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Opinions of Independent Financial Advisor on the Request for
Waiver from Mandatory Tender Offer Obligation for All
Securities of Asia Aviation Public Company Limited by Virtue of
the Resolution of the Shareholders' Meeting (Whitewash)

of

Asia Aviation Public Company Limited

Presented to

Shareholders of Asia Aviation Public Company Limited



Prepared by



November 10, 2021

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Abbreviations

Meaning	Abbreviation
Asia Aviation Public Company Limited	: The Company or the Business or AAV
Thai AirAsia Company Limited (a company that operates the aviation business)	: TAA or Thai AirAsia
AirAsia Aviation Limited or the waiver applicant for mandatory tender offer obligation for all securities of the Company by virtue of the resolution of the Company shareholders' meeting (Whitewash)	: AAA or the Applicant
AirAsia Group Berhad	: AAGB
AirAsia Berhad	: AAB
Mr. Pitharn Ongkosit	: Mr. Pitharn
Mr. Palin Lojanagosin	: Mr. Palin
Mr. Bundit Pitaksit	: Mr. Bundit
Mrs. Piyaporn Vichitbandha	: Mrs. Piyaporn
Mr. Suwaphon Suwaruchiporn	: Mr. Suwaphon
Mr. Vorapote Amnueypol	: Mr. Vorapote
Mr. Pitharn, Mr. Palin, Mr. Bundit, Mrs. Piyaporn, Mr. Suwaphon and Mr. Vorapote	: The Group of Investors
North Haven Thai Private Equity, L.P.	: NHTPE
North Haven Keystone Company Limited is the investment company incorporated in Hong Kong with NHTPE, a global fund managed by Morgan Stanley Private Equity Asia as its fund manager, as an indirect shareholder by holding shares through another investment company in which NHTPE holds all shares.	: North Haven Keystone Company Limited
Mr. Tassapon Bijleveld	: Mr. Tassapon
Discover Management Company Limited	: Independent Financial Advisor or IFA or Discover
Nok Airlines Public Company Limited	: NOK
Thai Airways International Public Company Limited	: THAI
Allocation of the newly-issued ordinary shares to private placement	: PP
Allocation of newly issued ordinary shares to the existing shareholders in accordance with their shareholding proportions held by each shareholder (Rights Offering)	: RO
Convertible Bond	: CB
The Securities and Exchange Commission	: The SEC
The Stock Exchange of Thailand	: The Stock Exchange or the SET
Market for Alternative Investment	: mai
Extraordinary General Meeting	: EGM
Memorandum of Understanding	: MOU
Board of Investment	: BOI
Entering into transactions related to the issuance and offering of newly issued ordinary shares to specific investors (PP) and existing shareholders according to their shareholding proportion (RO) of Asia Aviation Public Company Limited	: Entering into the Transaction or the Transaction
The allocation of the newly-issued ordinary shares in the amount of not exceeding 1,714,285,714 shares, with a par value of THB 0.10 per share, to be offered to the existing	: The Capital Increase

Meaning	Abbreviation
shareholders of the Company proportionate to their respective shareholdings, in the ratio of 5.7625 existing ordinary share to 1 newly-issued ordinary share, at the offering price of THB 1.75 per share, the allocation of newly issued ordinary shares in the amount of not more than 5,028,571,429 shares with a par value of THB 0.10 to be offered to a private placement basis at the offering price of THB 1.75 per share to AAA and the Group of Investors and the allocation of the newly-issued ordinary shares to be reserved for the conversion of Convertible Bond offered to private placement	
Notification of the Securities and Exchange Commission No. TorJor. 72/2558 Re: Requesting Approval for Listed Companies to Offer Newly Issued Shares to Private Placement dated October 28, 2015 (and as amended)	: Notification TorJor. 72/2558
Waiver of mandatory tender offer obligation for all securities of the Company by virtue of the resolution of the shareholders' meeting (Whitewash) of AAA	: Waiver for Whitewash
Form of Letter to the Shareholders seeking approval for acquiring the newly issued securities by way of waiving the tender offer of the business (Form 247-7)	: Form 247-7
World Health Organization	: WHO
Preventive measures and blocking the infection into the area and measures to prevent outbreaks within the area	: Lock Down
Revenue Passenger Kilometers (million seat kilometers)	: RPK
Cost per available seat kilometers (THB)	: CASK
Available seat kilometers (million seat kilometers)	: ASK
Revenue per available seat kilometers (THB)	: RASK

Opinions of Independent Financial Advisor on the Request for Waiver from Mandatory Tender Offer Obligation for All Securities of Asia Aviation Public Company Limited by Virtue of the Resolution of the Shareholders' Meeting (Whitewash)

October 20, 2021

No. IMAPDM210/2021

Subject: Opinions of Independent Financial Advisor on the Request for Waiver from Mandatory Tender Offer Obligation for All Securities of Asia Aviation Public Company Limited by Virtue of the Resolution of the Shareholders' Meeting (Whitewash)

To: The Board of Directors, Audit Committee and the Shareholders of Asia Aviation Public Company Limited

Attachment: 1) Summary of Asia Aviation Public Company Limited ("AAV") and Thai AirAsia Company Limited ("TAA")
2) Summary of AirAsia Group Berhad ("AAGB") and AirAsia Aviation Limited ("AAA" or the "Applicant")

References:

- 1) Resolutions of the Board of Directors of the Company No. 1/2021 dated February 23, 2021.
- 2) Resolutions of the Board of Directors of the Company No. 2/2021 dated April 26, 2021.
- 3) Resolutions of the Board of Directors of the Company No. 6/2021 dated October 19, 2021.
- 4) Information Memorandum on the Issuance and Offering of Newly Issued Ordinary Shares to Private Placement and Existing Shareholders in Accordance with Their Shareholding Proportion of Asia Aviation Public Company Limited
- 5) Annual Registration Statement (Form 56-1) of the Company ending December 31, 2020
- 6) Annual Report 2020 (Form 56-2) of the Company
- 7) Financial statements audited by the Company's certified public accountant for the 12-month period ended December 31, 2018 – 2020 and financial statements reviewed by the Company's certified public accountant for the 6-month period ended June 30, 2021.
- 8) Internal financial statements of the Company and TAA for the 6-month period ended June 30, 2021.
- 9) Draft share subscription agreement between the Company, AAA and the Group of Investors
- 10) Other contract documents and interviews with relevant management of the Company
- 11) Financial projection for TAA

Disclaimers

1. In preparing this report, Discover Management Company Limited (“IFA” or “Discover”) has relied on information provided by the information of the AAV and the information that the Company disclosed to the public or on Securities and Exchange Commission websites (www.sec.or.th), Stock Exchange of Thailand website (www.set.or.th) and other information disclosed to the public including public information from other sources and information from interviewing with the management of the Company.
2. IFA conducted studies using knowledge, competence and caution by adhering to the professional basis. However, IFA shall not be responsible for profits or losses and any impacts resulting from the Transaction and
3. IFA considered and provided opinion the prevailing market conditions and currently available information. If market conditions and information change in the future, the results of the study in this report may be affected.
4. Due to the epidemic situation of COVID-19 in Thailand and overseas in which the World Health Organization (“WHO”) has announced that the outbreak of COVID-19 is a pandemic and encouraged all countries to increase measures to prevent and control the spread of the disease, resulting in global control and prevention of the outbreak of COVID-19 by using preventive measures and blocking the infection into the area, the lock down and quarantine, which directly affects the operations of the Company. In this regard, IFA made additional assumptions from interviews with the management of the Company, which at present are uncertain and subject to change. Changes in the situation of COVID-19 may have a significant effect on the profitability, performance and financial statements of the Company.

Background of the Transactions

From the epidemic situation of COVID-19 both domestically and internationally, the World Health Organization ("WHO") has declared the COVID-19 outbreak a pandemic and encourages all countries to increase preventive measures and control the epidemic. As a result, the world has been controlling and preventing the spread of COVID-19 by using preventive measures and intercepting the infection into the area, and measures to stop the spread of the epidemic within the area "Lock Down" and "Quarantine". The aforementioned epidemic situation has caused the Company to be greatly affected by such damage as the COVID-19 outbreak is an unexpected event and the Company cannot prevent such risks, causing a huge negative impact on business and operating results, especially from the travel restrictions issued by the government, resulting in TAA announcing the suspension of service on all domestic routes from July 12, 2021 until August 8, 2021 and announced the extension of the temporary suspension of service on all domestic routes until August 31, 2021 as TAA has resumed service on some domestic routes on September 3, 2021 to accommodate passengers in need for travel up to 75 percent of the aircraft's passenger capacity in a particular flight. Additionally, the situation affected liquidity and payment of various debts of the Company and TAA. TAA have extended the payment period for loans from financial institutions and issued debentures, but they are unable to comply with some conditions of the loan agreement, such as maintaining the interest-bearing debt to equity ratio in which certain conditions under the above financial contracts have been waived (e.g. maintenance of interest-bearing debt to equity ratio).

Historically speaking, the Company and TAA have made every effort to increase TAA's liquidity, whether through the acquisition of new investors to provide financial assistance, the conversion of TAA's current liabilities to equity, or negotiations with various creditors, including efforts to implement the Company's and TAA's business and capital restructuring plans, which were approved by the Board of Directors on April 26, 2021. However, the Company's and TAA's business and capital restructuring plans are complex and time-consuming to implement. As a result, the Board of Directors determines that it is appropriate to cancel the Company's and TAA's business and capital restructuring plans, which were approved by the Board of Directors on April 26, 2021, and to consider a new plan to restructure the Company's and TAA's shareholding (hereinafter referred to as the "Restructuring Plan").

Objectives of the shareholding Restructuring Plan of the Company and TAA.

The primary goal of the Company's and TAA's shareholding restructuring plan is to raise funds to increase liquidity for the Company's and TAA's business operations, as well as to increase the Company's and TAA's shareholding to 100 percent (AAA will instead increase its shareholding in the Company by up to 45.12 percent), with details as follows:

- 1) Increased capital in TAA in the amount of THB 3,900 million in order to increase its shareholding in TAA from 55.0 percent to 69.2 percent and to allow TAA to use the capital increase to repay the outstanding debt of TAA with amount of THB 3,900 million¹.

The money that the Company using to raise capital in TAA will come from loans from financial institutions.

- 2) To purchase all the remaining shares of TAA which is 30.8 percent for the Company to owns almost all shares in TAA. In this regard, the money that the Company will use to buy the remaining shares in TAA will

¹ Currently, TAA has outstanding liabilities with AirAsia Group Berhad ("AAGB"), a major shareholder of AirAsia Aviation Limited ("AAA"), totaling approximately of THB 4,182 million (information as of June 30, 2021). Most of the liabilities are liabilities arising from Thai AirAsia's normal business operations, such as aircraft and aircraft engine rentals, booking fee, share of loss from fuel price swap contracts, etc.

come from capital increase receiving from new investors (new subscriber and convertible bonds subscriber), AAA (which will change to hold shares in the Company instead of holding shares in TAA), and the Company's existing shareholders.

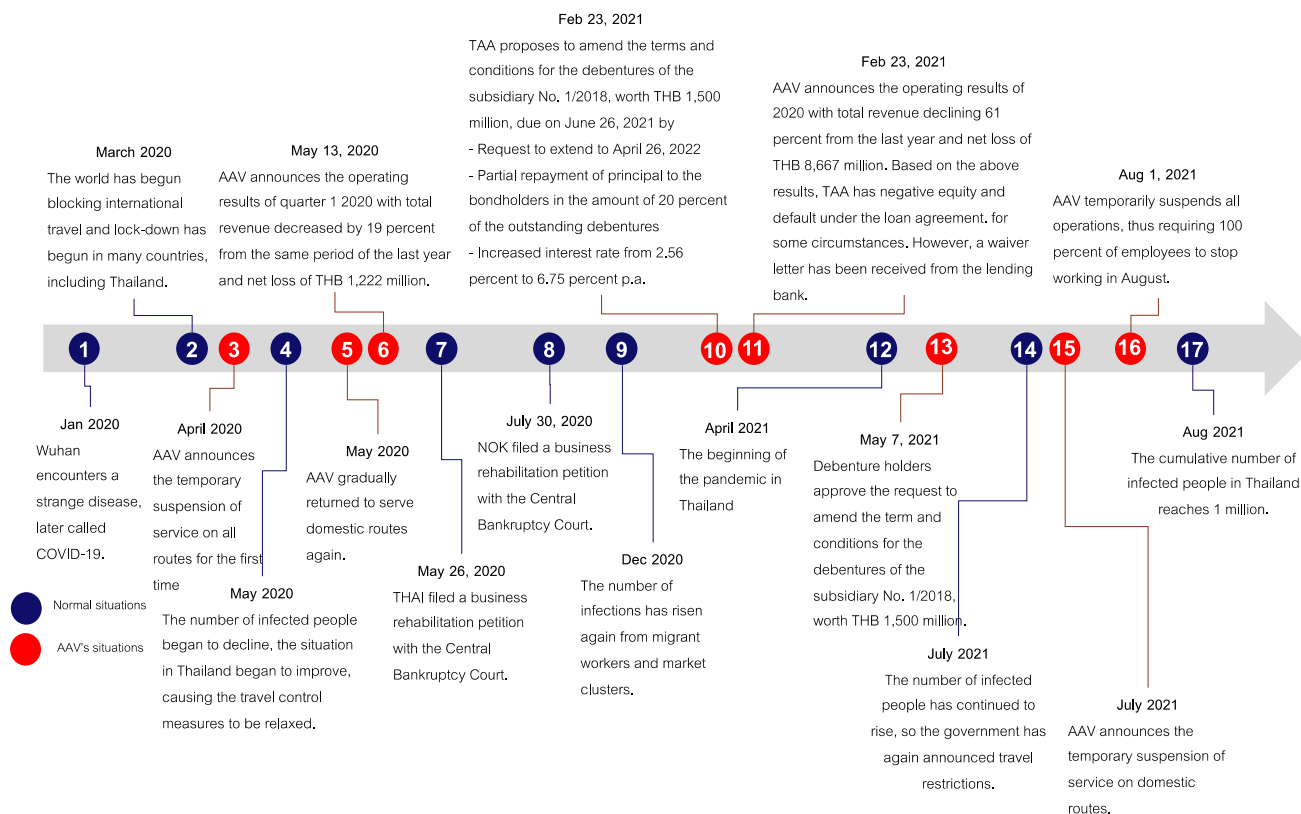
Such shareholding restructuring plan of the Company and TAA is able to raise funds from new investors (new subscriber and convertible bonds subscriber), AAA, and the existing shareholders of the Company which the remaining money from loan repayment to financial institutions and the purchased remaining shares in TAA, the Company is still able to reserve a portion of the funds as liquidity for TAA to increase its capital and/or borrow further.

The said shareholding restructuring plan of the Company and TAA has already been negotiated and agreed upon by new investors (new subscriber and convertible bonds subscriber) and AAA and the main creditor of TAA², where related parties have already signed a preliminary summary of terms with the Company.

If the Company does not proceed in accordance with the above shareholding restructuring plan of the Company and TAA (e.g., the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), lending financial institutions, new investors (new subscriber and convertible bonds subscriber) and AAA are not willing to subscribe for the Company's newly issued shares and convertible bonds and the Company may not receive financial assistance to solve the liquidity problem of the Company.

For the shareholders to understand the seriousness of the problems and the current situation of the Company, Independent Financial Advisor summarizes the important events of the Company as follows:

Timeline on COVID-19 and its impact on the Company



² AAGB's group of companies, which are trade accounts payable.

From the timeline, it is stated that in the past 2 years, the Company and the global aviation industry has been greatly affected by the COVID-19 epidemic, resulting in airlines around the world including Thailand to perceive severe liquidity shortages. In Thailand, the 2 main aviation business competitors are NOK and THAI, face severe liquidity shortages and filed for rehabilitation petitions with the Central Bankruptcy Court in May and July 2020, respectively. The Company was also affected by the decrease in the number of flights and passengers. As a result, the income received is not enough to cover the costs and expenses that the Company has to bear, such as employee compensation, resulting in negative operating cash flow until the Company is unable to pay employees' salaries since August 2021, and TAA has loans from financial institutions and debentures which are overdue for several credit lines (mostly pending repayment of principal and interest) and is unable to comply with certain conditions of the loan agreement, such as maintaining the interest-bearing debts to equity ratio. As the Company does not have assets and any other significant business operations other than holding in TAA which makes financing through borrowing difficult. The Company is therefore in a state of severe liquidity.

In order for shareholders to understand the Company's financial problems more clearly, IFA has referenced the numbers from the audited financial statements and financial statements reviewed by an auditor licensed by the SEC, including the internal financial statements of the company. From the financial statements as of December 31, 2020, the Company has net loss of THB 8,666.93 million, which is the largest loss since the Company has been in business, and during the first 6 months of 2021, the Company has additional net loss of THB 6,468.46 million, resulting in the Company lacking operating liquidity until it is unable to pay employees' salaries since August 2021 (The Company's consolidated financial statements have been prepared by including the operating results of TAA, which is considered a subsidiary of the Company, and the Company does not have any significant assets and business operations other than holding shares in TAA).

In addition to the lack of operating liquidity, if considering from the table below, it can be seen that during the period, the Company experienced losses due to the impact of COVID-19. TAA, the Company's subsidiary that operates the aviation business, has the problem of financial liquidity that leads to negative shareholder equity, that is, being in a state where amount of debt is more than assets, resulting in having to request a suspension of repayment in many credit lines and unable to comply with certain conditions of the loan agreement such as maintaining the interest-bearing debts to equity ratio, including the need to postpone the repayment of TAA216A debentures from the due date of July 2, 2021 to April 26, 2022, with additional obligations from the increase in yield which is 2.65 to 6.75 percent. As of June 30, 2021, the outstanding principal amount is THB 1,200 million at an interest rate of 6.75 percent per annum. Therefore, financing through borrowing is difficult for TAA who has more liabilities than assets, and the Company does not have any significant assets and business operations other than holding shares in TAA.

During such period, the Company received a lot of assistance from the related companies (companies related to AAGB), when considering the consolidated financial statements of the Company as of December 31, 2020 (which is the year the Company began to be affected by COVID-19), the Company's related business payable increased from THB 373.82 million to THB 3,060.17 million (increased by THB 2,686.35 million or 718.61 percent), and when considering the first 6-month financial statement of 2021, payable from related parties increased from THB 3,060.17 million to THB

4,549.93 million (increased by THB 1,489.75 million or 48.68 percent), when considering the cash flow statement in 2020 and for the first 6 months of 2021, there is a significant decrease in cash and cash equivalents. In 2020, the Company's cash decreased by THB 2,864.94 million and for the first 6 months of 2021, the Company's cash and cash equivalents decreased by another THB 884.03 million. According to IFA's estimate based on Discounted Cash Flow Approach Clause 4.7 as of December 31, 2021, TAA may have a net loss of approximately THB 10,354.24 million, resulting in a decrease in cash and cash equivalents of TAA by another THB 7,573.84 million, which may cause TAA and the Company to face financial deficits in the future.

