as repayment of long-term debenture. As a result, the net decrease in cash and cash equivalents amounted to Baht 2,870.6 million, while the cash and cash equivalents at the end of the period amounted to Baht 1,012.1 million.

Business Outlook

In January 2021, the IMF projects the world economic growth to recover by 5.5 percent in 2021, from contracted by 3.5 percent in 2020. The vaccines' distribution will primarily be a critical factor in driving global economic activities and gaining consumer confidence and global trade volume. Furthermore, the government stimulus plan and the supporting policies from the leading economic countries such as the US and Japan will fuel the global economic recovery. However, the economic recovery remains under pressure from several aspects such as the new wave of COVID-19, new variants of the virus, the delay in vaccines distribution, and reimplementing of lockdown measures. 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 tends to improve following the recovery of global economic continually. As a result, the Federal Reserve (Fed) kept a stable interest rate at 0 to 0.25 percent in January 2021 to promote the employment and stabilise inflation rate. While, Bank of Thailand (BoT) maintained its policy rate at 0.50 percent in February 2021 to mitigate the impact of COVID-19 and support the economic recovery. As the company might incurred substantial debt to operate the business in the

future, the uncertainty of the interest rate would impact the company's borrowing cost. 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, 2020, Thai AirAsia has a ratio of long-term debts after a swap between floating interest rates and fixed rates of approximately 10 to 90.

- (2) Currency fluctuation: the Thai baht is predicted to strengthen throughout the year in the range of 29.5 - 30.5 per US dollars, in line with the global economic recovery, which leads the fund flow from the safe assets into the emerging market. Thai AirAsia would benefit from Baht appreciation as it has expenses in various currencies such as maintenance expense and aircraft lease.
- (3) Fuel costs fluctuation: Thai AirAsia forecasts the prices to stand within the average range of 60-65 US dollars per barrel, tended to rise gradually from the increasing oil consumption demand. The recovery of the world economy and vaccination programmes will fuel global economic activities, logistics, and tourism. Moreover, the oil price has supported the Organization of the Petroleum Exporting (OPEC) that considered cutting its production. Nevertheless, non-OPEC petroleum and other liquid fuels is expected to increase by 1.2 million barrels per day of production in 2021, putting pressure on the oil market. In an attempt to minimise the impact of the fluctuation in fuel costs, the Company's policy is to mitigate its exposure to the volatility of oil price by fuel hedging. For 2021, it has hedged against Brent crude oil price at the average rate of 62 US dollars per barrel in range of 0 - 6.0 percent of the quarter fuel consumption.

In February 2021, The Office of the National Economic and Social Development Council ("NESDC") forecasts Thailand economic growth for 2021 in the range of 2.5 - 3.5 percent, which continues to recover from the latter half of 2020. Positively, the rebound will accelerate from a low-base effect from 2020 and the process of the vaccination campaigns in the major global economic countries. The improvement of the Thai economy supported mainly by an increase in household consumption from implementing the government's economic stimulus plan such as 'Half-Half' co-payment scheme, and "We travel together" project. Besides, the economic activities in fewer epidemic areas could operate normally owing to the partial lockdown measures. However, the economic recovery may be delayed as the risks of the global economy and finance volatilities as mentioned above.

For the tourism industry, the recovery will primarily depend on the progress of the vaccination. The foreign tourists are expected to return in the fourth quarter of 2021, positively, supported by the success in the COVID-19 containment, the wide distribution of the vaccines, and the aggressive marketing with the travel packages would encourage Thai tourism. NESDC predicts the inbound tourists at 3.2 million with an estimated revenue of 0.32 trillion.

In 2021, Thai AirAsia is ready to serve and stimulate travelling and tourism domestically and internationally while maintaining its leading position and market share. The passenger carried in 2021 is anticipated to be 9.4 million with the load factor of 75 percent, due to the reopening border for the international travellers in the fourth quarter, in line with the industry outlook. Thai AirAsia is focusing more on the logistics sector, particularly air cargo, in support of vaccines' transport domestically and regionally. Moreover, Thai AirAsia has active cost management to reduce the operation cost and defer the unnecessary expense. In 2021, Thai AirAsia has no receiving plan for new aircraft deliveries and expects to reduce the aircraft owing to retirement and reallocation within the AirAsia group, bringing its fleet to 54 aircraft by the end of this year. The reduction in fleet size aligns with the forecasted demand from the impact of the COVID-19, which will take time back to normal. Furthermore, Thai AirAsia offers new customer experiences, including stringent health and hygiene with contactless measures, and is providing the biometric facial recognition (F.A.C.E.S) to increase customer's convenience and safety.

OTHER INFORMATION

Legal Dispute

As of December 31, 2020, the outstanding legal dispute of Asia Aviation and its subsidiary are not engaged in any material litigation or greater than five percent of shareholders' equity, which would have a material effect on our business.

FINANCIAL STATEMENTS OF ASIA AVIATION FOR THE PAST THREE YEARS

Statement of Financial Position	As at 31 December					
	Audited 2018		Audited 2019		Audited 2020	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Assets						
Total current assets	6,365.5	10.3	7,426.9	11.8	2,760.2	4.1
Total non-current assets	55,381.2	89.7	55,475.7	88.2	65,217.5	95.9
Total assets	61,746.7	100.0	62,902.6	100.0	67,977.7	100.0
Liabilities and shareholders' equity						
Total current liabilities	11,022.2	17.8	13,959.0	22.2	17,823.3	26.2
Total non-current liabilities	22,101.7	35.8	21,255.1	33.8	32,794.1	48.2
Total liabilities	33,123.9	53.6	35,214.1	56.0	50,617.4	74.4
Equity attributable to owners of the Company	20,455.4	33.2	19,943.9	31.7	14,266.1	21.0
Non-controlling interests of the a subsidiary	8,167.4	13.2	7,744.6	12.3	3,094.2	4.6
Total shareholders' equity	28,622.8	46.4	27,688.5	44.0	17,360.3	25.6

Statement of Comprehensive Income	For the year ended 31 December					
	2018 ^(1,2)		2019 ^(1,2)		2020 ⁽¹⁾	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Total revenues	40,141.5	100.0	41,530.9	100.0	16,237.3	100.0
Total expenses	39,540.1	98.5	41,653.1	100.3	23,788.1	146.5
Profit (loss) from operating activities	601.4	1.5	(122.2)	-0.3	(7,550.8)	-46.5
Profit (loss)	127.4	0.3	(866.2)	-2.1	(8,666.9)	-53.4
Equity holders of the Company	70.0	0.2	(474.0)	-1.1	(4,764.1)	-29.4
Non-controlling interests of the subsidiary	57.4	0.1	(392.2)	-1.0	(3,902.8)	-24.0
Total comprehensive income	135.0	0.3	(800.8)	-1.9	(8,882.7)	-54.7
Equity holders of the Company	74.2	0.2	(438.1)	-1.0	(4,882.8)	-30.1
Non-controlling interests of the subsidiary	60.8	0.1	(362.7)	-0.9	(3,999.9)	-24.6
Basic earnings (loss) per share	0.0144		(0.0977)		(0.9823)	

⁽¹⁾ The percentage of total revenues consists of revenues from sales and services, net gain on exchange rate and other income

⁽²⁾ Reclassifications of the comprehensive income statements

Cash Flow Statement

(Million Baht)

	For the year ended 31 December		
	2018	2019	2020
Net cash flows from (used in) operating activities	2,869.3	965.7	(897.9)
Net cash flows from (used in) investing activities	(1,733.3)	(1,793.9)	12,064.4
Net cash flows from (used in) financing activities	(2,288.3)	828.8	(14,031.4)
Net increase (decrease) in cash and cash equivalents	(1,152.3)	0.6	(2,864.9)
Unrealised exchange gain (loss) on cash and cash equivalents	(63.0)	(141.0)	(6.9)
Cash and cash equivalents at beginning of the year	5,337.9	4,122.6	3,982.2
Cash and cash equivalents at end of the year	4,122.6	3,982.2	1,110.4

Key Financial Ratios

		For the year ended 31 December		
		2018	2019	2020
Liquidity Ratio				
Current Ratio	times	0.6	0.5	0.2
Quick Ratio	times	0.5	0.5	0.1
Cash Ratio	times	0.3	0.1	(0.1)
Account Receivable Turnover Ratio	times	82.0	73.7	29.6
Average Collection Period	days	4.4	4.9	12.3
Inventory Turnover Ratio	times	216.1	158.8	76.6
Average Inventory Period	days	1.7	2.3	4.8
Account Payable Turnover Ratio	times	154.9	71.4	24.5
Average Payment Period	days	2.3	5.1	14.9
Cash Cycle	days	3.8	2.1	2.2
Profitability Ratio				
Gross Profit Margin ⁽¹⁾	percent	6.4	4.5	(50.2)
EBIT Margin ⁽¹⁾	percent	1.5	(0.3)	(55.4)
Other income per Total Assets	percent	3.1	3.3	16.0
Net Profit (Loss) Margin ⁽²⁾	percent	0.2	(1.2)	(34.9)
Return on Equity	percent	0.3	(2.3)	(27.9)
Efficiency Ratio				
Return on Assets	percent	0.1	(0.8)	(7.3)
Return on Fixed Assets	percent	6.7	4.8	4.9
Asset Turnover Ratio	times	0.6	0.7	0.2
Financial Poicy Ratio				
Debt to Eqity Ratio	times	1.6	1.8	3.5
Interest Coverage Ratio	times	5.0	2.3	0.8
Cash Basis ⁽³⁾	times	0.9	0.3	(0.2)
Dividend Payout Ratio	percent	2,322	-	-

⁽¹⁾ Profit (loss) before finance costs and income tax revenue divided by the revenues from sales and sevicees⁽²⁾ Profit (loss) attributable to equity holders of the Company divided by the revenues from sales and sevicees⁽³⁾ Earning before interest tax depreciation and amortisation (EBITDA) (excluding dividend income, gain (loss) on sales and investments, finance income, gain (loss) on exchange rate, and gain (loss) on derivative)

FINANCIAL STATEMENTS OF THAI AIRASIA FOR THE PAST THREE YEARS

Statement of Financial Position	As at 31 December					
	Audited 2018		Audited 2019		Audited 2020	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Assets						
Total current assets	6,275.1	16.5	7,332.3	18.8	2,657.3	5.9
Total non-current assets	31,642.8	83.5	31,734.7	81.2	42,472.5	94.1
Total assets	37,917.9	100.0	39,067.0	100.0	45,129.8	100.0
Liabilities and shareholders' equity						
Total current liabilities	11,020.4	29.1	13,956.2	35.7	17,820.8	39.5
Total non-current liabilities	19,119.4	50.4	18,272.4	46.8	30,804.8	68.2
Total liabilities	30,139.8	79.5	32,228.6	82.5	48,625.6	107.7
Total shareholders' equity	7,778.1	20.5	6,838.4	17.5	(3,495.8)	-7.7

Statement of Comprehensive Income	For the year ended 31 December					
	2018 ^(1,2)		2019 ^(1,2)		2020 ⁽¹⁾	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Total revenues	40,140.9	100.0	41,529.2	100.0	16,236.3	100.0
Total expenses	39,539.2	98.5	41,658.4	100.3	23,794.6	146.6
Profit (loss) from operating activities	601.7	1.5	(129.2)	-0.3	(7,558.3)	-46.6
Profit (loss) for the year	127.5	0.3	(871.5)	-2.1	(8,673.0)	-53.4
Total comprehensive income for the year	135.2	0.3	(806.1)	-1.9	(8,888.7)	-54.7
Basic earnings (loss) per share	2.93		(20.01)		(199.12)	

⁽¹⁾ The percentage of total revenues consists of revenues from sales and services, net gain on exchange rate and other income

⁽²⁾ Reclassifications of the comprehensive income statements

Cash Flow Statement

(Million Baht)

For the year ended 31 December

	2018	2019	2020
Net cash flows from (used in) operating activities	2,925.0	958.8	(903.5)
Net cash flows from (used in) investing activities	(1,733.5)	(1,794.0)	12,064.3
Net cash flows from (used in) financing activities	(2,302.1)	828.8	(14,031.4)
Net increase (decrease) in cash and cash equivalents	(1,110.6)	(6.4)	(2,870.6)
Unrealised exchange gain (loss) on cash and cash equivalents	(63.0)	(141.0)	(6.9)
Cash and cash equivalents at beginning of the year	5,210.6	4,037.0	3,889.6
Cash and cash equivalents at end of the year	4,037.0	3,889.6	1,012.1

Key Financial Ratios

For the year ended 31 December

		2018	2019	2020
Liquidity Ratio				
Current Ratio	times	0.6	0.5	0.1
Quick Ratio	times	0.5	0.5	0.1
Cash Ratio	times	0.3	0.1	(0.1)
Account Receivable Turnover Ratio	times	82.2	73.8	29.6
Average Collection Period	days	4.4	4.9	12.3
Inventory Turnover Ratio	times	216.1	158.8	76.6
Average Inventory Period	days	1.7	2.3	4.8
Account Payable Turnover Ratio	times	154.9	71.4	24.5
Average Payment Period	days	2.3	5.1	14.9
Cash Cycle	days	3.8	2.1	2.2
Profitability Ratio				
Gross Profit Margin ⁽¹⁾	percent	6.4	4.5	(50.2)
EBIT Margin ⁽¹⁾	percent	1.5	(0.3)	(55.4)
Other income per Total Assets	percent	3.1	3.2	16.0
Net Profit (Loss) Margin ⁽²⁾	percent	0.3	(2.2)	(63.6)
Return on Equity	percent	1.4	(11.9)	(518.9)
Efficiency Ratio				
Return on Assets	percent	0.3	(2.3)	(20.6)
Return on Fixed Assets	percent	6.9	3.3	(14.8)
Asset Turnover Ratio	times	1.0	1.1	0.4
Financial Poicy Ratio				
Debt to Eqity Ratio	times	3.9	4.7	(13.9)
Interest Coverage Ratio	times	4.6	2.3	0.1
Cash Basis ⁽³⁾	times	0.9	0.3	(0.2)
Dividend Payout Ratio	percent	2,336	-	-

⁽¹⁾ Profit (loss) before finance costs and income tax revenue divided by the revenues from sales and services⁽²⁾ Profit (loss) attributable to equity holders of the Company divided by the revenues from sales and services⁽³⁾ Earning before interest tax depreciation and amortisation (EBITDA) (excluding dividend income, gain (loss) on sales and investments, finance income, gain (loss) on exchange rate, and gain (loss) on derivative)



- คุ้มครองค่ารักษาเนื่องจากอุบัติเหตุหรือการเจ็บป่วย
- คุ้มครองความสูญเสียหรือเสียหายของกระเป๋าเดินทาง หรือทรัพย์สินส่วนตัว
- บริการให้ความช่วยเหลือฉุกเฉิน 24 ชั่วโมง
- และความคุ้มครองอื่นๆ สูงสุด 15 รายการ

ซื้อง่าย คลิกเดียวมั่นใจ คุ้มครองให้ตลอดทริป

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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 Company disclosed “Corporate Governance Policy” on the Company’s website at www.aavplc.com under the “Corporate Governance”.

THE OVERALL POLICIES AND PRACTICES OF CORPORATE GOVERNANCE

Policies and Practices regarding the Company’s Board of Directors

The Company’s Board of Directors has duties and responsibilities for establishing the framework of good corporate governance, strategies and significant policies, supervising the Company to build up mechanism for corporate governance with efficiency and effectiveness as well as governing the operation of the Company to be fair and transparent. In addition, the Board of Directors is responsible for the stakeholders under the Principles of Good Corporate Governance and Code of Conduct by building confidentiality and value of the Company sustainably together with providing the auditing, following up, evaluating and revising in order that everybody in the organisation holds and complies with the Corporate Governance Policy completely and sustainably. To support and encourage the Board of Directors to be able to perform their duties with efficiency and effectiveness, therefore the Company has set up policies and practices regarding the Company’s Board of Directors covering the following issues:

Composition of the Company’s Directors

1. The Board of Directors of Asia Aviation shall consist of at least 5 Directors to conduct the business of Asia Aviation. Not less than one half of all Directors shall have domiciles in Thailand.
2. The Independent Directors must constitute at least one-third of the numbers of Directors in the Board but not less than three persons. In addition, there shall be appropriate numbers of Independent Directors to conduct the corporate governance and they shall also meet all the qualifications according to the Notification of the Thai Capital Market Supervisory Board and the Stock Exchange of Thailand.
3. No limitation for gender, nationality, race, skin color, ethnic group or religion.
4. The Chairman of the Board of Directors shall not be the same person as Executive Chairman, Chief Executive Officer nor the Executive Director in order to balance and clarity of responsibilities between the supervisory and management functions including to examine the operation of the Management independently.

5. The structure of the Board of Directors shall have a diversity whereas the Board of Directors shall be composed of experts with a wide range of knowledge, competence, and experience in various fields as well as expertise in various professions to be in line with strategy and type of business of the Company. The number of Directors shall be sufficient to oversee the business of the Company, with at least one Director who has direct experience in aviation business and at least one Director who has experiences in accounting and finance.

Qualifications of Directors

1. The Directors shall understand their duties and responsibilities as well as description of the business operation of the Company. In addition, the Directors shall be the persons having knowledge, competency, honesty and business ethics, and having sufficient time to dedicate their knowledge and competency for their performance in the Company.
2. The 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 as required by The Securities and Exchange Commission Thailand.
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 5 other listed companies. In case of any Director holding the position of Director in more than 5 listed companies, the Board of Directors shall consider the effectiveness of his/her performance. In the case of the Chief Executive Officer taking the position of Director in other companies, the matter needs to pass the approval from the Company's Board of Directors.
5. 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 2 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 2 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 2 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 2.0 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 2 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 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;
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.

Whereas the Company has disclosed the profiles and information of holding the position of Directors as the attachment of this report on the website of the Company at www.aavplc.com under the title "About AAV" and sub-title "AAV Board of Directors" as well as the notification to the Stock Exchange of Thailand and the Securities and Exchange Commission Thailand when the Company changes its Directors.

Nomination and Appointment of 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 and Remuneration 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. Thus, the Nomination and Remuneration Committee shall propose the list of the persons nominated with profile and details of such persons sufficiently to advantage in decision making for the Board of Directors to consider before passing it to the Shareholders Meeting for approval of the appointment or for the Board of Directors to appoint him in case that the Director position is vacant because of other reason than the retirement by rotation. While, 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 qualifications 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.

To identify the nominated persons to hold the positions of Directors, the Nomination Committee may use sources of recruitment such as the persons introduced by the Company's Directors and outside consultant company etc.

In case of 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.

Term of Positions for Directors

1. The Director'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.
2. 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.
3. 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 (3/4) 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.
4. 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.

For the Directors holding the position as Independent Directors for 9 years or 3 terms consecutively, the Nomination and Remuneration Committee shall review the independence of that Independent Director annually.

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 decisions and perform their duties with caution, accountability, and honesty for the best interest of Asia Aviation.

Moreover, the Board of Directors shall attach importance to the business operation with social responsibilities and environment, not violating the rights of the stakeholders as well as promoting and supporting the Company and its subsidiary to operate with anti-corruption in every form for the progress and sustainable growth.

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.

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 administers 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 the Board of Director Meeting. Consequently, the Chairman of the Board of Directors cannot be the same person as Executive Chairman, Chief Executive Officer 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 encourages Directors to participate in the 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 code of conduct.

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

The Performance Assessment of the Board of Directors

Asia Aviation and its subsidiary have the Performance Assessment of the Board of Directors and sub-committees 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-committees including consideration reviewing performances, problems and obstructions incurred in the passed last year and it is the opportunity to consider contributing the time to perform the duties and also to improve the relationship between the Company's Board of Directors and the Management while the annual assessment of the performance results of the Board of Directors and sub-committees shall be presented to the Board of Directors Meeting to give suggestions the benefit of the efficiency improvement and development of the performances of the Board of Directors to conform to the policy procedures set forth and to set up benchmark for comparing it with the performances with criteria and revealed in the annual report.

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 reasonable 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.

Development on Directors and Management

The Board of Directors of Asia Aviation and subsidiary have 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 the 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.

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 Nomination and Remuneration Committee shall consider the following guideline:

Remuneration Policy for Directors

The Nomination and Remuneration Committee considers appropriate 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 proposed to the Annual General Meeting of Shareholders for approval every year.

To determine 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 experiences, duties, 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 of Directors and Sub-Committee Members of Asia Aviation

At the Annual General Meeting of Shareholders 2020, held on July 22, 2020, approved the resolution of the remuneration year 2020 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 12 tickets in 1 year with terms and conditions 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-committees.

Remuneration of Directors and Sub-Committee Members for Thai AirAsia

At the Annual General Meeting of Shareholders 2020, held on April 23, 2020, 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-committees.

Additionally, the Board of Directors of the Company and its subsidiary notified the intention to reduce the remuneration of the Directors by 15 percent to comply with the Policy to assist the Company, considering the situation occurred.

The Remuneration of the Management

Determining the remuneration for the Management has been set up at Thai AirAsia , a subsidiary which operates the Company's major business for which the structure of remuneration of the Senior Management comprises the fixed remuneration such as salary, fuel cost, telephone cost, car expense and cost

of variations such as bonus depending on the performance of the subsidiary whereas the subsidiary will perform the annual assessment of the performance of the Senior Management annually while the Company's Board of Directors together with the Nomination and Remuneration Committee shall consider the result of assessment to support consideration for approval of the annual remuneration based on the performance of the business operation, the operation under the policies assigned according to the overall economical and social situation as well as managing the remuneration to be able to compete and maintain the Senior Management equipped with knowledge and abilities to continue working with the Company and perform the duties for the Company.

Consideration for Comparing Rates of Remuneration

Thai AirAsia compares the survey on the remuneration both in industrial business and profession annually to review the Pay Scale and principles of annual salary increment of the Company.

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 the Chief Executive Officer is to report to the Board of Directors regularly on the succession plan.

The Supervision of the Subsidiary, Associated Company and Jointly-Controlled Entities

Asia Aviation is the Company operating major business by holding shares in other companies (Holding Company) in which the Company has mechanism to be able to supervise the administration and to be responsible for the operation of the subsidiary, associated company or jointly-controlled entities in order to maintain the benefits of the investment of the Company as follows:

1. To nominate a person as a representative of the Company approved by the Board of Directors to be a Director and Management in the subsidiary, associated company or jointly-controlled entities in proportion to the shares held while such person shall have appropriate qualifications and experiences suitable for such business and shall not have the business conflict of interest.
2. To supervise through the representative Directors and the Management and manage the business of the subsidiary, associated company or jointly-controlled entities to comply with the policies approved by the Company and according to the rules and regulations specified in the Article of Association of the Company and the law of subsidiary, associated company or jointly-controlled entities.
3. To consider the important matters such as strategies, business plan, increasing or decreasing of the capital as well as important policies etc.
4. To follow up the performances and such business operation closely and present the analysis as well as expressing the opinion or suggestion to the Board of Directors of the subsidiary, associated company or jointly-controlled entities to be used as supporting information to consider setting up policies or improve, promote the business of the subsidiary, associated company or jointly-controlled entities for further development and continual growth.
5. To encourage the subsidiary, associated company or jointly-controlled entities to bring the Principles of Corporate Governance into practice.
6. To govern the subsidiary, associated company or jointly-controlled entities to comply with the rules and regulations concerning the Regulators such as the related party transaction and acquisition and disposing of the assets, sufficient and in-time disclosure of information as well as supervising them to provide accounting and financial report correctly in accordance with the related laws and certified accounting standard in general.
7. To be verified by the internal audit to ensure that the internal control set forth is sufficient and effective.

Policy and Practices concerning Shareholders and Stakeholders

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 5 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 the 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

- 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 time frame. Minutes of the Meeting will also be posted on Asia Aviation's website to allow interested shareholders and stakeholders to access the information.

Equitable Treatment of Shareholders

Asia Aviation applies the principle of equal treatment to all shareholders, be 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 items 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.

- Information is accessible in a complete, accurate, timely, and transparent manner, for shareholders by disclosing the significant information 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 avoid or refrain from 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.

- 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.

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 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.

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. It makes 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 Unit to handle the content of the information of Asia Aviation for those who are interested, for example, shareholders, analysts, investors and related persons. The channel of communication is as follows:

Telephone: 02 562 5700
 Fax: 02 562 5705
 Email: taa_investorrelations@airasia.com
 Website: 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 a press conference and press release to publicise its performance and its subsidiaries. Besides, Analysts, investors, and interested parties can also make an appointment via IR Booking webpage to join the meeting with our management or investor relations officer to inquire about its information and business prospects.

In 2019 - 2020, investor relation activities are summarised as follows:

Activities	2019 (times)	2020 (times)
International Roadshow	2	4 ⁽¹⁾
Domestic Roadshow	6	2 ⁽¹⁾
Results Briefing / Annual General Meeting of Shareholders	5	5
Company Visit / Conference call	19	66
E-mail / Phone calls	4-5 times daily	4-5 times daily
Site visit, Joint activities with SET and other agencies	3	2

Remark ⁽¹⁾ The events were held in a virtual meeting.

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.

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, alongwith 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.
- Listen to the opinion of customers through satisfaction survey and receive complaints via live chat throughout 24 hours a day
- 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 2020 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. Therefore, 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 management must be subjected to the objectives of use of proceeds; 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 2020 are listed in the "Sustainability Report".

Employees

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

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 shall recruit and select the employees by considering the man power rates to be suitable for the size as well as structure of the organisation and developing nomination process of qualified personnel with knowledge, abilities and potentiality which is appropriate to the working position and conformable to the value of the Company including the objectives, development plan and succession by treating and giving equal opportunities to persons of every race, skin color, religion, gender, nationality, age, disabilities or other underprivileged groups.
- Process of Nomination and Recruitment shall be equitable and justifiable by having written examination and interview by the experienced committee with knowledge and abilities transparently.
- 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 (8 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.
- Financial aid for employee family in case of death of employee

Remuneration and Benefits 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 has opened opportunities to the employees to express opinion in the activities and participate in their internal activities in various types in order to encourage good relationship between the employees and employees, employees and the organisation including employees and community, enhancing unity among the group leading to happiness in working together in the organisation such as activities for society, activities for promoting the employees' health, activities for building up employees' mental health, activities in the Company Anniversary, employees relationship activities via online channel in some departments working from home, Thank You Party activities for 2020, etc.

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.

Additionally, Thai AirAsia realises that the loss of any key personnel may affect negatively to the Company substantially, resulting in perseverance of the Thai AirAsia to motivate and maintain the employees of Thai AirAsia through offering the motivation on the basis of performances and upgrading the skills and abilities of the employees with training by Thai AirAsia to let the employees participate in the meeting and attend the training continually in order that the employees receive and lift their skill level and abilities concerned (both in practice and development) to conform to the objectives of the business. On-the job training is another essential guideline to transfer knowledge from the specialists to the new employees or employees in practitioner level. The investment in human resources helps the employees increase their abilities in Thai AirAsia. Furthermore, these development activities still help the Executives at the primary and middle level to get ready for responsibilities of the Senior Management continually.

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

Pilot

All student pilots of Thai AirAsia enroll for domestic trainings at Bangkok Aviation Center Co., Ltd. (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 10 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.

Training for Pilots

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

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.

Training for Cabin Crew

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

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 2 to 3 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.

Training for Ground Staff

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

Training for Ramp

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

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 six-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 3 years in return. Engineers at Thai AirAsia are stationed at Thai AirAsia's hubs in Bangkok (Don Mueang), Bangkok (Suvarnabhumi), Phuket and Chiang Mai.

Trainings for Engineers

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

Trainings for other positions

Soft skills training

- Self-Mastery for Ramp Agent
- Self-Mastery for Student Pilot
- Leading in you programme 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 2020, Thai AirAsia has a responsibility to maintain a working environment to be safe for life and property of employees as well as strictly adhering to the labor laws. In addition, the

Company 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 Chief Executive Officer, 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.
- Behaviour based safety (BBS) activity that creates a positive approach by ground safety officers together with heads of units to observe employees' behaviour, with praise for safety Behaviour and caution for risky behaviour, and constant follow-up on risky behaviour to achieve the sustainable "Safety culture". Our target is the percentage of safe behaviour above 99, and at the end of the programme (December 2020), the percentage of safety behaviour was 99.75
- Hazard reporter activity that focuses on the participation of employees in reporting hazards or unsafe work environments, 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 hazards in operation and to prevent the hazard correctly and appropriately.
- Safety Journal activity, to communicate safety knowledge to employees once a month to make awareness and participation of all employees.
- Well Done Awards activity to give the safety certification for employee which found the abnormal or hazard in workplace
- 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 (SMS 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 plans 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 to review the safety performance.
- 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.
- Dangerous Goods Regulations for all employees.
- Safety Risk Management and Management of Change for representatives of each department.
- First aid training and medical evacuation training to reduce risk in incorrect medical evacuation.
- Inspection of the working environment, for example, noise dose monitoring and light inspection to take precaution in a 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 2020 to 4.71 per 10,000 departure flights which is reduced from 2019 about 33.57%.

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 subsidiaries 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 2020 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 code of conduct of the Company and its subsidiary directly to the Independent Directors or the Audit Committee at taa_auditcommittee@airasia.com and thaiwhistleblower@airasia.com.

The Company has disclosed Whistleblowing Policy on its website at www.aavplc.com under the title “Corporate Governance” and sub-title “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.

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 in 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 code of conduct 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 code of conduct, 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 partners, 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 partners of Asia Aviation and Thai AirAsia except loans from banks or financial institutions as customers of said banks or financial institutions.

Gifts and Hospitality

- Directors, Management, and employees shall not accept gifts, in cash or in kind, from customers or business partners of Asia Aviation and Thai AirAsia
- Directors, Management, and employees shall not accept business hospitality from customers, business partners or any persons who may be influential to the business decision.

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 partners, other external agents, or any individuals in order to gain business advantages, except 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 2020, 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 corporate communication channel, namely the Company's website, Annual Registration Statement/ Annual Report (Form 56-1 One Report)
- 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, Management and employees shall report of interest for themselves and their related persons when they are appointed. Changes shall be revised and reported annually.

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, Management and employees shall oblige by this guideline. All Directors and new recruits shall receive a code of conduct manual that they have to acknowledge and strictly follow.

The Company has disclosed its complete Code of Conduct on the Company's website at www.aavplc.com, under the title "Corporate Governance", under sub-title "Corporate Governance Policy and Download" and under sub-title "Code of Conduct".

Compliance to Rules and Regulations and Code of Conduct

Thai AirAsia determines to promote understanding among the employees in regard of principles and policies related to code of conduct 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 monitors and evaluates the compliance of rules and regulations and code of conduct of employees, Management and the Board of Directors. The internal audit department is responsible and reports the evaluation results to the Audit Committee annually.

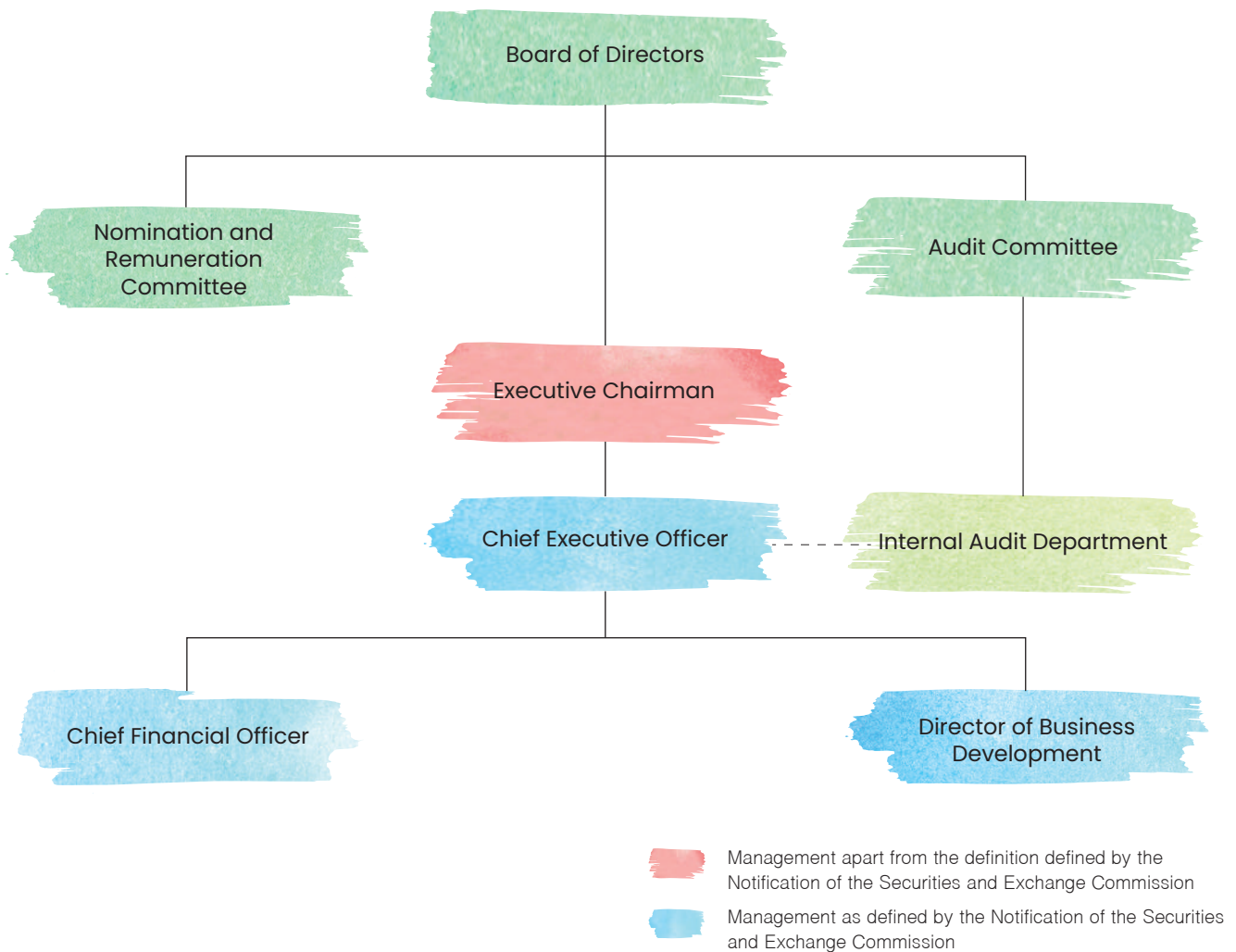
Significant Changes and Developments to the Policies, Practices and System of Corporate Governance in the 2020

During the past year, the Company has reviewed the Principles of Good Corporate Governance by improving the policies, practices and system of corporate governance continually to increase the effectiveness of corporate governance as well as the development of the corporate governance and good practices both local and international in order to apply them suitably with the business operation of the Company. For Corporate Governance Code for Listed Companies 2017 (CG Code), the Company applied them to the business context of the Company mostly, whereas any principles in any issues which are not yet established as the policy or not yet applied because such principles do not conform to the context and the current business operation, the Company's Board of Directors shall consider and revise them to develop and follow up implementation to cover and catch up with the development of corporate governance of the business which will be changed in the future. Thus, major developments in the past year are as follows:

- Reviewed Corporate Governance Code for Listed Companies 2017 (CG Code) to apply with the corporate governance policy of the Company which had been resolved by the Company's Board of Directors in the Meeting on February 25, 2020.
- Revised and improved the succession plan.
- Approved Antil-Bribery and Antil-Corruption Policy of Thai AirAsia, which is a subsidiary and operates the major business.
- Approved the framework of the structure of Risk Management to conform to the ISO 31000 guidelines and used it instead of the former Risk Management Policies.

GOVERNANCE STRUCTURE AND IMPORTANT INFORMATION OF THE BOARD OF DIRECTORS, SUB-COMMITTEES, MANAGEMENT, EMPLOYEE AND OTHERS (GRI 102-18)

GOVERNANCE STRUCTURE OF ASIA AVIATION AS OF DECEMBER 31, 2020



INFORMATION OF THE BOARD OF DIRECTORS

The Board of Directors of Asia Aviation understands the roles, duties and responsibilities clearly set up according to the Board of Directors' charter and shall always supervise the operation of the Company ethically, respect the rights and bear responsibility for the shareholders and all groups of stakeholders with contributing benefits to the society and preserve the environment and prepare for readiness to cope with the changes from various issues by maintaining the competitiveness for the long-term benefits of the shareholders.

The Board of Directors

As of December 31, 2020, the Board of Directors of Asia Aviation comprises 9 Directors while 3 of them are Independent Directors equal to 1/3 (or 33%) of all Directors and 2 of them are Non-Executives Directors, equal to 22% of all Directors.

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	Executive Director
5. Mr. Santisuk Klongchaiya	Executive Director
6. Mr. Phairat Pornpathananagoon	Executive Director
7. M.L. Bovornovadep Devakula	Executive Director
8. Gp.Capt.Tanapat Ngamplang	Non-Executive Director
9. Mr. Preechaya Rasametarin	Non-Executive Director

The Company Secretary is Miss Nisres Distes

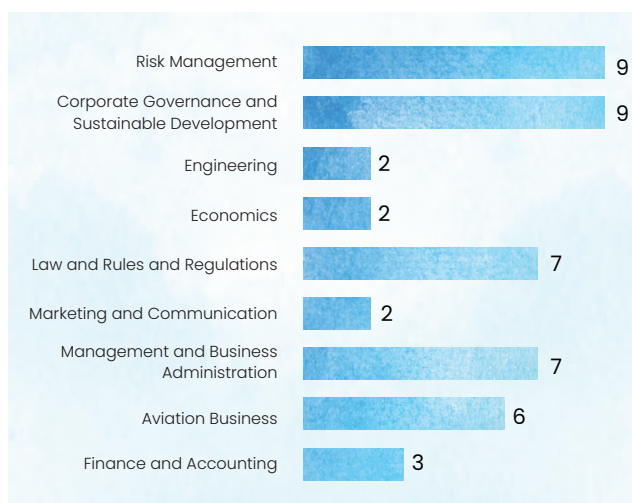
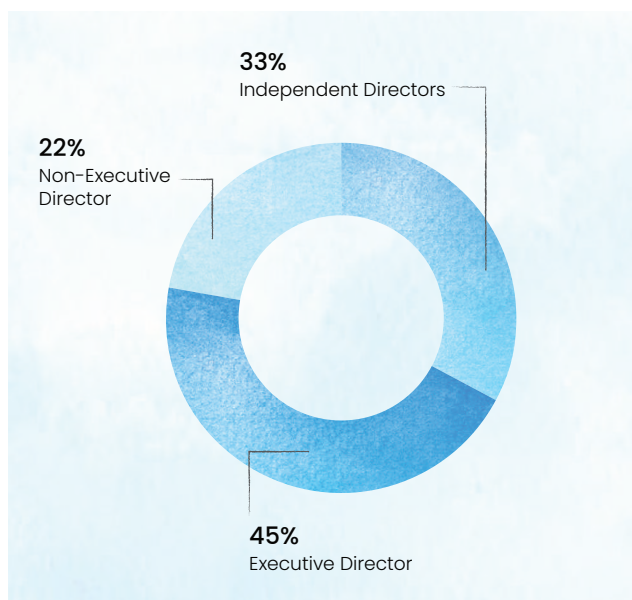
The Company disclosed Board of Directors Profiles on the Company's website at www.aavplc.com under the title "About AAV", sub-title "AAV Board of Directors"

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 Rasametarin, totalling two persons, with the Company's seal affixed."

Board Diversity Policy

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 or any difference so that the Board is formed by qualified Directors for the Company's maximal benefits. The details of Board Skill Matrix are as follows:



The Division of Duties and Responsibilities between the Board of Directors and Management

Asia Aviation has clearly divided duties and responsibilities between the Board of Directors and Management. The Board of Directors sets out policies and administers 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 the Board of Directors and recorded as resolution passed in the Minutes of the Board of Directors Meeting. Consequently, Chairman of the Board of Directors cannot be the same person as Executive Chairman, Chief Executive Officer (CEO) nor Executive Director in order to balance and examine the Management.

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 responsibility, 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, operational plans and budget of Asia Aviation and its subsidiary as prepared and proposed 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 subsidiary 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 subsidiary.
7. To consider and approve related party transactions of the Company and its subsidiary in compliance with notifications and regulations of the Stock Exchange of Thailand.
8. To set up corporate governance policy according to the good governance principle and code of conduct, comprising the principles and good practice guidelines for Directors, Management and employees properly by focusing on the creation of consciousness of responsibilities to perform duties, understanding and strictly complying with them simultaneously with the regulations and procedures of the Company to be justifiable to every group of stakeholders as well as reviewing at least once a year.
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 provide the nomination system of the personnel to be responsible for the Major Management position properly and to have proper nomination with transparency and justification. The Senior Management of the Company from the Head of Department, Chief Executive Officer and Executive Chairman shall be appointed by the resolution of majority votes of the Board of Directors.
11. To conduct the assessment of self performance, Chief Executive Officers and Senior Management.
12. 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.
13. To seek professional opinions from external agencies, if required, in order to support the appropriate decisions making.
14. 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.
15. To arrange for the Annual General Meeting of Shareholders within 4 months of the end of each fiscal year of Asia Aviation.
16. 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 subsidiary, unless the approvals of such transactions are consistent with the policies and criteria approved by the Shareholders Meeting or the Board of Directors' Meeting.

Duties and Responsibilities of Chairman of the Board

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 Articles of Association of the Company. In addition, the Chairman encourages Directors to participate 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 proceedings 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 Articles 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 code of conduct.

INFORMATION OF THE SUB-COMMITTEE

The Board of Directors appointed 2 sets of sub-committees to support the efficiency and effectiveness of the operation of the Board of Directors. Each sub-committee shall perform the duties in accordance with the charter of duties and responsibilities specified clearly and approved by the Board of Directors whereas such sub-committee shall give suggestions in various fields in which they are specialised to the Board of Directors. Thus, the compositions of each sub-committee including duties and responsibility are as follows:

Audit Committee

Asia Aviation's Audit Committee comprises 3 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, 2020, 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 has 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 3 years and are eligible for reappointment at the end of the term.

Composition and Nomination of Audit Committee

Board of Directors shall appoint at least 3 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 vacate his or her office by rotation or any other reasons, and leave the number of less than three committee members, the Board of Directors shall appoint a replacement within 3 months after the office is vacated in order for the Committee to continue their duties without any disruption.

Scope of Duties and Responsibilities of Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. 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 and/or to hire external company or any other unit in charge of an internal audit.
3. 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.
4. 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 party 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:
 - 1) an opinion on the accuracy, completeness and credibility of the Company's financial report;
 - 2) an opinion on the adequacy of the Company's internal control system;
 - 3) 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;
 - 4) an opinion on the suitability of an auditor;
 - 5) an opinion on the transactions that may lead to conflicts of interests;
 - 6) the number of the Audit Committee Meetings, and the attendance at such meetings by each committee member;
 - 7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - 8) 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:

- 1) Transaction that causes the conflict of interest;
- 2) Fraud or any significant irregular events or problems in the internal control system; and
- 3) 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 the 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.

Nomination and Remuneration Committee

Asia Aviation's the Board of Directors has appointed of the Nomination and Remuneration Committee, which comprises of 3 committee members who are Independent Directors 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 3 years and are eligible for reappointment at the end of the term.

Scope of Authority and Responsibilities for Nomination

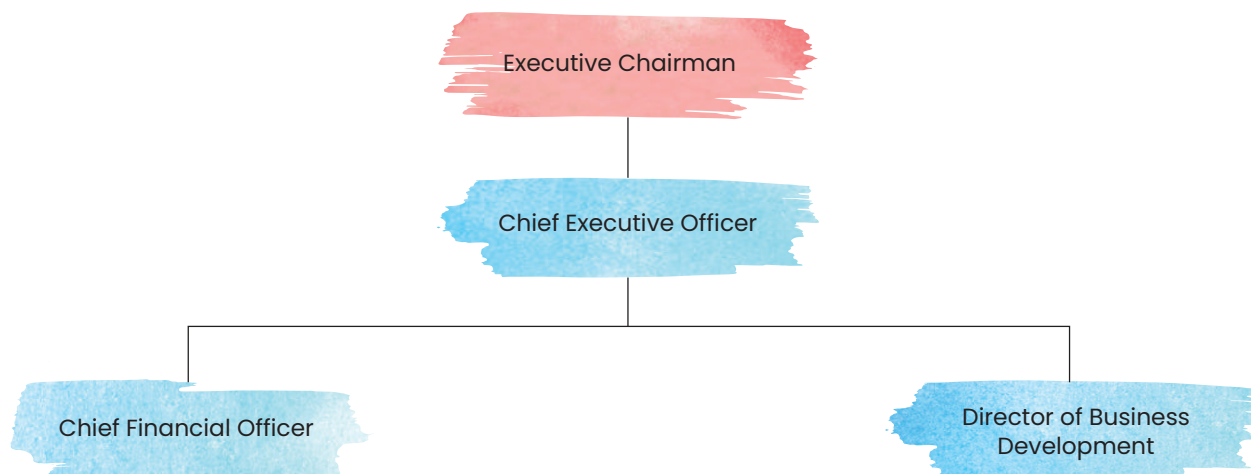
1. To determine the structure, size, and composition of the Board of Directors to be suitable for the organisation and its changing environment.
2. Determine guidelines and policies in nominating Board of Directors and sub-committee members and consider qualified candidates to replace those who are vacating 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 Senior Management when the position is vacant.
4. Provide opportunity for minority shareholders to nominate candidates for the Company's Directors by giving appropriate time frame prior to the Shareholders' Meeting.
5. To perform of other tasks as assigned by the Board of Directors.


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 set up the guidelines and assessment of the performances of the Company's Board of Directors and sub-committees to support the consideration to set up remuneration.
3. To determine appropriate remuneration for the Board of Directors and sub-committees for the Board of Directors' considerations and propose to the Shareholders' Meeting for approval.
4. To disclose the policy for the Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
5. To responsible for other tasks as assigned by the Board of Directors.

INFORMATION OF MANAGEMENT

Management Structure



 Executive Chairman serves as Chairman of the Management and has responsibilities for administering business direction and business policy in overall, while Executive Chairman is not in charge of overseeing the business operation and/or day-to-day management of the Company.

 Management, defined by the Notification of the Securities and Exchange Commission, 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.

Management Team

As of December 31, 2020, 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. Phairat Pornpathananangoon	Chief Financial Officer
4.	M.L. Bovornovadep Devakula	Director of Business Development

Duties and Responsibilities of Executive Chairman

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.

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 subsidiary, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

Duties and Responsibilities of 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.

Remuneration Policy for Senior Management

In 2020, 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.

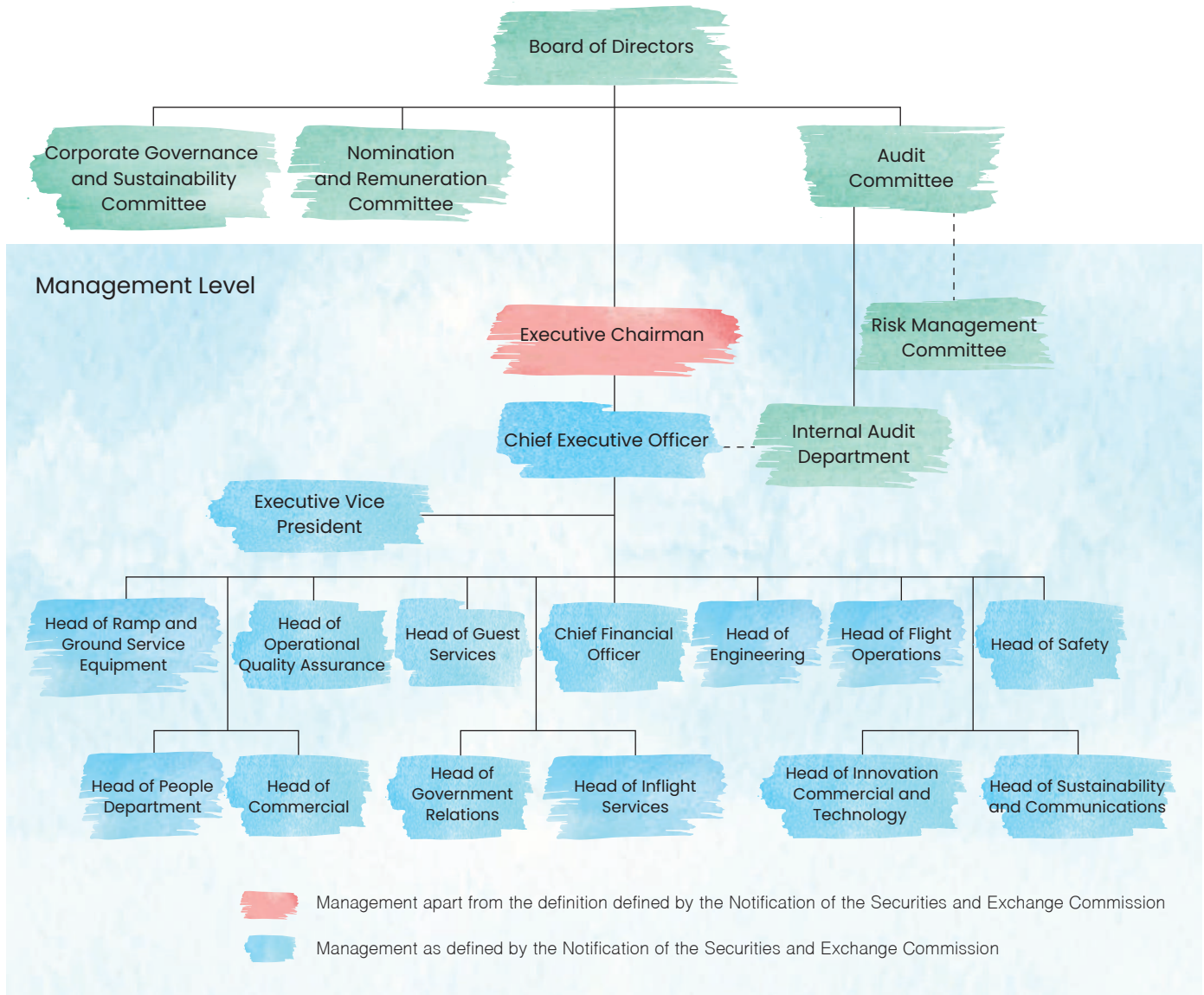
EMPLOYEES INFORMATION

All Asia Aviation's employees had been transferred to Thai AirAsia since December 31, 2011.