Summary table of the statement of financial position of TAA

(Unit: THB Million)

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Total current assets	7,426.88	2,760.17	1,714.91
Total non-current assets	55,475.68	65,217.51	62,886.42
Total assets	62,902.56	67,977.67	64,601.33
Total current liabilities	13,959.03	17,823.28	21,680.05
Total non-current liabilities	21,255.06	32,794.08	31,829.52
Total liabilities ^{1/}	35,214.09	50,617.36	53,509.57
Total shareholders' equity ^{2/}	27,688.47	17,360.32	11,091.76
Total revenue	41,530.91	16,237.34	2,431.43
Profit (loss) for the period	(866.16)	(8,666.93)	(6,468.46)

Source: Consolidated financial statements of the Company

Remark: 1/ The total liabilities of the Company can be classified according to the types of liabilities as follows:

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Payables from related parties	373.82	3,060.17	4,549.93
Short-term loans from financial institutions	1,750.00	1,000.00	1,383.38
Long-term loans from financial institutions	4,639.48	3,859.79	4,059.02
Long-term debentures	4,096.73	3,098.13	2,798.77
Lease liabilities	-	30,700.58	32,203.97
Finance lease liabilities	11,493.61	-	-
Advance income	4,648.34	2,372.60	2,431.07
Accrued expenses	2,704.53	1,718.56	1,946.49
Deferred tax liabilities	3,047.15	1,989.25	1,652.14
Other liabilities	2,460.42	2,818.27	2,484.82
Total liabilities	35,214.09	50,617.36	53,509.57

As of June 30, 2021, the Company has accounts payable to related parties, which are due to advance income, accrued aircraft rental and accrued aircraft maintenance costs, etc., all from AAGB's group of companies.

2/ The Company's consolidated statement of financial position has positive shareholders' equity from goodwill and intangible assets of approximately THB 23,691.7 million, which are derived from goodwill from investments in TAA and rights to aircraft landings, which could change significantly if the impact of COVID-19 negatively affects the value of the Company's intangible assets. However, AAV's auditors have not been able to reasonably estimate the impact of COVID-19. The Group's management is

constantly monitoring the progress of COVID-19 impact situation and assessing the financial impact on the value of assets, provisions and contingent liabilities and will consider recording the impact when possible.

Summary table of TAA's statement of financial position

(Unit: THB Million)

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Total current assets	7,332.25	2,657.28	1,713.34
Total non-current assets	31,734.73	42,472.53	40,526.00
Total assets	39,066.99	45,129.81	42,239.34
Total current liabilities	13,956.22	17,820.75	21,784.00
Total non-current liabilities	18,272.34	30,804.82	30,177.39
Total liabilities	32,228.55	48,625.57	51,961.38
Total shareholders' equity	6,838.44	(3,495.76)	(9,722.04)
Total revenue	41,529.26	16,236.34	2,430.70
Profit (loss) for the period	(871.47)	(8,672.97)	(6,426.18)

Source: TAA's financial statements

Summary table of the Company's consolidated cash flow statement

(Unit: THB Million)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021
Net cash flow from operating activities	2,869.29	965.68	(897.90)	(440.70)
Net cash flow from investing activities	(1,733.32)	(1,793.86)	12,064.36	(64.21)
Net cash flow from financing activities	(2,288.29)	828.76	(14,031.39)	(379.12)
Cash and cash equivalents net increase (decrease)	(1,152.32)	0.57	(2,864.94)	(884.03)
Unrealized foreign exchange gains on cash and cash equivalents	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at the end of period/year	4,122.62	3,982.23	1,110.37	233.53

Source: Company

Summary table of the TAA's cash flow statement

(Unit: THB Million)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021
Net cash flow from operating activities	2,925.01	958.79	(903.49)	(440.92)
Net cash flow from investing activities	(1,733.51)	(1,793.97)	12,064.32	(64.20)
Net cash flow from financing activities	(2,302.13)	828.76	(14,031.39)	(281.46)
Cash and cash equivalents net increase (decrease)	(1,110.63)	(6.43)	(2,870.56)	(786.58)
Unrealized foreign exchange gains on cash and cash equivalents	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at the end of period/year	4,036.98	3,889.58	1,012.09	232.70

Source: Company

Therefore, in order for the Company to be able to continue its business, it is necessary to increase its capital to solve liquidity problems and restructure its shareholders. The main goal of this transaction is to solve liquidity problems and adjust the Company structure to be suitable for further growth in the future. For entering into the Transaction, shareholders must approve all 8 agenda items (Agenda item 1 - Agenda item 8) because these 8 agenda items are related and conditional upon each other. If approved, it will be deemed that other agenda items that have already been approved will be canceled and no further consideration will be made. The details of the shareholders' meeting are as follows:

- | | |
|----------------|---|
| Agenda item 1: | To consider and approve the Minutes of the 2021 Annual General Meeting of Shareholder, convened on 22 April 2021 |
| Agenda item 2: | To consider and approve the Shareholding Restructuring Plan of the Company and TAA |
| Agenda item 3: | To consider and approve the issuance and offering of convertible Bonds on a private placement basis |
| Agenda item 4: | To consider and approve the increase of the Company's registered capital and the amendment to Clause 4 of the Company's memorandum of association to be in line with the increase of the registered capita; of the Company |
| Agenda item 5: | To consider and approve the allocation of the newly-issued ordinary shares to (1) investors on a private placement basis, (2) the existing shareholdings proportionate to their respective shareholdings (Right Offering) and (3) reserve the conversion of convertible Bonds |
| Agenda item 6: | To consider and approve the amendment of the part of the Company's articles of association |
| Agenda item 7: | To consider and approve the waiver of the obligation to make a mandatory tender offer by referring to the resolution of Shareholders' Meeting (Whitewash) by AirAsia Investment Limited |
| Agenda item 8: | To consider and approve the appointment of additional directors, the appointment of new directors and the amendment of the authorized directors of the Company |
| Agenda item 9: | Other matters (if any) |

However, there is 1 agenda that the Company is required to appoint an independent financial advisor to give opinions to the shareholders in making a decision as the shareholders must vote in Agenda item 7.

- | | |
|----------------|---|
| Agenda item 7: | To consider and approve the waiver of the obligation to make a mandatory tender offer by referring to the resolution of Shareholders' Meeting (Whitewash) by AirAsia Investment Limited |
|----------------|---|

To carry out the shareholding restructuring plan, the Company will allocate no more than 4,457,142,857 newly issued ordinary shares to AAA, representing no more than 45.12 percent of the Company's total voting rights, which triggers the requirement for AAA to make a tender offer for all of the Company's securities at a price equal to 25 percent of the Company's total voting rights pursuant to the Notification No. TorChor. 12/2554.

When combined with the amount that the Applicant has the right to subscribe for newly issued ordinary shares in proportion to their shareholding (RO), which is equal to 773,473,814 shares, the Applicant will hold shares in the total business equal to 5,230,616,671 shares or accounted for 45.12 percent of the total number of shares sold of the Company (on the assumption that every shareholder of the Company exercises the right to subscribe for the newly issued ordinary shares in proportion to their shareholding). If Mr. Tassapon Bijleveld, AAA and a group of six individual high net worth investors who have been allocated the newly issued ordinary shares on the private placement basis (Private Placement), subscribe for the newly issued ordinary shares offered to the existing shareholders in proportion to their rights (Rights Offering), where other minority shareholders have not subscribed for the newly issued ordinary shares and the remaining shares are discarded, AAA will have a shareholding proportion in the Company equal to 47.16 percent of the issued and paid-up shares of the Company following the allocation of newly issued ordinary shares to specific investors (Private Placement) and to the existing shareholders in proportion (Rights Offering).

However, AAA wishes to apply for a waiver of its obligation to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting of the Company (Whitewash) with the SEC in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorKor. 29/2561 Re: Criteria for applying for a waiver of requirement to make a tender offer for all securities of the business using a resolution of the shareholders' meeting of the business. Application for a waiver must be made in accordance with the relevant notifications and must be approved by the shareholders' meeting of the Company, approving the Company's offer for sale of newly issued securities to the Applicant and concurrently agreeing that the Applicant does not have to make a tender offer for all securities of the Company after the acquisition of such securities, with a vote of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and have the right to vote. The said resolution shall not include the vote of the Applicant, persons under Section 258 of the Applicant, persons who act in concert (Concert Party) with the Applicant and persons under Section 258 of the concert party acting in concert with the Applicant.

In this regard, the Company has appointed Discover Management Company Limited as an independent financial advisor (IFA) to provide opinions to the shareholders on AAA's application for a waiver of requirement to make a tender offer for all securities of the Company by means of the resolution of the shareholders' meeting of the Company (Whitewash) to be propose to the Extraordinary General Meeting of Shareholders No. 1/2021, which will be held on November 26, 2021.

The Company needs to restructure its shareholders and raise capital for AAA because it and TAA have been impacted by the COVID-19 pandemic for an extended period of time and it is uncertain when the situation will return to normal, putting the Company's and TAA's business in jeopardy. It is difficult to find creditors and investors to provide financial assistance and to invest in the company in this uncertain situation. The restructuring plan has been negotiated and agreed upon by new investors (subscribers for new shares and convertible bonds), existing shareholders of TAA and the main creditors of TAA already. If the Company cannot implement the aforementioned shareholding restructuring plan, new investors will be unwilling to subscribe to the Company's capital increase shares and convertible bonds, implying that the Company will be unable to obtain financial assistance to resolve the Company's and TAA's liquidity crisis. As of June 30, 2021, the Company had current liabilities of THB 21,680.05 million and current assets of THB 1,714.91 million, representing a liquidity ratio of 0.08 times. Current liabilities exceeding current assets indicates a liquidity

crisis and may result in future payment default problems. This issue is viewed as a justification and a critical requirement for the current shareholding restructuring plan.

Shareholders can refer to the details of the application for a waiver of requirement to make a tender offer for all securities of the Company by using the resolution of the Company's shareholders' meeting (Whitewash), including the opinion of the Board of Directors regarding the application of such waiver and a draft letter requesting for a resolution of the shareholders' meeting to approve the acquisition of new securities without a tender offer for all securities of the business (Form 247-7) and the independent financial advisor's report.

Independent Financial Advisor's opinion is based on the assumption that information and documents obtained from the Company as well as interviews with the Company's management are accurate and true, considering such information with due diligence and reasonableness according to professional standards, the information and results of the study can be summarized as follows:

Executive Summary

The Board of Directors' Meeting No. 6/2021, convened on October 19, 2021, resolved to consider and approve on the request for waiver from mandatory tender offer obligation for all securities of the Business by virtue of the resolution of the Shareholders' Meeting (Whitewash). From the Company allocation of the Company's newly-issued ordinary shares to private placement in the amount of not more than 5,230,616,671 shares (which are divided into newly-issued ordinary shares that AAA will be allocated from private placement in the amount of 4,457,142,857 shares and the allocation to the existing shareholders in accordance with their shareholding proportions in the amount of 773,473,814 shares) with a par value of THB 0.10 per share at a price of THB 1.75 to AAA.

Opinions on Waiver for Whitewash In the allocation of the Company's ordinary shares up to 5,230,616,671 shares (which are divided into newly issued ordinary shares that AAA will be allocated from private placement of 4,457,142,857 shares and the allocation to the shareholders of the Company in proportion to their shareholding of 773,473,814 shares) with a par value of THB 0.10 per share at a price of THB 1.75 to AAA, totaling THB 9,153.58 million, which is an offering of newly issued shares to private placement and is part of the overall restructuring of the Company with AAA. Independent Financial Advisor is in the opinion that the request of Waiver for Whitewash is appropriate in terms of the conditions and necessity of the transaction. Due to COVID-19 situation, the number of flights and passengers is reduced, resulting in insufficient income to cover costs and expenses that the Company has to bear, such as employee compensation, resulting in negative operating cash flow until it is unable to pay employees' salaries since August 2021, coupled with TAA having loans from financial institutions and debentures which are overdue (most of them are pending payment of principal and interest payments), and unable to comply with certain conditions of the loan agreements, such as maintaining the interest-bearing debts to equity ratio, and because the Company does not have assets and does not engage in any other significant business other than holding a stake in TAA, which makes financing through borrowing difficult. Therefore, the Company is in a severe liquidity situation. If the Company does not proceed according to the Company's and TAA's shareholding restructuring plan above, the Company will not be able to proceed further, resulting in creditors' lack of confidence in the Company's ability to repay its debts. In the future, such events may cause the Company to be in bankruptcy, which will cause significant damage to shareholders. However, the price offered to private placement is lower than the reasonable price assessed by IFA.

After this restructuring, the Company will receive money from the offering of the Capital Increase and convertible debentures of approximately THB 14,000 million, which will help solve AAV's lack of liquidity issue. From the financial statements as ended June 30, 2021, AAV has cash and cash equivalents of THB 233.53 million (in 2019, which is the year before COVID-19 epidemic, AAV used to have cash and cash equivalents of THB 3,982.23 million), it can be seen that the Company's cash and cash equivalents has decreased significantly from the impact of COVID-19 epidemic. IFA expects that after the restructuring of AAV, there will be cash and cash equivalents of THB 10,333.53 million, which will help the Company to operate and can continue the business and do not have to enter the rehabilitation plan or be sued for legal action. In addition, this restructuring will make TAA's shareholder equity positive again at THB 378.0 million

(according to the impact on the financial structure based on data from the financial statements for the 6-month period ended June 30, 2021 according to Clause 5.8.5.).

Appropriateness of the price of the allocation of newly issued ordinary shares to private placement at a price of THB 1.75, which is a price lower than the appraised price by Market Price Approach of THB 2.38 - 3.03 per share, which is the method that IFA considers the most suitable for this transaction. However, the price that the Company offers for sale of newly issued ordinary shares to private placement to AAA is lower than the fair price which may affect the price of the Company's ordinary shares. After the Company's offering of the newly issued ordinary shares to the existing shareholders in proportion (Right Offering) and offer the newly-issued ordinary shares to private placement, the share price after the capital increase will decrease from the market price by THB 0.75 or 25.5 percent (Details in 2.3 price dilution) which, when calculating the impact from the existing shareholders' equity, will cause the existing shareholders to lose benefits of approximately THB 3,637.50 million (the value of the shares held by the existing shareholders decreases = the share price after the capital increase theoretically decreases from the market price x number of shares before the Capital Increase). The said price is the same price as the price that the Company has increased its capital to the existing shareholders in this offering. In addition, the price that the Company offers for sale of newly-issued ordinary shares to private placement to AAA is still lower than the book value of the Company. However, IFA is in the opinion that Book Value Approach is not appropriate for the Company's valuation in this time because the Company's consolidated statement of financial position has positive equity by the value of goodwill and intangible assets amounted to approximately THB 23,691.7 million, mainly derived from goodwill from TAA investments and landing rights, which could change significantly if the impact of COVID-19 negatively affects the value of the Company's intangible assets. However, AAV auditors have not been able to reasonably estimate the impact of COVID-19. The Group's management has continuously monitored the progress of the COVID-19 impact situation and assessed the financial impact on the value of assets, provisions and liabilities that may occur continually and will consider recording the impacts when possible.

For the suitability of the conditions and the necessity of the transaction considering the advantages, disadvantages and risks are detailed as follows:

Advantages of Entering into the Transaction:

1. Assists the Company to continue its business (Details in 5.8.1)

As the Company is still affected by COVID-19 continually in terms of revenue and insufficient operating cash flow, therefore, if the Company cannot increase the registered capital, the Company may not be able to continue the business, which will directly affect the shareholders and all creditors of the Company directly.

2. Assists the Company to grow in the future (Details in 5.8.2)

Currently, although the Company is unable to clearly estimate the rate of revenue growth, but from IFA's projection, it is estimated that in 2024, the Company's revenue should come back at the same level as the pre-COVID-19 income. However, the future growth of the Company should be more sustainable in terms of revenue and profit. Therefore, in the future, price competition is likely to decrease significantly, as a result, the profitability of the Company should be significantly improved.

3. Assists the Company to be more reliable (Rating) (Details in 5.8.3)

Since TAA is currently rated B (TRIS) (very high risk of default), therefore, if the Company can increase capital for all shareholders, including the restructuring of the shareholders and the financial structure, which will make the group of companies including TAA more reliable, which will affect the interest rate that TAA and the Company will receive from issuing debentures and / or borrowing from financial institutions will decrease from the current rate, which will directly affect the interests of the shareholders.

4. Assists the Company to avoid entering the rehabilitation plan or being sued for legal action (Details in 5.8.4)

From the details of the Company's financial statements, it can be seen that if the Company cannot increase its capital as intended. The Company is unlikely to solve liquidity problems and breach of contract with the bank may result in the Company having to file a petition with the court for Business rehabilitation or be sued for legal action. Such events will have a significant impact on shareholders, bondholders, creditors and consumers.

5. Assists the Company to increase the shareholders' equity (Details in 5.8.5)

According to the financial statements as of June 30, 2021, the Company has equity of the Company's shareholders in the amount of THB 10,819.60 million, which can be calculated as a book value per share equal to THB 2.23. Therefore, if the Company has successfully entered into this transaction, as a result, the Company's shareholders' equity will increase to THB 25,901.76 million. Therefore, the above actions will increase the shareholders' equity and book value of the Company.

6. The issuance and offering of newly issued shares should be sufficient to solve the Company's major problems (Details in 5.8.6)

From the Company's plan, although entering into Transaction-1 is only the beginning of solving the Company's liquidity and overall liabilities, from the interviews with the Company's management and financial projections by Independent Financial Advisor, it was found that the issuance of the newly issued ordinary shares by 8,000,000,000 shares (received a total capital increase of approximately THB 14,000 million) will allow the Company to have sufficient funds for management and can continue the Business. However, the Company may have to solve other debt problems, especially liabilities in the future of aircraft, loans from financial institutions and debentures as the proceeds from this capital increase will be used to repay the debt to the AAGB group in the amount of THB 3,900 million.

Advantages of Entering into the Transaction with AAA:

1. Able to maintain confidentiality in negotiations (Details in 5.9.1)

Since the airline business is a business with few operators in Thailand and this capital increase of the Company needs up to THB 14,000 million. Therefore, by negotiating with many aviation businesses may affect the Company's current and future business operations as the Company must disclose detailed information to those investors.

2. Negotiations can be done swiftly (Details in 5.9.2)

As TAA currently has less than 0 shareholders' equity and lack of liquidity to the extent, so it is unable to pay employees' salaries, therefore, the Company negotiated with AAA, who has a good relationship with the Company, has an understanding of both business operations and passing, has provided good assistance to the Company from the impacts of COVID-19 should allow the Company to reach an agreement in the shortest possible time, which is considered necessary and in the best interests of the Company.

3. AAA is a subsidiary of AAGB, who understands the business, is the brand owner and has no takeover policy (Details in 5.9.3)

The fact that AAGB, an existing shareholder of an affiliated company (TAA) through AAA for more than 10 years, came to help buy the Capital Increase shares through AAA in the offering of shares to private placement, but there was no entering into Shareholders' Agreement, according to the Company's notice, which generally such agreements are contracts that give the major shareholders more management power. In the case of AAA, there are only details that AAA disclosed in Form 247-7 requesting to send representatives to serve as directors of the Company in 3 positions. Moreover, in Form 247-7, AAA clearly shows the intention to hold the Company's shares as a long-term investment, which is not easy for the Company to find such investors in a limited time.

4. The Company benefits from the funds it receives to solve financial liquidity problems (Details in 5.9.4)

In this negotiation, the Company has benefited by TAA being able to convert debt into equity of approximately THB 3,900 million, which will be reflected in the consolidated financial statements of the Company, and AAA has also increased the Company's capital for THB 3,900 million, totaling THB 7,800 million, which, when combined with the total capital increase of the Company will allow the Company to receive approximately THB 14,000 million, and this amount should allow the Company to solve its financial liquidity problems and be able to continue its business, which the Company expects that such amount will be sufficient for its operations for the next 18-24 months.