Overall Remuneration for Employees

For the year 2020, Asia Aviation did not have remuneration for employees because all Asia Aviation's employees had been transferred to Thai AirAsia since December 31, 2011.

GOVERNANCE STRUCTURE OF THAI AIRASIA (THE COMPANY'S MAIN BUSINESS) AS OF DECEMBER 31, 2020



INFORMATION OF THE BOARD OF DIRECTORS OF THAI AIRASIA

The Board of Directors

As of December 31, 2020, the Board of Directors of Thai AirAsia comprises 9 Directors and 5 of 9 Directors or less shall be nominated by Asia Aviation. In addition, 2 of 9 Directors are Independent Directors equal to 22% of all Directors and 1 of them is Non-Executives Director, equal to 11% of all Directors.

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	Executive Director
4. Mr. Santisuk Klongchaiya	Executive Director
5. Mr. Phairat Pornpathananangoon	Executive Director
6. Datuk Kamarudin Bin Meranun	Executive Director
7. Mr. Rozman Bin Omar	Executive Director
8. Mrs. Pattra Boosarawongse	Executive Director
9. Dato' Mohamed Khadar Bin Merican	Non-Executive Director

Thai AirAsia's Company Secretary is Miss Nisres Distes.

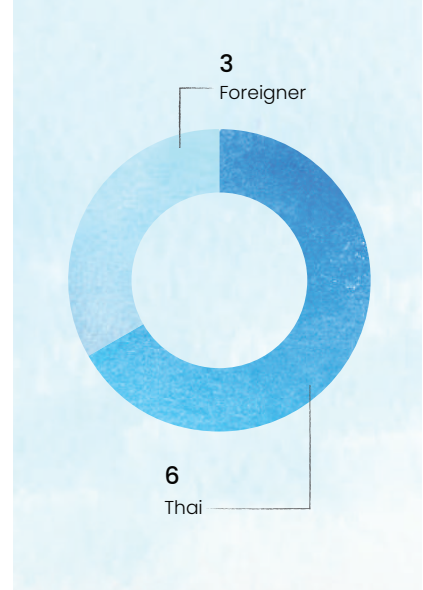
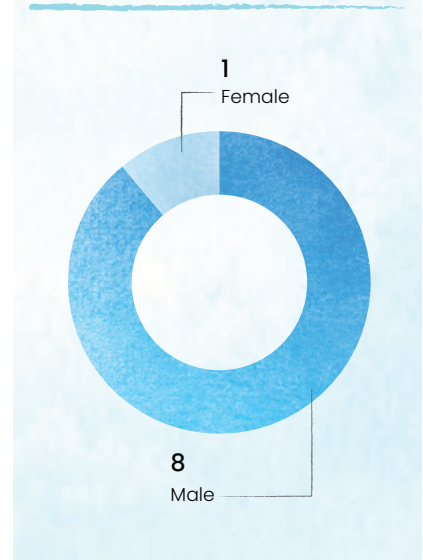
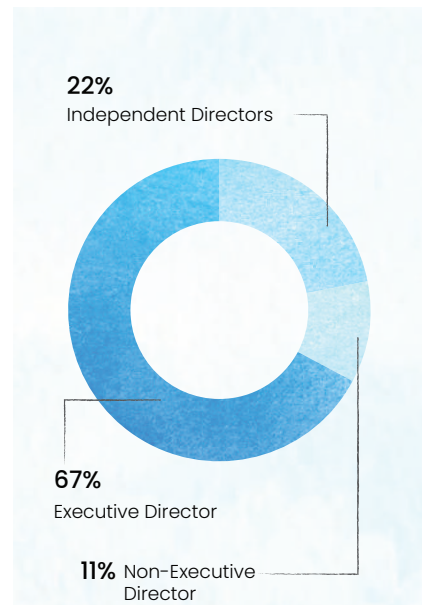
The Company disclosed Board of Directors Profiles on the Company's website at www.aavplc.com under the title "Thai AirAsia (TAA)" and sub-title "TAA Board of Directors"

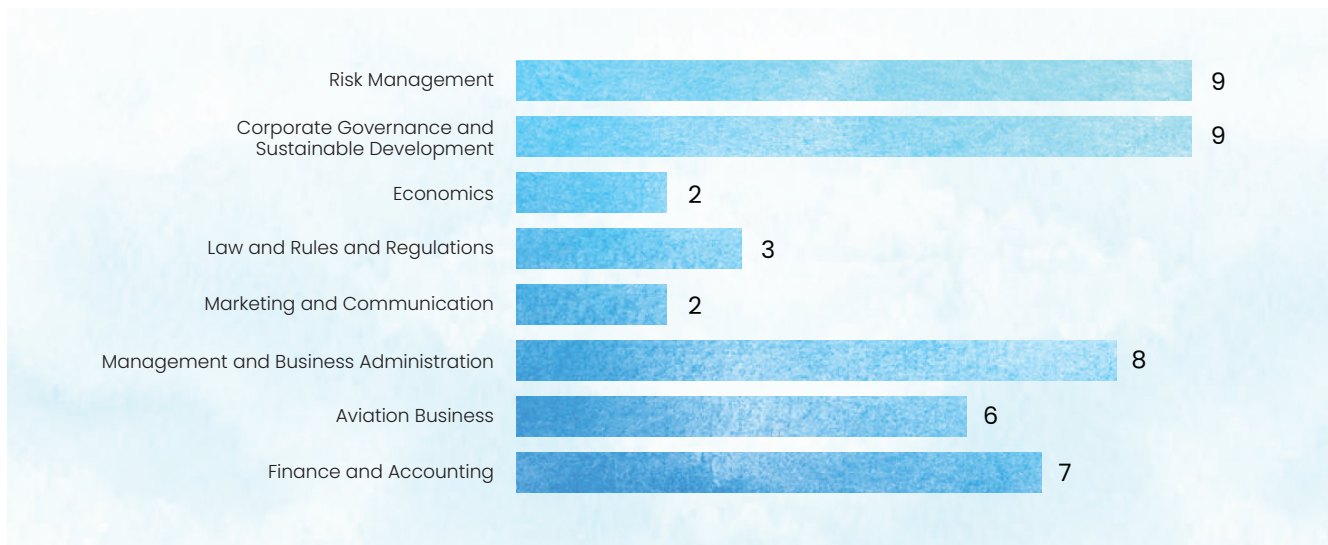
Authorised Directors

"(i) Mr. Tassapon Bijleveld jointly signing with Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananangoon or Mrs. Pattra Boosarawongse, totaling two persons with an affixation of the Company's seal or (ii) Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananangoon 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 3 persons, with an affixation of the Company's seal."

Board Diversity Policy

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 or any difference so that the Board is formed by qualified Directors for Thai AirAsia's maximal benefits. The details of Board Skill Matrix are as follows:





The Division of Duties and Responsibilities between the Board of Directors and Management

Thai AirAsia has clearly divided duties and responsibilities between the Board of Directors and Management. The Board of Directors sets out policies and administers 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 the Board of Directors and recorded as resolution passed in the Minutes of the Board of Director Meeting. Consequently, Chairman of the Board of Directors cannot be the same person as Executive Chairman, Chief Executive Officer nor Executive Director in order to balance and examine the Management.

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 the 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 the Company's assets or properties.
10. Any financial transaction of the Company, including any existing and future loan, debt or advance payment or other loan obligation (or debt or advance payment 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.

Duties and Responsibilities of Chairman of the Board of Directors

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. 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 encourages Directors to participate 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 proceedings 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 code of conduct.

INFORMATION OF THE SUB-COMMITTEE

The Board of Directors appointed 4 sets of sub-committees to support the efficiency and effectiveness of the operation of the Board of Directors. Each sub-committee shall perform the duties in accordance with the charter of duties and responsibilities specified clearly and approved by the Board of Directors whereas such sub-committee shall give suggestions in various fields in which they are specialised to the Board of Directors. Thus, the compositions of each sub-committee including duties and responsibility are as follows:

Audit Committee

Thai AirAsia's Audit Committee comprises 2 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, 2020, 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 Tantiwivat.

Term of Positions

Members of the Audit Committee serve a term of 3 years and are eligible for reappointment at the end of the term.

Scope of Duties and Responsibilities of Audit Committee

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

Nomination and Remuneration Committee

Thai AirAsia's Board of Directors has approved the appointment of the Nomination and Remuneration Committee, which comprises of 3 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 3 years and are eligible for reappointment at the end of the term.

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 Senior Management in case of vacancy, and determine the succession plan for positions of Senior Management.
- To perform of other tasks as assigned by the Board of Directors.

Scope of Authority and Responsibilities for Remuneration

- 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.
- To set up the guidelines and assessment of the performances of the Company's Board of Directors, sub-committees and Senior Management to support the consideration to set up remuneration.
- 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.
- To disclose the policy for the Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
- To responsible for other tasks as assigned by the Board of Directors.

Corporate Governance and Sustainability Committee

Thai AirAsia's Board of Directors has passed a resolution to appoint Corporate Governance and Sustainability Committee which comprises 5 committee members. As of December 31, 2020, 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

Name	Position
4. Mr. Preechaya Rasametani*	Corporate Governance and Sustainability Committee
5. Mr. Phairat Pornpathananagoon	Corporate Governance and Sustainability Committee

* Mr. Preechaya Rasametani informed the resignation from the position as member of Corporate Governance and Sustainability Committee since January 1, 2021.

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

Term of Positions for Corporate Governance and Sustainability Committee

Members of the Corporate Governance and Sustainability Committee serve a term of 3 years and are eligible for reappointment at the end of the term.

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 Board of Directors 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 Board of Directors, inspect and approve sustainable development reports for submission to the Board of Directors.

Risk Management Committee

Asia Aviation has realised and attached its importance on the risk management in order that the management of the Company and its subsidiary are efficient and effective and to ensure every group of stakeholders. However, since Asia Aviation operating the business by holding shares in Thai AirAsia which is the subsidiary operating major business for the Company,

consequently the risk management is rested with Thai AirAsia and the Risk Management Committee of Thai AirAsia was set up with the following details:

The Risk Management Committee comprises of Executive Chairman, Chief Executive Officer and the Management from the major departments together with the Risk Management Unit to perform the risk management which may affect the operation as well as the risk from internal and external factors to keep it in proper balance level and acceptable by assessing and examining the result of the risk assessment from various departments including revising and presenting the planned policies related to the risk management annually. As of December 31, 2020, Thai AirAsia's Risk Management Committee is as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Risk Management Committee Advisor
2. Mr. Santisuk Klongchaiya	Chairman of Risk Management Committee
3. Mr. Phairat Pornpathananagoon	Risk Management Committee
4. M.L. Bovornovadep Devakula	Risk Management Committee
5. Sqn.Ldr. Damrong Phaspipatkul	Risk Management Committee
6. Mr. Banyat Hansakul	Risk Management Committee

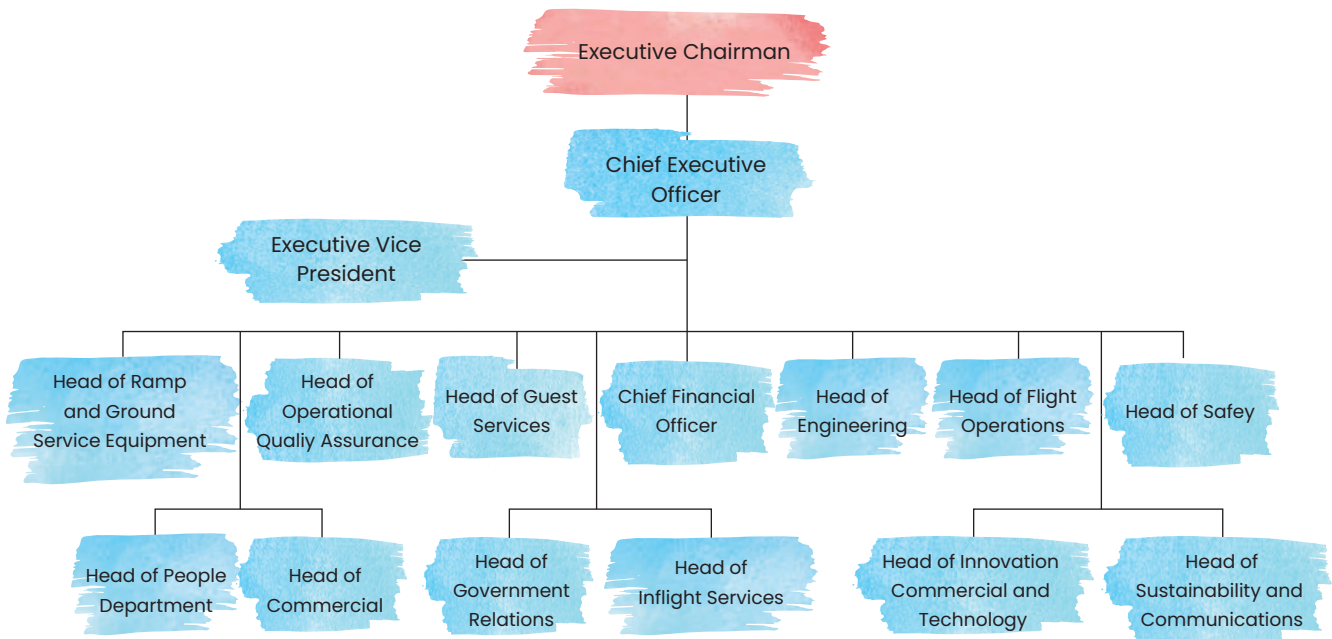
Scope of Duties and Responsibilities of Risk Management Committee

1. Define risk management policies to cover all risks from business operations. Along with drive and inculcate a risk culture throughout the organisation by raising awareness of the importance of risk management to all staff.
2. Oversee, develop and monitor framework and procedures of risk management across the Company (including the identification, analysis, assessment, management, following up and reporting of risks) to all departments and business continuity management (covering risk assessment, business impact analysis, recovery strategy, business continuity plan and crisis management) to ensure effective continuance of business operations in the event of a disruptive incident.

3. Review and recommend changes as needed to both of the risk management and business continuity management, strategies, frameworks, policies and procedures prior to submission and presentation to Audit Committee for final discussion prior to submission and presentation to the Board of Director for the approval.
4. Consider changes to the risk profiles arising from any changes from the approved strategic business plans of the Company and notify Audit Committee on any relevant matters deemed to be of major importance.
5. Oversee the reporting and always monitoring of risks, namely: Each risk is assigned a risk owner responsible for management, monitoring and reporting of risks particularly significant risks mitigation/ action plans are acted upon, monitored and addressed.
6. Review quarterly Enterprise Risk Management and Business Continuity Management (BCM) reports (relating to the Company's enterprise risk profiles, progress of risk management activities, and the assessment of the Company's key risks and the status of the BCM programme and incident reports)
7. Provide a risk management working group as necessary by supporting manpower budget and other necessary resources including the availability of various systems related to be ensured which are adequate and consistent with the scope of responsibility for risk management in all matters.
8. Ensure that adequate risk management training/ awareness sessions are in place to support the Company's employees in their understanding of risk management and fulfillment of risk management practices.
9. Ensure that adequate Business Continuity Management training/ awareness sessions are in place to support all employees in their understanding of the BCM programme and familiarity of their respective roles and responsibilities in the event of a disruptive incident.
10. Ensure that the Business Management Continuity programme and crisis management/ response plans are tested and audited periodically to ensure the effectiveness and preparedness of response during a crisis.

INFORMATION OF MANAGEMENT

Management Structure



■ Management apart from the definition defined by the Notification of the Securities and Exchange Commission

■ Managements defined by the Notification of the Securities and Exchange Commission

Management Team

As of December 31, 2020, 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. Phairat Pornpathananagoon	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. Miss Nattinee Tawanchulee	Head of Commercial
10. Miss On-anong Methapipatkul	Head of Inflight Services
11. Miss Topaz Subunruk	Head of Sustainability and Communications
12. Mr. Chatupong Hongwiset	Head of Ramp and Ground Service Equipment
13. Sqn.Ldr. Damrong Phaspipatkul	Head of Flight Operations
14. Mr. Bandit Pornsarote	Head of Operational Quality Assurance

From January 1, 2021 onwards, 2 Management of Thai AirAsia; namely, Mrs. Thiladee Pantumchinda, Head of People Department and Miss Nattinee Tawanchulee, Head of Commercial shall be transferred to AirAsia Com Travel (Thailand) Co., Ltd. and AirAsia SEA Limited, companies under AirAsia Group which provide commercial and marketing services and human resources services.

The Company disclosed Management Profiles on the Company's website at www.aavplc.com under the title "Thai AirAsia (TAA)" and sub-title "TAA Management Team"

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 subsidiary, 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, shareholders, 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.

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 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.

Remuneration Policy for Senior Management

Thai AirAsia has an annual performances assessment of Senior Management by the Board of Directors together with the Nomination and Remuneration Committee, considering the result of the assessment to support the approval of the remuneration each year while considering the performances of business operation, the operation relating to the assigned policies as well as the overall economic and social situation including the competitiveness of remuneration and shall maintain the Senior Management equipped with knowledge, abilities to create the performance for the Company continually.

Considering Comparison of Remuneration Rates

Thai AirAsia has taken the result of survey on remuneration both in industry and profession as supportive consideration and comparison regularly every year to review the Pay Scale and principles of salary increment of the Company.

The performance assessment process of the Senior Management is as follows:

1. Goal setting: Goals have been set for 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 3 levels as follows:

- Company wide goal

This constitutes 30% of the overall evaluation - the overall organisational success jointly responsible by Senior Management, for example, income and sales growth rates, EBITDA Margin, RASK, CASK, Customer NPS or loyalty as well as expenses, costs of damage and budget on passengers.

- Functional Goal

This functional goal constitutes 50% of the overall evaluation - the overall department success, responsible by each Senior Management, for example, deliveries, customer satisfaction, department income, load factor, on time performance, aircraft utilisation, etc.

- Individual goal

This constitutes 20% 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. End Year 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.

Structure of Remuneration for Senior Management

Monetary Remuneration

In 2020, Thai AirAsia paid the remuneration to Management at the total amount of Baht 76.85 million, equivalent to 1.93%, compared with the total remuneration of the Company whereas such remuneration was the remuneration in the form of salary, equivalent to 76.58%, compared with the total remuneration of Management.

Since the situation of the pandemic of COVID-19, in 2020 every member of the Senior Management volunteers to reduce the remuneration at the percentage of 30%, 50% and 75% to reduce cost for the Company.

Other Remuneration

The main objective to pay other remuneration is to build up security for the Management in the same way with every employee and to help the Management and employee face the health problem, disability or death by providing provident fund, health insurance and other welfare benefits as appropriate and conformable to the applicable law as follows:

Provident Fund

Thai AirAsia provided provident fund for the Management by the Company contributing at the rate of 7% and 10% of the salary while in 2020, Thai AirAsia contributed the provident fund for the Management in total Baht 5.80 million.

Health Insurance Plan

Thai AirAsia provided Health Insurance Plan and Group Life Insurance.

INFORMATION OF EMPLOYEES

The number of employees as of December 31, 2020 was 5,566 persons and could be categorised by responsibility as follows:

Responsibility	December 31, 2020
Pilot, Co-Pilot and Student Pilot	740
Cabin Crew	1,175
Ground Operation	2,373
Engineer	617
Marketing and Commercial	83
Head Office	220
Others	358
Total	5,566

Remuneration for Employees

For the year 2020, Total remuneration for Thai AirAsia's employees includes salary, bonuses, overtime, provident funds and other compensation was Baht 3,973.43 million.

Provident Fund

Thai AirAsia has set up a provident fund in accordance to the Provident Fund Act B.E. 2530 (and its amendments). Thai AirAsia contributes 3 - 10% of salaries to the provident fund and employees contribute 3 - 15% of their salaries.

Numbers of employees participating in the Provident Fund	Proportion of the employees participating in comparison to all employees (%)
3,974 employees	72

Thai AirAsia has selected fund manager who complies with the good governance code for institutional investors (Investment Governance Code “I Code”), being the Manager who manages the Fund with responsibility in compliance with the good investment governance excellently and has the investment guides leading to the utmost benefits for the members of the Fund which means the employees of the Company in the long term.

OTHER IMPORTANT INFORMATION

Financial Controller

The Board of Directors resolved to appoint Mr. Anupan Tangphanitannan to be responsible directly in supervision of accounting who has full qualifications according to the criteria of the Securities and Exchange Commission Thailand and registered for accounting in accordance with the Announcement of the Department of Business Development to perform the duty to prepare financial statement and consolidated financial statement of the Company accurately and reliable in regard to the accounting standard applicable to the public company limited and criteria specified in Section 56.

Company Secretary

The Board of Directors has resolved to appoint Miss Nisres Distes as Company Secretary since February 25, 2016 onwards, having duties and responsibilities as specified in the Securities Exchange Commission Act to perform the duty according to the law on providing documents and filing important documents

of the Company. Additionally, she has the duties to give advice concerning regulations appropriate to be acknowledged by the Board of Directors and give advice in order to maintain interests of the Company, to help in other tasks and support work of the Board of Directors such as holding the Board of Directors’ Meeting, Shareholders Meeting, Annual Report and keep the conflict of interest report for the Directors.

Internal Audit Manager

The Board of Directors has appointed Miss Duangporn Tantiwivat to be in the position of Internal Audit Manager of the Company since July 15, 2011 because she has experiences in performing the accounting audit and internal audit for over 10 years and understands the activities and operations of the Company and subsidiary. Consequently, the Audit Committee considered that she is suitable to perform such duties, whereas the consideration and approval of the appointment, removal, transfer of a person in the position of Internal Audit of the Company shall be approved or accepted by Audit Committee.

Compliance

- The Company appointed Mr. Bandit Pornsarote to be in the position of Head of Operational Quality Assurance, having duties on overseeing the compliance to the rules and regulation set by the government authorities supervising the business operation of the Company.
- The Company appointed Miss Nisres Distes to be in the position of Compliance, having duties to supervise the Company’s implementation according to the Securities and Exchange Act, rules and regulations and announcements of the authorities concerned.

The Company disclosed the qualification of the person holding the position as Financial Controller, Company Secretary, Internal Audit Manager and Compliance as the attachment to this report which appears on the Company’s website at www.aavplc.com under the title “Investor Relations” and sub-title “Publications and Download”.

Investor Relations

For Investor Relations, Asia Aviation has set up the Investor Relations Unit to handle the content of the information of Asia Aviation for those who are interested, for example, shareholders, analysts, and investors. The Company has appointed Miss Pattarawan Sookplang as Investor Relations Senior Manager. The channel of communication is as follows:

Telephone: 02 562 5700
 Fax: 02 562 5705
 Email: taa_investorrelations@airasia.com
 Website: 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 a press conference and press release to publicise its performance and its subsidiaries. Besides, Analysts, investors, and interested parties can also make an appointment via IR Booking webpage to join the meeting with our management or investor relations officer to inquire about its information and business prospects.

Audit Fee for the year 2020

Asia Aviation and its subsidiary paid the audit fee to EY Office Limited, as external auditors for 2020. 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 2020 are as follow;

Audit Fee

In 2020, 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 programme and new TFRS in the amount of Baht 0.6 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 2020. 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.

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.

REPORTS AND RESULTS OF MAJOR PERFORMANCE ON THE CORPORATE GOVERNANCE

The Board of Directors is the representative of the shareholders who perform the duties of the leader, set up policies, direction, and strategy for the Company leading to the increasing competitiveness on the basis of the business operation according to the Principles of Good Corporate Governance as well as controlling the management effectively to create the sustainable value for the shareholders, set up organisational culture and value properly and put them into practice in every levels of the organisation while the Board of Directors shall use their own discretion to make business decision and practice reasonably that they are the utmost advantages to the Company and the shareholders including considering the advantages of every group of stakeholders as appropriate.

SUMMARY OF THE RESULTS OF PERFORMANCES OF THE BOARD OF DIRECTORS IN 2020

In the past year 2020 the Board of Directors understood the roles, duties and realised the responsibilities as the good leaders to govern the organisation to have good management by performing the duties according to the Principles of Good Corporate Governance for the listed Company, participated in and gave approval for setting up strategies, policies for operations as well as allocation of major resources to achieve the objectives and targets including following-up, assessing and supervising the operation regularly in the Meeting of Company's Board of Directors. It also created the value to the business sustainably in order to be competitive and with good performances, operated the business with morality, respected the right and is responsible for the shareholders as well as the stakeholders and considered the impact upon the public and environment and had policies and good planning to be adjustable under the unexpected changes.

Nomination, Development, Assessment of Performance of the Board of Directors

Nomination of Directors

The nomination and consideration of appointing the Director duly retired by rotation in the year 2020 of Asia Aviation had been operated through the process of recruitment of Nomination and Remuneration Committee. In the year 2020, 3 Directors who duly retired by rotation comprised 2 Independent Directors; namely Mr. Nuttawut Phowborom and Mr. Veerayooth Bodharamik and 1 Executive Director namely Mr. Tassapon Bijleveld. Nomination and screening will be considered from knowledge, abilities, experiences in various fields, suitable with the structure, size and composition of the Company's Board of Directors which will be beneficial to the operation of the Company as well as full qualification pursuant to the law and related regulations to support the consideration of performances, continuity of management and participation in the operation of each Director as significant. Every director considered to be re-elected to resume position obtained assessment of performances at the rate of more than 95% and participated in performing their duties regularly. Moreover, the Company also opened chance for the minor shareholders to nominate a person with suitable qualifications to be nominated as such Director alternatively from December 1, 2019 to January 31, 2020. However, there was no shareholder nominating the Director to be appointed.

List of Directors duly retired by rotation in 2020	Qualifications
Mr. Nuttawut Phowborom (Independent Director)	Being the person having knowledge, abilities, experiences in various fields comprising specialisation in accounting and finance, auditing, capital market, strategy and risk management which can support the business operation of the Company very well, as well as participating in performing their duties regularly. Mr. Nuttawut Phowborom has been in the position as an Independent Director for 9 years. However, the Nomination and Remuneration Committee has considered the qualifications and found that he still has complete independence as specified by the Company and required by the Announcement of Capital Supervisory Commission including the criteria which the Securities Exchange Commission of Thailand have established. Additionally, he can supervise the benefits of the minor shareholders equally and can perform the duties and participate in the Board of Directors by expressing opinion independently.

List of Directors duly retired by rotation in 2020	Qualifications
Mr. Veerayooth Bodharamik (Independent Director)	Being the person having full qualifications for being an Independent Director as specified by Law as well as having knowledge, abilities, experiences in various field comprising specialisation in law, marketing and strategy which can support the business operation of the Company very well and participated in performing their duties regularly and being the representative of the shareholders by expressing opinion independently.
Mr. Tassapon Bijleveld (Executive Director)	Being the person who is fully qualified for being a Director as specified by law as well as having knowledge, abilities, experiences in Airlines business for over 10 years and specialisation in management, marketing and strategy, directions, policies, goals and mission of the Company which can support the business operation of the Company by giving consultation and suggestions in various fields very well, being suitable and conformable to the business operation as well as following up the progress of the operation of the Company regularly in order to achieve the goals and strategies set forth.

According to the above-mentioned details, therefore the Nomination and Remuneration Committee presented the opinion to the Board of Directors to approve the 3 Directors who duly retired by rotation to be re-elected to assume the positions for another term. Then the list of such directors' names will be presented to the Shareholders' Meeting to elect the Directors as per the criteria further.

For the resolution to re-elect the Directors to assume the positions through the Shareholders' Meeting, it is specified that the majority votes come from the shareholders attending the Meeting and casting their votes. In this case when any shareholder abstains, the vote of the one who abstains shall not be counted as the base of votes while the Company shall ask the shareholders to use the ballots to vote for the Director individually. The shareholders are requested to cast all votes they have to elect the nominated persons one by one then the Meeting has resolved to re-elect to be in the position of Directors for another term with the majority of votes of the shareholders attending the Meeting and cast their votes.

However, in the year 2020, there was no nomination and electing the new Directors.

Nomination of Senior Management

In nominating the candidates for Senior Management members will initially screen with appropriate and transparent 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 successors will be assessed their potential and the ability to prepare for the replacement of those positions whereas there

are resignations 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.

Whereas in the year 2020, Asia Aviation has nominated and appointed new Chief Financial Officer; namely, Mr. Phairat Pornpathananagoon to replace the resigned Chief Financial Officer through the nomination process and agreed by the Nomination and Remuneration Committee who considered and gave opinion that Mr. Phairat Pornpathananagoon who has knowledge, abilities and experiences in accounting and finance and grown up inside the organisation, making him equipped with good experiences in airlines business together with the skills in the capital management, financial risk management as well as the strategic plan to support the business operation of the Company and the subsidiary to achieve the goals set forth by proposing his name to the Board of Directors for approval and appointment.

Knowledge Development for the Directors and Management

The Board of Directors of Asia Aviation promoted and facilitated the training and knowledge development for the Directors and Management of the Company including subsidiary to enable them to perform the duties and govern business operation of the Company and its subsidiary efficiently as well as improved the performance continually by supporting the Directors and Management to attend the seminars, courses useful for performing the duties including the course arranged by the Government's Supervisory Agency or Independent Organisation such as the Directors' Course of Thai Institute of Directors which the Securities and Exchange Commission Thailand has specified that the Board of Directors of listed companies shall pass at least one Course namely; Directors Certification Program (DCP), Directors Accreditation Program (DAP) and Audit Committee Program (ACP) etc. as well as the courses

related to the knowledge and abilities development and increase the potentiality to perform the duties. In 2020, the Board of Directors participated in the training and seminar as follows;

Mr. Veerayooth Bodharamik had participated in the training of Thailand National Defense Course, Thailand National Defense College (TNDC) Batch No. 62 in the academic year 2019 - 2020, and Development of Senior Management Training Project, Royal Thai Police in the fiscal year 2020.

The Performance Assessment of the Board of Directors

Asia Aviation and its subsidiary have the performance assessment of the Board of Directors and sub-committees once a year by dividing into the performance assessment of the Board of Directors as a whole and the self-assessment of the Directors on an individual basis, to be used as the framework in examining the performance of the Board of Directors and sub-committees. 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-committees 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 the Management development

In 2020, the performance assessment of the Board of Directors and sub-committees of Asia Aviation detail as follows:

the Board of Directors / Sub-Committees	Self-Assessment as a whole (%)	Self-Assessment on an individual basis (%)
Board of Directors	97	97
Audit Committee	99	99
Nomination and Remuneration Committee	94	99

The performance assessment of the Board of Directors and sub-committees of Thai AirAsia detail as follows:

the Board of Directors / Sub-Committees	Self-Assessment as a whole (%)	Self-Assessment on an individual basis (%)
Board of Directors	92	92
Audit Committee	100	96
Nomination and Remuneration Committee	92	96
Corporate Governance and Sustainability Committee	100	96
Risk Management Committee	98	96

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 has considered the results of the Director self-assessment in the past year as a reasonable 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 employee
- Position succession
- Knowledge of products and services
- Personal characteristics

Section 3: Self-improvement

Meeting Attendance and Remuneration for the Board of Directors Individually

Board of Directors Meeting

The Articles of Association of Asia Aviation specified that the Board of Directors shall hold a Meeting at least once every 3 months and may be additional special Meeting as necessary and specified that the Directors attending the Meeting shall consist of at least half of the total numbers of Directors to form a quorum whereas the Board of Directors shall set the Meeting date for the whole year in advance and notify each Director to acknowledge it and distribute the letter of invitation for the Meeting to the Directors to consider before the Meeting date not less than 5 business days unless it is necessary or urgent to preserve the rights or benefits of Asia Aviation. In every Meeting, the agenda shall be set up precisely during which the Chairman of the Board discussed with the Chief Executive Officer and the Company Secretary to approve the agenda of the Meeting while the other Directors can propose the agenda or other related issues for consideration including the complete and sufficient documents supporting the Meeting by distributing them to the Board of Directors in advance to study the information sufficiently before attending the Meeting. While in the Board of Directors, Asia Aviation Meeting, every Director can discuss and express the opinion openly. Furthermore, in Asia Aviation Board of Directors Meeting, Senior Management shall be invited to attend the Meeting in order to provide more details as the direct persons concerned.

Asia Aviation is committed to providing the Board of Directors with adequate, complete continuous and timely information prior to the 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.

Attendance of the Board of Directors' Meeting

Every Director of Asia Aviation has placed great importance on, and dedicated the time to attend the Board of Directors' Meeting, sub-committees Meeting and the Annual General Meeting of Shareholders with the details of attending the Meeting of each Director in 2020 as follows:

Name	Annual General Meeting of Shareholders 2020	The Meeting		
		Board of Directors	Audit Committee	Nomination and Remuneration Committee
1. Mr. Vichate Tantiwanich	Join	7/7	4/4	2/2
2. Mr. Nuttawut Phowborom	Join	7/7	4/4	2/2
3. Mr. Veerayooth Bodharamik	Join	7/7		2/2
4. Mr. Tassapon Bijleveld	Join	7/7		
5. Mr. Santisuk Klongchaiya	Join	7/7		
6. Mr. Phairat Pornpathananangoon	Join	7/7		
7. M.L. Bovornovadep Devakula	Join	6/7		
8. Gp.Capt.Tanapat Ngamplang	Join	7/7		
9. Mr. Preechaya Rasametarin	Join	7/7		

In 2020, the proportion of attending the Board of Directors' Meeting individually for 8 Directors was equal to 100% of the total numbers of the Meetings and 1 Director having proportion of attending the Meeting was equal to 86% of the total numbers of the Meetings.

The details of attending the Meeting of each Director of Thai AirAsia in 2020 are as follows:

Name	The Meeting				
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Sustainability Committee	Risk Management Committee
1. Mr. Vichate Tantiwanich	5/5	4/4	3/3	1/1	
2. Mr. Nuttawut Phowborom	5/5	4/4	3/3		
3. Mr. Tassapon Bijleveld	5/5		3/3	1/1	2/2
4. Mr. Santisuk Klongchaiya	5/5			1/1	2/2
5. Mr. Phairat Pornpathananangoon	5/5			1/1	2/2
6. Datuk Kamarudin Bin Meranun	4/5				
7. Mr. Rozman Bin Omar	5/5				
8. Mrs. Pattra Boosarawongse	4/5				
9. Dato' Mohamed Khadar Bin Merican	4/5				

In 2020, the proportion of attending the Board of Directors' Meeting individually for 6 Directors was equal to 100% of the total numbers of the Meetings and 3 Directors having proportion of attending the Meeting was equal to 80% of the total numbers of the Meetings.

Remuneration for Directors of Asia Aviation

Monetary Remuneration

In 2020, Monetary remunerations of the 3 individual directors who are not members of the Management are the total of Baht 7.33 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)	1,675,000	1,050,000	80,000	2,805,000
Mr. Nuttawut Phowborom (Director/ Audit Committee / Chairman of Nomination and Remuneration Committee)	1,340,000	840,000	80,000	2,260,000
Mr. Veerayooth Bhodharamik (Director / Audit Committee / Nomination and Remuneration Committee)	1,340,000	840,000	80,000	2,260,000

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 12 tickets in 1 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. In 2020, the Directors and family members had spent ticket benefits totaling 20 tickets.

Remuneration for Directors of Thai AirAsiaMonetary Remuneration

In 2020, Monetary remunerations of the 3 individual directors who are not Executive Directors are the total of Baht 2.00 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)	455,000	355,000	114,000	34,000	958,000
Mr. Nuttawut Phowborom (Director / Audit Committee / Chairman of Nomination and Remuneration Committee)	364,000	284,000	114,000	-	762,000
Dato Mohamed Khadar Bin Merican (Non-Executive Director)	284,000	-	-	-	284,000

Changes in Shares Held by Board of Directors and Management in 2020

Name	Position	Number of Shares on December 30, 2020	Number of Shares on December 30, 2019	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	1,965,088,286	-	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. Mr. Phairat Pornpathananangoon	Director / Chief Financial Officer	200,000	200,000	-	0.0041
Spouse and minor child	-	-	-	-	-
7. Gp.Capt.Tanapat Ngamplang	Director	-	-	-	-
Spouse and minor child	-	-	-	-	-
8. Mr. Preechaya Rasametarin	Director	6,000,000	7,000,000	(1,000,000)	0.12
Spouse and minor child	-	-	-	-	-
9. M.L. Bovornovadep Devakula	Director / Director of Business Development	9,351,977	9,351,977	-	0.19
Spouse and minor child	-	-	-	-	-

Supervision of the Subsidiary and the Associated Company

Asia Aviation has considered appointing 5 Directors and 4 Management to be Directors and Management in Thai AirAsia, a Subsidiary and the company operating core business by appointing directors to be representatives in the subsidiary in proportion to the shares held by the Company. The said Directors and Management have been approved by the Board of Directors' Meeting while the persons appointed to be the Directors of the subsidiary have to operate for the utmost benefits of the subsidiary and manage the business of the subsidiary in accordance with the policies approved by the Company and the rules as well as regulations specified in the Article of Association of the Company and the related laws of the subsidiary.

Moreover, the Company set up the policies for its subsidiary to comply with the rules related to the regulatory agencies such as, doing related party transaction, acquisition and disposal of assets, information disclosure sufficiently and in timely manner including accounting and accurate financial reports as appropriate under the laws concerned and accounting standard acceptable in general and auditing by the Internal Control Unit to ensure that the specified internal control is sufficient and efficient.

While in the Board of Director Meeting, the Company shall regulate to have the report of the situation as well as problems and obstruction of the projects implemented by the subsidiary regularly by revealing the information of business operation which may have conflict of interest, reports of related party transaction including the acquisition and disposal of assets and/or the significant transaction concerning the business operation of its subsidiary which may affect the Company to the Company completely and accurately and in timely manner in order that the Company's Board of Directors acknowledge it and can give the opinion or suggestion in time.

Thai AirAsia Shareholders' Agreement

Thai AirAsia Shareholders' Agreement details as follows :

The Company entered into the Thai AirAsia Shareholders' Agreement with AirAsia Investment Ltd. (AAI), AirAsia Berhad (AAB), and Thai AirAsia dated February 14, 2012 for the purpose of operating Thai AirAsia. The business of Thai AirAsia is to offer "no frills" passenger air transport services and ancillary services, with operations based in Thailand. Thai AirAsia's business is to be modelled on the AirAsia business model exclusively, unless otherwise agreed. Thai AirAsia is to be an approved and licensed operator of air transport services based in Thailand, and the parties are jointly responsible for the procurement of the necessary approvals and licenses, and once obtained, the Company is responsible for the maintenance of the approvals and licenses to operate licensed air transport services in Thailand. AirAsia Investment and AirAsia Berhad are to provide any relevant assistance in maintaining approvals and licenses, if requested by the Company or Thai AirAsia. The scope of Thai AirAsia's passenger air transport routes is limited to domestic and non-domestic flights originating from Thailand. The parties also agreed that Thai AirAsia is to engage AirAsia Berhad to provide necessary services and infrastructure required by Thai AirAsia on a commercial and arm's length basis. In addition, the parties agreed that Thai AirAsia and AirAsia Berhad will enter into a technical and management assistance agreement, under which AirAsia Berhad is to provide necessary technical and managerial support to the Company.

Transfer of Shares

A shareholder may transfer any or all of its shares to any of its affiliates upon 10 days prior notice to the other shareholder.

A transferor intending to sell all of its Thai AirAsia shares to a third party is required to give written notice to the other shareholder. If the other shareholder notifies the transferor of its intention to sell any or all of its shares, the transferor is required to use its best endeavours to procure the third party to purchase all or part of the other shareholder's shares on a pro rata basis in relation to the total number of shares sold.

Non-Competition

Each shareholder has covenanted that it would not be concerned in any business operating in Thailand which is directly or likely to compete with the business of Thai AirAsia. Each shareholder also covenanted that it would not establish or assist in the establishment of any new entity which is directly or likely to compete with the business of Thai AirAsia in Thailand or Malaysia, except Thai AirAsia's and AirAsia Berhad's flights originating and terminating in their respective home countries on a point-to-point basis. In addition, each shareholder covenanted that it would not operate any business which directly or indirectly competes with the existing business in Thailand or Malaysia or any other party for a period of 3 years from the termination of the Shareholders' Agreement.

Term

The agreement may be terminated upon (i) written agreement of the parties, (ii) either AirAsia Investment or the Company, together with their respective affiliates, holding, in total, less than 20% of the total issued shares of Thai AirAsia, (iii) a party ceasing to have any further rights and obligations under the agreement as a result of it and its affiliates ceasing to hold any shares of Thai AirAsia, (iv) a special resolution to wind-up Thai AirAsia or to put it into voluntary or compulsory liquidation or (v) the listing of Thai AirAsia's shares on the SET.

Monitoring the Compliance of Policies and Practices of Corporate Governance

Asia Aviation has placed importance on good corporate governance by setting up policies and practices concerned in the Company's Policy of Corporate Governance and Code of Conduct as well as developing and promoting the actual practice to create sustainable value and ensuring confidence to every group of stakeholders.

In the past year, the Company monitored to review such policy in order to improve modernisation and conforming to the environment of corporate governance of the Company and its subsidiary. This includes monitoring the follow-up of good corporate governance covering 1) taking care of the employees and no discrimination 2) safety, occupational health and working environment 3) taking care of the environment, society, community where the follow-up found that the Company had complied with the guidance of each issue completely.

Additionally, the Company followed up to ensure the implement of good corporate governance in 4 more issues as follows:

Prevention of Conflict of Interest

The Company and its subsidiary set up policies for the Board of Directors, Management and employees to perform duties for the utmost benefits of the Company in case that any person is the stakeholder or concerned with the list of consideration, such person shall notify People Department which is responsible for such issue to acknowledge it and shall not participate in the consideration including having no power to approve that business transaction while in the past year round the results of following up the compliance with the policies of Prevention of Conflict of Interest are as follows:

1. There was none of any Director holding the position as the Director or Executive member of the same business or any business related with the Company or subsidiary which may cause conflict of interest.
2. The subsidiary received the report of interest from 18 employees while such employees have no business related to the Company and its subsidiary.

The Use of Inside Information

The Company and its subsidiary have taken care of using the inside information to comply with the law and Principles of Good Corporate Governance by specifying in writing in the Code of Conduct which will be conferred to the Directors, the Management and the employees as well as signing for acknowledgement and abiding by it to perform their duties. While the Directors, the Management and the employees who have an access of the essential inside information affecting the change in the price of securities should avoid trading the securities of Asia Aviation (AAV) in one month period before the financial report or the inside information was disclosed to public and during 24 hours after the said inside information was accessible to the public. The persons concerning the inside information shall not reveal such information to the others until that information was notified to the Stock Exchange of Thailand.

In addition, 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.

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.

Anti-Corruption Policy

The Company and its subsidiary set up policies and procedures for Anti-Corruption whereas the Board of Directors assigned the Audit Committee to supervise the internal control system and the Management whose duty is to build awareness and communicate with every employee to perform their duty in good faith. In the past year, the execution for Anti-Corruption and the action after detecting the corruption was summarised as follows:

The Execution for Anti-Corruption	The Action when the Corruption was found
<ol style="list-style-type: none"> Every employee shall be trained and tested on the knowledge and understanding of the policies on Anti-Bribery and Anti-Corruption. Sending email to communicate with the employees to know the risk which may cause corruption as well as preventive measures to protect it such as receiving no gifts on festivals, guidelines to use the ticket benefit for employees. 	<p>Thai AirAsia has found corruption cases in the organisation such as,</p> <ol style="list-style-type: none"> The employees gave the tickets benefits from the Company to the others and received the benefit in return. The employees breached the policies of the Company by putting the names of the nominees receiving the ticket benefits more than their rights provided by the Company. <p>While later on after such case was found, the action has been taken as follows:</p> <ol style="list-style-type: none"> Set up a Discipline Investigation and Penalty Committee, comprising Senior Management and representatives of the Departments concerned. Such Committee had inquired about the facts, compiled and obtained the result in summary from the inspection that such fraud was truly committed. The Company had punished the employees for violating disciplines according to the Regulations of the Company and communicated to other employees to use the ticket benefit correctly in regard to the rules specified by the Company. And every employee must realise that the violation of such working rules is to breach the working disciplines and will be punished with the maximum penalty.

Whistleblowing

The stakeholders can inquire for information, complain, or report any unlawful violation, the inaccuracy of financial reports or internal control system, and the breach of code of conduct of the Company and its subsidiary directly to the Independent Directors or the Audit Committee at taa_auditcommittee@airasia.com and thaiwhistleblower@airasia.com by having the Audit Committee who is independent from the Management to consider and the Internal Audit Unit to conduct screening of the whistleblowing and such claims.

Last year, there was 1 case of the whistleblowing and claim in total regarding legal offence as per the following details:

Issue	Result of Inspection	Action and Solution
<p>The Company received the notification that an employee has illegal action by opening a share and claimed that he was an employee of Thai AirAsia to build up confidence and posted rude words in social media.</p>	<p>Under Inspection Process</p>	<p>People Department proceeded to request the contact number of the informant in order to get more information which failed to get response, and once the Company receives the additional information sufficiently, the Company will proceed as follows:</p> <ol style="list-style-type: none"> Set up a Discipline Investigation and Penalty Committee, comprising Senior Management and representatives of the Departments concerned. The Committee will proceed to investigate the facts, assess and summarise from the investigation to see whether such employee has truly committed illegal action or breaking the discipline, regulations of the Company or not and how. If the summary shows that the illegal action truly happens, the Company will proceed to use disciplinary penalty suitable to the case.

The Performance of the Audit Committee in 2020

Audit Committees' Meeting

The followings are the details of attendance of the Audit Committee's Meeting in 2020 of Asia Aviation :

Name	No. of Attendance/ Total Meeting
1. Mr. Vichate Tantiwanich	4/4
2. Mr. Nuttawut Phowborom	4/4
3. Mr. Veerayooth Bodharamik	4/4

The followings are the details of attendance of the Audit Committee's Meeting in 2020 of Thai AirAsia:

Name	No. of Attendance/ Total Meeting
1. Mr. Vichate Tantiwanich	4/4
2. Mr. Nuttawut Phowborom	4/4

Performance Result of the Audit Committee

The Audit Committee has 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 as follows:

1. Reviewed the important information of the quarterly and annual financial statements for 2020 together with the auditors and the Management of Accounting and Finance Department by examining the important issues and received the explanation from the auditor and the Management of Accounting and Finance Department until it was assured that the financial statement was prepared in accordance with the legal regulations and standard of financial report and was correct, complete, reliable, thereby such financial statement was endorsed as the Auditor had reviewed and audited. Moreover, the Audit Committee had a meeting with the auditor without the Management in order to discuss independently concerning the receipt of information, examining the important information to prepare the financial statement and disclosure of information according to the standard of financial report and benefit to the user of the financial statement.

2. The Audit Committee reviewed the sufficiency of the internal control system by considering the internal control plan and report on internal auditing's result according to the approved plan which conformed to the result of the assessment of the auditor who reported that significant weakness were not found and no special remarks concerning the financial report and internal control. This includes consideration of the result of assessment of the internal control system of the Management under the guiding framework of the Internal Control of The Committee of Sponsoring Organisations of the Treadway Commission (COSO 2013) by using the internal control assessment checklist of the Securities and Exchange Commission Thailand before presenting it to the Board of Directors of the Company in order to assess the sufficiency of the internal control system of the Company for the accounting year 2020 and revealed the result of such the internal control system in Form 56-1 One Report whereas the Audit Committee gave the opinion that the internal control system of the Company was suitable and efficient enough for operating the business and current situation of the Company and its subsidiary while no essential issues affecting the achievement or targets of the Company were found.
3. The Audit Committee supervised the internal auditing work to ensure that implementation of internal auditing was independent and effective by giving approval and approved the audit plan for 2020 provided by the major risk of the Company. It also considered the sufficiency of the personnel and considered the result of auditing and followed up the performance and progress of corrective process in regard to the report on the result of the auditing of the major issues regularly in every quarter by holding a meeting especially with the chief of internal audit without the Management participating in one meeting. This also supported the quality development of internal audit by encouraging the personnel in the Internal Audit Department to undergo training in various courses to increase knowledge and skill to perform the duty with better efficiency.
4. The Audit Committee has reviewed the Risk Management System of Thai Air Asia to ensure that the Company has the process of assessment and risk management which is proper and efficient whereas the Company has Risk Management Committee to deal with setting policies and targets of Risk Management in the whole organisation, providing the efficient risk management system and followed up the major risk management in every aspect of the Company at the acceptable level while the representative of Risk Management Unit presented report of the progress to the Audit Committee on the risk management as to whether it complies with the policy and plan specified once a year.

5. The Audit Committee supervised the disclosure of sufficient and correct information including supporting the Company to have good governance system, good management to be transparent and ethical, building up confidence to the shareholders, investors, employees and every stakeholder concerned.
6. Reviewed the Charter of the Audit Committee to ensure that the performance of the Audit Committee is efficient and updated.
7. Reviewed and gave opinion to the related party transactions or the transactions which may have conflict of interest. The Audit Committee has reviewed the related party transactions to comply with the rules and regulations of the Stock Exchange of Thailand on the disclosure of information and practice of the listed Company regarding the related party transactions in 2003. The Audit Committee had an opinion that the related party transactions were operated in conformity with the general commercial conditions without conflict of interest, being justifiable, reasonable and complying with the regulation completely specified by the Stock Exchange of Thailand while the unusual transaction was not found and the disclosure of information was complete and sufficient.
8. Considered the appointment and remuneration of the auditors based on the business knowledge, experiences, appropriateness of the remuneration and the independence of the auditors. In the accounting year-end of December 31, 2020, the Audit Committee recruited and nominated Mrs. Kunlapee Piyawannasuth C.P.A. Registration No. 6137, Mr. Termphong Opanaphan C.P.A. Registration No. 4501, Miss Manee Rattanabunnakit C.P.A. Registration No. 5313, and Miss Kosum Cha-em C.P.A. Registration No. 6011 to be the external auditors of the Company and its subsidiary while in the past accounting year, the auditors had performed their work with knowledge and professional abilities and provided suggestions concerning the internal control system and various risks as well as independence of working performance for which the remuneration proposed is appropriate.
9. The Audit Committee has reviewed and supervised the Company and its subsidiary to comply with the regulations, policies and business operation which was in conformity with the Securities and Exchange Act as specified by the Stock Exchange of Thailand and the Securities and Exchange Commission as well as laws concerning with business operation of the Company, and did not find any indication to believe that there was any deficiency concerning the non-conformity and/or violation of the rules, regulations and related laws.