Disadvantages of Entering into the Transaction with AAA:

1. Effects on the shareholding proportion of Control Dilution, Price Dilution, and Earning Dilution (Details in 5.10.1)

After the Capital Increase, the Company may have a maximum of 12,850.00 million ordinary shares sold (from 4,850 million shares). The proportion of other existing shareholders (excluding AAA and the new investors) after the Capital Increase will decrease from 100 percent to 37.74 percent. In this regard, a lower shareholding means a lower proportion of control. However, if considering the benefits that the existing shareholders will receive from the Company's ability to continue its business and the opportunity to grow in the future, IFA is in the opinion that it is reasonable.

2. New shareholders (Private placement) will have the right to object to the resolution of the shareholders' meeting of the Company in respect of special and/or important agendas requiring a vote of not less than three-fourths of the shareholders attending the meeting and have the right to vote (Details in 5.10.2)

After the initial public offering of 4,457.14 million shares to AAA (and if combined with the Capital Increase of RO, AAA will receive 5,230.62 million shares) will result in AAA holding shares in the Company increased to 40.71 - 45.12 percent of the total voting rights from the existing 0.00 percent of the total voting rights, such shareholding is more than 25 percent or one-fourth of the total voting rights of the Company and allows AAA to exercise the right to object or not support in any special and/or important agenda of the Company.

3. Necessity to make transactions with AAA (Details in 5.10.3)

The Company is obliged to enter into the transaction with AAA because the said shareholding restructuring plan of the Company and TAA has been negotiated and agreed upon by the lending financial institution, new investors, and AAA and TAA's main creditor group (AAGB), and related parties have signed Preliminary Summary of Terms with the Company already. If the Company does not proceed according to the plan to restructure the shareholding of the

Company and TAA above (e.g., th the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), the lending financial institution, eight new investors and AAA is unwilling to subscribe to the Company's newly issued shares and convertible debentures, and thus the Company may not receive financial assistance to solve the problem of liquidity shortage of the group of the Company.

Risks of Entering into the Transaction with AAA:

1. Risks related to compliance with Air Navigation Act B.E. 2497 and other related laws (Details in 5.11.1)

This is because AAV's shareholding restructuring will have a direct effect on compliance with Air Navigation Act B.E. 2497 of the total shares and, in addition, Air Navigation Act stipulates a prohibition for aviation licensees, such as TAA concerning non-Thai nationals. In which case, The Company intends to amend the Company's Articles of Association to expand the shareholding proportion of non-Thai nationals in order to accommodate that non-Thai nationals will be allocated newly issued ordinary shares and newly issued ordinary shares from the conversion of the convertible debentures, according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2021, when combined with the shareholding proportion of non-Thai nationals, shall not exceed 48.17 percent of the total number of shares sold of the Company, and the Company will hold almost 100 percent of the shares in TAA. The essence, therefore, remains of a person with Thai nationality. In addition, the Company is in the opinion that the Company does not have a management that is dominated by foreigners

However, currently there is no interpretation of Air navigation Act or the Supreme Court's ruling in this regard, the Company and TAA still have to face such risks in the business of the Company and TAA.

2. The risk of not being registered as a shareholder of the Company and investment in warrant for benefits arising from Thai underlying securities (NVDRs). (Details in 5.11.2)

Since TAA must have non-Eligible Persons and non-Thai nationals directly and indirectly holding shares in TAA not exceeding 49 percent of TAA's total shares as prescribed by the Air Navigation Act, this makes the Company to specify in the Company's Articles of Association reserving the right to refuse registration of any transfer of shares or registration of any person as a shareholder of the Company if such registration will cause the Company or the Company's group to lose its rights under the Air Navigation Act. Moreover, due to the aforementioned risks, the Company will recommend investors who invest in the Company's shares to invest in the warrant for benefits arising from Thai underlying securities issued by Thai NVDR Company Limited (commonly known as NVDRs), whereby NVDR holders are Non-Voting Rights, but are entitled to receive financial benefits such as dividends and the right to buy newly issued ordinary shares as well as investing in the Company's shares.

3. Risks in the case of the Air Navigation Act and the Company's Articles of Association have restrictions on foreign shareholding and persons who are not qualified under the Air Navigation Act, which may affect the liquidity and market price of the Company's shares. (Details in 5.11.3)

The Company wishes to amend the Company's Articles of Association to increase non-Thai nationals' shareholding proportion in order to support the allocation of newly issued ordinary shares and newly issued ordinary shares from the conversion of convertible bonds to non-Thai nationals, which is expected to be resolved at the Extraordinary General Meeting of Shareholders No. 1/2021. When combined with those of existing shareholders who are not Thai citizens, the shareholding proportion must not exceed 48.17 percent of the Company's total number of shares

sold. Furthermore, shareholding by non-Thai citizens and those who are not qualified under the Air Navigation Act is still restricted under the Air Navigation Act and the Company's Articles of Association. As a result, such limitations may influence the liquidity and market price of the Company's ordinary shares, particularly when holdings of non-Thai citizens and people who do not meet the conditions under the Air Navigation Act reach the stipulated ceiling.

4. Risks associated with management of major shareholders (Details in 5.11.4)

Following the successful completion of the Company's and TAA's shareholding restructuring plans, AAA will become a major shareholder of the Company, with a 45.12 percent interest, which enables AAA to exert influence over the administration of the Company's group, as well as the majority of the votes at the shareholders' meeting. As a result, minority shareholders may be unable to collect votes enough to audit and counterbalance the group of major shareholders' proposed agendas. However, the Company has established a management structure comprised of knowledgeable and capable individuals, defined the scope of operations, duties and responsibilities, delegated authority to directors and executives in a clear and transparent manner, and established procedures for dealings with directors and major shareholders, including those with conflicts of interest, where the said persons will be disqualified from voting on such transactions in order to ensure the Group's business operations are transparent.

5. Termination of the contract between the shareholders of TAA and conflicts of interest (Details in 5.11.5)

When AAA sells all of its shares in TAA and ceases to be a shareholder, the contract between TAA's shareholders will be canceled in accordance with the contract's terms. TAA is managed by its board of directors, which is controlled by its shareholder, the Company.

However, TAA's shareholder agreement contains anti-competition provisions. When the contract between TAA's shareholders is terminated, AAA, AAGB, the Company, and TAA will enter into an Undertaking Agreement with the same non-competing terms as those stated in the contract between TAA's shareholders. As a result, under no circumstances will there be commercial competition in Thailand between AAA and/or AAGB and TAA.

6. Concerning potential conflicts of interest with AirAsia X Berhad Group ("AAX"), which shares the same shareholders as AAGB and AAX owns 49 percent of Thai AirAsia X Company Limited ("TAAX"), TAAX's business is not considered competitive with TAA due to the different flight routes. This segmentation categorizes TAA and TAAX customers according to their travel objectives. Risks from AAA appointing more directors than agreed (Details in 5.11.6)

From the information of the Company and AAA, the Company has not entered into a contract between the shareholders (Shareholders' Agreement), and there is no specifying the number of directors that AAA can appoint in the AAV. However, IFA found only the details that AAA disclosed in Form 247-7 that it would request to send 3 representatives to be the Company's directors, however, AAA will have a maximum shareholding in the Company of 45.12 percent of the total voting rights of the Company after the Capital Increase through the issuance and allocation of newly-issued ordinary shares to private placement and offered to the Company's shareholders in proportion to their shareholding, which with AAA's stake in comparison to other shareholders in AAV, will result in AAA being able to appoint its own board of directors in more than 3 positions. However, if the Board of Directors is representative of AAA more than AAA disclosed in Form 247-7, then AAV will violate Air Navigation Act, which requires an entity to have at least two-thirds of its directors that are

Thai nationals, which may deprive AAV of its rights under Air Navigation Act and may result in seriously affect the business operation of the Company and result in the loss of all shareholders' benefits (including the Applicant).

7. The Company may not receive the required capital increase in a timely manner (Details in 5.11.7)

Due to this capital increase, there are still several steps to seek approval before the Company can offer the newly issued ordinary shares for the Capital Increase. Therefore, there is a possibility that the Company will receive the Capital Increase in respect of the sale of newly issued ordinary shares later than the first quarter of 2022, which may result in some or all of the Capital Increase the Company expects to use to increase liquidity and as working capital in the business before may not arrive on time, resulting in the Company may have to rely on the related parties in applying for a credit line to use as working capital until the Company receives money from this issuance of newly issued ordinary shares.

8. The structure of this capital increase is complicated (Details in 5.11.8)

Due to the Capital Increase and restructuring of the Company this time have many other investors, including financial institutions, that require lending and investing in CB to assist in the restructuring, resulting in complex contracts involving all transactions. Therefore, this complex capital increase structure may cause practical problems, such as 1) financial institutions not granting credit to the Company in the amount of THB 3,900 million for the purchase of TAA shares 2) financial institutions and/or NHTPE do not subscribe for Convertible Bond or 3) the restructuring plan in this project has not been approved by the shareholders of the Company in any agenda, resulting in the capital increase and restructuring in this time to be unsuccessful.

9. The risks of prolonging of COVID-19 making this capital increase insufficient (Details in 5.11.9)

Although the current situation of the COVID-19 outbreak is getting better, but the epidemic situation is still unpredictable. However, if in the future, the situation of COVID-19 epidemic becomes more severe that results in the government having to use travel restriction measures (Lockdown) again, it may seriously affect the Company's business operations. This capital increase may not be sufficient to maintain liquidity in order for the Company to continue operating.

10. Shareholders do not approve the Capital Increase of PP, capital increase of RO, Waiver for Whitewash or any transaction related to the restructuring, one or another, will cause the Company to be unable to do any transaction at all (Details in 5.11.10)

To approve the transaction this time, the shareholders must approve the transaction in all related agenda items (Agenda item 1- Agenda item 8), the Company will then be able to enter into this transaction. If the shareholders' meeting does not approve any one item, all transactions will not be able to be entered.

It can be seen that entering into the transaction is necessary in helping the Company to continue its business and is a long-term solution for the Company's competitiveness even though entering into the transaction, as a result, the existing shareholders will lose benefits from the impact of the average share price decline in theory. Independent Financial Advisor is in the opinion that shareholders should vote for approval on the request for waiver from mandatory tender offer obligation for all securities of the Business for the Applicant since the Capital Increase is in the form of helping the business without the Applicant having a policy to change the authority and management policy of the Company. The increase in capital for the Company in this time of the Applicant will benefit the Company as the Company has an urgent need to increase its capital so that the Company and its affiliates can proceed to improve their position financially, to be

able to continue the Business and comply with the terms of the loan agreement, or be the reason for the Company to be waived for breaching the loan contract conditions in the future when the situation of the Covid-19 epidemic unfolds. This transaction will result in the reduction in the shareholding and voting rights of other existing shareholders (Control Dilution), maximum at 62.3 percent and affecting earnings per share of the existing shareholders (Earning Dilution), a decrease of 62.3 percent, but the fact that AAA increases its capital in the Company will enable the Company to continue its business, which will benefit the existing shareholders.

This issuance of newly issued ordinary shares in a Private Placement, the Company did not offer shares in private placement only to AAA because it is necessary to increase capital to meet future needs, therefore, a private placement of newly issued ordinary shares and convertible debentures has been offered to 8 other investors, details are as follows:

1. Mr. Pitharn Ongkosit received an offer for sale of newly issued shares to a private placement of not more than 362,049,116 shares (par value of THB 0.10 per share), representing not more than 3.7 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, at the price of THB 1.75 per share, the total value is approximately THB 633.59 million.
2. Mr. Palin Lojanagosin received an offer for sale of newly issued shares to a private placement of not more than 150,947,980 shares (par value of THB 0.10 per share), representing not more than 1.5 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, at the price of THB 1.75 per share, the total value is approximately THB 264.16 million.
3. Mr. Bundit Pitaksit received an offer for sale of newly issued shares to a private placement of not more than 14,607,869 shares (par value of THB 0.10 per share), representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, at the price of THB 1.75 per share, the total value is approximately THB 25.56 million.
4. Mrs. Piyaporn Vichitbandha received an offer for sale of newly issued shares to a private placement of not more than 14,607,869 shares (par value of THB 0.10 per share), representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, at the price of THB 1.75 per share, the total value is approximately THB 25.56 million.
5. Mr. Suwaphon Suwaruchiporn received an offer for sale of newly issued shares to a private placement of not more than 14,607,869 shares (par value of THB 0.10 per share), representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, at the price of THB 1.75 per share, the total value is approximately THB 25.56 million.
6. Mr. Vorapote Amnueypol received an offer for sale of newly issued shares to a private placement of not more than 14,607,869 shares (par value of THB 0.10 per share), representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, at the price of THB 1.75 per share, the total value is approximately THB 25.56 million.
7. North Haven Thai Private Equity, LP ("NHTPE") has been offered convertible debentures to specific investors (Private Placement) totaling THB 1,000 million, which can be converted into the Company's ordinary shares at the price of THB 1.75 per share.

8. Commercial banks in Thailand has been offered convertible debentures to specific investors (Private Placement) totaling THB 1,200 million, which can be converted into the Company's ordinary shares at the price of THB 1.75 per share.

From the Company allocation of the Company's newly-issued ordinary shares to private placement in the amount of not more than 5,230,616,671 shares (which are divided into newly-issued ordinary shares that AAA will be allocated from private placement in the amount of 4,457,142,857 shares and the allocation to the existing shareholders in accordance with their shareholding proportions in the amount of 773,473,814 shares) with a par value of THB 0.10 per share at a price of THB 1.75, when compare to the various valuation method of that IFA has considered and is in the opinion that the fair value price of the Company's shares is between THB 2.38 - 3.03 per share, Therefore, the offering price of THB 1.75 is lower than the fair price which may affect the price of the Company's ordinary shares. After the Company's offering of the newly issued ordinary shares to the existing shareholders in proportion (Right Offering) and offer the newly-issued ordinary shares to private placement, the share price after the capital increase will decrease from the market price by THB 0.75 or 25.5 percent (Details in 2.3 price dilution) which, when calculating the impact from the existing shareholders' equity, will cause the existing shareholders to lose benefits of approximately THB 3,637.50 million (the value of the shares held by the existing shareholders decreases = the share price after the capital increase theoretically decreases from the market price x number of shares before the Capital Increase).

This transaction is considered to solve the liquidity problem which will help the Company and its affiliates to improve their financial position so that they can continue their business and can comply with the terms of the loan agreement or become the reason for the Company to receive a waiver for breaching the loan agreement in the future, when COVID-19 epidemic situation unfolds.

However, Independent Financial Advisor's opinion is based on the assumption that the information and documents obtained at the time of due diligence and issuance of this report, are the accurate and complete information. Therefore, when considering the reasonableness of the transaction along with the appropriateness of the price and conditions, IFA is in the opinion that shareholders should approve the request for waiver from mandatory tender offer obligation for all securities (Whitewash) and related transactions because if the shareholders do not approve the request for waiver from mandatory tender offer obligation for all securities for AAA this time, new investors (new share subscribers and convertible debenture subscribers) are unwilling to subscribe for capital increase shares and convertible debentures of the Company. And, if the Company does not proceed according to the plan to restructure the shareholding of the Company and TAA above, the Company will not be able to continue its operations. As a result, creditors will lack confidence in the Company's ability to repay its debts in the future, as such events may lead the Company to bankruptcy, which will cause significant damage to shareholders.

In addition, in considering approval or disapproval of entering into this transaction, shareholders can consider information, reasons and opinions on various issues as presented by Independent Financial Advisor in this report.

In entering into this transaction, there are still risks that shareholders should consider carefully as such risk may affect the Company's future performance. In this regard, the decision to vote for approval on entering into the transaction is at the discretion of the shareholders of the Company. Shareholders should study the information in the

documents attached to the invitation to the Extraordinary General Meeting of Shareholders No. 1/2021 in this time to be used for consideration and decision making to vote appropriately. Details of IFA's opinion are summarized as follows:

1. Characteristics and Details of the Transaction (Waiver for Whitewash)

Board of Directors Meeting of Asia Aviation Public Company Limited (the "Company") No. 6/2021, convened on October 19, 2021, has passed the resolution to propose to the Extraordinary General Meeting of Shareholders No. 1/2021 to consider approving the increase of the Company's registered capital from the original registered capital of THB 485,000,000 to the new registered capital of THB 1,285,000,000 by issuing new capital increase in ordinary shares in the amount of 8,000,000,000 shares with a par value of THB 0.10 per share to support (1) allocation of the newly-issued ordinary shares to private placement ("PP"), which the offering price is clearly set (2) allocation of newly issued ordinary shares to the existing shareholders in accordance with their shareholding proportions held by each shareholder (Rights Offering) ("RO") and (3) allocation of newly issued ordinary shares to support the conversion of convertible bond ("CB") which the Company will propose to the Extraordinary General Meeting of Shareholders No. 1/ 2021. The details are provided in the Capital Increase Report Form (F 53-4).

This capital increase is part of the shareholding restructuring plan of the Company and TAA. The main objective is to raise funds to improve the business's liquidity of the Company and TAA and to increase the shareholding in TAA to 100 percent (whereby AAA will come up to hold shares in the Company instead at a portion of not more than 45.12 percent) as follows

- 1) Increased capital in TAA in the amount of THB 3,900 million in order to increase its shareholding in TAA from 55.0 percent to 69.2 percent and to allow TAA to use the capital increase to repay the outstanding debt of TAA with amount of THB 3,900 million³.

The money that the Company using to raise capital in TAA will come from loans from financial institutions.

- 2) To purchase all the remaining shares of TAA which is 30.8 percent for the Company to owns almost all shares in TAA. In this regard, the money that the Company will use to buy the remaining shares in TAA will come from capital increase receiving from new investors (new subscriber and convertible bonds subscriber), AAA (which will change to hold shares in the Company instead of holding shares in TAA), and the Company's existing shareholders.

Such shareholding restructuring plan of the Company and TAA is able to raise funds from new investors (new subscriber and convertible bonds subscriber), AAA, and the existing shareholders of the Company which the remaining money from loan repayment to financial institutions and the purchased remaining shares in TAA, the Company is still able to reserve a portion of the funds as liquidity for TAA to increase its capital and/or borrow further.

The said shareholding restructuring plan of the Company and TAA has already been negotiated and agreed upon by new investors (new subscriber and convertible bonds subscriber) and AAA and the main creditor of TAA⁴, where related parties have already signed a preliminary summary of terms with the Company.

If the Company does not proceed in accordance with the above shareholding restructuring plan of the Company and TAA (e.g., the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), lending financial

³ Currently, TAA has outstanding liabilities with AirAsia Group Berhad ("AAGB"), a major shareholder of AirAsia Aviation Limited ("AAA"), totaling approximately of THB 4,182 million (information as of June 30, 2021). Most of the liabilities are liabilities arising from Thai AirAsia's normal business operations, such as aircraft and aircraft engine rentals, booking fee, share of loss from fuel price swap contracts, etc.

⁴ AAGB's group of companies, which are trade accounts payable.

institutions, new investors (new subscriber and convertible bonds subscriber) and AAA are not willing to subscribe for the Company's newly issued shares and convertible bonds and the Company may not receive financial assistance to solve the liquidity problem of the Company.

To carry out the shareholding restructuring plan, the Company will allocate no more than 4,457,142,857 newly issued ordinary shares to AAA, representing no more than 45.12 percent of the Company's total voting rights, which triggers the requirement for AAA to make a tender offer for all of the Company's securities at a price equal to 25 percent of the Company's total voting rights pursuant to the Notification No. TorChor. 12/2554.