The summary of overall in 2020, the Audit Committee has performed the duties specified in the Charter of the Audit Committee by following up the performance of the Company with sufficient independence and gave the opinion that the Company provided financial report in the major issues accurately by providing it in accordance with the standard of accounting generally accepted, disclosing information sufficiently, completely, and reliably. And when entering into the related party transactions or other particulars which may cause conflict of interest, the Company supervised the said transaction with transparency for the utmost benefit for the Company and the shareholders, abiding by the law, and regulations of the Stock Exchange of Thailand strictly and complying with the laws, rules and regulations concerning business operation completely. The Company also provided the internal control system, internal audit and risk management sufficiently and properly and operation in conformity with the good corporate governance system sufficiently, transparently and reliably.

Performance Result of Other Sub-Committees

Asia Aviation and its subsidiary have 4 sub-committees to follow up and supervise the operations and report to the Board of Directors regularly, comprising the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Corporate Governance and Sustainability Committee. The complete performances of duty by each sub-committees can be summarised as follows:

Risk Management Committee

The Risk Management Committee of Thai AirAsia held meetings twice a year, in June and December while the Risk Management Department shall report the result of Risk Management and seek for consideration and approval for the matter concerning the Risk Management of the organisation from the Risk Management Committee whereas the performance of the Risk Management Committee in the past year is of following details:

January - June 2020

- Approved the Risk Management Policy for 2020 which was revised and provided by the Risk Management Department whereas after the approval, it was announced to the employees of Thai AirAsia to acknowledge and to comply with it further.
-

Risk Management Committee

- Acknowledged the change of the name-list of the Risk Management Committee.
- Acknowledged the duties and responsibilities of the Risk Management Committee according to the improvement proposed by the Risk Management Department which it shall be in line with the AirAsia Group.
- Acknowledged and reviewed the details of key risk of the organisation as of the end of the first quarter of 2020 while the Risk Management Committee advised and proposed additional risk mitigation methods to minimise the impact and control all key risks to the Risk Management Department for further actions.
- Acknowledged the business continuity plan for 2020.
- Acknowledged the policy to handle the severe pandemic situation (COVID-19).

July - December 2020

- Approved the Risk Management Policy for 2021 which was revised and provided by the Risk Management Department whereas after the approval, it was announced to the employees of Thai AirAsia to acknowledge and to comply with it further.
- Approved the details of the Risk Management Policy for 2021 for disclosure on the Company's website.
- Followed up the progress of the risk mitigation according to the suggestions by the Risk Management Department presented in the first-half year of the meeting.
- Acknowledged the result of the Risk Awareness training of Allstars in every level of Thai AirAsia who had been trained by the Risk Management Department.
- Reviewed the strategy of Risk Management for the year 2021.
- Approved details of the key risk of the organisation in order to disclose in the 2020 Annual Report (Form 56 - 1 One Report).
- Acknowledged and reviewed details of the key risk of the organisation ending the third quarter of the year 2020 whereas the Risk Management Committee gave advice and proposed the additional risk mitigation to minimise the impact and control all key risk to the Risk Management Department for further actions.
- Acknowledged the business continuity management for the year 2021.
- Acknowledged the improvement of the plan to handle the severe pandemic in the future.

Nomination and Remuneration Committee

In the past year, the Nomination and Remuneration Committee of the Company and its subsidiary held 2 and 3 meetings in total respectively to consider and provide the opinion of the suitability in nominating and appointing Directors and Senior Management including determining the remuneration for the Company's Board of Directors and sub-committees with the following details:

- Considered giving opinion on the appointment of Directors to replace the Directors duly retired by rotation in the year 2020.
- Considered giving opinion on the remuneration of Directors and sub-committees for the year 2020.
- Considered giving opinion on the assessment of the performances of the Company's Directors, sub-committees and Chief Executive Officer in the year 2019.
- Considered giving opinion on the appointment of Chief of Financial Officer.
- Considered giving opinion on the appointment of the Head of Operational Quality Assurance.

Corporate Governance and Sustainability Committee

In the past year, Corporate Governance and Sustainability Committee held 1 meeting in total to consider and review the policies and targets of the operation of sustainable development including specifying the Key Materiality which affected the business operation of the Company to take care of the stakeholders properly as well as following up and examining the operation according to the policies and strategies of sustainable development to comply with the targets of the operation set forth whereas the performance of Corporate Governance and Sustainability Committee in the last year with the following details.

- Considered and reviewed the policies and strategies on sustainability.
- Considered and approved the Key Materiality.
- Considered giving opinion on disclosing the report of sustainability and corporate governance in the Form 56-1 One Report.
- Considered recruiting and appointing member of the Corporate Governance and Sustainability Committee.
- Followed up the performances of the society investment activities.
- Reported the performance of the sustainability development to the Board of Directors Meeting.

INTERNAL CONTROL AND RELATED PARTY TRANSACTIONS

INTERNAL CONTROL AND INTERNAL AUDIT

Sufficiency and Suitability of the Internal Control System

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.

The Opinion of the Company's Board of Directors concerning Internal Control System

In the Board of Directors' Meeting No.1/2021 on February, 23 2021 during which the 3 members of the Audit Committee attended the Meeting, the Company's Board of Directors assessed the Internal Control System of the Company and subsidiary by questioning the information from the Head of Internal Audit Unit and approval of the Assessment Form prepared by the Internal Audit Unit, together with the Management including the report from the Audit Committee and summarised that with the assessment of the Internal Control System of the Company and its subsidiary in 5 compositions namely: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities, the Board of Directors considered that the Internal Control System of the Company and its subsidiary is sufficient and appropriate

whereby the Company and subsidiary provided enough personnel to perform the duty according to the system efficiently including the Internal Control System of the Company and subsidiary with following-up the supervision of the subsidiary to be able to protect the properties of the Company and its subsidiary from being misused by the Directors or Management or without authorisation including entering into the transactions with persons who may cause the conflict and the related persons properly and sufficiently. For the Internal Control in other issues, the Company's Board of Directors considered that it is also sufficient and the Audit Committee has no different opinion from the Company's Board of Directors.

In addition, the performance of the Internal Audit Unit in 2020 over the auditing of various internal departments of the Company, no significant weakness was found in the Internal Control System which affects the operation of the Company and its subsidiary as well as the Auditor of the Company. The auditor of EY Office Limited, who is the External Auditor of the quarterly Company's Financial Statement and in the year 2020 did not report that any significant weakness was found.

Head of Internal Control

The Company has appointed Miss Duangporn Tantiwivat to be in the position of Internal Audit Manager since July 15, 2011 because she has got experiences in Auditing work and Internal Control for over 10 years and understands the activities and the business operation of the Company and subsidiary as well as attending the courses concerning the operation in internal audit such as Training of CQI and IRCA Certified ISO 9001:2015 Lead Auditor Training Course (PR328) etc. Therefore, the Audit Committee found that Miss Duangporn Tantiwivat is suitable for performing the duties in the position of Internal Audit Manager sufficiently whereas the consideration, appointment, removal and transfer of the person holding the position as Internal Audit Manager shall seek approval from the Audit Committee.

The Company disclosed the qualification of the person holding the position as Internal Audit Manager as the attachment to this report which appears on the Company's website at www.aavplc.com under the title "Investor Relations" and sub-title "Publications and Download".

RELATED PARTY TRANSACTIONS

In the years ended 31 December 2020 and 2019, 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 57.25% 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 16.33% 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 99.66% equity interest and operates low cost airlines business in Philippines.
5) AirAsia Japan Co., Ltd. (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) Thai AirAsia X (TAAX)	TAAX has four directors who are also directors in TAA; Mr. Tassapon Bijleveld, Datuk Kamarudin Bin Meranun, Mr. Phairat Pornpathananagoon and Mrs. Pattra Boosarawongse. Mr. Tassapon Bijleveld is the indirect shareholder in TAAX which holds 49.56%
9) 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.
10) 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.
11) Tune Talk Sdn. Bhd. (TTSB)	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.

Person who may have conflicts of interest	Relationship
12) 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.
13) 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.
14) 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.Pattra Boosarawongse.
15) BIGLIFE Sdn. Bhd. (Former : Big Loyalty Sdn. Bhd.) (BIG)	BIG is an indirect subsidiary of AAGB which AAGB holds 80% equity interest.
16) AirAsia (Mauritius) Ltd. (AAM)	AAM is a subsidiary of AAGB in which AAGB holds indirect 100% equity interest.
17) 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.
18) 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.
19) Wealth Ventures Co., Ltd. ("Wealth Ventures")	Wealth Ventures is the Company which major shareholder (34.59% of Wealth Ventures' shares) is Mr. Tassapon Bijleveld who is director and Executive Chairman of TAA.
20) Tune Insurance Plc. (TIPLC)	TIPLC has director who is also director in TAA; Mr. Tassapon Bijleveld which hold 11.43% equity interest in TIPLC.
21) AirAsia Com Travel Sdn. Bhd. (ACT)	ACT is an indirect subsidiary of AAGB which AAGB holds 100% equity interest.
22) AirAsia Com Travel (Thailand) Ltd. (ACTTH)	ACTTH is an indirect subsidiary of AAGB which AAGB holds 100% equity interest.
23) AirAsia Ads Sdn. Bhd. (ADS)	ADS is an indirect subsidiary of AAGB which AAGB holds 100% equity interest.

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	
		2020	2019		
(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.	1,695,724,379	10,002,662,522	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)					1.1 Revenue that AAB received on behalf of TAA
(8) AirAsia Japan Co., Ltd. (AAJ)					Receivable from receipts on behalf - AAB
(9) AirAsia Com Travel Sdn. Bhd. (ACT)					
	1.2 Revenue that IAA received on behalf of TAA	94,588,290	229,162,166	Pricing : Reimbursed on actual receipts on behalf of.	
	Receivable from receipts on behalf - IAA	41,555,025	502,262,296	Payment term : within 30 days	
	1.3 Revenue that AAI received on behalf of TAA	9,530,828	36,725,533	Transaction in the future : 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.	
	Receivable from receipts on behalf - AAI	60,759,361	55,703,171		
	1.4 Revenue that AAX received on behalf of TAA	144,497,946	539,921,347		
	Receivable from receipts on behalf - AAX	-	486,853,083		
	1.5 Revenue that TAAX received on behalf of TAA	325,124,378	195,671,772		
	Receivable from receipts on behalf - TAAX	279,541,825	39,543,310		
	1.6 Revenue that PAAI received on behalf of TAA	202,273,466	222,371,391		
	Receivable from receipts on behalf - PAAI	79,156,933	217,346,587		

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
	1.7 Revenue that IAAX received on behalf of TAA	7,853	401,820	
	Receivable from receipts on behalf - IAAX	869,479	1,116,241	
	1.8 Revenue that AAJ received on behalf of TAA	4,876,249	11,190,835	
	Receivable from receipts on behalf - AAJ	510,474	9,592,375	
	1.9 Revenue that ACT received on behalf of TAA	20,072,400	-	
	Receivable from receipts on behalf - ACT	7,696,663	-	
	1.10 Revenue that TAA received on behalf of AAB	732,277,870	3,210,952,730	
	Payable from receipts on behalf - AAB	293,529,433	647,275,172	
	1.11 Revenue that TAA received on behalf of IAA	115,223,050	307,561,688	
	Payable from receipts on behalf - IAA	229,497	506,705,189	
	1.12 Revenue that TAA received on behalf of AAX	262,210,252	494,140,738	
	Payable from receipts on behalf - AAX	139,027	431,215,297	
	1.13 Revenue that TAA received on behalf of TAAX	223,819,155	1,339,043,622	
	Payable from receipts on behalf - TAAX	399,448	30,398,682	
	1.14 Revenue that TAA received on behalf of PAAI	157,762,947	275,813,564	
	Payable from receipts on behalf - PAAI	4,941,526	223,695,874	

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
	1.15 Revenue that TAA received on behalf of AAI	17,535,219	6,564,909	
	Payable from receipts on behalf - AAI	28,406,591	8,820,207	
	1.16 Revenue that TAA received on behalf of IAAX	53,832	137,478	
	Payable from receipts on behalf - IAAX	20,876	416,508	
	1.17 Revenue that TAA received on behalf of AAJ	7,813,449	14,255,988	
	Payable from receipts on behalf - AAJ	7,404,833	14,126,648	
	1.18 Revenue that TAA received on behalf of ACT	22,321,357	-	
	Payable from receipts on behalf - ACT	21,346,089	-	

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	
		2020	2019		
(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.	185,173,646	307,503,512	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 Co., Ltd. (AAJ)					
(9) Tune Insurance Malaysia Berhad (TIMB)					2.1 TAA makes advance payment on behalf of AAB
(10) Tune Talk Sdn. Bhd. (TTSB)					
(11) Great Fortune Broker Co., Ltd. (GFB)					Receivable on advance payment - AAB

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(12) AirAsia SEA Limited (IHQ)	2.2 TAA makes advance payment on behalf of IAA	6,871,755	21,010,542	Payment term : within 30 days
(13) AirAsia (Guangzhou) Aviation Service Limited (AGZ)	Receivable on advance payment - IAA	14,414,086	41,203,807	Transaction in the future :
(14) BIGLIFE Sdn. Bhd. (BIG)				Advance payment on behalf will be an ongoing transaction in the
(15) AirAsia Com Travel Sdn. Bhd. (ACT)	2.3 TAA makes advance payment on behalf of AAX	59,898,005	1,257,144	future as it is a normal course of business with normal commercial
(16) AirAsia Com Travel (Thailand) Ltd. (ACTTH)	Receivable on advance payment - AAX	-	1,126,720	term under the approval in principle by Board of Directors and
				Audit Committee.
	2.4 TAA makes advance payment on behalf of TAAX	254,775,091	289,416,457	
	Receivable on advance payment - TAAX	290,128,579	197,142,448	
	2.5 TAA makes advance payment on behalf of PAAI	25,910,939	72,229,934	
	Receivable on advance payment - PAAI	28,260,368	42,307,759	
	2.6 TAA makes advance payment on behalf of AAI	1,242,860	1,260,356	
	Receivable on advance payment - AAI	2,893,076	1,682,015	
	2.7 TAA makes advance payment on behalf of IAAX	38,286	20,163	
	Receivable on advance payment - IAAX	72,997	204,315	
	2.8 TAA makes advance payment on behalf of AAJ	320,385	203,858	
	Receivable on advance payment - AAJ	287,968	94,239	
	2.9 TAA makes advance payment on behalf of TIMB	61,164	859,589	
	Receivable on advance payment - TIMB	1,392,170	1,790,082	
	2.10 TAA makes advance payment on behalf of TTSB	1,682,988	3,926,474	
	Receivable on advance payment - TTSB	280,498	560,996	

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
	2.11 TAA makes advance payment on behalf of GFB	-	685,513	
	Receivable on advance payment - GFB	685,513	685,513	
	2.12 TAA makes advance payment on behalf of IHQ	25,430	129,101	
	Receivable on advance payment - IHQ	-	-	
	2.13 TAA makes advance payment on behalf of AGZ	624,220	2,625,210	
	Receivable on advance payment - AGZ	475,068	1,846,979	
	2.14 TAA makes advance payment on behalf of BIG	274,541	2,446,923	
	Receivable on advance payment - BIG	24,958	1,572,754	
	2.15 TAA makes advance payment on behalf of AAGB	6,704	177,555	
	Receivable on advance payment - AAGB	183,573	177,555	
	2.16 TAA makes advance payment on behalf of TIPCL	3,643,769	6,000,000	
	Receivable on advance payment - TIPCL	2,540,234	6,420,000	
	2.17 TAA makes advance payment on behalf of ACT	5,404,929	-	
	Receivable on advance payment - ACT	5,384,361	-	
	2.18 TAA makes advance payment on behalf of ACTTH	222,387	-	
	Receivable on advance payment - ACTTH	222,387	-	
	2.19 AAB makes advance payment on behalf of TAA	420,873,792	589,216,942	
	Payable on advance payment - AAB	230,405,951	206,376,775	

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
	2.20 IAA makes advance payment on behalf of TAA	10,007,960	61,670,096	
	Payable on advance payment - IAA	-	104,546,752	
	2.21 AAI makes advance payment on behalf of TAA	2,551,926	1,344,350	
	Payable on advance payment - AAI	5,239,670	4,366,157	
	2.22 AAX makes advance payment on behalf of TAA	7,898,833	7,418,427	
	Payable on advance payment - AAX	721,913	5,107,724	
	2.23 TAAX makes advance payment on behalf of TAA	4,752,631	4,981,455	
	Payable on advance payment - TAAX	1,540,129	1,914,851	
	2.24 PAAI makes advance payment on behalf of TAA	815,992	606,583	
	Payable on advance payment - PAAI	145,579	125,862	
	2.25 AAJ makes advance payment on behalf of TAA	253,726	-	
	Payable on advance payment - AAJ	514,624	-	
	2.26 AGZ makes advance payment on behalf of TAA	4,419	26,772	
	Payable on advance payment - AGZ	-	4,965	
	2.27 ACT makes advance payment on behalf of TAA	6,833,539	-	
	Payable on advance payment - ACT	6,976,286	-	

3. Interest income and interest expenses within AirAsia Group

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia (India) Limited (AAI)	<p>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.</p> <p>Interest income: TAA receives interest income from related parties on the delay of payment.</p> <p>Interest income - AAI</p> <p>Outstanding net receivable - AAI</p> <p>Interest income receivable - AAI</p>			<p>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.</p> <p>Interest rate : Interest rate within AirAsia Group is applied, equivalent to AAB's financial cost at 6% per annum in 2019 and 2020.</p> <p>Payment term : within 30 days</p> <p>Transaction in the future : 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.</p>
		-	-	
		-	-	
		402,865	404,340	

4. Aircraft and aircraft engine rental

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia (Mauritius) Ltd. (AAM)	TAA leases its aircraft and aircraft engine (operating lease) from AAM of 14 aircrafts as of 31 December 2020.			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.
	Aircraft and aircraft engine rental	1,674,310,587	2,144,242,113	Lease rate :
	Aircraft and aircraft engine rental payable (receivable) - AAM	944,136,032	110,545,497	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	215,776,921	275,785,640	Payment term : within 30 days
				Transaction in the future : 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
		2020	2019	
(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.			<p>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.</p> <p>Maintenance rate : Maintenance rate is quoted per flight hour / cycle in USD term for a monthly payment and comparable to industry average rate</p> <p>Payment term : within 30 days</p> <p>Transaction in the future : 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.</p>
(2) AirAsia Berhad (AAB)				
	Aircraft maintenance - AAM	332,961,564	854,519,940	
	Aircraft maintenance payable - AAM	214,664,068	115,502,357	
	Aircraft maintenance claim receivable - AAM	481,994,547	11,343,906	
	Aircraft maintenance - AAB	824,115,153	1,288,129,150	
	Aircraft maintenance payable - AAB	695,784,155	255,630,227	
	Aircraft maintenance reserves- AAB	5,856,109,798	5,963,213,001	

6. Booking Fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia Berhad (AAB)	TAA pays online air ticket booking system fee (booking fee) to AAB.			<p>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.</p> <p>Booking fee rate : 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>Payment term : within 30 days</p> <p>Transaction in the future : 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>
	<p>Booking fee Booking fee payable - AAB</p>	<p>127,038,148 93,698,420</p>	<p>143,992,016 20,769,953</p>	

7. Purchase of merchandise and equipment

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia Berhad (AAB)	TAA purchases merchandise and equipment from AAB such as aircraft spare parts and certain inflight merchandise for selling on board.			<p>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.</p> <p>Pricing : Comparable pricing with the one AAB made with outsiders</p> <p>Payment term : within 30 days</p> <p>Transaction in the future : 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.</p>
	<p>Purchase of merchandise and equipment Purchase payable - AAB</p>	<p>7,709,936 3,516,838</p>	<p>16,735,367 2,345,958</p>	

8. Administrative Fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia Berhad (AAB)	TAA pays administrative fee to AAB			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. Pricing : Fix rate of USD 40,000 per month as agreed in the administrative agreement Payment term : within 30 days Transaction in the future : 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.
	Administrative fee Administrative fee payable - AAB	15,140,060 10,874,448	14,946,844 2,398,136	

9. (Gain) loss from fuel swap agreement allocation

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia Berhad (AAB)	hasTAA 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. (Gain) loss allocation : (Gain) loss from fuel price swap agreement will be allocated on a monthly basis by the estimated amount of fuel used by each company. Payment term : within 30 days Transaction in the future : (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.
	Share of (gain) loss from fuel price swap agreements - AAB	2,501,234,650	(74,197,141)	
	Payable (Receivable) on share of (gain) loss from fuel price swap agreements - AAB	1,084,050,763	(71,371,768)	
	Other non-current assets - deposits on fuel price swap	14,933,700	14,988,350	

10. Pilot training cost

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) Bangkok Aviation Center Plc. (BAC)	TAA pays pilot training cost to BAC			TAA and BAC mutually signed an MOU for cooperation in commercial pilot training. Pricing : At agreement price of different types of the training Payment term : within 30 days Transaction in the future : 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.
	Pilot training cost Pilot training cost payable - BAC	804,206 -	3,949,274 -	

11. Brand license fee to AirAsia Berhad

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia Berhad (AAB)	TAA pays Brand license fee to AAB			From January 2013, TAA will pay AAB for using the brand. "AirAsia". Pricing : At 1.5% of total revenue The rate is comparable to the rate that AAB charge to other joint venture within AirAsia Group. Payment term : within 30 days Transaction in the future : 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.
	Brand license - Expense Payable on brand license fee - AAB	224,930,055 212,679,675	608,504,991 152,739,782	

12. Revenue from administrative fee from Insurance premium

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) Tune Insurance Malaysia Berhad (TIMB)	TAA receives administrative fee from Insurance Premium which is received from passenger in AirAsia Insure project.			TAA receives administrative fee from Insurance Premium which is received from passenger in AirAsia Insure project
(2) Great Fortune Broker Co., Ltd. (GFB)	<p>12.1 Revenue from administrative from insurance premium - TIMB</p> <p>Insurance Premium</p> <p>Administrative fee</p> <p>Payable (Receivable) on Insurance Premium</p> <p>12.2 Revenue from administrative from insurance premium - GFB</p> <p>Insurance Premium</p> <p>Administrative fee</p> <p>Payable on Insurance Premium</p> <p>Receivable on Administrative fee</p>	<p>2,208,849</p> <p>552,212</p> <p>-</p> <p>118,956,824</p> <p>19,851,306</p> <p>775,681</p> <p>-</p>	<p>9,897,170</p> <p>2,474,292</p> <p>(148,769)</p> <p>244,108,705</p> <p>40,529,793</p> <p>1,728,831</p> <p>851,237</p>	<p>Pricing : 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.</p> <p>Payment term : within 30 days</p> <p>Transaction in the future : 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.</p>

13. Management Fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(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.
	<p>Management fee</p> <p>Payable on management fee - AAV</p>	<p>25,000,000</p> <p>-</p>	<p>25,000,000</p> <p>-</p>	<p>Pricing : Management fee at 6,250,000 Baht per quarter and Actual cost as agreed in the administrative agreement</p> <p>Payment term : within 30 days</p> <p>Transaction in the future : 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.</p>

14. Accounting, People, ICT service fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(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)	14.1 Accounting, People, ICT service fee - AASEA Payable on Accounting, People, ICT service fee - AASEA	37,439,081 6,102,043	51,339,574 17,703,789	Pricing : 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.
	14.2 ICT service fee - AAB Payable on ICT service fee- AAB	3,199,819 2,006,847	31,717,112 7,219,930	Payment term : within 30 days Transaction in the future : 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 Programme service fee

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) BIGLIFE Sdn. Bhd. (Former : Big Loyalty Sdn. Bhd.) (BIG)	BIG arranges Big Loyalty Programme 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 Programme 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.
	Loyalty Programme service fee Payable on Loyalty Programme service fee - BIG	54,893,500 11,138,875	80,585,176 16,103,868	Pricing : Loyalty programme service fee as agreed in the administrative agreement
	Passenger Revenue Receivable on Passenger Revenue - BIG	76,218,222 25,532,376	173,472,400 75,797,274	Payment term : within 30 days Transaction in the future : Loyalty Programme 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
		2020	2019	
(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.
	Purchase of merchandise	450,160	3,095,240	Pricing :
	Purchase payable - Tune Talk (Thailand)	-	-	- Purchases merchandise price as agreed in the administrative agreement
				Payment term : within 30 days
				Transaction in the future : 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
		2020	2019	
(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.
	Security Service	3,281,889	19,557,022	Pricing :
	Payable on security service - AAI	30,858,772	28,705,284	Security service fee as agreed in the administrative agreement
				Payment term : within 30 days
				Transaction in the future : 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
		2020	2019	
(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.
	Expenses for room services and meeting room services Payable - Wealth ventures	655,780	2,188,196	Pricing : Room service fee as agreed in the administrative agreement Payment term : within 30 days Transaction in the future : 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
		2020	2019	
(1) AirAsia (Guangzhou) Aviation Service Limited (AGZ)	AGZ provides marketing service for China market to TAA.			AGZ provides marketing service for China market to TAA.
	Expense for Marketing fund Payable on marketing fund - AGZ	79,376,912	139,035,327	Pricing : Marketing fund fee as agreed in the administrative agreement which will quarterly correct in advance. Payment term : within 30 days Transaction in the future : 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
		2020	2019	
(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)	20.1 Expense for Ground service - AAX Payable on Ground service - AAX	2,158,337 -	(1,458,242) 7,114,931	Pricing : Ground service fee as agreed in the administrative agreement.
	20.2 Expense for Ground service - AGZ Payable on Ground service - AGZ	3,570,627 10,288,275	139,935,721 39,522,625	Payment term : within 30 days
	20.3 Expense for Ground service - AAI Payable on Ground service - AAI	5,723,092 11,477,608	6,480,203 5,775,856	Transaction in the future : 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
		2020	2019	
(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
	Revenues for other services fee	6,188,124	15,867,997	Pricing : Other services fee as agreed in the administrative agreement.
	Receivables on other service fee - TAAX	6,188,124	4,139,481	Payment term : within 30 days
				Transaction in the future : 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
		2020	2019	
(1) Tune Insurance Plc. (TIPLC)	TAA provide advertising service to TIPLC.			TAA provide advertising service to TIPLC.
(2) AirAsia Ads Sdn. Bhd. (ADS)	ADS manages and sells media space on all TAA's aircraft ambient ad and Thailand 3sixty Magazine.			ADS manages and sells media space on all TAA's aircraft ambient ad and Thailand 3sixty Magazine.
	22.1 Revenues for Advertising revenue - TIPLC	21,760	6,850,000	Pricing : Advertising fee as comparable pricing with the one TAA made with outsiders.
	Receivables on other Advertising revenue - TIPLC	-	7,329,500	Payment term : Within 30 days
	22.2 Revenues for Advertising revenue - ADS	906,718	-	Transaction in the future :
	Receivables on other Advertising revenue - ADS	906,718	-	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.