When combined with the amount that the Applicant has the right to subscribe for newly issued ordinary shares in proportion to their shareholding (RO), which is equal to 773,473,814 shares, the Applicant will hold shares in the total business equal to 5,230,616,671 shares or accounted for 45.12 percent of the total number of shares sold of the Company (on the assumption that every shareholder of the Company exercises the right to subscribe for the newly issued ordinary shares in proportion to their shareholding). If Mr. Tassapon Bijleveld, AAA and a group of six individual high net worth investors who have been allocated the newly issued ordinary shares on the private placement basis (Private Placement), subscribe for the newly issued ordinary shares offered to the existing shareholders in proportion to their rights (Rights Offering), where other minority shareholders have not subscribed for the newly issued ordinary shares and the remaining shares are discarded, AAA will have a shareholding proportion in the Company equal to 47.16 percent of the issued and paid-up shares of the Company following the allocation of newly issued ordinary shares to specific investors (Private Placement) and to the existing shareholders in proportion (Rights Offering).

However, AAA wishes to apply for a waiver of its obligation to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting of the Company (Whitewash) with the SEC in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorKor. 29/2561 Re: Criteria for applying for a waiver of requirement to make a tender offer for all securities of the business using a resolution of the shareholders' meeting of the business. Application for a waiver must be made in accordance with the relevant notifications and must be approved by the shareholders' meeting of the Company, approving the Company's offer for sale of newly issued securities to the Applicant and concurrently agreeing that the Applicant does not have to make a tender offer for all securities of the Company after the acquisition of such securities, with a vote of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and have the right to vote. The said resolution shall not include the vote of the Applicant, persons under Section 258 of the Applicant, persons who act in concert (Concert Party) with the Applicant and persons under Section 258 of the concert party acting in concert with the Applicant.

1.1. Objectives, Reasons and Necessity of Requesting a Waiver (Whitewash)

From the epidemic situation of COVID-19 both domestically and internationally, the World Health Organization ("WHO") has declared the COVID-19 outbreak a pandemic and encourages all countries to increase preventive measures and control the epidemic. As a result, the world has been controlling and preventing the spread of COVID-19 by using preventive measures and intercepting the infection into the area, and measures to stop the spread of the epidemic within the area "Lock Down" and "Quarantine". The aforementioned epidemic situation has caused the Company to be greatly affected by such damage as the COVID-19 outbreak is an unexpected event and the Company cannot prevent such

risks, causing a huge negative impact on business and operating results, especially from the travel restrictions issued by the government, resulting in TAA announcing the suspension of service on all domestic routes from July 12, 2021 until August 8, 2021 and announced the extension of the temporary suspension of service on all domestic routes until August 31, 2021 as TAA has resumed service on some domestic routes on September 3, 2021 to accommodate passengers in need for travel up to 75 percent of the aircraft's passenger capacity in a particular flight.

Historically speaking, the Company and TAA have made every effort to increase TAA's liquidity, whether through the acquisition of new investors to provide financial assistance, the conversion of TAA's current liabilities to equity, or negotiations with various creditors, including efforts to implement the Company's and TAA's business and capital restructuring plans, which were approved by the Board of Directors on April 26, 2021. However, the Company's and TAA's business and capital restructuring plans are complex and time-consuming to implement. As a result, the Board of Directors determines that it is appropriate to cancel the Company's and TAA's business and capital restructuring plans, which were approved by the Board of Directors on April 26, 2021, and to consider a new plan to restructure the Company's and TAA's shareholding (hereinafter referred to as the "Restructuring Plan").

Objectives of the shareholding Restructuring Plan of the Company and TAA.

The primary goal of the Company's and TAA's shareholding restructuring plan is to raise funds to increase liquidity for the Company's and TAA's business operations, as well as to increase the Company's and TAA's shareholding to 100 percent (AAA will instead increase its shareholding in the Company by up to 45.12 percent), with details as follows:

- 1) Increased capital in TAA in the amount of THB 3,900 million in order to increase its shareholding in TAA from 55.0 percent to 69.2 percent and to allow TAA to use the capital increase to repay the outstanding debt of TAA with amount of THB 3,900 million⁵.

The money that the Company using to raise capital in TAA will come from loans from financial institutions.

- 2) To purchase all the remaining shares of TAA which is 30.8 percent for the Company to owns almost all shares in TAA. In this regard, the money that the Company will use to buy the remaining shares in TAA will come from capital increase receiving from new investors (new subscriber and convertible bonds subscriber), AAA (which will change to hold shares in the Company instead of holding shares in TAA), and the Company's existing shareholders.

Such shareholding restructuring plan of the Company and TAA is able to raise funds from new investors (new subscriber and convertible bonds subscriber), AAA, and the existing shareholders of the Company which the remaining money from loan repayment to financial institutions and the purchased remaining shares in TAA, the Company is still able to reserve a portion of the funds as liquidity for TAA to increase its capital and/or borrow further.

The said shareholding restructuring plan of the Company and TAA has already been negotiated and agreed upon by new investors (new subscriber and convertible bonds subscriber) and AAA and the main creditor of TAA⁶, where related parties have already signed a preliminary summary of terms with the Company.

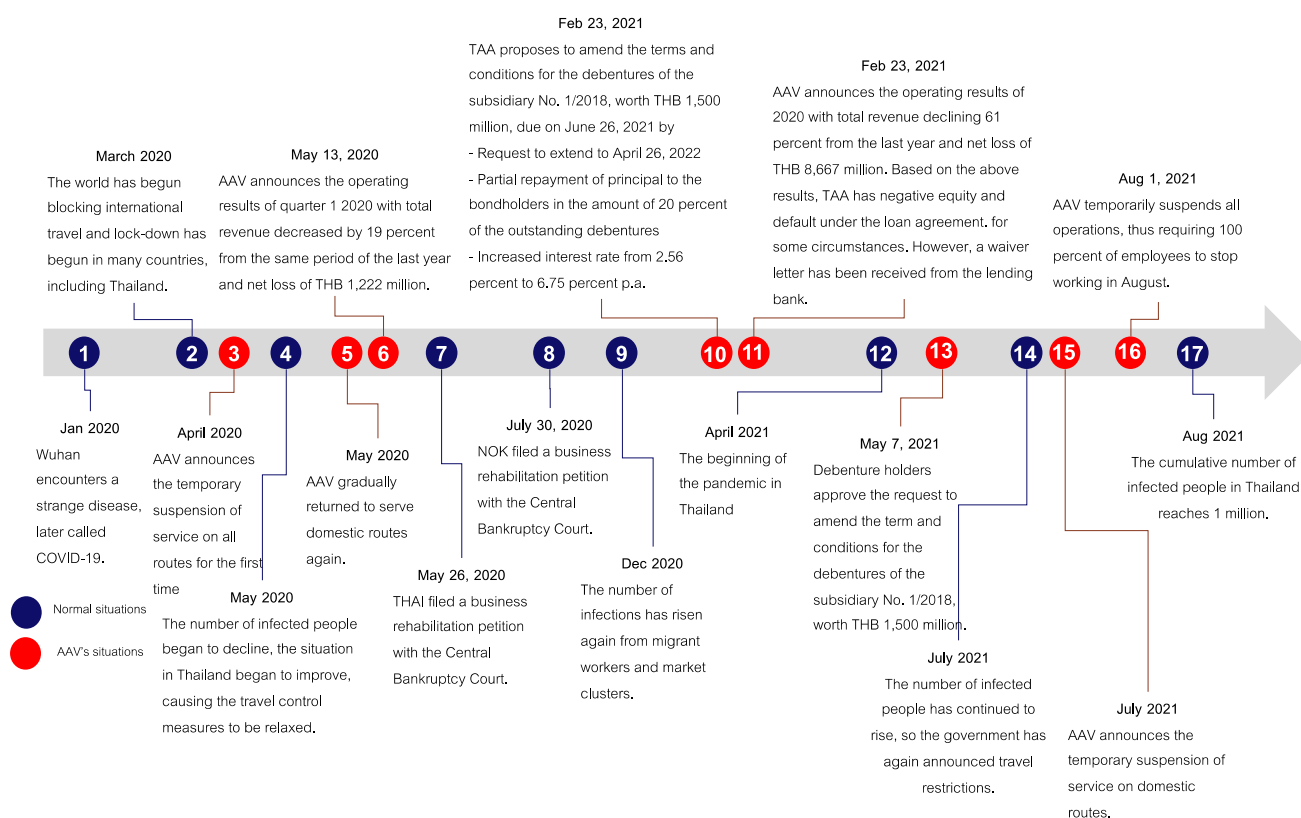
⁵ Currently, TAA has outstanding liabilities with AirAsia Group Berhad ("AAGB"), a major shareholder of AirAsia Aviation Limited ("AAA"), totaling approximately of THB 4,182 million (information as of June 30, 2021). Most of the liabilities are liabilities arising from Thai AirAsia's normal business operations, such as aircraft and aircraft engine rentals, booking fee, share of loss from fuel price swap contracts, etc.

⁶ AAGB's group of companies, which are trade accounts payable.

If the Company does not proceed in accordance with the above shareholding restructuring plan of the Company and TAA (e.g., the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), lending financial institutions, new investors (new subscriber and convertible bonds subscriber) and AAA are not willing to subscribe for the Company's newly issued shares and convertible bonds and the Company may not receive financial assistance to solve the liquidity problem of the Company.

For the shareholders to understand the seriousness of the problems and the current situation of the Company, Independent Financial Advisor summarizes the important events of the Company as follows:

Timeline on COVID-19 and its impact on the Company



From the timeline, it is stated that in the past 2 years, the Company and the global aviation industry has been greatly affected by the COVID-19 epidemic, resulting in airlines around the world including Thailand to perceive severe liquidity shortages. In Thailand, the 2 main aviation business competitors are NOK and THAI, face severe liquidity shortages and filed for rehabilitation petitions with the Central Bankruptcy Court in May and July 2020, respectively. The Company was also affected by the decrease in the number of flights and passengers. As a result, the income received is not enough to cover the costs and expenses that the Company has to bear, such as employee compensation, resulting in negative operating cash flow until the Company is unable to pay employees' salaries since August 2021, and TAA has loans from financial institutions and debentures which are overdue for several credit lines (mostly pending repayment of principal and interest) and is unable to comply with certain conditions of the loan agreement, such as maintaining the interest-bearing debts to equity ratio. As the Company does not have assets and any other significant business operations

other than holding in TAA which makes financing through borrowing difficult. The Company is therefore in a state of severe liquidity.

In order for shareholders to understand the Company's financial problems more clearly, IFA has referenced the numbers from the audited financial statements and financial statements reviewed by an auditor licensed by the SEC, including the internal financial statements of the company. From the financial statements as of December 31, 2020, the Company has net loss of THB 8,666.93 million, which is the largest loss since the Company has been in business, and during the first 6 months of 2021, the Company has additional net loss of THB 6,468.46 million, resulting in the Company lacking operating liquidity until it is unable to pay employees' salaries since August 2021 (The Company's consolidated financial statements have been prepared by including the operating results of TAA, which is considered a subsidiary of the Company, and the Company does not have any significant assets and business operations other than holding shares in TAA).

In addition to the lack of operating liquidity, if considering from the table below, it can be seen that during the period, the Company experienced losses due to the impact of COVID-19. TAA, the Company's subsidiary that operates the aviation business, has the problem of financial liquidity that leads to negative shareholder equity, that is, being in a state where amount of debt is more than assets, resulting in having to request a suspension of repayment in many credit lines and unable to comply with certain conditions of the loan agreement such as maintaining the interest-bearing debts to equity ratio, including the need to postpone the repayment of TAA216A debentures from the due date of July 2, 2021 to April 26, 2022, with additional obligations from the increase in yield which is 2.65 to 6.75 percent. As of June 30, 2021, the outstanding principal amount is THB 1,200 million at an interest rate of 6.75 percent per annum. Therefore, financing through borrowing is difficult for TAA who has more liabilities than assets, and the Company does not have any significant assets and business operations other than holding shares in TAA.

During such period, the Company received a lot of assistance from the related companies (companies related to AAGB), when considering the consolidated financial statements of the Company as of December 31, 2020 (which is the year the Company began to be affected by COVID-19), the Company's related business payable increased from THB 373.82 million to THB 3,060.17 million (increased by THB 2,686.35 million or 718.61 percent), and when considering the first 6-month financial statement of 2021, payable from related parties increased from THB 3,060.17 million to THB 4,549.93 million (increased by THB 1,489.75 million or 48.68 percent), when considering the cash flow statement in 2020 and for the first 6 months of 2021, there is a significant decrease in cash and cash equivalents. In 2020, the Company's cash decreased by THB 2,864.94 million and for the first 6 months of 2021, the Company's cash and cash equivalents decreased by another THB 884.03 million. According to IFA's estimate based on Discounted Cash Flow Approach Clause 4.7 as of December 31, 2021, TAA may have a net loss of approximately THB 10,354.24 million, resulting in a decrease in cash and cash equivalents of TAA by another THB 7,573.84 million, which may cause TAA and the Company to face financial deficits in the future.

Summary table of the statement of financial position of TAA

(Unit: THB Million)

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Total current assets	7,426.88	2,760.17	1,714.91
Total non-current assets	55,475.68	65,217.51	62,886.42

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Total assets	62,902.56	67,977.67	64,601.33
Total current liabilities	13,959.03	17,823.28	21,680.05
Total non-current liabilities	21,255.06	32,794.08	31,829.52
Total liabilities ^{1/}	35,214.09	50,617.36	53,509.57
Total shareholders' equity ^{2/}	27,688.47	17,360.32	11,091.76
Total revenue	41,530.91	16,237.34	2,431.43
Profit (loss) for the period	(866.16)	(8,666.93)	(6,468.46)

Source: Consolidated financial statements of the Company

Remark: 1/ The total liabilities of the Company can be classified according to the types of liabilities as follows:

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Payables from related parties	373.82	3,060.17	4,549.93
Short-term loans from financial institutions	1,750.00	1,000.00	1,383.38
Long-term loans from financial institutions	4,639.48	3,859.79	4,059.02
Long-term debentures	4,096.73	3,098.13	2,798.77
Lease liabilities	-	30,700.58	32,203.97
Finance lease liabilities	11,493.61	-	-
Advance income	4,648.34	2,372.60	2,431.07
Accrued expenses	2,704.53	1,718.56	1,946.49
Deferred tax liabilities	3,047.15	1,989.25	1,652.14
Other liabilities	2,460.42	2,818.27	2,484.82
Total liabilities	35,214.09	50,617.36	53,509.57

As of June 30, 2021, the Company has accounts payable to related parties, which are due to advance income, accrued aircraft rental and accrued aircraft maintenance costs, etc., all from AAGB's group of companies.

2/ The Company's consolidated statement of financial position has positive shareholders' equity from goodwill and intangible assets of approximately THB 23,691.7 million, which are derived from goodwill from investments in TAA and rights to aircraft landings, which could change significantly if the impact of COVID-19 negatively affects the value of the Company's intangible assets. However, AAV's auditors have not been able to reasonably estimate the impact of COVID-19. The Group's management is constantly monitoring the progress of COVID-19 impact situation and assessing the financial impact on the value of assets, provisions and contingent liabilities and will consider recording the impact when possible.

Summary table of TAA's statement of financial position

(Unit: THB Million)

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Total current assets	7,332.25	2,657.28	1,713.34
Total non-current assets	31,734.73	42,472.53	40,526.00
Total assets	39,066.99	45,129.81	42,239.34
Total current liabilities	13,956.22	17,820.75	21,784.00
Total non-current liabilities	18,272.34	30,804.82	30,177.39
Total liabilities	32,228.55	48,625.57	51,961.38

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Total shareholders' equity	6,838.44	(3,495.76)	(9,722.04)
Total revenue	41,529.26	16,236.34	2,430.70
Profit (loss) for the period	(871.47)	(8,672.97)	(6,426.18)

Source: TAA's financial statements

Summary table of the Company's consolidated cash flow statement

(Unit: THB Million)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021
Net cash flow from operating activities	2,869.29	965.68	(897.90)	(440.70)
Net cash flow from investing activities	(1,733.32)	(1,793.86)	12,064.36	(64.21)
Net cash flow from financing activities	(2,288.29)	828.76	(14,031.39)	(379.12)
Cash and cash equivalents net increase (decrease)	(1,152.32)	0.57	(2,864.94)	(884.03)
Unrealized foreign exchange gains on cash and cash equivalents	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at the end of period/year	4,122.62	3,982.23	1,110.37	233.53

Source: Company

Summary table of the TAA's cash flow statement

(Unit: THB Million)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021
Net cash flow from operating activities	2,925.01	958.79	(903.49)	(440.92)
Net cash flow from investing activities	(1,733.51)	(1,793.97)	12,064.32	(64.20)
Net cash flow from financing activities	(2,302.13)	828.76	(14,031.39)	(281.46)
Cash and cash equivalents net increase (decrease)	(1,110.63)	(6.43)	(2,870.56)	(786.58)
Unrealized foreign exchange gains on cash and cash equivalents	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at the end of period/year	4,036.98	3,889.58	1,012.09	232.70

Source: Company

1.1.1. The COVID-19 Situation and the Global Aviation Industry

Given the COVID-19 situation in 2020, the aviation industry is one of the most affected businesses (based on the industry average return on equity since February 2020), with the return on equity in the aviation business decreased by about 50 percent. However, when considering the quantitative impact, it can be seen that the revenue per passenger per kilometer ("RPK") rate of the aviation business has dropped significantly, with the current business RPK back to the same as the RPK of 1999 or about 12 years ago (Source: McKinsey & Co.). As a result of such events, the aviation industry of the world and Thailand was severely affected. In Thailand, 2 major airlines, NOK and THAI filed a petition with the Central Bankruptcy Court for temporary protection to continue operating business in May and July 2020, respectively.

Act 1: Decline across sectors (Mar 23, 2020)



Figure of the average return on shareholders by industry since

Feb. 2020

Source: McKinsey & Co.

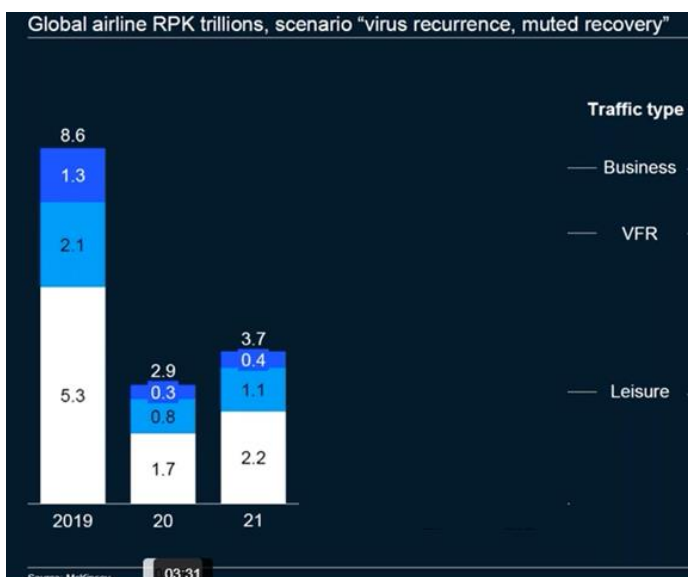


Figure of Revenue Passenger Kilometer (RPK)

Source: McKinsey & Co.