23. Services fee expenses

Person who may have conflicts of interest	Nature of the transaction	Transaction value (Baht)		Rationales
		2020	2019	
(1) AirAsia Com Travel Sdn. Bhd. (ACT)	ACT provides platform to sell and collect payment for the sale of TAA's Domestic Unlimited Pass.			ACT provides platform to sell and collect payment for the sale of TAA's Domestic Unlimited Pass.
	Service fee expenses	2,626,149		Pricing :
	Payable on Service fee expense - ACT	2,626,149		- Service fee as agreed in the agreement which was determined per pass
				Payment term : Within 30 days
				Transaction in the future : 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.



ที่ตรงนี้รอคุณอยู่ ร่วมมุ่งสู่อนาคตที่เติบโตไปด้วยกัน #หุ้นโออาร์

เราพร้อมแล้วกับการเสนอขายหุ้น IPO โออาร์ บริษัท Flagship กลุ่ม ปตท. ด้านการค้าน้ำมันและการค้าปลีก เปิดโอกาสให้ทุกคนร่วมเป็นเจ้าของ เพื่อสร้างการเติบโตอย่างยั่งยืน และพัฒนาเศรษฐกิจไทยก้าวไกลไปด้วยกัน รวมพลัง ร่วมสร้าง เพื่อทุกวันที่ดีขึ้น

การลงทุนในหลักทรัพย์มีความเสี่ยงบางประการ ผู้ลงทุนควรศึกษาและทำความเข้าใจลักษณะสินค้า เงื่อนไขผลตอบแทนและความเสี่ยงก่อนตัดสินใจลงทุน สื่อโฆษณาฉบับนี้ถือเป็นการเสนอขายหลักทรัพย์ การเสนอขายหลักทรัพย์จะดำเนินการผ่านการจัดส่งแบบแสดงรายการข้อมูลการเสนอขายหลักทรัพย์และหนังสือชี้ชวนที่มีผลบังคับใช้ให้แก่ผู้ลงทุน



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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 subsidiary's 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 subsidiary's consolidated financial statements for the year ended December 31, 2020. 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

FINANCIAL STATEMENTS

31 December 2020

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 and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, 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.

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the consolidated financial statements that the COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting various businesses and industries, specifically the tourism and hospitality industries. The situation also affects the Group's aviation business in which the Group has suspended flight operations or limited flights until the COVID-19 situation improves. This situation has significantly affected the Group's financial position, operating results, and cash flows. Therefore, the Group has had operating losses since 2019 and as at 31 December 2020, the Group's consolidated total current liabilities exceeded its consolidated total current assets by significant amount. This situation is expected to continue in the future. However, the impact cannot be reasonably estimated at this stage. In this regard, the Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

Currently, the management is in the process of implementing various measures to seek additional sources of funds, modify business plans, reduce costs and postpone repayment to manage the Group's liquidity and its cash flows, and the management believes that the Group will be able to continue as a going concern. The financial statements have been prepared under the going concern basis. However, the success of partial financing plans and business plans depends on external factors and COVID-19 situation. This indicates that there are material uncertainties which may raise substantial doubt about the Group's ability to continue as a going concern. My opinion is not modified in respect of these matters.

Emphasis of Matters

I draw the following attentions:

- n) As described in Note 3 to the consolidated financial statements, during the current year, the Group changed its accounting policies due to the adoption of financial reporting standards related to financial instruments and the adoption of TFRS 16 Leases (amendment) which the Group recognised the cumulative effect from the adoption of new financial reporting standards as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.
- b) As described in Note 3 to the consolidated financial statements, in the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of goodwill, intangible assets, property, aircraft, leasehold improvements and equipment, right-of-use assets and deferred tax assets. As a result, in preparing the consolidated and separate financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the relief measures which the Group elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions relating to the followings.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.
 - Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.
 - Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
 - Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment or an intangible asset with an indefinite useful life.

The Group recognised the resulting losses, totaling Baht 1,416 million, in other expenses in the consolidated statement of comprehensive income for the year ended 31 December 2020.

However, the Group has elected to continue to apply the temporary relief measures on accounting alternatives not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses. The Group is evaluating the impact on the financial statements. However, due to the current situation, in which there are still significant uncertainties in many areas, the financial impacts cannot be reasonably estimated at this time, especially on the valuation of trade receivables and amounts due from related parties which may be significantly impacted. The Group will consider recording the impact on the financial statements after the temporary relief measures expire.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were 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 these matters.

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 matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, key audit matters and how audit procedures respond to each matter are described below.

Impairment of non-financial assets

As impacts to aviation business from the COVID-19 Pandemic, I have focused my audit on the consideration of the impairment of goodwill, intangible assets with indefinite useful life (landing rights), property, aircraft, leasehold improvements and equipment and right-of-use assets, as described in Notes 15, 14, 12 and 13, respectively to the consolidated financial statements.

The assessment of impairment of assets is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating unit, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of assets.

I assessed the identification of cash generating unit and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Group and of the industry and involving internal expert to assist in the assessment of this information by comparing it to external sources based on an expert's knowledge and past experience, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill, intangible assets with indefinite useful life (landing rights), property, aircraft, leasehold improvements and equipment and right-of-use assets, as well as sensitivity of the impact of changes in key assumptions to the cash flow projections.

Deferred tax

The Group has disclosed its accounting policy and details relating to deferred tax in Notes 5 and 28, respectively, to the consolidated financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgment with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

I gained an understanding of and assessed the estimates of future taxable profit which is the same information as cash flow projections used in assessing impairment of non-financial assets. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

Recognition of passenger service revenues and other related services

Passenger service revenues and other related services of the Group, as described in Note 24 to the consolidated financial statements, 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 Group 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 Group'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 Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 Group, 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: 23 February 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	1,110,369,518	3,982,231,614	98,274,890	92,650,669
Trade and other receivables	9	284,460,444	597,448,919	400,000	600,000
Amounts due from related parties	7	815,568,031	1,920,158,411	450,000	450,000
Inventories		240,241,951	294,641,205	-	-
Current tax assets		20,812,975	24,179,899	2,501,570	-
Prepaid expenses		288,713,639	356,807,227	1,259,191	924,125
Other current assets		-	251,412,464	-	-
Total current assets		2,760,166,558	7,426,879,739	102,885,651	94,624,794
Non-current assets					
Other non-current financial assets	7, 16	907,601,425	-	-	-
Long-term investment		-	13,191,200	-	-
Investment in subsidiary	10	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	7, 11	5,856,109,798	5,963,213,001	-	-
Property, aircraft, leasehold improvements and equipment	12	6,230,423,100	24,877,260,550	25	202
Right-of-use assets	13	28,527,345,483	-	-	-
Intangible assets	14	14,871,200,162	14,878,769,507	1	1
Goodwill	15	8,824,825,803	8,824,825,803	-	-
Other non-current assets	7, 16	-	918,424,474	-	2,501,570
Total non-current assets		65,217,505,771	55,475,684,535	3,067,114,396	3,069,616,143
Total assets		67,977,672,329	62,902,564,274	3,170,000,047	3,164,240,937

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings from financial institutions	17	1,000,000,000	1,750,000,000	-	-
Trade payables		756,515,092	915,104,548	-	-
Other payables		292,452,079	639,616,812	567,550	-
Amounts due to related parties	7	3,060,172,759	373,823,439	-	-
Current portion of long-term borrowings from financial institutions	18	786,528,550	353,601,294	-	-
Current portion of long-term debentures	19	1,499,756,945	999,872,760	-	-
Current portion of liabilities under lease agreements	20	6,025,973,794	-	-	-
Current portion of liabilities under finance lease agreements	20	-	1,334,736,213	-	-
Unearned income		2,372,595,240	4,648,342,693	-	-
Income tax payable		837,573	619,840	837,573	619,840
Accrued expenses		1,718,562,026	2,704,532,074	1,125,955	1,576,011
Derivative liabilities	35	309,886,546	-	-	-
Other current liabilities		-	238,780,555	-	618,501
Total current liabilities		17,823,280,604	13,959,030,228	2,531,078	2,814,352
Non-current liabilities					
Long-term borrowings from financial institutions - net of current portion	18	3,073,256,587	4,285,878,021	-	-
Long-term debentures - net of current portion	19	1,598,378,032	3,096,860,858	-	-
Liabilities under lease agreements - net of current portion	20	24,674,609,963	-	-	-
Liabilities under finance lease agreements - net of current portion	20	-	10,158,877,454	-	-
Provision for long-term employee benefits	21	849,328,766	666,297,843	-	-
Derivative liabilities	35	609,247,953	-	-	-
Deferred tax liabilities	28	1,989,254,726	3,047,146,308	-	-
Total non-current liabilities		32,794,076,027	21,255,060,484	-	-
Total liabilities		50,617,356,631	35,214,090,712	2,531,078	2,814,352

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
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		11,337,157,980	16,810,569,269	34,160,695	28,118,311
Other components of shareholders' equity		(204,356,939)	-	-	-
Equity attributable to owners of the Company		14,266,109,315	19,943,877,543	3,167,468,969	3,161,426,585
Non-controlling interests of the a subsidiary	10.2	3,094,206,383	7,744,596,019	-	-
Total shareholders' equity		17,360,315,698	27,688,473,562	3,167,468,969	3,161,426,585
Total liabilities and shareholders' equity		67,977,672,329	62,902,564,274	3,170,000,047	3,164,240,937

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenues from sales and services	23	13,633,868,119	40,180,651,497	25,000,000	25,000,000
Other income	24	2,603,470,679	1,350,257,224	1,000,000	1,650,000
Total revenues		16,237,338,798	41,530,908,721	26,000,000	26,650,000
Expenses					
Cost of sales and services		20,484,162,770	38,358,527,097	-	-
Selling and distribution expenses		797,203,450	1,671,204,119	-	-
Administrative expenses		1,053,563,724	1,623,400,967	18,440,511	19,683,135
Other expenses	26	1,453,152,319	-	-	-
Total expenses		23,788,082,263	41,653,132,183	18,440,511	19,683,135
Profit (loss) from operating activities		(7,550,743,465)	(122,223,462)	7,559,489	6,966,865
Finance income		23,618,808	22,191,032	36,166	108,899
Finance costs	27	(1,799,781,947)	(765,529,180)	-	-
Profit (loss) before income tax revenue (expense)		(9,326,906,604)	(865,561,610)	7,595,655	7,075,764
Income tax revenue (expense)	28	659,977,925	(599,706)	(1,553,271)	(1,765,219)
Profit (loss) for the year		(8,666,928,679)	(866,161,316)	6,042,384	5,310,545
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on cash flow hedges - net of income tax		(187,567,110)	-	-	-
Net change in cost of cash flow hedges - net of income tax	35	17,573,453	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(169,993,657)	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax	21	(45,749,386)	65,377,656	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(45,749,386)	65,377,656	-	-
Other comprehensive income for the year		(215,743,043)	65,377,656	-	-
Total comprehensive income for the year		(8,882,671,722)	(800,783,660)	6,042,384	5,310,545

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit (loss) attributable to:					
Equity holders of the Company		(4,764,092,099)	(473,999,019)	6,042,384	5,310,545
Non-controlling interests of the subsidiary	10.2	(3,902,836,580)	(392,162,297)		
		(8,666,928,679)	(866,161,316)		
Total comprehensive income attributable to:					
Equity holders of the Company		(4,882,750,783)	(438,041,305)	6,042,384	5,310,545
Non-controlling interests of the subsidiary		(3,999,920,939)	(362,742,355)		
		(8,882,671,722)	(800,783,660)		
Earnings (loss) per share					
	30				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company (Baht)		(0.9823)	(0.0977)	0.0012	0.0011
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 2020

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
			Appropriated	Unappropriated	Cash flow hedge reserve	Cost of hedging reserve	Total other components of shareholders' equity			
Balance as at 1 January 2019	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)
Balance as at 31 December 2019	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
Balance as at 1 January 2020	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
Cumulative effect of change in accounting policies (Note 4)	-	-	-	(684,157,025)	(104,697,684)	(6,162,736)	(110,860,420)	(795,017,445)	(650,468,697)	(1,445,486,142)
Balance as at 1 January 2020 - as restated	485,000,000	2,599,808,274	48,500,000	16,126,412,244	(104,697,684)	(6,162,736)	(110,860,420)	19,148,860,098	7,094,127,322	26,242,987,420
Loss for the year	-	-	-	(4,764,092,099)	-	-	-	(4,764,092,099)	(3,902,836,580)	(8,666,928,679)
Other comprehensive income for the year	-	-	-	(25,162,165)	(103,161,919)	9,665,400	(93,496,519)	(118,658,684)	(97,084,359)	(215,743,043)
Total comprehensive income for the year	-	-	-	(4,789,254,264)	(103,161,919)	9,665,400	(93,496,519)	(4,882,750,783)	(3,999,920,939)	(8,882,671,722)
Balance as at 31 December 2020	485,000,000	2,599,808,274	48,500,000	11,337,157,980	(207,859,603)	3,502,664	(204,356,939)	14,266,109,315	3,094,206,383	17,360,315,698

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2019	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
Balance as at 31 December 2019	485,000,000	2,599,808,274	48,500,000	28,118,311	3,161,426,585
Balance as at 1 January 2020	485,000,000	2,599,808,274	48,500,000	28,118,311	3,161,426,585
Profit for the year	-	-	-	6,042,384	6,042,384
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,042,384	6,042,384
Balance as at 31 December 2020	485,000,000	2,599,808,274	48,500,000	34,160,695	3,167,468,969

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) before tax	(9,326,906,604)	(865,561,610)	7,595,655	7,075,764
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Impairment loss on financial assets	147,609,241	-	-	-
Impairment of right-of-use assets	1,415,961,457	-	-	-
Depreciation and amortisation	5,738,992,539	1,716,745,797	177	4,299
Gain on sales of aircraft and equipment and write-off of leasehold improvements and intangible assets	(1,331,760,870)	(292,399)	-	-
Amortisation of aircraft maintenance reserves	616,032,308	-	-	-
Long-term employee benefits expenses	154,824,199	334,972,904	-	-
Loss on derivatives	37,190,862	-	-	-
Unrealised gain on exchange	(184,517,223)	(249,484,329)	-	-
Interest income	(23,618,808)	(22,191,032)	(36,166)	(108,899)
Interest expenses	1,799,781,947	765,529,180	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	(956,410,952)	1,679,718,511	7,559,666	6,971,164
Operating assets (increase) decrease				
Trade and other receivables	532,600,764	(103,889,980)	200,000	(150,000)
Amounts due from related parties	990,129,288	(1,075,319,968)	-	(300,000)
Inventories	54,399,254	(106,322,931)	-	-
Prepaid expenses	(74,426,026)	67,097,680	(335,066)	(112,295)
Other current assets	-	(2,069,165)	-	2,550,861
Other non-current financial assets	(79,365,021)	-	-	-
Other non-current assets	-	24,478,878	-	(2,501,570)
Operating liabilities increase (decrease)				
Trade payables	(160,107,585)	755,421,732	-	-
Other payables	(592,011,424)	246,383,455	(50,951)	(520,000)
Amounts due to related parties	2,686,349,320	(325,366,241)	-	-
Unearned income	(2,275,747,453)	(481,190,187)	-	-
Accrued expenses	(999,727,014)	123,873,329	(450,056)	821,761
Other current liabilities	-	181,148,285	-	174,940
Payment for long-term employee benefits	(19,468,696)	(9,501,650)	-	-
Cash flows from (used in) operating activities	(893,785,545)	974,461,748	6,923,593	6,934,861
Cash paid for income tax	(4,112,265)	(9,539,700)	(1,335,538)	(801,641)
Income tax refund	-	761,386	-	761,386
Net cash flows from (used in) operating activities	(897,897,810)	965,683,434	5,588,055	6,894,606

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Increase in long-term investment	-	(597,300)	-	-
Payment for aircraft maintenance reserves	(508,929,105)	(1,430,472,157)	-	-
Payments for leasehold improvements and acquisitions of equipment	(820,757,080)	(379,854,170)	-	-
Acquisitions of intangible assets	(1,986,927)	(5,368,875)	-	-
Interest income	23,618,808	21,304,653	36,166	108,899
Proceeds from sales of aircraft and equipment	13,372,411,321	1,123,079	-	-
Net cash flows from (used in) investing activities	12,064,357,017	(1,793,864,770)	36,166	108,899
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings from financial institutions	(150,000,000)	1,100,000,000	-	-
Proceeds from long-term borrowing from financial institution	847,322,990	2,016,695,000	-	-
Payment for front end fee of long-term borrowing from financial institution	-	(1,500,000)	-	-
Repayments of long-term borrowings from financial institutions	(48,272,495)	(214,682,250)	-	-
Payments for early termination of long-term borrowings	(2,180,023,438)	-	-	-
Repayment of long-term debenture	(1,000,000,000)	-	-	-
Cash paid for liabilities under lease agreements	(4,105,718,670)	(1,310,572,352)	-	-
Payments for early termination of lease agreements	(7,084,712,129)	-	-	-
Interest paid	(309,990,854)	(761,185,101)	-	-
Net cash flows from (used in) financing activities	(14,031,394,596)	828,755,297	-	-
Net increase (decrease) in cash and cash equivalents	(2,864,935,389)	573,961	5,624,221	7,003,505
Cash and cash equivalents at beginning of the year	3,982,231,614	4,122,623,007	92,650,669	85,647,164
Unrealised exchange loss on cash and cash equivalents	(6,926,707)	(140,965,354)	-	-
Cash and cash equivalents at end of the year (Note 8)	1,110,369,518	3,982,231,614	98,274,890	92,650,669
Non-cash items:				
Increase in other payables from acquisitions of equipment	81,861,381	20,211,253	-	-
Transfer right-of-use assets to property, aircraft, leasehold improvements and equipment	9,356,046,615	-	-	-
Increase in right-of-use assets from new lease agreements	7,655,027,790	-	-	-
Extension borrowing period of short-term to long-term	600,000,000	-	-	-
Decrease in liabilities under lease agreements from reduction in lease payments by lessors resulting from the COVID-19 situation	42,052,287	-	-	-
Capitalise interest to assets under construction and installation	7,552,053	-	-	-

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. General information

1.1 The Company's 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.

1.2 Coronavirus disease 2019 Pandemic

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting various businesses and industries, specifically the tourism and hospitality industries. The situation also affects the Group's aviation business in which the Group has suspended flight operations or limited flights until the COVID-19 situation improves. This situation has significantly affected the Group's financial position, operating results, and cash flows. Therefore, the Group has had operating losses since 2019 and as at 31 December 2020, the Group's consolidated total current liabilities exceeded its consolidated total current assets by significant amount. This situation is expected to continue in the future. However, the impact cannot be reasonably estimated at this stage. In this regard, the Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

Currently, the management is the process of implementing various measures to seek additional sources of funds, modify business plans, reduce costs and postpone repayment to manage the Group's liquidity and its cash flows, and the management believes that the Group will be able to continue as a going concern. The financial statements have been prepared under the going concern basis. However, the success of partial financing plans and business plans depends on external factors and COVID-19 situation. This indicates that there are material uncertainties which may raise substantial doubt about the Group's ability to continue as a going concern.

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.

The financial statements in Thai language are the official statutory financial statements of the Group. 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	
			2020	2019
			(%)	(%)
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 period

During the year, the Group has adopted the revised (revised 2019) and new 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. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements, except the new standards which involve changes to key principles as summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 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 the Group'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.

The significant impacts of the adoption of these standards on the Group's financial statements are as follows:

- Recognition of expected credit losses - the Group recognises 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 receivables.

- Recognition of derivatives - the Group initially recognises 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. However, the effective portions of such changes of hedging instruments are recognised in other comprehensive income when the Group applies hedge accounting for certain derivatives.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings and other comprehensive income as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

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.

Furthermore, the Group elected to early adopt the amendment to TFRS 16 relating to COVID-19-related rent concessions in 2020. These amendments are effective for fiscal years beginning on or after 1 June 2020. These amendments provide relief which a lessee may elect not to assess whether a rent concession is a lease modification. The relief applies only to rent concessions occurring as a direct consequence of the COVID-19 situation and only if all of the conditions are met, i.e. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The Group adopted these financial reporting standards using the modified retrospective method of initial 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 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 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 early adoption of the amendments to TFRS as per described in above Note 3 a) to the financial statements, the management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

c) Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, reduction in lease payments by lessors resulting from COVID-19 situation as lease modification, impairment of assets and reversal of deferred tax assets.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of goodwill, intangible assets, property, aircraft, leasehold improvements and equipment, right-of-use assets and deferred tax assets. As a result, in preparing the consolidated and separate financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the relief measures which the Group elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions relating to the followings.

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.
- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment or an intangible asset with an indefinite useful life.

The Group recognised the resulting losses, totaling Baht 1,416 million, in other expenses in the consolidated statement of comprehensive income for the year ended 31 December 2020.

However, the Group has elected to continue to apply the temporary relief measures on accounting alternatives not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses. The Group is evaluating the impact on the financial statements. However, due to the current situation, in which there are still significant uncertainties in many areas, the financial impacts cannot be reasonably estimated at this time, especially on the valuation of trade receivables and amounts due from related parties which may be significantly impacted. The Group will consider recording the impact on the financial statements after the temporary relief measures expire.

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 period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the shareholders' equity and classifications as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	The impacts of financial reporting standards			1 January 2020
	31 December 2019	Related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Trade and other receivables	597	245	-	842
Prepaid expenses	357	-	(143)	214
Derivative assets	-	315	-	315
Other current assets	251	(251)	-	-
Non-current assets				
Other non-current financial assets	-	931	-	931
Derivative assets	-	22	-	22
Other long-term investments	13	(13)	-	-
Property, aircraft, leasehold improvements and equipment	24,877	-	(16,310)	8,567
Right-of-use assets	-	-	36,747	36,747
Deferred tax assets (liabilities)	(3,047)	50	337	(2,660)
Other non-current assets	918	(918)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Other payables	640	239	-	879
Current portion of liabilities under lease agreements	-	-	5,271	5,271
Current portion of liabilities under finance lease agreements	1,335	-	(1,335)	-
Derivative liabilities	-	34	-	34
Other current liabilities	239	(239)	-	-

(Unit: Million Baht)

	Consolidated financial statements			
	The impacts of financial reporting standards			
	31 December 2019	Related to financial instruments		1 January 2020
Non-current liabilities				
Liabilities under lease agreements				
- net of current portion	-	-	27,840	27,840
Liabilities under finance lease agreements				
- net of current portion	10,159	-	(10,159)	-
Derivative liabilities	-	807	-	807
Shareholders' equity				
Retained earnings - unappropriated	16,811	(142)	(542)	16,127
Other components of shareholders' equity	-	(111)	-	(111)
Non-controlling interests of the subsidiary	7,745	(207)	(444)	7,094

(Unit: Million Baht)

	Separate financial statements		
	The impacts of financial reporting standards related to financial instruments		
	31 December 2019		1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Other non-current financial assets	-	3	3
Other non-current assets	3	(3)	-
Liabilities and shareholders' equity			
Current liabilities			
Other payables	-	1	1
Other current liabilities	1	(1)	-

4.1 Financial instruments

The impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments was from recognition of an allowance for expected credit losses on financial assets amounting to Baht 6 million and recognition of derivatives at fair value through profit or loss with accumulated loss of Baht 252 million.

The impact on other components of shareholders' equity as at 1 January 2020 was from recognition of derivatives at fair value through other comprehensive income with accumulated loss of Baht 202 million.

The classifications and measurement basis of financial assets and liabilities in accordance with TFRS 9 as at 1 January 2020 are amortised cost, except derivatives which are classified and measured as follows.