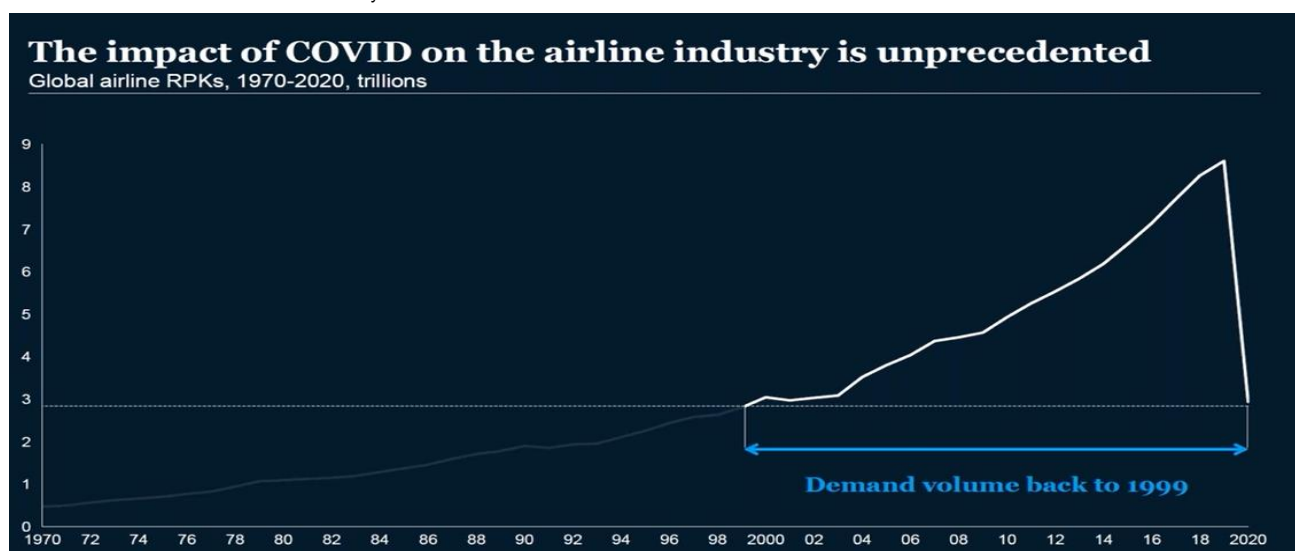


Figure of the impact of COVID-19 on the aviation industry

Source: McKinsey & Co.

1.1.2. Impacts of COVID-19 on the Company

The Company and TAA, like other airlines, were impacted by COVID-19, resulting in a significant drop in revenue and a loss in 2020 of THB 8,666.93 million and the half of 2021 at THB 6,468.46 million with details as follows:

1.1.2.1. The Company's income has decreased significantly.

From the summary table of the Company's consolidated income statement, as seen in 2020 (The year that the Company was also affected by the decrease in the number of flights and passengers), the Company's total revenue decreased by 60.90 percent and had net loss of THB 8,666.93 million. In 2021, the Company continued to be affected by COVID-19, resulting in the financial statements for the first 6 months of 2021, the Company's revenue decreased by 74.87 percent from the same period in 2020 and had a net loss of THB 6,468.46 million, which such loss was due to the fact that the income received is not enough to cover the costs and expenses that the Company has to bear, such as

employee compensation, resulting in negative operating cash flow until it is unable to pay employees' salaries (The Company's consolidated financial statements have been prepared by including the operating results of TAA, which is considered a subsidiary of the Company, and the Company does not have any significant assets and business operations other than holding shares in TAA).

Summary table of the Company's consolidated income statement

(Unit: THB Million)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021
Total revenue	40,200.21	41,530.91	16,237.34	2,431.43
Total expenses	39,540.07	41,653.13	23,788.08	8,451.16
Profit (loss) before interest expenses and income tax expenses	660.14	(122.22)	(7,550.74)	(6,019.73)
Interest income	-	22.19	23.62	38.14
Interest expenses	(743.71)	(765.53)	(1,799.78)	(850.49)
Profit (loss) before income tax expenses	(83.57)	(865.56)	(9,326.91)	(6,832.08)
Income tax expenses	210.93	(0.60)	659.98	363.62
Profit (loss) for the period	127.36	(866.16)	(8,666.93)	(6,468.46)

Source: Company

1.1.2.2. Insufficient operating cash flow

Losses in 2020 and the first 6 months of 2021 directly affect the cash flow of the Company. In 2020 and the first 6 months of 2021, the Company's operating cash flows decreased by THB 897.90 and 440.70 million, respectively.

However, in 2020, the Company sold aircraft and leased back to solve the liquidity problem, resulting in the Company's cash flow from investment increased by THB 12,064.36 million and cash flow from financing decreased by THB 14,031.39 million, resulting in a decrease of THB 2,864.94 million as of December 31, 2020.

In 2021, Thailand has been greatly affected by COVID-19, Delta variance. Consequently, the Company's revenue decreased significantly during the first 6 months of 2021, resulting in the first 6 months of 2021, the Company's cash and cash equivalents decreased by another THB 884.03 million, resulting in the Company having cash and cash equivalents at THB 233.53 million (decreased from December 31, 2020 by 78.97 percent), which is considered the lowest point of cash of the Company in the past 5 years.

In addition to the lack of operating liquidity, if considering from the table below, it can be seen that during the period, the Company experienced losses due to the impact of COVID-19. TAA, the Company's subsidiary that operates the aviation business, has the problem of financial liquidity that leads to negative shareholder equity, that is, being in a state where amount of debt is more than assets, resulting in having to request a suspension of repayment in many credit lines and unable to comply with certain conditions of the loan agreement such as maintaining the interest-bearing debts to equity ratio, including the need to postpone the repayment of TAA216A debentures from the due date of July 2, 2021 to April 26, 2022, with additional obligations from the increase in yield which is 2.65 to 6.75 percent. As of June 30, 2021, the outstanding principal amount is THB 1,200 million at an interest rate of 6.75 percent per annum. Therefore, financing

through borrowing is difficult for TAA who has more liabilities than assets, and the Company does not have any significant assets and business operations other than holding shares in TAA.

Moreover, during such period, the Company received a lot of assistance from the related companies of AAGB, when considering the consolidated financial statements of the Company as of December 31, 2020 (which is the year the Company began to be affected by COVID-19), the Company's related business payable increased from THB 373.82 million to THB 3,060.17 million (increased by THB 2,686.35 million or 718.61 percent), and when considering the first 6-month financial of 2021, payable from related parties increased from THB 3,060.17 million to THB 4,549.93 million (increased by THB 1,489.75 million or 48.68 percent), when considering the cash flow statement in 2020 and for the first 6 months of 2021, there is a significant decrease in cash and cash equivalents. In 2020, the Company's cash decreased by THB 2,864.94 million and for the first 6 months of 2021, the Company's cash and cash equivalents decreased by another THB 884.03 million. According to IFA's estimate based on Discounted Cash Flow Approach Clause 4.7 as of December 31, 2021, TAA may have a net loss of approximately THB 10,354.24 million, resulting in a decrease in cash and cash equivalents of TAA by another THB 7,573.84 million, which may cause TAA and the Company to face financial deficits in the future.

Summary table of the Company's consolidated cash flow statement

(Unit: THB Million)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021
Net cash flow from operating activities	2,869.29	965.68	(897.90)	(440.70)
Net cash flow from investing activities	(1,733.32)	(1,793.86)	12,064.36	(64.21)
Net cash flow from financing activities	(2,288.29)	828.76	(14,031.39)	(379.12)
Cash and cash equivalents net increase (decrease)	(1,152.32)	0.57	(2,864.94)	(884.03)
Unrealized foreign exchange gains on cash and cash equivalents	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at the end of period/year	4,122.62	3,982.23	1,110.37	233.53

Source: Company

Summary table of the TAA's cash flow statement

(Unit: THB Million)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021	Details
Net cash flow from operating activities	5,093.08	2,925.01	958.79	(903.49)	(440.92)
Net cash flow from investing activities	(2,818.85)	(1,733.51)	(1,793.97)	12,064.32	(64.20)
Net cash flow from financing activities	(1,566.54)	(2,302.13)	828.76	(14,031.39)	(281.46)
Cash and cash equivalents net increase (decrease)	707.68	(1,110.63)	(6.43)	(2,870.56)	(786.58)

Details	12-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2020	6-month period ended June 30, 2021	Details
Unrealized foreign exchange gains on cash and cash equivalents	(46.29)	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at the end of period/year	5,210.62	4,036.98	3,889.58	1,012.09	232.70

Source: Company

1.1.2.3. The Company is unable to repay the debentures on time

TAA (a subsidiary) has debentures issued and sold to institutional investors and high net worth individual. It is a private placement allocation to institutional investors and high net worth individual, with a total value of approximately THB 3,100 million as of the date of issuance and offering. As of June 30, 2021, the debentures have a total principal of THB 2,800 million, which must be paid at maturity and has interest on debentures payable at THB 3.91 million with details as follows:

Summary table of TAA's debentures

ThaiBMA Symbol	Date of issue	Due date	Amount Issued (THB Million)	Outstanding amount (THB Million)	Period (years)	Yield to maturity (years)	Types	TRIS ratings
TAA225A II/HNW	19-05-17	19-05-22	600	600	5.00	0.67	unsecured	B-
TAA236A II/HNW	26-06-18	26-06-23	1,000	1,000	5.00	1.78	unsecured	B-
TAA216A ^{1/} II/HNW	26-06-18	26-04-22	1,500	1,200	3.84	0.61	unsecured	B-

Source: www.thaibma.or.th

Remark:

1/ Debt instruments that have been approved by the bondholders' meeting to restructure debt or amend the redemption date/extend the redemption period (debt extension).

Due to the lack of liquidity of the Company, TAA had to restructure the debentures TAA216A. TAA requested to postpone the maturity date from July 26, 2021 to April 26, 2022. In restructuring the debentures, TAA increased the yield from 2.65 percent to 6.75 percent per year and has partially repaid debt of THB 300 million. In the future, if the situation of COVID-19 epidemic does not improve, TAA may consider restructuring other debentures in the future.

1.1.2.4. TAA is continuously downgraded in terms of credibility

Due to the impact of COVID-19, TRIS has continuously downgraded TAA's creditworthiness. TAA's downgrading directly affects the Company's credibility, causing the Company and TAA to have higher interest burdens, and it is difficult for the Company to be able to issue new debentures or find funding sources for borrowing by reducing the creditworthiness, details are as follows:

Date	TAA Rating ^{1/} (TRIS)	Bond Rating ^{1/} (TRIS)
21-02-19	A-	A-
20-02-20	BBB+	BBB+
02-04-20	BBB-	BBB-
13-08-20	BB	BB
11-03-21	B+	B
16-08-21	B	B-

Source: www.thaibma.or.th

Remark:

1/ AAA Lowest risk of default AA+ AA- Very low risk of default A+ A A- Low risk of default BBB+ BBB BBB- Moderate risk of default BB+ BB BB- High risk of default B+ B B- Very high risk of default CCC+ CCC CCC- Highest risk of default D Unable to pay off debt.

1.1.2.5. TAA is unable to comply with certain conditions under the bank loan agreement.

Due to the lack of liquidity caused by the impact of COVID-19, in addition to the TAA's inability to pay the bonds in accordance with the regulations, TAA had to suspend the repayment and change the conditions of several principal credit lines and thus result in an increase in the burden of requesting a waiver of principal and interest.

Topics	Value (THB Million) ^{1/}	Status	Additional burden from repayment extension
Short-term loans from financial institutions	1,395.00	The repayment period was extended along with the interest rate increasing from the original contract.	Requesting to extend the repayment period of promissory notes may result in an increase in interest rates.
Long-term loans from financial institutions			
Limit 1	668.85	Entered into a memorandum to add to the short-term loan agreement to request a partial suspension of principal payment along with an increase in interest rates from the original contract by agreeing to begin repayment of the outstanding principal from July 2022	Conditions must be met, such as, when the Company's debt service coverage ratio exceeds the rate specified in the contract, the profit before interest, tax, depreciation and amortization expenses shall be used to repay the outstanding debt in the final period of the contract at a rate of at least 20 percent of EBITDA based on the annual financial statements.
Limit 2	1,310.66	Entered into a long-term loan agreement to postpone part of the principal payment. The repayment of the outstanding principal will begin from December 2021.	Conditions must be met, such as maintaining an interest-bearing debt to equity ratio at a rate not exceeding as specified in the contract, based on the annual financial statements and interim financial information for the six-month period.
Limit 3	300.00	Entered into a memorandum to add to the short-term loan agreement to request a partial suspension of principal payment, which will begin to repay the principal that has been suspended since November 2021	During the period of principal repayment suspension, the Company is obliged to pay interest on the said principal every month at an interest rate of 6.15 percent per annum.

Topics	Value (THB Million) ^{1/}	Status	Additional burden from repayment extension
Limit 4	300.00	The repayment period was extended along with the interest rate increasing from the original contract.	Requesting to extend the repayment period of promissory notes may result in an increase in interest rates.
Limit 5	1,480.65	Principal repayment is due every month with the loan agreement due in 2028. In this regard, TAA entered into an amendment of loan agreement to request a suspension of principal payment along with an increase in interest rates from the original contract.	Entering into an amendment of loan agreement may result in an increase in interest rates.

Source: Company

Remark: 1/ The value of outstanding debt is the value based on the Company's data collection which is different from the amount of debt shown in TAA's statement of financial position that has been deducted from credit fees.

In addition, considering other terms of long-term loans from financial institutions and financial lease agreements, it was found that TAA was unable to comply with the financial terms agreed with creditors. However, TAA has already issued a letter requesting a waiver of non-compliance with the terms of the loan and finance lease agreements and must continue to apply for a waiver every time the Company issues financial statements until it can meet the conditions specified in the contract (Conditions that TAA cannot comply with, such as maintaining Net Interest Bearing Debt to Equity Ratio at a rate of not more than 2.00 - 3.00 times and/or the borrower becomes insolvent, has been in receivership, has been seized or forfeited, or is prohibited from selling, paying, transfer of assets under a court order or an administrative official or a request for business reorganization or any act that may cause bankruptcy or file a petition for bankruptcy or a composition of debts, etc.). However, this Capital Increase is a transaction in order for the Company and its affiliates to be able to improve their financial position to be able to continue their business and comply with certain conditions of the loan agreement, such as repayment of principal and interest as scheduled or be the cause for the Company to be waived for breach of loan contract conditions in the future when COVID-19 epidemic situation gets better.

Therefore, based on the above information, financing through additional borrowing from the original loan is likely to be difficult for TAA with more liabilities than assets, and the Company that does not have assets and does not engage in any other significant business other than holding shares in TAA, which may result in TAA and AAV experiencing financial deficits in the future if the Company restructuring is not implemented (from the financial statements ended June 30, 2021, AAV and TAA cash and cash equivalents amounted to THB 233.53 and 232.70 million, respectively. From 2019 (before COVID-19 outbreak) AAV and TAA used to have cash and cash equivalents in the amount of THB 3,982.23 and 3,889.58 million, respectively).

1.1.2.6. The Company is unable to pay employees' salaries

Due to the lack of liquidity caused by the impact of COVID-19, the Company is currently unable to pay employees' salaries.

1.1.3. Benefits of the shareholding restructuring plan of the Company and TAA towards the Company and TAA

After the restructuring, the Company will own almost all of the shares in TAA, resulting in favorable results for the Company in terms of the consolidated financial statements of the Company as follows:

- If the COVID-19 epidemic situation improves and travel and tourism return to normal, TAA's operating results are expected to grow. The company will be able to fully recognize the said operating results, that is, from 55 percent to 100 percent. However, as the Company will own a 100 percent shares in TAA, the Company will also be affected by all financial of TAA, if the performance of TAA does not meet the target.
- Equity of the Company's shareholders increase of approximately THB 14,000 million (as of 30 June 2021, the equity of the Company's shareholders equal to THB 10,820 million) from the consolidation of non-controlling interests in subsidiaries, from an increase in paid-up capital, and share premium from the issuance and offering of newly issued ordinary shares of THB 11,8000 million and from the conversion of convertible bonds of THB 2,200 million.
- TAA is able to reduce a large amount of debt (THB 3,900 million), thereby reducing the pressure of debt burden and reducing the risk of entering the rehabilitation process like other airlines. The reason for the need to reduce TAA's debt to the AAGB group is to reduce the large amount of debt from TAA's operations. The debt that TAA has owed to the AAGB group for a long time (most of which are debts overdue for more than 1 year) amounting to THB 3,900 million as mentioned are mainly aircraft repair and maintenance costs. and expenses and/or losses from aviation fuel price hedging contracts that the AAGB Group has entered into such contracts on behalf of TAA to hedge against aviation fuel price volatility. The repayment of such debt will result in a decrease in the debt-to-equity ratio of both the Company and TAA as agreed with the lending financial institutions. new investor (new subscriber and convertible bond subscriber) and AAA
- The Company will have remaining liquidity from the capital increase (new shares and convertible bonds) at this time with the amount of THB 6,200 million, which the Company will consider increasing the capital in TAA and/or lending to TAA to enhance the liquidity for TAA in the unusual conditions that the world faces with the COVID-19 epidemic.

In addition, this capital increase will result in the liabilities of the Company and TAA decreasing of THB 3,900 million as TAA will repay various trade debts to the group of Company of AAGB, which is a major shareholder of AAA including resulting in the shareholders' equity of the Company and TAA increased by approximately THB 14,000 million (as of June 30, 2021, the Company's equity was equal to THB 10,820 million), resulting in a decrease in the debt to equity ratio.

1.1.4. Summary of the fund's utilization plan in accordance with the shareholding restructuring plan of the Company and TAA.

Source of funds	Fund's utilization plan
(a) Loan from financial institutions with the amount of THB 3,900 million.	Paid as capital increase in TAA totaling THB 3,900 million (THB 193.88 per share capital increase) to increase the shareholding of the Company in TAA from 55.0 percent to 69.2 percent.

Source of funds	Fund's utilization plan
	TAA plans to use the said capital increase to pay off outstanding liabilities of THB 3,900 million ⁷ by 2021.
(b) Capital increase from the issuance of new shares to investors which are 6 individuals and AAA with the amount of THB 8,800 million.	The Company will use for paying off loans from financial institutions with the amount of THB 3,900 million plus interest within 2021. The rest will be used to pay for the purchase of the remaining shares in TAA, which is 30.8 percent, amounting to THB 3,900 million and used as working capital of TAA.
(c) Funds from the issuance of convertible bonds to Bangkok Bank Public Company Limited and North Haven Thai Private Equity, L.P. totaling THB 2,200 million.	When combined with the remaining money from (b) above, the Company will pay for the remaining of 30.8 percent share purchase in TAA, amounting to THB 3,900 million within the first quarter of the year 2022. The rest will be used as working capital of TAA
(d) Capital increase from the issuance of new shares to each shareholder in proportion to the total amount of THB 3,000 million.	The Company will use as working capital of TAA.
(e) the remaining money from (b) (c) and the capital increase under (d).	The remaining of approximately THB 6,200 million (subject to change after deducting various expenses from related operations) will be used to raise capital in TAA and/or lend to TAA for it to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount is THB 2,800 million, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation, and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months. The above-mentioned plan of the Company is consistent with the Company's current business plan and expense assessment, and it is best estimation of allocation of the proceeds from the offering of such securities. However, the Company's future plans and actual expenses may differ depending on the recovery of the aviation industry and tourism which may fluctuate from the epidemic or the cost of fuel, etc. Therefore, the actual utility of funds may differ from the plans stated above. Nonetheless, the Company will allocate the proceeds to be sufficient for the period mentioned above by its best effort.

1.2. Date, Month, Year of the Transaction

The Company expects that the Company's and TAA's shareholding restructuring plan will be completed no later than the first quarter of 2022, and the Company expects that the Company's and TAA's shareholding restructuring plan will receive good feedback from financial institutions and investors. The Board of Directors is in the opinion that the

⁷ AAA's group of companies, which are trade accounts payable.

Company can proceed according to the plan to use the money according to the schedule and the amount that will be received from the restructuring is sufficient according to the money utilization plan specified in Clause 1.1.4.

1.3. Information of the Applicant (AAA) (Details are in attachment 2)

1.3.1. General Information

The person who has been offered	:	AirAsia Aviation Limited (Formerly, AirAsia Investment
shares	:	Limited)
Registration number	:	LL03901
Date of registration	:	September 11, 2003

The Applicant is a company registered in the Federation of Labuan, Malaysia, as a subsidiary in which AirAsia Group Berhad ("AAGB") is a 100 percent shareholder. AAGB is a listed company on Bursa Stock Exchange of Malaysia.

1.3.2. Nature of Business

AAA operates the investment business by holding shares in other companies (Holding company). AAA is one of the holding companies of AAGB that holds shares in airlines under the brand "AirAsia" in many countries such as Indonesia, Philippines, India, including Thailand where the Applicant is holding 45.00 percent shares in TAA (as of September 30, 2021), which operates the AirAsia airline business in Thailand and is a subsidiary in which the Company holds 55 percent of the total shares.

1.3.3. Registered Capital and Paid-up Capital

As of October 29, 2021, the Applicant has a registered capital of USD 5,270,000 or equivalent to approximately THB 174.88 million (referring to the weighted average interbank exchange rate as of October 29, 2021, which is equal to THB 33.184⁸ per USD 1).

1.3.4. List of Major Shareholders

List of the top 10 shareholders^{9 10} of the Applicant, which is the latest information as of October 29, 2021.

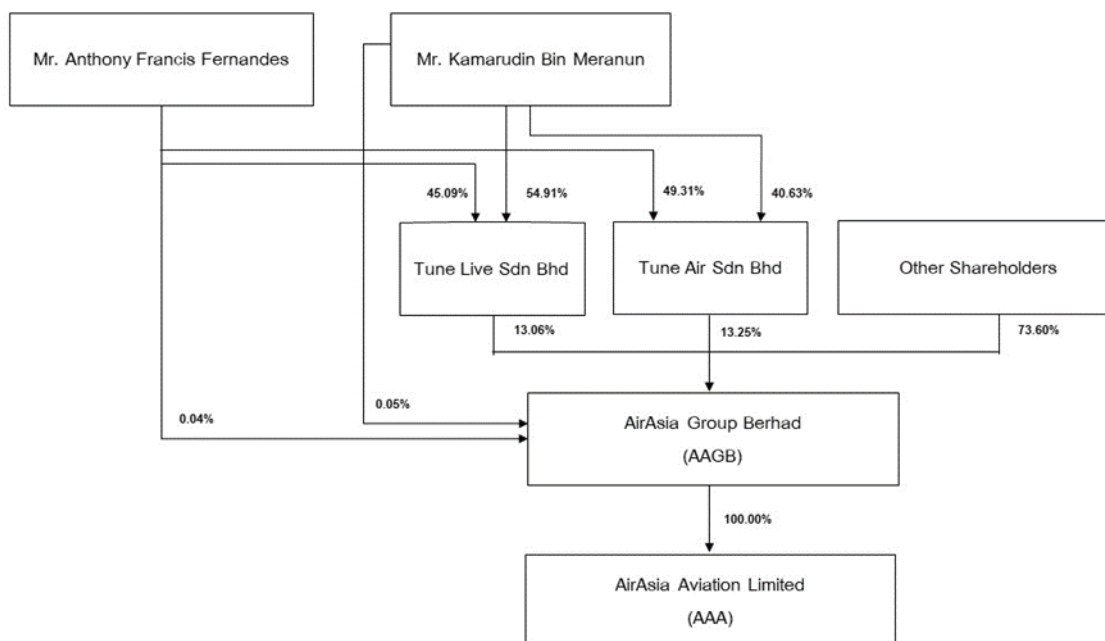
⁸ Source: Bank of Thailand

⁹ Counting shareholders who are persons under Section 258, concert party, and persons under Section 258 of concert party, including shareholders under the same control, to be in the same group.

¹⁰ In the event that any shareholder according to the list of the top 10 shareholders above is a shareholder who by circumstances significantly influences the setting of the management policy or the operation of the Applicant (for example, a person has been sent as an authorized director in Applicant.) and having other person to be the real beneficiary (ultimate shareholder) (for example, shareholders are holding company or nominee account), specify the name of the person who is the ultimate shareholder and the nature of the business of such person.

No.	Name	Percentage compared to the total paid-up share of the Applicant ¹¹	Percentage compared to the total voting rights of the Applicant ¹²
1. AAGB	5,270,000	100.00	100.00

The shareholding structure of the Applicant and major Shareholders of the Applicant as of June 28, 2021 is as follows:



Source: 247-7

List of AAGB's top 10 shareholders, the latest information as of June 28, 2021.

Name	Direct		Indirect	
	No. of shares	Shareholding percentage (percent)	No. of shares	Shareholding percentage (percent)
1. Tune Live Sdn. Bhd.	509,000,000 ⁽¹⁾	13.06	-	-
2. Tune Air Sdn. Bhd.	516,485,082 ⁽²⁾	13.25	-	-
3. Positive Boom Limited	332,498,504 ⁽³⁾	8.53	-	-
4. Mr. Anthony Francis Fernandes	1,600,000 ⁽⁴⁾	0.04	1,025,485,082 ⁽⁶⁾	26.31
5. Mr. Kamarudin bin Meranun	2,000,000 ⁽⁵⁾	0.05		
6. Choi Chiu Fai, Stanley	-	-	332,498,504 ⁽⁷⁾	8.53
7. Permodalan Nasional Berhad	258,776,900 ⁽⁸⁾	6.64	-	-
8. Urusharta Jamaah	139,445,770	3.58	-	-
9. Aimia	121,474,409	3.12	-	-
10. Calvin Lau Chuen Yien	100,000,000	2.57	-	-

¹¹ Total paid-up shares of the Applicant = No. of ordinary share + No. of preferred shares - shares repurchased and outstanding at the end of a month prior to the month in which the application for a waiver is submitted to the SEC Office.

¹² Total voting rights of the Applicant = Total voting rights of paid-up shares of the Applicant

Source: 247-7

Remark:

- (1) Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for TLSB
- (2) Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for TASB
- (3) Shares held under PBL Kenanga Nominees (Asing) Sdn Bhd and Affin Hwang Nominees (Asing) Sdn Bhd for PBL
- (4) Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Mr. Anthony Francis Fernandes
- (5) Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Mr. Kamarudin bin Meranun
- (6) Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20 percent in TLSB and TASB
- (7) Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20 percent in PBL
- (8) Shares held under Permodalan Nasional Berhad are through the following funds:
 - (i) Amanah Saham Bumiputera at 155,159,000 shares
 - (ii) Amanah Saham Bumiputera 2 at 30,500,000 shares
 - (iii) Amanah Saham Malaysia 2 – Wawasan at 20,000,000 shares
 - (iv) Amanah Saham Malaysia at 18,498,000 shares
 - (v) Amanah Saham Malaysia 3 at 14,639,100 shares
 - (vi) ASN Umbrella For ASN Equity 3 at 8,022,200 shares
 - (vii) Amanah Saham Nasional at 5,592,300 shares
 - (viii) ASN Ambang (Mixed Asset Balanced) 1 at 5,109,100 shares
 - (ix) ASN Equity 2 at 1,256,400 shares

1.3.5. List of Directors According to the Latest Registration of the Applicant as of October 29, 2021

Name	Position
1. Mr. Bo Lingham (Mr. Tharumalingam a/l Kanagalingam)	Director
2. Mr. Kamarudin bin Meranun	Director

Source: 247-7

In this respect, authorized directors of AAA are Mr. Tharumalingam a/l Kanagalingam and Mr. Kamarudin Bin Meranun. Any one of the directors can singly sign to bind the company.

1.4. Parties Requesting a Waiver from the Requirement to make a Tender Offer for All Securities of the Company by Virtue of the Resolution of the Shareholders' Meeting of the Company (Whitewash) and the Relationship Related to the Offering of Newly Issued Shares in a Private Placement (PP)

Name	AirAsia Aviation Limited ("AAA") (formerly known as "AirAsia Investment Limited")
Address	Level 5(A), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia
Nature of Business	AAA is an investment company and is a 100 percent subsidiary of AirAsia Group Berhad ("AAGB"), which is listed on the Bursa Stock Exchange of Malaysia. AAA holds shares in companies operating airlines business under the brand "AirAsia" in many countries such as Indonesia, Philippines, and India and also currently holds 45 percent of TAA's shares, which is a subsidiary of the Company that operates the Air Asia Airline business in Thailand.
Major Shareholder	AAGB holds 100 percent of AAA's shares.

Name	AirAsia Aviation Limited ("AAA") (formerly known as "AirAsia Investment Limited")
Directors	<ol style="list-style-type: none"> Mr. Tharumalingam a/l Kanagalingam Datuk Kamarudin bin Meranun
Number of Allocated Shares	Not more than 4,457,142,857 shares, representing not more than 45.12 percent of the total issued shares after the capital increases by issuing and allocating ordinary shares to PP.
Relationship with the Company and other investors in this restructuring	<p>Not a connected person of the Company pursuant to the Notifications on Connected Transactions¹³ because AAA is not a person who will be nominated as an executive or controlling person of the Company and is not a juristic person with a major shareholder or a controlling person who is nominated to be an executive or a controlling person of the Company. Currently, AAA holds 45 percent stake in TAA.</p> <p>In this regard, AAA is not a person under Section 258 of the Securities and Exchange Act B.E. 2535 (1992) (and as amended) (the "Securities Act") of other investors. No shareholding in the company by AAA's related persons and concert party with the said individual high-net-worth investor.</p>
Duties of making a tender offer for securities	<p>AAA will have shareholding percentage in the Company representing not more than 45.12 percent of the total number of the Company's issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, which makes AAA obliged to make a tender offer for all of the Company's securities pursuant to Notification of Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (the "Notification No. TorChor. 12/2554").</p> <p>However, AAA wishes to apply for a waiver from the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the Shareholders' Meeting of the Company (Whitewash) with the Office of the Securities and Exchange Commission pursuant to the Notification of the Office of the Securities and Exchange Commission No. SorKor. 29/2561 Re: Rules for the Application for Waiver from the Requirement to Make Tender Offer for All Securities of the Business by Virtue of the Resolution of the Shareholders' Meeting of the Business.</p>

1.5. Other Parties that does not have a Duty to Request a Waiver from Making a Tender Offer and the Relationship Related to the Offering of Newly Issued Shares in a Private Placement (PP)

1.	Name	Mr. Pitharn Ongkosit
	Occupation	Executive and Investor
	Work experience and competence	An experienced and knowledgeable executive and investor who currently holds the position of Executive Chairman/Chief Executive Officer and Managing Director including being a major shareholder of KCE Electronics Public Company Limited, which is a listed company on the Stock Exchange of Thailand.
	Number of Allocated Shares	Up to 362,049,116 shares, representing not more than 3.7 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP.
	Duties of making a tender offer for securities	Individual high-net-worth investor is not obliged to make a tender offer for all the Company's securities pursuant to the Notification No. TorChor. 12/2554 as holding only 3.7 percent of the total number of issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP and

¹³ Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions (including any amendment thereto), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) (including any amendment thereto) (collectively, the "Notifications on Connected Transactions").

no shareholding in the Company by related persons or concert party with the said individual high-net-worth investors.

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|----|--|--|
| 2. | Name | Mr. Palin Lojanagosin |
| | Occupation | Executive and Investor |
| | Work experience and competence | An experienced and knowledgeable executive and investor who currently holds the position of Director, Chairman of Executive Committee and Chief Executive Officer including being a major shareholder of Plan B Media Public Company Limited, which is a listed company on the Stock Exchange of Thailand. |
| | Number of Allocated Shares | Up to 150,947,980 shares, representing not more than 1.5 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP. |
| | Duties of making a tender offer for securities | Individual high-net-worth investor is not obliged to make a tender offer for all the Company's securities pursuant to the Notification No. TorChor. 12/2554 as holding only 1.5 percent of the total number of issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP and no shareholding in the Company by related persons or concert party with the said individual high-net-worth investors. |
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|----|--|---|
| 3. | Name | Mr. Bundit Pitaksit |
| | Occupation | Executive and Investor |
| | Work experience and competence | An experienced and knowledgeable executive and investor who currently holds the position of Chairman of the Executive Committee of Isuzu Sanguan Thai Group, Chairman of Advisory Board of Siam Car Rent Co., Ltd. as well as an independent director, Chairman of the Risk Management and Sustainable Development Committee, Audit Committee and member of the Nomination and Remuneration Committee of Land and Houses Public Company Limited, which is a listed company on the Stock Exchange of Thailand. |
| | Number of Allocated Shares | Up to 14,607,869 shares, representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP. |
| | Duties of making a tender offer for securities | Individual high-net-worth investor is not obliged to make a tender offer for all the Company's securities pursuant to the Notification No. TorChor. 12/2554 as holding only 0.1 percent of the total number of issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP and no shareholding in the Company by related persons or concert party with the said individual high-net-worth investors. |

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| 4. | Name | Mrs. Piyaporn Vichitbandha |
| | Occupation | Executive and Investor |
| | Work experience and competence | An experienced and knowledgeable executive and investor who currently holds the position of executive of the companies in Central Group. |
| | Number of Allocated Shares | Up to 14,607,869 shares, representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP. |
| | Duties of making a tender offer for securities | Individual high-net-worth investor is not obliged to make a tender offer for all the Company's securities pursuant to the Notification No. TorChor. 12/2554 as holding only 0.1 percent of the total number of issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP and no shareholding in the Company by related persons or concert party with the said individual high-net-worth investors. |
| 5. | Name | Mr. Suwaphon Suwaruchiporn |
| | Occupation | Executive and Investor |
| | Work experience and competence | An experienced and knowledgeable executive and investor who currently holds the position of Director and Executive of Bangkok Synthetics Company Limited and shareholder of Metro Systems Corporation Public Company Limited, which is a listed company on the Stock Exchange of Thailand. |
| | Number of Allocated Shares | Up to 14,607,869 shares, representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP. |
| | Duties of making a tender offer for securities | Individual high-net-worth investor is not obliged to make a tender offer for all the Company's securities pursuant to the Notification No. TorChor. 12/2554 as holding only 0.1 percent of the total number of issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP and no shareholding in the Company by related persons or concert party with the said individual high-net-worth investors. |
| 6. | Name | Mr. Vorapote Amnueypol |
| | Occupation | Executive and Investor |
| | Work experience and competence | An experienced and knowledgeable investor who currently being major shareholder of Sky ICT Public Company Limited, which is a listed company on the Stock Exchange of Thailand. |
| | Number of Allocated Shares | Up to 14,607,869 shares, representing not more than 0.1 percent of the total issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP. |

Duties of making a tender offer for securities

Individual high-net-worth investor is not obliged to make a tender offer for all the Company's securities pursuant to the Notification No. TorChor. 12/2554 as holding only 0.1 percent of the total number of issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP and no shareholding in the Company by related persons or concert party with the said individual high-net-worth investors.

In this regard, AAA and the group of six investors (which is considered a private placement) and the subscriber of Convertible Bond are not a connected person¹⁴ with the Company, according to the Notification of the Connected Transaction because such investors are not a person who will be nominated to be an executive or controlling person of the Company and is not a juristic person with a major shareholder or a controlling person who is nominated to be an executive or a controlling person of the Company. In addition, AAA, all 6 investors above and the convertible bond subscribers are not related to each other under Section 258 of the Securities and Exchange Act B.E. 2535 (and as amended) ("Securities Act") and do not have any relationship with each other or behavior that is considered to be acting with each others according to the Notification of the Capital Market Supervisory Board No. TorJor. 7/2552 in any way.

1.6. Information of the Company and Its Subsidiaries (AAV and TAA)

Details are in attachment 1

1.7. Information of the Applicants (AAA and AAGB)

Details are in attachment 2

1.8. Conditions and Price of the Transaction

Conditions for offering newly-issued shares to private placement this time, there are related details that the shareholders must approve a total of 8 agenda items (Agenda item 1 – Agenda item 8) because these 8 agenda items are related and conditional upon each other. If any agenda item is not approved, it will be deemed that other agenda items that have already been approved will be canceled and other agenda items will not be considered.

1.9. Summary of the Relevant Draft Contracts

1.9.1. Draft Summary of Share Subscription Agreement

Share Subscription Agreement (October 2021 issue)

No	Topic	Details
1	Contract parties	AAA and The Group of Investors (Group of Investors are Mr. Pitharn, Mr. Palin, Mr. Bundit, Mrs. Piyaporn, Mr. Suwaphon and Mr. Vorapote)

¹⁴ Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules for Connected Transactions (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions 2003 (as amended) ("Notification on Connected Transactions")

No	Topic	Details
2	Nature of the contract	The Company will issue and allocate newly-issued ordinary shares to private placement in the amount not exceeding 5,028,571,429 shares with a par value of THB 0.10 per share to AAA and the Group of Investors.
3	Price and payment	The offering price of THB 1.75 per share
4	Stock trading day	December 14, 2021
5	Pre-conditions	<p>Each of the precedent conditions has a relationship between one another which AAA and the Group of Investors are obligated only if such conditions are met, such as:</p> <ol style="list-style-type: none"> 1. The certification of the securities issuer is true, accurate and correct on the trading day and the issuer fulfills all obligations to be carried out on the trading day. 2. Copies of documents certifying approval for the issuance of newly issued ordinary shares and the implementation of the business restructuring plan have been sent to AAA and the Group of Investors prior to the share trading date. 3. The Company has been approved by SEC and the Extraordinary General Meeting of Shareholders for the issuance of newly-issued ordinary shares to private placement (PP) at a low price and the request for a whitewash waiver, including requirements in accordance with relevant laws. 4. The success of the TAA restructuring plan, which are: a) the Company received a loan of THB 3,900 million from BBL b) the Company's shares in TAA increased from before to 69.2 percent of TAA's total shares c) TAA repaid debts to the AAGB group of companies of approximately THB 3,900 million. 5. The Company's business restructuring plan has been approved by the Extraordinary General Meeting of Shareholders of the Company on November 26, 2021. 6. North Haven Keystone Company Limited agrees to sell TAA's shares totaling 30.8 percent of TAA's total shares to the Company (North Haven Keystone Company Limited will be receiving such shares from the business restructuring plan). 7. BBL and NHTPE purchased convertible debentures issued by the Company with a total value of THB 2,200 million, which can be converted into the Company's ordinary shares at a price of THB 1.75 per share. 8. The Company's Articles of Association for the expansion of shareholding restrictions for non-Thai nationals have been approved and amended to enable AAA to purchase shares under the restructuring plan.

Source: Share Subscription Agreement Draft of the Company between AAA and the Group of Investors

Remark: The above draft contract is only the latest, not legally binding, pending negotiation and subject to change in the future.