(Unit: Million Baht)

	Consolidated financial statements		
	Classification and measurement in accordance with TFRS 9		
	Fair value through profit or loss	Fair value through comprehensive income	Total
Derivative assets	1	336	337
Derivative liabilities	253	588	841

4.2 Leases

Upon initial application of TFRS 16 the Group recognised the carrying amount of the right-of-use assets and lease liabilities as below.

- For leases previously classified as operating leases, the Group recognised lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020, and recognised the carrying amount of the right-of-use assets as if the standard had been applied since the commencement date, but discounted using the Group's incremental borrowing rate at 1 January 2020.
- For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

The adjustments of lease liabilities due to TFRS 16 adoption as at 1 January 2020 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements
Operating lease commitments as at 31 December 2019	25,293
Less: Short-term leases and leases of low-value assets	(129)
Less: Contracts reassessed as service agreements	(143)
Less: Deferred interest expenses	(3,404)
Increase in lease liabilities due to TFRS 16 adoption	21,617
Liabilities under finance lease agreements as at 31 December 2019	11,494
Lease liabilities as at 1 January 2020	33,111
Interest borrowing rate (% per annum)	2.53 - 5.81
Comprise of:	
Current lease liabilities	5,271
Non-current lease liabilities	27,840
	33,111

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements
Aircraft and aircraft engine	36,382
Space	189
Motor vehicles	176
Total right-of-use assets	36,747

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 calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

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 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.

5.4 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.

5.5 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.

5.6 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 live, 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.

5.7 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 Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company 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.

5.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

5.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Aircraft and aircraft engines	5 - 25	years
Space	3 and 10	years
Motor vehicles	3 - 5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

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.

5.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group'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.

5.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, aircraft, leasehold improvement and equipment, right-of-use assets 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.

5.12 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 Group recognises restructuring-related costs.

5.13 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.

5.14 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.

5.15 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets are derivatives, which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020**Trade accounts receivable**

Trade accounts receivable 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.

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 Group classifies as other investment, is stated at cost net of allowance for impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.16 Derivatives and hedge accounting

Derivative financial instruments that the Group uses to manage risks on fluctuation of exchange rate and interest rate comprise, forward foreign exchange contracts, interest rate swap agreements and cross currency swap agreements and to manage fluctuation in fuel price comprise fuel price swap agreements.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

For the purpose of hedge accounting, hedge is classified as cash flow hedges when hedging the exposure to a variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements, including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk is not the dominant factor in the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all of the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower (in absolute amounts) of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The way cash flow hedge reserve accumulated in other comprehensive income are subsequently accounted for, depends on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the reserve accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and is not recognised in other comprehensive income for the period. For any other cash flow hedges, the reserve accumulated in other comprehensive income is subsequently reclassified to profit or loss as a reclassification adjustment in the same period which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the cash flow hedge reserve accumulated in other comprehensive income must remain in equity if the hedged future cash flows are still expected to occur. Otherwise, the reserve will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, the way the reserve remaining in equity is accounted for depends on the nature of the underlying transaction as described above.

The Group designates only the financial instrument excluding the foreign currency basis spread as a hedging instrument. The change in fair value of the foreign currency basis spread of financial instrument that relates to the hedged item is separately accounted for as a cost of hedging which is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

If the hedged item is transaction-related, the cost of hedging reserve accumulated in other comprehensive income is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the reserve accumulated in other comprehensive income is reclassified to profit or loss on systematic and rational basis. The reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

5.17 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:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

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.

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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.

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Post-employment benefits under defined benefits and other long-term employee benefits

The obligations under the defined post employment benefit plan and other long-term employee benefit plan 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		Separate		Pricing policy
	financial statements		financial statements		
	For the years ended 31 December				
	2020	2019	2020	2019	
Transactions with a subsidiary					
(eliminated from the consolidated financial statements)					
Management income	-	-	25	25	Contract price
Transactions with related companies					
Engineering service income	32	116	-	-	Contract price
Ground handling income	8	42	-	-	Contract price
Other administrative income	20	42	-	-	Contract price
Other service income	6	16	-	-	Contract price
Revenues for loyalty program to customers	55	88	-	-	Contract price
Revenues from freight and cargo	146	-	-	-	Contract price
Advertising income	-	7	-	-	Contract price
Share of gain (loss) from fuel price swap agreements	(2,501)	74	-	-	Allocated based on usage
Allocated staff cost for accounting and other service expenses	41	83	-	-	Contract price
Aircraft and aircraft engines rental expenses	1,674	2,144	-	-	Contract price
Aircraft repair and maintenance expenses	1,157	2,143	-	-	Market price
Purchases of merchandises and equipment	8	17	-	-	Market price
Management expenses	15	15	-	-	Contract price
Booking fee expenses	127	144	-	-	Contract price
Service fee expenses	3	-	-	-	Contract price
Pilot training expenses	1	4	-	-	Contract price
Brand license fee expenses	225	609	-	-	1.5 percent of airline operating income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the years ended 31 December				
	2020	2019	2020	2019	
Expenses for loyalty program to customers	55	88	-	-	Contract price
Ground handling service expenses	11	145	-	-	Contract price
Marketing fund expenses	79	139	-	-	Contract price
Security expenses	3	20	-	-	Contract price
Conference room and other service expenses	1	2	-	-	Contract price

As at 31 December 2020 and 2019, the outstanding balances between the Group and those related parties are as follows.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Receivables - related parties				
Related companies (common shareholders and/or directors)	930,029,123	1,920,158,411	450,000	450,000
Less: Allowance for expected credit losses	(114,461,092)	-	-	-
Total	815,568,031	1,920,158,411	450,000	450,000
Aircraft maintenance reserves - related party (Note 11)				
Related company (common shareholders and directors)	5,856,109,798	5,963,213,001	-	-
Total	5,856,109,798	5,963,213,001	-	-
Other non-current financial assets/Other non-current assets - related parties (Note 16)				
Deposits for lease of aircraft and aircraft engines				
Related company (common shareholders and directors)	215,776,921	275,785,640	-	-
Deposits for fuel price swap agreements				
Related company (common shareholders and directors)	14,933,700	14,988,350	-	-
Other deposits				
Related company (common directors)	20,000,000	20,000,000	-	-
Total	250,710,621	310,773,990	-	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Lease liabilities - related party (Note 21)				
Related company (common shareholders)	2,763,814,050	-	-	-
Total	2,763,814,050	-	-	-
Payables - related parties				
Related companies (common shareholders and/or directors)	3,060,172,759	373,823,439	-	-
Total	3,060,172,759	373,823,439	-	-

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	86,155,950	159,509,714	7,325,000	7,880,000
Post-employment benefits	7,825,326	40,065,046	-	-
Other long-term benefits	12,080	172,632	-	-
Total	93,993,356	199,747,392	7,325,000	7,880,000

8. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	7,133,525	38,826,334	-	-
Bank deposits	986,271,936	3,943,405,280	98,274,890	92,650,669
Bank deposit held for short-term payment	116,964,057	-	-	-
Total	1,110,369,518	3,982,231,614	98,274,890	92,650,669

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 0.70 percent per annum (2019: Between 0.22 and 2.70 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	
	2020	2019	2020	2019
<u>Trade receivables</u>				
Aged on the basis of due dates				
Not yet due	28,964,233	432,763,913	-	-
Past due				
Up to 3 months	27,522,547	79,187,910	-	-
3 - 6 months	1,857,266	19,721,014	-	-
6 - 12 months	39,522,776	10,633,380	-	-
Over 12 months	25,834,501	44,372	-	-
Total trade receivables	123,701,323	542,350,589	-	-
Less: Allowance for expected credit losses	(39,499,618)	-	-	-
Total trade receivables - net	84,201,705	542,350,589	-	-
<u>Other receivables</u>				
Value added tax refundable	54,885,747	-	-	-
Accrued airport fee and incentive income	5,263,951	6,332,761	-	-
Accrued income	1,847,781	2,730,251	400,000	600,000
Others	138,261,260	46,035,318	-	-
Total other receivables	200,258,739	55,098,330	400,000	600,000
Total trade and other receivables	284,460,444	597,448,919	400,000	600,000

10. Investment in subsidiary

10.1 investment in subsidiary as presented in separate financial statements is as follows.

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2020	2019	2020	2019	2020	2019
			(%)	(%)		
Thai AirAsia Company Limited	433,555,600	435,555,600	55	55	3,067,114,370	3,067,114,370

The Company has no dividend received from the subsidiary in 2020 and 2019.

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.

10.2 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		Loss allocated to non-controlling interests during the years	
	2020	2019	2020	2019	2020	2019
	(%)	(%)				
Thai AirAsia Company Limited	45	45	3,094,206,383	7,744,596,019	(3,902,836,580)	(392,162,297)

10.3 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	
	2020	2019
Current assets	2,657,280,907	7,332,254,945
Non-current assets	42,472,525,807	31,734,732,697
Current liabilities	(17,820,749,526)	(13,956,215,876)
Non-current liabilities	(30,804,821,301)	(18,272,335,631)

Summarised information about comprehensive income

(Unit: Baht)

	Thai AirAsia Company Limited	
	For the years ended 31 December	
	2020	2019
Revenue	16,236,338,798	41,551,340,854
Loss	(8,072,971,063)	(871,471,861)
Other comprehensive income	(215,743,043)	65,377,656
Total comprehensive income	(8,888,714,106)	(806,094,205)

Summarised information about cash flows

(Unit: Baht)

	Thai AirAsia Company Limited	
	For the years ended 31 December	
	2020	2019
Cash flows from (used in) operating activities	(903,485,865)	958,788,828
Cash flows from (used in) investing activities	12,064,320,851	(1,793,973,669)
Cash flows from (used in) financing activities	(14,031,394,596)	828,755,297
Net decrease in cash and cash equivalents	(2,870,559,610)	(6,429,544)
Cash and cash equivalents at beginning of the year	3,889,580,945	4,036,975,843
Unrealised exchange loss on cash and cash equivalents	(6,926,707)	(140,965,354)
Cash and cash equivalents at end of the year	1,012,094,628	3,889,580,945

11. 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 2020 and 2019 are summarised below.

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Net book value as at 1 January	5,963,213,001	4,532,740,844
Payment for aircraft maintenance reserves	508,929,105	1,430,472,157
Amortisation	(616,032,308)	-
Net book value as at 31 December	5,856,109,798	5,963,213,001

12. 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
Cost										
As at 1 January 2019	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
Cumulative effect of change in accounting policies (Note 4)	-	(21,256,707,735)	-	-	-	-	-	-	-	(21,256,707,735)
As at 1 January 2020	650,760,000	8,824,594,419	1,355,802,816	417,621,057	163,476,439	87,694,103	348,030,391	219,479,306	173,079,555	12,240,538,086
Additions	-	9,433,277,624	71,013,691	10,695,036	20,251,887	1,453,132	7,281,569	5,074,000	709,618,138	10,258,665,077
Disposals/write-off	-	(12,329,418,406)	-	(1,155,000)	(2,107,404)	(52,150)	-	-	-	(12,332,732,960)
Borrowing costs included in asset	-	-	-	-	-	-	-	-	7,552,053	7,552,053
Transfers	-	134,157,860	-	6,688,850	-	-	-	-	(140,846,710)	-
As at 31 December 2020	650,760,000	6,062,611,497	1,426,816,507	433,849,943	181,620,922	89,095,085	355,311,960	224,553,306	749,403,036	10,174,022,256

(Unit: Baht)

	Separate financial statements
	Office equipment
Cost	
1 January 2019	62,187
31 December 2019	62,187
31 December 2020	62,187
Accumulated depreciation:	
1 January 2019	57,686
Depreciation for the year	4,299
31 December 2019	61,985
Depreciation for the year	177
31 December 2020	62,162
Net book value:	
31 December 2019	202
31 December 2020	25
Depreciation for the year	
2019 (Included in administrative expenses)	4,299
2020 (Included in administrative expenses)	177

During the year, the subsidiary transferred rights in 8 aircraft by repaying liabilities and fees to early terminate lease agreements in order to use those 8 aircraft and another 2 owned aircraft to enter into the aircraft sale and leaseback transactions with two companies. The transactions comprised selling of 10 aircraft and lease 9 aircraft back to use in the normal business operation. The subsidiary recognised gain on disposals of those aircraft amounting to Baht 1,332 million as presented as a part of other income.

As at 31 December 2020, 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 2,002 million (2019: Baht 1,117 million).

The subsidiary has pledged its land and building constructed thereon and 2 aircraft (2019: 4 aircraft) with net book value amounting to approximately Baht 2,263 million (2019: Baht 4,348 million) as collateral against credit facilities received from financial institutions as discussed in Note 18.

13. Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Baht)

	Aircrafts and aircraft engines	Space	Motor vehicles	Total
1 January 2020 (Note 4)	36,381,586,137	188,599,438	176,420,616	36,746,606,191
Decrease from early termination of lease agreements	(9,356,046,615)	-	-	(9,356,046,615)
Increase from new lease agreements during the year	7,649,316,943	-	5,710,847	7,655,027,790
Increase from deposits for lease agreements	101,143,185	-	-	101,143,185
Depreciation	(5,107,828,183)	(50,382,031)	(45,213,397)	(5,203,423,611)
Decrease from impairment of right-of-use	(1,415,961,457)	-	-	(1,415,961,457)
31 December 2020	28,252,210,010	138,217,407	136,918,066	28,527,345,483

During the year, the Group reversed depreciation of right-of-use assets amounting to Baht 36 million, as a result of its decision to apply the temporary relief measures on accounting alternatives due to COVID-19 situation.

14. Intangible assets

The net book value of intangible assets as at 31 December 2020 and 2019 is presented below.

(Unit: Baht)

	Consolidated financial statements			Total	Separate financial statements
	Landing rights	Computer software	Computer software under installation		Computer software
As at 31 December 2020:					
Cost	14,856,000,000	82,326,908	-	14,938,326,908	6,420
Less: Accumulated amortisation	-	(67,126,746)	-	(67,126,746)	(6,419)
Net book value	14,856,000,000	15,200,162	-	14,871,200,162	1
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

Reconciliations of the net book values of intangible assets for the years 2020 and 2019 are presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	14,878,769,507	14,882,989,798	1	1
Acquisition of computer software	1,986,927	5,368,875	-	-
Write-off - net book value at write-off date	-	(418)	-	-
Amortisation	(9,556,272)	(9,588,748)	-	-
Net book value at end of year	14,871,200,162	14,878,769,507	1	1

Landing rights are tested for impairment together with goodwill due to they are in the same cash-generating unit (CGU).

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	
	2020	2019
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 Company determines the recoverable amount of the cash-generating unit which is the higher of its fair value less cost of disposal. The fair value calculation is based on using cash flow projections from financial estimation for the next 5 years approved by the management. The cashflow after the fifth year are forecast from the growth rate as mentioned in the below table. The growth rate are not over than the average business growth rate in which the cash generating unit operates.

Key assumptions used in the value-in-use calculation are summarised below.

(Unit: % p.a.)

	Scheduled flight operations	
	2020	2019
Growth rate ¹	1.00	0.00
Discount rate ²	11.90	9.55

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.

Management believes that any reasonably possible change in the key assumptions on which the units' recoverable amount are based would not cause the units' carrying amount to exceed its recoverable amount.

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	
	2020	2019
Growth rate ¹	0.65	Less than 0.00
Discount rate ²	12.35	11.07

¹ Weighted average growth rate used to extrapolate cash flows beyond the budget period

² Pre-tax discount rate applied to the cash flow projection

16. Other non-current financial assets/Other non-current assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Aircraft and aircraft engine rental deposits - related party	215,776,921	275,785,640	-	-
Aircraft and aircraft engine rental deposits - unrelated parties	382,072,936	366,876,252	-	-
Fuel deposits	107,914,364	88,476,922	-	-
Rental deposits	73,687,198	64,390,438	-	-
Airport operation deposits	34,600,000	34,600,000	-	-
Fuel price swap deposits	14,933,700	14,988,350	-	-
Other deposits	78,616,306	73,306,872	-	2,501,570
Total other non-current assets	907,601,425	918,424,474	-	2,501,570

17. Short-term borrowings from financial institutions

As at 31 December 2020, short-term borrowings were in the form of promissory notes and carried fixed interest at rates between 2.50 and 2.95 percent per annum (2019: between 1.93 and 2.70 percent per annum).

18. Long-term borrowings from financial institutions

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Current portion of long-term borrowings from financial institutions	786,682,396	354,085,140
Less: Front end fee	(153,846)	(483,846)
Net current portion of long-term borrowings	786,528,550	353,601,294
Long-term borrowings from financial institutions - net of current portion	3,074,320,690	4,287,890,889
Less: Front end fee	(1,064,103)	(2,012,868)
Long-term borrowings - net of current portion	3,073,256,587	4,285,878,021
Total long-term borrowings from financial institutions	3,859,785,137	4,639,479,315

Movements of long-term borrowings from financial institutions account during the years 2020 and 2019 are summarised below.

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Balance as at 1 January	4,639,479,315	2,837,928,360
Borrowing during the year	847,322,990	2,016,695,000
Payment of front end fee	-	(1,500,000)
Increase from extension of loan repayment period	600,000,000	-
Amortisation of front end fee	1,278,765	1,038,205
Repayment of borrowings	(48,272,495)	(214,682,250)
Payments for early termination of long-term borrowings	(2,180,023,438)	-
Balance as at 31 December	3,859,785,137	4,639,479,315

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 31 May 2021. 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 (2020: Nil)

On 9 December 2019, the Company 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 of 2 aircraft. Furthermore, on 23 April 2020, the subsidiary amended a loan agreement to defer payments of principal and interest for the payment period from April to September 2020, and agreed to pay the deferred interest together with the final repayment of principal in January 2026.

During the current year, the subsidiary early terminated a long-term loan agreement to released the pledge of 2 aircraft, in order to enter into the aircraft sale and leaseback transactions discussed in Note 12.

On 26 May 2020, the subsidiary entered into an annotation to a short-term borrowing agreement to defer payment of some principal, with the subsidiary agreeing to make monthly interest payments to the bank. Repayment of the deferred principal amounts is to begin from December 2021, with the final payment to be made within March 2023.

As of 31 December 2020, the subsidiary had long-term borrowings from several local financial institutions with terms of 2 and 9 years (2019: 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 6.15 percent per annum (2019: 2.30 and 3.95 percent per annum).

The loans are secured by land and construction thereon, and aircrafts as described in Note 12.

The borrowing agreement contains certain financial covenants relating to matters such as the maintenance of certain net interest bearing debt to equity ratios. As at 31 December 2020, the subsidiary was unable to comply with some of the covenants under the agreements for loans from a bank. However, the subsidiary has already obtained waiver of the covenants from a bank before 31 December 2020.

19. Long-term debentures

As at 31 December 2020 and 2019, the outstanding balance of long-term debentures are summarised below.

(Unit: Baht)

Consolidated financial statements								
No.	Series	Maturity date	No. of units	Par value	Interest rate	Term of interest Payment	Book value	
			(Million units)	(Baht)	(% p.a.)		2020	2019
1/2017	1	Entirely redeemed on 19 May 2020 (3 years)	1.0	1,000	2.65	Semi-annual	-	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							3,100,000,000	4,100,000,000
Less: Deferred debenture issuing costs							(1,865,023)	(3,266,382)
Debenture - net							3,098,134,977	4,096,733,618

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Current portion of long-term debentures	1,500,000,000	1,000,000,000
Less: Front end fee	(243,055)	(127,240)
Total current portion of long-term debentures - net	1,499,756,945	999,872,760
Long-term debentures - net of current portion	1,600,000,000	3,100,000,000
Less: Front end fee	(1,621,968)	(3,139,142)
Total non-current portion of long-term debentures - net	1,598,378,032	3,096,860,858
Total long-term debentures	3,098,134,977	4,096,733,618

Long-term debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 31 December 2020 amounted to Baht 3,007 million (2019: Baht 4,152 million).

Movements of long-term debentures account during the years 2020 and 2019 are summarised below.

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Balance as at 1 January	4,096,733,618	4,095,126,167
Repayment of long-term debentures	(1,000,000,000)	-
Amortisation of front end fee	1,401,359	1,607,451
Balance as at 31 December	3,098,134,977	4,096,733,618

20. Liabilities under lease agreements/ Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Liabilities under lease agreements	34,884,759,523	13,400,792,385
Less: Deferred interest expenses	(4,184,175,766)	(1,907,178,718)
Total	30,700,583,757	11,493,613,667
Less: Portion due within one year	(6,025,973,794)	(1,334,736,213)
Liabilities under lease agreements - net of current portion	24,674,609,963	10,158,877,454

Movements of liabilities under lease agreements account during the year ended 31 December 2020 are summarised below.

(Unit: Baht)

Balance as at 1 January 2020 (Note 4)	33,110,205,789
Increase from new lease agreements during the year	7,655,027,790
Decrease from reduction in lease payments by lessors resulting from the COVID-19 situation	(42,052,287)
Repayments for liabilities under lease agreements during the year	(4,105,718,670)
Payments for early termination of lease agreements	(7,084,712,129)
Accretion of interest	1,472,190,869
Impact of exchange rate difference	(304,357,605)
Balance as at 31 December 2020	30,700,583,757

During the year, the subsidiary early terminated aircraft lease agreements for the purpose of entering into the aircraft sale and leaseback transactions as discussed in Note 12.

During the year, the Company reversed interest expenses of liabilities under lease agreements amounting to Baht 6 million, as a result of its decision to apply the temporary relief measures on accounting alternatives due to COVID-19 situation.

A maturity analysis of lease payments is disclosed in Note 35.2 under the liquidity risk.

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows.

(Unit: Baht)

	Consolidated financial statements					
	Compensations on employees' retirement		Other long-term employee benefits		Total	
	2020	2019	2020	2019	2020	2019
Provision for long-term employee benefits at beginning of year	566,144,225	422,548,659	100,153,618	-	666,297,843	422,548,659
Included in profit or loss:						
Current service costs	108,713,055	108,892,185	31,331,858	21,048,506	140,044,913	129,940,691
Interest costs	9,681,148	15,561,012	1,630,873	1,287,463	11,312,021	16,848,475
Past service costs and gains or losses on settlement	-	110,366,089	-	77,817,649	-	188,183,738
Actuarial (gain) loss arising from						
- Demographic assumptions change	-	-	5,284,527	-	5,284,527	-
- Financial assumptions changes	-	-	1,252,424	-	1,252,424	-
- Experience adjustments	-	-	(3,069,686)	-	(3,069,686)	-

(Unit: Baht)

	Consolidated financial statements					
	Compensations on employees' retirement		Other long-term employee benefits		Total	
	2020	2019	2020	2019	2020	2019
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
- Demographic assumptions change	12,445,875	-	-	-	12,445,875	-
- Financial assumptions changes	27,308,557	(47,197,641)	-	-	27,308,557	(47,197,641)
- Experience adjustments	17,432,301	(34,524,429)	-	-	17,432,301	(34,524,429)
Benefits paid/ transfer to accrued expenses during the year	(28,980,009)	(9,501,650)	-	-	(28,980,009)	(9,501,650)
Provision for long-term employee benefits at end of year	712,745,152	566,144,225	136,583,614	100,153,618	849,328,766	666,297,843

The subsidiary expects to pay Baht 36 million (2019: Baht 10 million) of long-term employee benefits during the next year.

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 14 years (2019: 15 years).

Significant actuarial assumptions are summarised below.

(Unit: % p.a.)

	Consolidated financial statements	
	2020	2019
Discount rate	1.42	1.71
Salary increase rate	4.00	4.00
Turnover rate	0.00 - 8.00	0.00 - 10.00

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Baht)

	Consolidated financial statements			
	2020		2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(89,692,050)	108,790,703	(73,684,653)	89,519,019
Salary increase rate	106,016,184	(89,222,793)	84,077,686	(70,813,262)
Turnover rate	(95,465,363)	84,803,029	(78,646,773)	67,950,532

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Group 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 2020 and 2019 disaggregated by timing of revenue recognition and type of goods or services are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Revenue recognised over time			
Passenger service revenues	11,123,443,178	31,506,376,334	-	-
Baggage handling and other service fees	1,902,823,517	6,599,437,120	-	-
Charter flight revenues	252,916,282	1,174,800,629	-	-
Freight revenues	146,423,872	286,831,861	-	-
Advertising income	7,273,723	24,213,281	-	-
Management fee	-	-	25,000,000	25,000,000
Revenue recognised at a point in time				
In-flight revenues	200,987,547	588,992,272	-	-
Total revenues	13,633,868,119	40,180,651,497	25,000,000	25,000,000

24. Other income

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Gain on disposals of aircraft and leasehold improvements (Note 12)	1,331,760,870	292,399
Gain on exchange	545,634,581	350,471,966
Others	726,075,228	-
Total	2,603,470,679	1,350,257,224

25. Expenses by nature

Significant expenses classified by nature are as below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Fuel costs	6,398,727,595	13,962,765,981	-	-
Salaries, wages and other employee benefits	4,128,152,907	6,737,133,772	-	-
Ramp and airport operating costs	1,195,083,877	5,127,690,780	-	-
Repair and maintenance expenses	2,515,908,377	3,618,330,869	-	-
Aircraft rental - unrelated parties	-	3,088,509,309	-	-
Aircraft and aircraft engine rental - related party	-	2,144,242,113	-	-
Depreciation and amortisation expenses	5,738,992,539	1,716,745,797	177	4,299

26. Other expense

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Loss on derivatives	37,190,862	-
Loss on impairment of right-of-use assets	1,415,961,457	-
Total	1,453,152,319	-

27. Finance cost

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Interest expense on borrowings	224,604,496	253,037,100
Interest expense on lease liabilities	1,362,796,230	509,846,424
Interest expense from derivatives designated as hedging instruments in cash flow hedge	15,606,896	-
Others	196,774,325	2,645,656
Total	1,799,781,947	765,529,180

28. Income tax

Income tax (revenue) expense for the years 2020 and 2019 are made up as follows.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge for the year	1,553,271	1,765,219	1,553,271	1,765,219
Deferred tax:				
Relating to origination and reversal of temporary differences	(661,531,196)	(1,165,513)	-	-
Income tax (revenue) expense reported in profit or loss	(659,977,925)	599,706	1,553,271	1,765,219

The amounts of income tax relating to each component of other comprehensive income for the years 2020 and 2019 are as follows.

(Unit: Baht)

	Consolidated financial statements	
	2020	2019
Loss on cash flow hedges	(1,027,855)	-
Net change in cost of cash flow hedges	4,393,363	-
Actuarial gain (loss)	(11,437,347)	16,344,414
Income tax (revenue) expense recorded in other comprehensive income	(8,071,839)	16,344,414

The reconciliation between accounting profit (loss) and income tax (revenue) expense is shown below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit (loss) before tax	(9,326,906,604)	(865,561,610)	7,595,655	7,075,764
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(1,865,381,321)	(173,112,322)	1,519,131	1,415,153
Reversal of previously recognised deferred tax assets	69,133,516	155,564,119	-	343,738
Effects of:				
Promotional privileges (Note 29)	1,239,017,701	12,590,746	-	-
Non-deductible expenses	278,519,431	4,837,290	34,140	6,328
Revenue subject to tax	6,344,357	9,780,546	-	-
Change in the accounting policy (Note 4)	(387,611,609)	(9,060,673)	-	-
Total	1,136,269,880	18,147,909	34,140	6,328
Income tax (revenue) expense reported in profit or loss	(659,977,925)	599,706	1,553,271	1,765,219

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	
	2020	2019	2020	2019
Deferred tax assets				
Leases	25,769,687	-	-	-
Derivatives				
Interest rate swap agreements	25,036,752	-	-	-
Foreign exchange forward contracts	51,995,870	-	-	-
Cross currency swap agreements	44,816,969	-	-	-
Provision for long-term employee benefits	152,751,956	129,880,251	-	-
Unused tax losses	693,098,893	529,893,825	-	-
Total	993,470,127	659,774,076	-	-
Deferred tax liabilities				
Fair value of assets from business combination	(2,982,724,853)	(2,982,724,853)	-	-
Finance leases	-	(724,195,531)	-	-
Total	(2,982,724,853)	(3,706,920,384)	-	-
Net deferred tax liabilities	(1,989,254,726)	(3,047,146,308)	-	-

As at 31 December 2020, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 6,606 million (2019: Nil), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiary amounting to Baht 693 million (2019: Baht 530 million) will expire by 2025 (2019: 2024).

29. Promotional privileges

As at 31 December 2020, the subsidiary received 9 certificates (2019: 16 certificates) of promotional privileges from the Board of Investment ("BOI") for 39 aircraft (2019: 46 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 2020, the subsidiaries had 32 aircraft (2019: 44 aircraft) under such certificates of promotional privileges from the BOI.

30. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing (loss) for the years attributable to equity holders of the Group (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the years.

31. 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 have two reportable segments as follows:

- Schedule flight operations: the Group provides passenger air transportation services to routine destination for scheduled flight. The Group sells tickets through its distribution channels such as website, sale counter, travel agents, etc.
- Chartered flight operations: the Group 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 measures its 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 loss information regarding the Group's operating segments for the years 2020 and 2019 are as follows.

(Unit: Baht)

	Consolidated financial statements					Consolidated
	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	
For the year ended						
31 December 2020						
Revenues						
Revenues from sales and services from external customers	13,380,951,837	252,916,282	-	13,633,868,119	-	13,633,868,119
Intersegment revenues	-	-	25,000,000	25,000,000	(25,000,000)	-
Total revenues	13,380,951,837	252,916,282	25,000,000	13,658,868,119	(25,000,000)	13,633,868,119
Operating result						
Segment gain (loss)	(8,176,418,279)	(531,203,035)	6,559,489	(8,701,061,825)	-	(8,701,061,825)
Other income						2,603,470,679
Other expense						(1,453,152,319)
Finance income						23,618,808
Finance costs						(1,799,781,947)
Loss before income tax						(9,326,906,604)
Income tax revenue						659,977,925
Loss for the year						(8,666,928,679)
Total assets						67,977,672,329

(Unit: Baht)

	Consolidated financial statements					Consolidated
	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	
For the year ended						
31 December 2019						
Revenues						
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)	-
Total revenues	39,005,850,868	1,174,800,629	25,000,000	40,205,651,497	(25,000,000)	40,180,651,497
Operating result						
Segment profit (loss)	(1,505,550,133)	27,752,582	5,316,865	(1,472,480,686)	-	(1,472,480,686)
Other income						1,350,257,224
Finance expenses						22,191,032
Finance income						(765,529,180)
Loss before income tax						(865,561,610)
Income tax expense						(599,706)
Loss for the year						(866,161,316)
Total assets						62,902,564,274

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 2020 and 2019, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

32. 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 of the subsidiary's rule. The contributions for the year 2020 amounting to approximately Baht 125 million (2019: Baht 144 million) were recognised as expenses.

33. Commitments and contingent liabilities

33.1 Building construction commitments

As at 31 December 2020, the Group had capital commitments of Baht 156 million (2019: Baht 601 million), relating to the construction of a project's building.

33.2 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.

33.3 Other commitments

The subsidiary had the future minimum lease payments in respect of non-cancellable space, office, office equipment and ground support equipment leases and other service agreements as follows.

(Unit: Baht)

	2020
Payable:	
In up to 1 year	138,589,950
In over 1 and up to 5 years	413,785
Total	139,003,735

33.4 Guarantees

- 1) As at 31 December 2020, the subsidiary had guarantee obligations for pilot trainees' education loans from a bank for commercial pilot license courses amounting to Baht 14 million (2019: Baht 14 million) with the term of guarantees of 18 months from the start date of each loan agreement.
- 2) The Company 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)

	2020				2019				
	USD	SGD	INR	Baht	USD	SGD	INR	Baht	Others (equivalent to Thai Baht)
Guarantees relating to flight operating activities	0.72	1.04	81.82	14.99	0.97	1.81	81.82	8.90	12.22
Guarantees relating to maintenance reserve fund	47.54	-	-	-	57.44	-	-	-	-
Guarantees relating to purchases of aviation fuel	-	-	-	-	-	-	-	400.00	-
Bid bond guarantee	-	-	-	-	-	-	-	100.00	-
Total	48.26	1.04	81.82	14.99	58.41	1.81	81.82	508.90	12.22
Total equivalent to Thai Baht	1,457.64	23.94	35.66	14.99	1,771.65	40.89	36.78	508.90	12.22

34. Fair values hierarchy

As at 31 December 2020 and 2019, 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			
	2020		2019	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Assets measured or disclosed at fair value				
Derivatives				
Fuel price swap agreements	-	-	283,411,930	-
Interest rate swap agreements	-	-	12,678,918	-

(Unit: Baht)

	Consolidated financial statements			
	2020		2019	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Liabilities measured or disclosed fair value				
Derivatives				
Fuel price swap agreements	175,109,193	-	-	-
Interest rate swap agreements	83,004,185	75,867,711	1,684,187	67,684,311
Foreign exchange forward contracts	320,025,966	-	448,174,777	-
Cross currency swap agreements	265,127,444	-	282,460,445	-
Long-term borrowings from financial institutions	-	3,859,785,137	-	4,639,479,315
Long-term debentures	-	3,006,584,061	-	4,151,962,496

During the years 2020 and 2019, there were no transfers within the fair value hierarchy.

35. Financial instruments

35.1 Derivatives and hedge accounting

The group is holding the following derivatives as hedging instruments as at 31 December 2020:

(Unit: Baht)

	Consolidated financial statements
	2020
Derivative liabilities	
Derivatives liabilities designated as hedging instruments	
Fuel price swap agreements	175,109,193
Interest rate swap agreements	158,871,896
Foreign exchange forward contracts	320,025,966
Cross currency swap agreements	265,127,444
Total derivative liabilities	919,134,499

Derivatives designated as hedging instruments

Cash flow hedges

Foreign currency risk

The Group entered into hedging instruments to hedge cash flows on fixed-rate debt denominated in foreign currencies. These are defined as a combined hedge of currency risk and interest rate risk. Forecast transactions are highly probable and they comprise about 12% of the Group's total expected lease liabilities in US dollars.

The Group also uses cross currency swaps as hedging instruments to hedge cash flows on fixed-rate debt denominated in foreign currencies. These are defined as a combined hedge of currency risk and interest rate risk.

Fuel price risk

The Group entered into Brent fixed swap contracts which represents average of 20% of the Group's total expected fuel volume for the financial year 2021. This is to hedge against the fuel price risk. Hedging the price volatility of forecast fuel consumption is in accordance with the risk management strategy outlined by the Group's Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match those of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Different indexes and accordingly different curves linked to the hedged risk of the hedged items and hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

Interest rate risk

The Group entered into interest rate swap agreements to hedge against fluctuations in the floated interest rate from aircrafts' leases. The Group hedged at fixed rates from 2.24 to 4.86 per annum via cross currency swap agreements and interest rate swap agreements.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 as the underlying risk of the interest rate swap is identical to the hedged risk component.

To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the interest rate curves applied to discount the hedged item and hedging instrument
- Differences in the timing of cash flows of the hedged item and hedging instrument

The Group is holding the following derivatives as hedging instruments as at 31 December 2020:

	Consolidated financial statements			
	Maturity			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Foreign exchange forward contracts (for lease liabilities)				
Notional amount (Million US dollar)	20	77	7	104
Average forward rate (Baht/US dollar)		30.60 - 33.73		
Fuel price swap agreements (for highly probable forecast purchases)				
Notional amount (in barrel)	524,885	-	-	524,885
Notional amount (Million US dollar)	6	-	-	6
Average hedged rate (US dollar /barrel)		62.25		
Cross currency swap agreements (for lease liabilities)				
Notional amount (Million US dollar)	7	27	10	44
Average fixed rate (%)		2.64% - 3.74%		
Average exchange rate (Baht/US dollar)		30.10 - 34.00		
Interest rate swap agreements (for lease liabilities)				
Notional amount (Million US dollar)	16	58	3	77
Average fixed rate (%)		2.24% - 4.21%		
Notional amount (Million Baht)	334	1,075	46	1,455
Average fixed rate (%)		4.60% - 4.86%		
Book value (Million Baht)	389	1,883	33	2,305

The impact of hedged items on the statement of financial position as at 31 December 2020 is, as follows:

(Unit: Thousand Baht)

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve		Cost of hedging reserve
		Continuing hedges	Discontinued hedges	
Liabilities under lease agreements	(42)	(44)	(159)	6
Fuel purchases	-	(175)	-	-

The impact of the hedging instruments on the statement of financial position as at 31 December 2020 and the effect of the cash flow hedge in the statement of comprehensive income for the year ended 31 December 2020 are, as follows:

(Unit: Million Baht)

Consolidated and separate financial statements										
	Notional amounts (Million US dollar)	Notional amounts (Million Baht)	Carrying amount	Changes in fair value used for measuring Ineffectiveness	Effectiveness recognised in equity	Ineffectiveness recognised in profit or loss	Line item in profit or loss	Cost of hedging recognised in equity	Amount of cash flow hedge reserve reclassified to profit or loss	Line item in profit or loss
Foreign exchange forward contracts - hedge the risk arising from lease liabilities	105	-	(320)	9	(51)	(60)	Gain on exchange	-	79	Gain on exchange
Fuel price swap agreements - hedge the risk arising from fuel purchases	33	-	(175)	-	(175)	-	Cost of sales and services	-	-	
Cross currency swap agreements - hedge the risk arising from lease liabilities	44	-	(265)	(23)	(174)	(62)	Gain on exchange and Finance costs	6	120	Gain on exchange and Finance costs
Interest rate swap agreements - hedge the risk arising from lease liabilities	77	1,455	(159)	(28)	(14)	(48)	Finance costs	-	7	Finance costs
Total	259	1,455	(919)	(42)	(414)	(170)		6	206	

35.2 Financial risk management objectives and policies

Financial Instruments 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, lease liabilities, and derivatives. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to cash at banks trade receivables, aircraft deposit and other financial instruments. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group 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.

The Group manages the credit risk by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors. The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group generally has no concentration of credit risk arising from trade receivables.

Market risk

There are 3 types of market risk comprising fuel price risk, interest rate risk and currency risk. The Company enters into a variety of derivatives to manage its risk exposure, including:

- Fuel price swap agreements to mitigate the risk of fuel price fluctuation
- Interest rate swaps to mitigate the risk of rising interest rates
- Cross currency swaps to mitigate the risk of rising interest rates and foreign currency rates

Fuel price risk

The Group 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 Group. The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in fuel price, with all other variables held constant.

	Increase/decrease (US dollar)	Effect on Equity (Thousand Baht)
Fuel price	+5	(78,899.82)
	-5	78,899.82

This information is not a forecast or prediction of future market conditions and should be used with care.

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 lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group uses interest rate swap agreements as a risk management instrument for the future interest payments on certain long-term borrowings and lease liabilities that carry interest at floating rates.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

	2020				
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	784	326	1,110	0.10 - 0.70
Trade and other receivables	-	-	284	284	-
Amounts due from related parties	-	-	816	816	-
Other non-current financial assets	-	-	907	907	-
	-	784	2,333	3,117	
Financial liabilities					
Short-term borrowings from financial institutions	1,000	-	-	1,000	2.50 - 2.95
Trade payables	-	-	757	757	-
Other payables	-	-	292	292	-
Amounts due to related parties	-	-	3,060	3,060	-
Long-term borrowings from financial institutions	2,364	1,496	-	3,860	2.30 - 6.15
Long-term debentures	3,098	-	-	3,098	2.56 - 3.28
Lease liabilities	26,728	3,973	-	30,701	0.96 - 5.81
	33,190	5,469	4,109	42,768	

(Unit: Million Baht)

	2019				Effective interest rate (% p.a.)
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	
Financial assets					
Cash and cash equivalents	426	1,918	1,638	3,982	0.22 - 2.70
Trade and other receivables	-	-	597	597	-
Amounts due from related parties	-	-	1,920	1,920	-
Other non-current assets	-	-	918	918	-
	426	1,918	5,073	7,417	
Financial liabilities					
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	2.53 - 5.07
	13,197	8,783	1,929	23,909	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit (loss) before tax and equity to a reasonably possible change in interest rates on that portion of floating rate affected as at 31 December 2020, with all other variables held constant.

Currency	Increase/decrease (decimal)	Effect on profit before tax (Thousand Baht)	Effect on equity (Thousand Baht)
Baht	+0.6	1,655	-
	-0.6	(1,655)	-
US dollar	+0.6	59	62
	-0.6	(59)	(62)

This information is not a forecast or prediction of future market conditions and should be used with care.

Foreign currency risk

The Group'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 lease liabilities that are denominated in several foreign currencies.

The Group 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 Group uses forward foreign exchange contract to hedge its exposure to foreign currency risk for payments to be settled in foreign currencies.

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit (loss) before tax and equity to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit (loss) before tax and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	Increase/decrease (%)	Effect on profit (loss) before tax (Thousand Baht)	Effect on equity (Thousand Baht)
US dollar	+5	80,730	238,305
	-5	(80,730)	(238,305)

This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				Total
	On demand	Less than 1 year	1 to 5 years	More than 5 years	
Non-derivatives					
Short-term loans from financial institutions	-	1,000,000	-	-	1,000,000
Trade and other payables	1,048,967	-	-	-	1,048,967
Amounts due to related parties	3,060,173	-	-	-	3,060,173
Accrued expenses	1,718,562	-	-	-	1,718,562
Lease liabilities	-	6,025,974	16,346,405	8,328,205	30,700,584
Long-term loans	-	786,529	2,409,587	663,669	3,859,785
Long-term debentures	-	1,499,757	1,598,378	-	3,098,135
Total non-derivatives	5,827,702	9,312,260	20,354,370	8,991,874	44,486,206

(Unit: Thousand Baht)

	Consolidated financial statements				Total
	On demand	Less than 1 year	1 to 5 years	More than 5 years	
Derivatives					
Derivative liabilities: net settled	-	309,887	514,342	94,906	919,135
Total derivatives	-	309,887	514,342	94,906	919,135

35.3 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 2020 and 2019, 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)

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair value				
Long-term borrowings from financial institutions	3,859,785,137	3,859,785,137	4,639,479,315	4,639,479,315
Long-term debentures	3,098,134,977	3,006,584,061	4,096,733,618	4,151,962,496

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- For long-term borrowings from financial institutions 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.
- For long-term borrowings from financial institutions carrying floating interest rates, their fair value is estimated by book values in the statement of financial position.
- For long-term debentures, fair value is derived from quoted market prices of the Thai Bond Market Association.

During the current year, there were no transfers within the fair value hierarchy.

35.4 Offsetting of financial instruments

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements or similar agreements but not offset, as at 31 December 2020 and 2019

(Unit: Baht)

	Consolidated financial statements		
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position
As at 31 December 2020			
Amounts due from RPT	873,683,356	(58,115,325)	815,568,031
Amounts due to RPT	(4,272,204,633)	1,212,031,874	(3,060,172,759)
	(3,398,971,277)	1,153,916,549	(2,245,054,728)
As at 31 December 2019			
Amounts due from RPT	3,301,425,400	(1,381,266,989)	1,920,158,411
Amounts due to RPT	(912,653,701)	538,830,262	(373,823,439)
	2,388,321,699	(842,436,727)	1,545,884,972

Gross amounts not offset in the statement of financial position reflect amounts subject to conditional offsetting arrangements.

36. 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 Group has also to maintain minimum capital investment as specified in each certificate.

37. Event after the reporting period

On 27 January 2021, Asia Aviation Center Company Limited was registered with the Ministry of Commerce to be the academy institution of learning and competency development for aviation tourism and hospitality industries. The registered capital is Baht 10 million (1 million ordinary shares of Baht 10 each) and the Group has a 99.99% shareholding of that company.

38. Approval of financial statements

These financial statements were authorised for issue by the Group's Board of Directors on 23 February 2021.

GRI CONTENT INDEX

GRI Standard	GRI Standard Name	GRI Disclosure	GRI Disclosure Title	Page	Section	Omission
General Disclosure						
1. Organisational profile						
102	General Disclosures	102-1	Name of the organisation	30	Company Policy and Business Overview	
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		102-5	Ownership and legal form	46-47	Securities and Shareholders	
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		102-7	Scale of the organisation	4	Key Financial and Operating Data	
		102-8	Information on employees and other workers	4,77	Key Financial and Operating Data Health & Safety	
		102-9	Supply chain	93	Sustainable Supply Chain Management	
		102-10	Significant changes to the organisation and its supply chain	28 93	Key Milestones of Asia Aviation and Thai Airasia Sustainable Supply Chain Management	
		102-11	Precautionary Principle or approach	85	Risk and Crisis Management	
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2. Strategy						
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		102-15	Key Impacts, risks, opportunities	51-69	Policy and Risk Management	
3. Ethics and Integrity						
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4. Governance						
		102-18	Governance structure	143	Management Structure	
5. Stakeholder Engagement						
		102-40	List of stakeholder groups	72-76	Material Issues for Sustainability 2020	
		102-41	Collective bargaining agreements	-		Omitted as it is not relevant to AAV's region of operations

GRI Standard	GRI Standard Name	GRI Disclosure	GRI Disclosure Title	Page	Section	Omission
		102-42	Identifying and selecting stakeholders	72	Material Issues for Sustainability 2020	
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		102-49	Changes in reporting	71	Report Content	
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		102-51	Date of most recent report	71	Report Content	
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		102-53	Contact point for questions regarding the report	71	Contact	
		102-54	Claims of reporting in accordance with the GRI Standards	71	About this Report	
		102-55	GRI content index	270-274	GRI Content Index	
		102-56	External assurance	-	-	AAV does not yet have external assurance, it has been endorsed by AAV's executives of relevant departments
Specific Disclosure						
1. Health and Safety						
103	Management Approach	103-1	Explanation of the material topics and its boundary	77-84	Health & Safety	
		103-2	The Management approach and its components	77-84	Health & Safety	
		103-3	Evaluation of the management approach	77-84	Health & Safety	
403 (2018)	Occupational Health and Safety	403-1	Occupational health and safety management system	77-84	Health & Safety	
		403-2	Hazard identification, risk assessment, and incident investigation	77-84	Health & Safety	

GRI Standard	GRI Standard Name	GRI Disclosure	GRI Disclosure Title	Page	Section	Omission
		403-3	Occupational health services	77-84	Health & Safety	
		403-4	Worker participation, consultation, and communication on occupational health and safety	77-84	Health & Safety	
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		403-8	Workers covered by an occupational health and safety management system	77-84	Health & Safety	
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416	Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	77-84	Health & Safety	
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103	Management Approach	103-1	Explanation of the material topics and its boundary	85-87	Risk and Crisis Management	
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3. Customer Relationship and Operational Performance						
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		102-44	Key topics and concerns raised	87-93	Customer Relationship and Operation Performance	
103	Management Approach	103-1	Explanation of the material topics and its boundary	87-93	Customer Relationship and Operation Performance	
		103-2	The management approach and its components	87-93	Customer Relationship and Operation Performance	
		103-3	Evaluation of the management approach	87-93	Customer Relationship and Operation Performance	

GRI Standard	GRI Standard Name	GRI Disclosure	GRI Disclosure Title	Page	Section	Omission
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5. Digitisation and Innovation						
103	Management Approach	103-1	Explanation of the material topics and its boundary	95-97	Digitisation and Innovation	
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		103-3	Evaluation of the management approach	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
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		302-4	Reduction of energy consumption	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
305 (2016)	Emissions	305-1	Direct (Scope 1) GHG emissions	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
		305-2	Energy indirect (Scope 2) GHG emissions	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
		305-4	GHG emissions intensity	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
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GRI Standard	GRI Standard Name	GRI Disclosure	GRI Disclosure Title	Page	Section	Omission
306 (2020)	Waste	306-1	Waste generation and significant waste-related impacts	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
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		306-3	Waste generated	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
		306-4	Waste diverted from disposal	98-106	Waste, Climate Change and Greenhouse Gas Emission Management	
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413 (2016)	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programme	109-112	Social Investment	
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ข้อมูลทั่วไปและข้อมูลสำคัญอื่น General and Other Information (GRI 102-3)

ข้อมูลทั่วไปของบริษัท

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ประเภทธุรกิจ ประกอบธุรกิจด้านการลงทุนโดยการถือหุ้นในบริษัท
(Holding Company) ที่ประกอบธุรกิจสายการบินราคาประหยัด
หรือธุรกิจอื่นที่เกี่ยวข้องกับสายการบิน
คะแนนการกำกับดูแลกิจการ ดีเลิศ
ที่ตั้งสำนักงานใหญ่ 222 ท่าอากาศยานดอนเมือง อาคารส่วนกลางชั้น 3
ท้องหมายเลข 3200 ถนนวิภาวดีรังสิต แขวงสามมามิน
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เลขทะเบียนบริษัท 0107554000313
ทุนจดทะเบียนและทุนที่ออกและชำระแล้ว ณ วันที่ 31 ธันวาคม 2563
หุ้นสามัญจำนวน 4,850,000,000 หุ้น
มูลค่าที่ตราไว้หุ้นละ 0.10 บาท รวมมูลค่า 485,000,000 บาท

ข้อมูลทั่วไปของบริษัทย่อย

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หุ้นสามัญจำนวน 43,555,560 หุ้น มูลค่าที่ตราไว้หุ้นละ 10 บาท
รวมมูลค่า 435,555,600 บาท
สัดส่วนการถือหุ้น ร้อยละ 55.0

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General Information

Company name Asia Aviation Public Company Limited (AAV)
Type of business A holding company investing in business
of low-fare airline or relevant business in relation
to airline operation
CG Scoring Excellent
Head office 222, Don Mueang International Airport, 3rd Fl, Central
Office Bldg, Room no. 3200, Vibhavadee
Rangsit Road, Sanambin, Don Mueang, Bangkok 10210
Tel: 02-562-5700 Fax: 02-562-5705
Website www.aavplc.com
Registration number 0107554000313
Authorised and paid-up capital as at 31 December 2020
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

Subsidiary name Thai AirAsia Company Limited
Type of business A low-fare airline or relevant business in relation
to airline operation
Head office 222, Don Mueang International Airport, 3rd Fl,
Central Office Bldg, Room no. 3200, Vibhavadee
Rangsit Road, Sanambin, Don Mueang, Bangkok 10210
Tel: 02-562-5700 Fax: 02-562-5705
Authorised and paid-up capital as at 31 December 2020
Common stock of 43,555,560 shares at the par value of Baht 10
amounted Baht 435,555,600
Shareholding 55.0%

References

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