1.9.2. Summary of Draft Share Purchase Agreement of TAA

Draft Share Purchase Agreement of TAA (November 2021 issue)

No	Topic	Details
1	Contract parties	The Company ("the Buyer") and North Haven Keystone Company Limited ("the Seller")

No	Topic	Details
2	Nature of the contract	The Company will purchase 19,600,000 shares of TAA at the purchase price of THB 199 per share, totaling approximately THB 3,900 million from North Haven Keystone Company Limited. North Haven Keystone Company Limited is in the process of acquiring 30.8 percent of TAA shares from AAA.
3	Price and payment	Dollar currency equivalent to THB 3,900 million
4	Number of shares traded	19,600,000 shares
5	Stock trading day	It is expected to occur within quarter 1 of 2022.
6	Pre-conditions	<p>The obligation of the counter parties to settle and deliver TAA shares will arise if the precedent conditions set forth in the contract are met or waived (as the case may be), which the important pre-conditions include</p> <ol style="list-style-type: none"> 1. North Haven Keystone Company Limited must have legal ownership of TAA shares and AAA has paid for the newly issued shares to the Company. 2. The following items must be approved as part of the restructuring at the Extraordinary General Meeting of Shareholders of AAV: (a) AAV's borrowing from BBL in the amount of THB 3,900 million; (b) capital increase to TAA amounting to THB 3,900 million by AAV; (c) debt settlement of TAA to companies within AirAsia Group Berhad of THB 3,900 million or equivalent in other currencies; (d) issuance of new shares of AAV to AAA and other investors; (e) the issuance of newly issued Convertible Bond to BBL and North Haven Thai Private Equity LP; and (f) this transaction. 3. The issuance of new shares of AAV to AAA at the price of THB 1.75 per share, whereby the subscription amount is not less than THB 7,800 million. 4. Obtain all approvals from any government agency required to authorize a transaction by AAV to complete.

Source: Draft Share Purchase Agreement of TAA between the Company and North Haven Keystone Company Limited

Remark: The above draft contract is only the latest, not legally binding, pending negotiation and subject to change in the future.

1.9.3. Summary of Draft Convertible Bond Purchase Agreement of the Company

Draft Convertible Bond Purchase Agreement of the Company (November 2021 issue)

No	Topic	Details
1	Contract parties	The Company (the "Issuer") BBL and NHTPE (collectively, the "Subscriber")
2	Nature of the contract	The Company will issue convertible debentures and unsubordinated and unsecured convertible debentures in the amount of THB 2,200,000,000, maturity in 2023 with conditions forcing the conversion if the conversion right is not exercised within the due date. The debentures will be converted into ordinary shares of the issuer which are fully paid up at a convertible price of THB 1.75 per share.
3	Total principal of convertible debentures	THB 2,200 million

No	Topic	Details
4	Number of units	2,200,000 units
5	Conversion ratio	Convertible debentures 0.00175 units convertible into 1 ordinary share
6	Convertible price	THB 1.75 per share
7	Stock trading day	December 14, 2021 or afterwards
8	Allocated investors	<ol style="list-style-type: none"> 1. Bangkok Bank Public Company Limited with a total value of not more than THB 1,200 million and 2. NHTPE, which is a private fund, managed by Morgan Stanley, with a total value of not more than THB 1,000 million.
9	Pre-conditions	<p>The investor's obligation to subscribe and pay for the Convertible Bond will arise if the conditions precedent stipulated in the contract are fulfilled or waived (depends on each case).</p> <ol style="list-style-type: none"> 1. The bond issuer's testimonials are true, correct and accurate on the issuance date and the issuer fulfills all obligations to be carried out on the issuance date. 2. Received corporate approval and all regulatory approvals and waivers for: (a) TAA restructuring; (b) capital increase shares, including the SEC's approval to allocate shares to specific individuals and the request for necessary waivers; and (c) the acquisition of 19,600,000 shares in TAA by a bond issuer from North Haven Keystone Company Limited, which is considered for debt restructuring. 3. The success of the TAA restructuring plan, which are: a) the Company received a loan of THB 3,900 million from BBL; The Company's shares in TAA increased from 69.2 percent of TAA's total shares. c) TAA repaid various debts to the AAGB group of companies in the amount of approximately THB 3,900 million. 4. Amendment of regulations to support the conversion of Convertible Bond, etc.

Source: Draft Convertible Bond Purchase Agreement of the Company between BBL and NHTPE

Remark: The above draft contract is only the latest, not legally binding, pending negotiation and subject to change in the future.

1.9.4. Summary of Shareholders' Agreement

Shareholders' Agreement of TAA (On February 14, 2012)

No	Topic	Details
1	Contract parties	AAA, AAB, the Company and TAA
2	Nature of the contract	The Business has entered into an agreement with AAA, AAB, which is a service provider of AirAsia Airline in Malaysia, and TAA on February 14, 2012 for the operation of TAA's businesses which are to provide "no frills" passenger air transport services and ancillary services with operations based in Thailand and shall be modelled on the AirAsia business model exclusively or otherwise mutually agreed and to operate passenger air transport routes to domestic and non-domestic destinations only from the Kingdom of Thailand. TAA shall be an approved

No	Topic	Details
		and licensed operator of air transport services based in Thailand. The parties shall be jointly responsible for the procurement of the approvals and licenses required by the relevant authorities for TAA to provide approved and licensed air transport services based in Thailand. Once obtained, the Business shall be responsible for the maintenance of the approvals and licenses to operate licensed air transport services in Thailand. The parties agree that TAA shall operate on the basis of engaging AAB to provide the necessary services and infrastructure required by TAA on a commercial and arms-length basis. TAA and AAB will enter into a Technical and Management Assistance Agreement in which AAB will provide the necessary technical and managerial supports to TAA.
3	Shares transfer	A shareholder may transfer any or all of its shares to any of its affiliates upon prior notice to the other shareholders. The shareholder who intends to sell all shares to any third party shall give written notice to the other shareholders specifying the terms of disposal. If the other shareholder wish to sell any or all shares owned by it, it shall notify the selling shareholder. The selling shareholder shall use its best endeavors to procure the third party to purchase all or any part of the other shareholder's shares on a pro-rata in relation to the total number of shares proposed to be sold.
4	Non-competition ^{1/}	Each shareholder shall not be concerned in any business operating in Thailand which is directly or likely to be competitive with the business of TAA and neither shareholder shall establish or assist in the establishment of any new entity which is directly or likely to be competitive with the business of TAA in Thailand and Malaysia save for TAA and AAB's flights originating and terminating in the respective home countries on the point to point basis. In addition, each party covenants with the other party that it shall not operate any business which directly or indirectly compete with the business of the other party then existing in Thailand and Malaysia for a period of 3 years after termination of the agreement.
5	Termination of the contract	The parties may terminate the agreement upon: (1) the agreement of the parties in writing; (2) AAA or the Company together with its affiliate holding in total less than 20 percent of the total issued shares of TAA; (3) a party ceasing to have any further rights and obligations under this agreement when it and its affiliates cease to hold any share; (4) the shareholders having passed a special resolution to wind up TAA or TAA is put into liquidation; or (5) the successful listing of TAA on the Stock Exchange of Thailand.

Source: Shareholders' Agreement between AAA, AAB, the Company and TAA

Remark: 1/ In this regard, AAA, AAGB, the Company and TAA will enter into the Undertaking Agreement which contains the same contents as in the TAA Shareholders' Agreement in order for a non-compete clause to remain in effect after the termination of TAA Shareholders' Agreement. Details of the summary of the agreement are in the next section.

1.9.5. Summary of Draft Undertaking Agreement

Draft Undertaking Agreement (October 2021 issue)

No	Topic	Details
1	Contract parties	AAA, AAB, the Company and TAA
2	Nature of the contract	<p>The counter parties are the parties to the TAA Shareholders' Agreement, revised and adjusted dated February 14, 2012 ("Shareholders' Agreement").</p> <p>Due to the shareholding restructuring of AAV and TAA, TAA will become a wholly owned subsidiary of AAV and hence The Shareholders' Agreement will be cancelled.</p> <p>However, the counter parties want to maintain certain conditions of Shareholders' Agreement to proceed with each other.</p> <p>Each party agrees that as long as AAA or a member of the AAGB group owns not less than 10 percent of the total number of outstanding shares in AAV, each shareholder agrees not to get involved in any business in which it operates in Thailand, which directly or in any manner competes with TAA's business, and shall not form or assist in the establishment of any legal entity that directly competes or is in any manner competing with TAA's business in Thailand or Malaysia, except in the case of TAA and AAGB flight routes that starts from and ends in the country in which each of these companies are located without a connection point.</p>

Source: Draft Undertaking Agreement between AAA, AAGB, the Company and TAA

Remark: The above draft contract is only the latest, not legally binding, pending negotiation and subject to change in the future.

2. The Effect on Shareholders (Dilution Effect)

If the Extraordinary General Meeting of Shareholders No. 1/2021 has a resolution to approve 1) the allocation of newly issued ordinary shares the existing shareholders in proportion (Right Offering) of not more than 1,714,285,714 shares (in the proportion of 5.7625 existing shares per 1 new share) at a par value of THB 0.10 per share, at the subscription price of THB 1.75 per share 2) the allocation of the newly-issued ordinary shares to private placement not exceeding 5,028,571,429 shares at a par value of THB 0.10 share by clearly specifying the offering price at the price of THB 1.75 per share to AAA and investors and 3) the issuance of newly-issued ordinary shares from conversion of convertible debentures offered for sale to private placement (PP) (collectively the “Capital Increase”), the existing shareholders will be affected by their shareholding proportion as follows:

Shareholders	Current shareholding (as of Nov 2, 2021)		Case 1 ^{1/}		Case 2 ^{2/}		Case 3 ^{3/}	
	Number of shares (million shares)	Percent	Number of shares (million shares)	Percent	Number of shares (million shares)	Percent	Number of shares (million shares)	Percent
Mr. Tassapon	1,965.09	40.52	1,965.09	19.89	1,965.09	16.95	1,965.09	15.29
AAA	-	-	4,457.14 ^{5/}	45.12	5,230.62 ^{6/}	45.12	5,230.62	40.71
BBL	-	-	362.05 ^{5/}	3.66	424.88 ^{6/}	3.66	424.88	3.31
Mr. Pitham	-	-	150.95 ^{5/}	1.53	177.14 ^{6/}	1.53	177.14	1.38
Mr. Palin	-	-	14.61 ^{5/}	0.15	17.14 ^{6/}	0.15	17.14	0.13
Mr. Bundit	-	-	14.61 ^{5/}	0.15	17.14 ^{6/}	0.15	17.14	0.13
Mrs. Piyaporn	-	-	14.61 ^{5/}	0.15	17.14 ^{6/}	0.15	17.14	0.13
Mr. Suwaphon	-	-	14.61 ^{5/}	0.15	17.14 ^{6/}	0.15	17.14	0.13
Mr. Vorapote	-	-	-	-	-	-	685.71 ^{7/}	5.34
NHTPE	-	-	-	-	-	-	571.43 ^{7/}	4.45
RO Oversubscriber ^{4/}	-	-	-	-	841.65 ^{8/}	7.26	841.65	6.55
Other shareholders	2,884.91	59.48	2,884.91	29.20	2,884.91	24.89	2,884.91	22.45
Total	4,850.00	100.00	9,878.57	100.00	11,592.86	100.00	12,850.00	100.00

Table 1: The Effect on Shareholders (Dilution Effect)

Source: Company

Remark:

1/ Case 1: After the capital increase by issuing and offering newly-issued ordinary shares to PP

2/ Case 2: After the capital increase by issuing and offering newly-issued ordinary shares to PP and to the existing shareholders in accordance with their shareholding proportions (RO) in the event that the existing shareholders do not exercise their rights for the capital increase in proportion to the shareholding, but there are those who oversubscribes the remaining capital increase shares in full. In this regard, according to the new amendment of the Company's Articles of Association, which extends the restriction on the shareholding of non-Thai nationals in order to support the non-Thai nationals that will be allocated newly issued ordinary shares and newly issued ordinary shares from the conversion of Convertible Bond according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2021, when combined with the former shareholding proportion of persons who are non-Thai nationals, shall not exceed 48.17 percent of all the number of shares sold of the Company, AAA can only exercise the right to

oversubscribe for RO shares of 353.66 million shares or the total shareholding proportion does not exceed 48.17 percent of the total number of shares sold of the Company, making the remaining RO shares after the exercise of the rights to oversubscribe for RO by AAA equals to 487.99 million shares or 4.21 percent.

3/ Case 3: After the capital increase by 1) the allocation of the newly issued ordinary shares to PP, 2) the allocation of the newly issued ordinary shares in proportion to their shareholding, and 3) the issuance of the newly issued ordinary shares from the conversion of convertible debentures, which is offered to PP in the event that the existing shareholders do not exercise their right to increase capital in proportion to their shareholding, but there are those who oversubscribes the remaining capital increase shares in full.

4/ RO oversubscriber may be any existing group of shareholders, including the Group of Investors or AAA. Independent Financial Advisor assumes that if the existing shareholders do not exercise their rights to increase their share capital, the other existing shareholders will result in 22.45 percent of shareholding.

5/ Increased from the allocation of newly issued ordinary shares to specific persons (PP), which clearly sets the offering price

6/ Increased from the allocation of newly issued ordinary shares to the existing shareholders of the Company in proportion to their shareholding

7/ Increased from the conversion of convertible debentures offered to specific persons (PP)

8/ Increased from the oversubscription of newly issued shares from the allocation of newly issued ordinary shares to the existing shareholders of the Company in proportion to their shareholding

Impact from 1) the allocation of newly issued ordinary shares to specific persons (PP), 2) the allocation of the newly issued ordinary shares in proportion to their shareholding, and 3) the issuance of the newly issued ordinary shares from the conversion of the convertible debentures, which is offered for sale to specific persons (PP), in which all three cases (collectively referred to as the "Capital Increase"), which clearly set the offering price, are as follows:

2.1. Control Dilution

- After the capital increase through the issuance and offering of newly issued ordinary shares to specific persons (PP), the voting rights of the Company's shareholders (Control Dilution) will be affected approximately 50.9 percent, with calculation details as follows.

$$\begin{aligned}
 &= \frac{\text{Number of shares offered for sale PP}}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP}} \\
 &= \frac{5,028,571,429}{4,850,000,000 + 5,028,571,429} \\
 &= 50.9 \text{ percent}
 \end{aligned}$$

- After the capital increase by issuing and offering newly-issued ordinary shares to PP and to the existing shareholders in accordance with their shareholding proportions (RO), in case the shareholders do not exercise their rights of the Capital Increase in proportion to shareholding, but there are those who who oversubscribes the remaining capital increase shares in full, the voting rights of the Company's shareholders (Control Dilution) will be affected approximately 58.2 percent with the calculation details as follows.

$$\begin{aligned}
 &= \frac{\text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO}}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO}}
 \end{aligned}$$

$$= \frac{5,028,571,429 + 1,714,285,714}{4,850,000,000 + 5,028,571,429 + 1,714,285,714}$$

$$= 58.2 \text{ percent}$$

- After the Capital Increase, by issuing and offering newly issued ordinary shares to a private placement (PP) and to the existing shareholders in proportion to their shareholding (RO) and the issuance of newly issued ordinary shares from the conversion of convertible debentures which offering to a private placement (PP), in the event that the shareholders do not exercise their rights to increase the capital in proportion to their shareholding, but there are those who oversubscribes the remaining capital increase shares in full, the total number of voting rights of the Company's shareholders (Control Dilution) will be affected by approximately 62.3 percent with the calculation details as follows.

$$= \frac{\text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO} + \text{Number of common shares for CB conversion}}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO} + \text{Number of common shares for CB conversion}}$$

$$= \frac{5,028,571,429 + 1,714,285,714 + 1,257,142,857}{4,850,000,000 + 5,028,571,429 + 1,714,285,714 + 1,257,142,857}$$

$$= 62.3 \text{ percent}$$

2.2. Earnings Per Share Dilution

- After the capital increase by the issuance and offering of newly issued ordinary shares to specific persons (PP), the shareholders will be affected by the share of profit / (loss) per share approximately 50.9 percent, calculation details as follows.

$$= \frac{\text{EPS before offering} - \text{EPS after offering}}{\text{EPS before offering}}$$

which EPS before offering

$$= \frac{\text{Net profit / (losses)}}{\text{Number of paid-up shares}}$$

$$= \frac{(6,507,746,318)}{4,850,000,000}$$

$$= \text{THB (1.34) per share}$$

which EPS after offering

$$= \frac{\text{Net profit / (losses)}}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP}}$$

$$= \frac{(6,507,746,318)}{4,850,000,000 + 5,028,571,429}$$

$$= \text{THB (0.66) per share}$$

EPS Dilution

$$= \frac{(1.34) - (0.66)}{(1.34)}$$

$$= 50.9 \text{ percent}$$

- After the capital increase by issuing and offering newly-issued ordinary shares to PP and to the existing shareholders in accordance with their shareholding proportions (RO) in case the shareholders do not exercise their rights for the increase capital in proportion to their shareholding, but there are those who oversubscribes the remaining capital increase shares in full, the shareholders will be affected by the share of profit / (loss) per share about 58.2 percent with the calculation details as follows.

$$= \frac{\text{EPS before offering} - \text{EPS after offering}}{\text{EPS before offering}}$$

which EPS before offering

$$= \frac{\text{Net profit / (losses)}}{\text{Number of paid-up shares}}$$

$$= \frac{(6,507,746,318)}{4,850,000,000}$$

$$= \text{THB (1.34) per share}$$

which EPS after offering

$$= \frac{\text{Net profit / (losses)}}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO}}$$

$$= \frac{(6,507,746,318)}{4,850,000,000 + 5,028,571,429 + 1,714,285,714}$$

$$= \text{THB (0.56) per share}$$

EPS Dilution

$$= \frac{(1.34) - (0.56)}{(1.34)}$$

$$= 58.2 \text{ percent}$$

- After the Capital Increase, by issuing and offering newly issued ordinary shares to a private placement (PP) and to the existing shareholders in proportion to their shareholding (RO) and the issuance of newly issued ordinary shares from the conversion of convertible debentures which offering to a private placement (PP), in the event that the shareholders do not exercise their rights to increase the capital in proportion to their shareholding, but there are those who oversubscribes the remaining capital increase shares in full, the

shareholders will be affected by the share of profit / (loss) per share about 62.3 percent with the calculation details as follows.

$$= \frac{\text{EPS before offering} - \text{EPS after offering}}{\text{EPS before offering}}$$

which EPS before offering

$$= \frac{\text{Net profit / (losses)}}{\text{Number of paid-up shares}}$$

$$= \frac{(6,507,746,318)}{4,850,000,000}$$

$$= \text{THB (1.34) per share}$$

which EPS after offering

$$= \frac{\text{Net profit / (losses)}}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO} + \text{Number of common shares for CB conversion}}$$

$$= \frac{(6,507,746,318)}{4,850,000,000 + 5,028,571,429 + 1,714,285,714 + 1,257,142,857}$$

$$= \text{THB (0.51) per share}$$

EPS Dilution

$$= \frac{(1.34) - (0.51)}{(1.34)}$$

$$= 62.3 \text{ percent}$$

Remark: 12-month net profit from quarter 3 of 2020 to quarter 2 of 2021

2.3. Price Dilution

- After the capital increase by the issuance and offering of newly issued ordinary shares to specific persons (PP), the shareholders will be affected by the price (Price Dilution) approximately 20.9 percent with the calculation details as follows:

$$= \frac{\text{Market price before offering} - \text{Market price after offering}}{\text{Market price before offering}}$$

$$= \frac{2.96 - 2.35}{2.96}$$

$$= 20.9 \text{ percent}$$

Where the market price after the offering for sale of the newly-issued ordinary shares to private placement is equal to

$$\begin{aligned}
 &= \frac{(\text{Market price} \times \text{Number of paid-up shares}) + (\text{Offering price of PP shares} \times \text{Number of shares offered for sale PP})}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP}} \\
 &= \frac{(2.96 \times 4,850,000,000) + (1.75 \times 5,028,571,429)}{4,850,000,000 + 5,028,571,429} \\
 &= 2.35
 \end{aligned}$$

- After the capital increase by issuing and offering newly issued ordinary shares to PP and to the existing shareholders in accordance with their shareholding proportions (RO) in case the existing shareholders do not exercise their rights to increase the capital in proportion to the shareholding, but there are those who oversubscribe the remaining capital increase shares in full, the shareholders will be affected by the price (Price Dilution) about 23.8 percent with the calculation details as follows.

$$\begin{aligned}
 &= \frac{\text{Market price before offering} - \text{Market price after offering}}{\text{Market price before offering}} \\
 &= \frac{2.96 - 2.26}{2.96} \\
 &= 23.8 \text{ percent}
 \end{aligned}$$

Where the market price after the offer for sale of newly-issued ordinary shares to private placement and to the existing shareholders in proportion to their shareholding is equal to

$$\begin{aligned}
 &= \frac{(\text{Market price} \times \text{Number of paid-up shares}) + (\text{Offering price of PP shares} \times \text{Number of shares offered for sale PP}) + (\text{Offering price of RO shares} \times \text{Number of shares offered for sale RO})}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO}} \\
 &= \frac{(2.96 \times 4,850,000,000) + (1.75 \times 5,028,571,429) + (1.75 \times 1,714,285,714)}{4,850,000,000 + 5,028,571,429 + 1,714,285,714} \\
 &= 2.26
 \end{aligned}$$

- After the Capital Increase, by issuing and offering newly issued ordinary shares to a private placement (PP) and to the existing shareholders in proportion to their shareholding (RO) and the issuance of newly issued ordinary shares from the conversion of convertible debentures which offering to a private placement (PP), in the event that the existing shareholders do not exercise their rights to increase capital in proportion to their shareholding, but there are those who oversubscribe the remaining capital increase shares in full, the shareholders will be affected by the price (Price Dilution) is approximately 25.5 percent, with the calculation details as follows:

$$\begin{aligned}
 &= \frac{\text{Market price before offering} - \text{Market price after offering}}{\text{Market price before offering}}
 \end{aligned}$$

$$= \frac{2.96 - 2.21}{2.96}$$

$$= 25.5 \text{ percent}$$

Where the market price after offering for sale of newly issued ordinary shares in proportion to their shareholding is equal to

$$= \frac{(\text{Market price} \times \text{Number of paid-up shares}) + (\text{Offering price of PP shares} \times \text{Number of shares offered for sale PP}) + (\text{Offering price of RO shares} \times \text{Number of shares offered for sale RO}) + (\text{Exercise price CB} \times \text{Number of common shares for CB conversion})}{\text{Number of paid-up shares} + \text{Number of shares offered for sale PP} + \text{Number of shares offered for sale RO} + \text{Number of common shares for CB conversion}}$$

$$= \frac{(2.96 \times 4,850,000,000) + (1.75 \times 5,028,571,429) + (1.75 \times 1,714,285,714) + (1.75 \times 1,257,142,857)}{4,850,000,000 + 5,028,571,429 + 1,714,285,714 + 1,257,142,857}$$

$$= 2.21$$

Remark : Market price is equal to the weighted average market price of the Company for the past 15 business days prior to the date of this Board of Directors Meeting (that is, between September 27, 2021 – October 18, 2021) which is equal to THB 2.96 (Data from SETSMART of the SET).

3. Summary of Information of the Applicant

3.1. General Information of the Applicant

Name	AirAsia Aviation Limited ("AAA") (formerly known as "AirAsia Investment Limited")
Address	Level 5(A), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia
Nature of Business	AAA is an investment company and is a 100 percent subsidiary of AirAsia Group Berhad ("AAGB"), which is listed on the Bursa Stock Exchange of Malaysia. AAA holds shares in companies operating airlines business under the brand "AirAsia" in many countries such as Indonesia, Philippines, and India and also currently holds 45 percent of TAA's shares, which is a subsidiary of the Company that operates the Air Asia Airline business in Thailand.
Major Shareholder	AAGB holds 100 percent of AAA's shares.
Directors	1. Mr. Tharumalingam a/l Kanagalingam 2. Datuk Kamarudin bin Meranun
Number of Allocated Shares	Not more than 4,457,142,857 shares, representing not more than 45.12 percent of the total issued shares after the capital increases by issuing and allocating ordinary shares to PP.
Relationship with the Company and other investors in this restructuring	Not a connected person of the Company pursuant to the Notifications on Connected Transactions ¹⁵ because AAA is not a person who will be nominated as an executive or controlling person of the Company and is not a juristic person with a major shareholder or a controlling person who is nominated to be an executive or a controlling person of the Company. Currently, AAA holds 45 percent stake in TAA. In this regard, AAA is not a person under Section 258 of the Securities and Exchange Act B.E. 2535 (1992) (and as amended) (the "Securities Act") of other investors. No shareholding in the company by AAA's related persons and concert party with the said individual high-net-worth investor.
Duties of making a tender offer for securities	AAA will have shareholding percentage in the Company representing not more than 45.12 percent of the total number of the Company's issued and offered shares after the capital increases by issuing and allocating ordinary shares to PP, which makes AAA obliged to make a tender offer for all of the Company's securities pursuant to Notification of Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (the "Notification No. TorChor. 12/2554"). However, AAA wishes to apply for a waiver from the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the Shareholders' Meeting of the Company (Whitewash) with the Office of the Securities and Exchange Commission pursuant to the Notification of the Office of the Securities and Exchange Commission No. SorKor. 29/2561 Re: Rules for the Application for Waiver from the Requirement to Make Tender Offer for All Securities of the Business by Virtue of the Resolution of the Shareholders' Meeting of the Business.

¹⁵ Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions (including any amendment thereto), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) (including any amendment thereto) (collectively, the "Notifications on Connected Transactions").

Summary of AAA's Shareholding

	Before the allocation of the newly issued ordinary shares		After the allocation of the newly issued ordinary shares to specific persons (PP)		After the allocation of newly issued ordinary shares to the existing shareholders (RO)	
	Number of shares	Percent	Number of shares ^{1/}	Percent ^{2/}	Number of shares ^{1/}	Percent ^{2/}
AAA	-	-	4,457,142,857	Not exceeding 45.12	5,230,616,671	Not exceeding 45.12

Remark:

1/ Number of underlying shares = The number of units multiplied by the number of shares to be obtained from the exercise of purchase or convertible options per unit of securities in that issue.

2/ The total voting rights of the Business = the total voting rights of the Business after the issuance of capital increase shares at this time + the total voting rights of the underlying shares for convertible securities held after the acquisition

List of Related Directors

	Related Directors			
	AAV	TAA	AAA	AAGB
Mr. Tassapon Bijleveld	X	X		
Mr. Nuttawut Phowborom	X	X		
Mr. Santisuk Klongchaiya	X	X		
Mr. Phairat Pornpathananangoon	X	X		
Mr. Vichate Tantiwanich	X	X		
Mr. Kamarudin bin Meranun		X	X	X
Mr. Dato' Mohamed Khadar Bin Merican		X		X

Source: Company

List of board of directors of the Company as of November 9, 2021 and the expected list of directors after the acquisition of newly issued securities

Before the waiver		After the acquisition of securities	
Name	Position	Name	Position
1. Mr. Vichate Tantiwanich	Chairman of the Board / Independent Director / Chairman of the Audit Committee	1. Mr. Vichate Tantiwanich	Chairman of the Board / Independent Director / Chairman of the Audit Committee
2. Mr. Tassapon Bijleveld	Director	2. Mr. Tassapon Bijleveld (Existing director)	Director
3. Mr. Santisuk Klongchaiya	Director	3. Mr. Santisuk Klongchaiya (Existing director)	Director

Before the waiver		After the acquisition of securities	
Name	Position	Name	Position
4. M.L. Bovornovadep Devakula	Director	4. Mr. Phairat Pornpathananangoon (Existing director)	Director
5. Mr. Phairat Pornpathananangoon	Director	5. Mr. Mohamed Khadar Bin Merican (Representative of AAA)	Director
6. Mr. Preechaya Rasametanin	Director	6. Mr. Tharumalingam a/l Kanagalingam (Representative of AAA)	Director
7. Gp. Capt. Tanapat Ngamplang	Director	7. Mr. Rozman Bin Omar (Representative of AAA)	Director
8. Mr. Nuttawut Phowborom	Independent Director / Audit Committee	8. Mr. Nuttawut Phowborom (Existing director)	Director
9. Mr. Veerayooth Bodharamik	Independent Director / Audit Committee	9. Mr. Yuthapong Ma (Representative of new investors) ¹⁶	Director
		10. Mr. Sirot Setabandhu	Independent Director
		11. Mr. Veerayooth Bodharamik	Independent Director / Audit Committee
		12. Mr. Dinesh Nambiar	Independent Director / Audit Committee

After the restructuring, the authorized signatories of the Business will be changed

from:

“Mr. Tassapon Bijleveld or Mr. Santisuk Klongchaiya jointly signs with any of Mr. Phairat Pornpathananangoon or Gp. Capt. Tanapat Ngamplang or M.L. Bovornovadep Devakula or Mr. Preechaya Rasametanin, totaling two signers, with the company seal affixed”

to:

“Mr. Tassapon Bijleveld jointly signs with Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananangoon, totaling two signers, with the company seal affixed; or Mr. Santisuk Klongchaiya and Mr. Phairat Pornpathananangoon jointly sign with Mr. Tharumalingam a/l Kanagalingam or Mr. Rozman Bin Omar, totaling three signers, with the company seal affixed”.

¹⁶ Directors representative for the two new investors who have been allocated the Convertible Bond.

3.2. Information regarding the relationship with the Private Placement Receiver

At present, the Business and the Applicant are shareholders in TAA, a subsidiary of the Business, in the proportion of 55 percent and 45 percent, respectively, where the Business, the Applicant, and the major shareholder of the Applicant have entered into an agreement between the shareholders of TAA (Shareholders' Agreement) to determine the rights and duties in various matters, for example, business operations and management, share transfers, and non-competition with TAA. In this regard, under the business restructuring plan, the Applicant will dilute and sell all shares in TAA to unconnected persons under the condition that the Applicant will become a direct shareholder of the Business, to be in line with the restructuring plan of the Business, by purchasing the capital increase shares issued by way of a private placement after receiving a waiver from the shareholders' meeting of the Business to not make a tender offer for all securities of the Business. After the Applicant sells all shares in TAA and is no longer a TAA shareholder, the agreement between such shareholders will be terminated according to the terms of the agreement. In this respect, the material terms of the Shareholders' Agreement in relation to the Business can be summarized as follows:

- The Business has entered into an agreement with AAA, AirAsia Berhad ("AAB"), which is a service provider of AirAsia Airline in Malaysia, and TAA on February 14, 2012 for the operation of TAA's businesses which are to provide "no frills" passenger air transport services and ancillary services with operations based in Thailand and shall be modelled on the AirAsia business model exclusively or otherwise mutually agreed and to operate passenger air transport routes to domestic and non-domestic destinations only from the Kingdom of Thailand. TAA shall be an approved and licensed operator of air transport services based in Thailand. The parties shall be jointly responsible for the procurement of the approvals and licenses required by the relevant authorities for TAA to provide approved and licensed air transport services based in Thailand. Once obtained, the Business shall be responsible for the maintenance of the approvals and licenses to operate licensed air transport services in Thailand. The parties agree that TAA shall operate on the basis of engaging AAB to provide the necessary services and infrastructure required by TAA on a commercial and arms-length basis. TAA and AAB will enter into a Technical and Management Assistance Agreement in which AAB will provide the necessary technical and managerial supports to TAA.
- Share Transfer: A shareholder may transfer any or all of its shares to any of its affiliates upon prior notice to the other shareholders. The shareholder who intends to sell all shares to any third party shall give written notice to the other shareholders specifying the terms of disposal. If the other shareholder wish to sell any or all shares owned by it, it shall notify the selling shareholder. The selling shareholder shall use its best endeavors to procure the third party to purchase all or any part of the other shareholder's shares on a pro-rata in relation to the total number of shares proposed to be sold.
- Non-competition: Each shareholder shall not be concerned in any business operating in Thailand which is directly or likely to be competitive with the business of TAA and neither shareholder shall establish or assist in the establishment of any new entity which is directly or likely to be competitive with the business of TAA in Thailand and Malaysia save for TAA and AAB's flights originating and terminating in the respective home countries on the point to point basis. In addition, each party covenants with the other party that it shall not operate any business which directly or indirectly compete with the business of the other party then existing

in Thailand and Malaysia for a period of 3 years after termination of the agreement. In this regard, AAA, AAGB, the Business and TAA will enter into the Undertaking Agreement which contains the same contents as in the TAA Shareholders' Agreement in order for a non-compete clause to remain in effect after the termination of TAA Shareholders' Agreement.

- Termination of the Agreement: The parties may terminate the agreement upon: (1) the agreement of the parties in writing; (2) AAA together with its affiliate or the Business together with its affiliate holding in total less than 20 percent of the total issued shares of TAA; (3) a party ceasing to have any further rights and obligations under this agreement when it and its affiliates cease to hold any share; (4) the shareholders having passed a special resolution to wind up TAA or TAA is put into liquidation; or (5) the successful listing of TAA on the Stock Exchange of Thailand.

After the acquisition of AAA's newly issued ordinary shares, AAA will nominate 3 persons, namely (1) Mr. Mohamed Khadar Bin Merican, Mr. Tharumalingam a/l Kanagalingam and Mr. Rozman Bin Omar to become the Company's director, adding 3 more people from 9 persons, totaling at 12 persons.

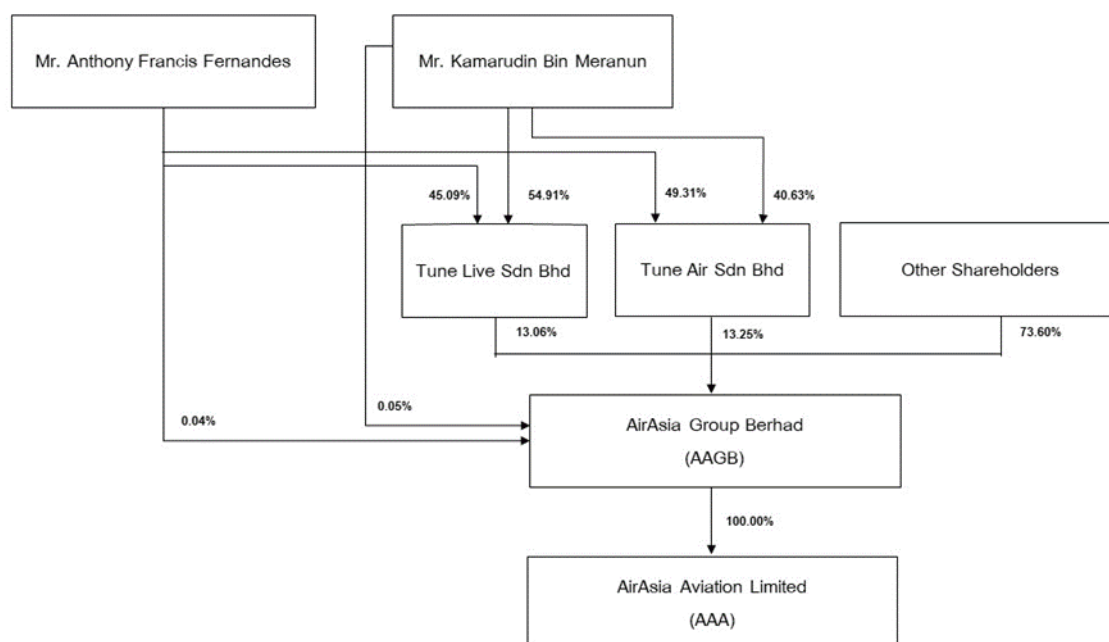
In addition, AAA has entered into the Preliminary Summary of Terms with the Business regarding the subscription of shares newly issued by the capital increase dated October 19, 2021, and will enter into the definitive agreements (e.g. a share subscription agreement) with the Business to agree on the rights and obligations between them in the subscription for newly issued shares, including the payment of the newly issued ordinary shares of the Business from the issuance and offering of the newly issued ordinary shares in a specific manner, that is, when the Business has received the full subscription payment for the newly issued ordinary shares from AAA, the Business shall proceed as follows:

- 1) Register the change in the paid-up capital of the Business with the Department of Business Development, Ministry of Commerce.
- 2) Submit an application to the Stock Exchange of Thailand to accept the newly issued ordinary shares of the Business as listed securities.
- 3) Convene a board of directors' meeting of the Business to consider approving the appointment of new directors nominated by the Applicant and register the change of such directors with the Department of Business Development, Ministry of Commerce.

In this regard, the issuance and offering of capital increase shares depends on key conditions including requiring the Business to obtain approval from the shareholders' meeting for the issuance and offering of newly issued ordinary shares, waiver of making a tender offer for all securities of the Business by virtue of the resolution of the shareholders' meeting of the Business (Whitewash) and the Business to obtain permission from the SEC Office for the issuance and offering of newly issued ordinary shares of the Business in the form of private placement by clearly determining the offering price, etc.

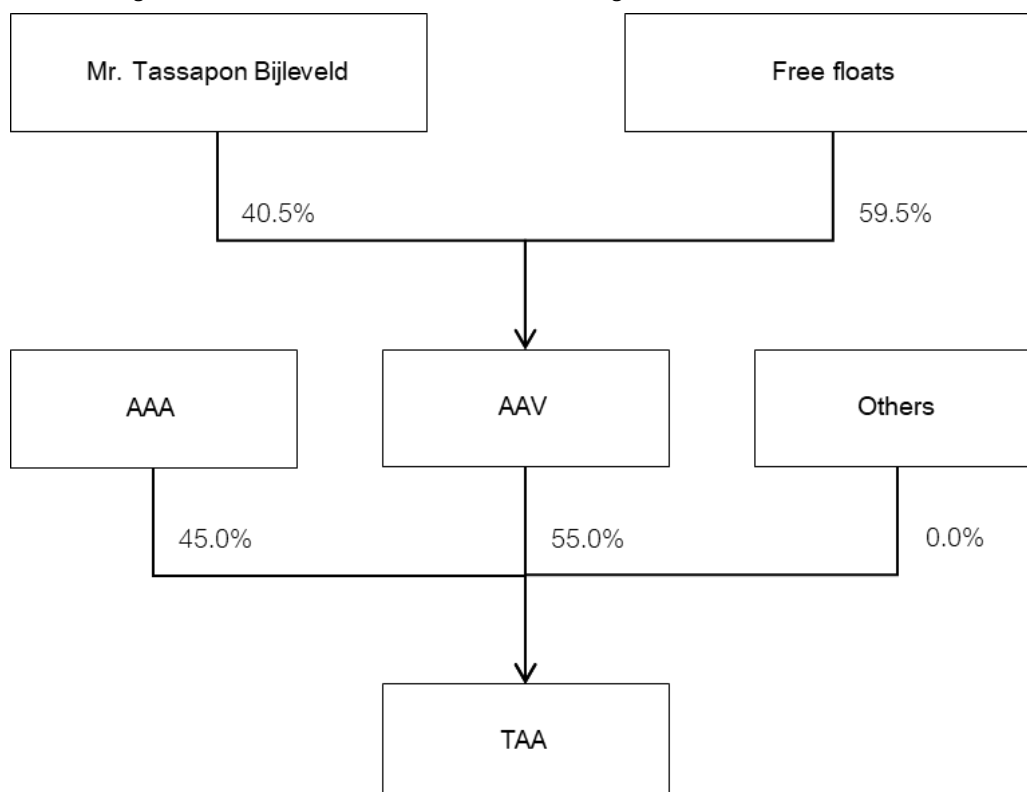
The characteristic and relationship of AAA and AAV, the shareholding structure of the Company and TAA before and after the restructuring are as follows:

The shareholding structure of the Applicant and the major shareholders of the Applicant as of June 28, 2021 are detailed as follows:



Source: 247-7

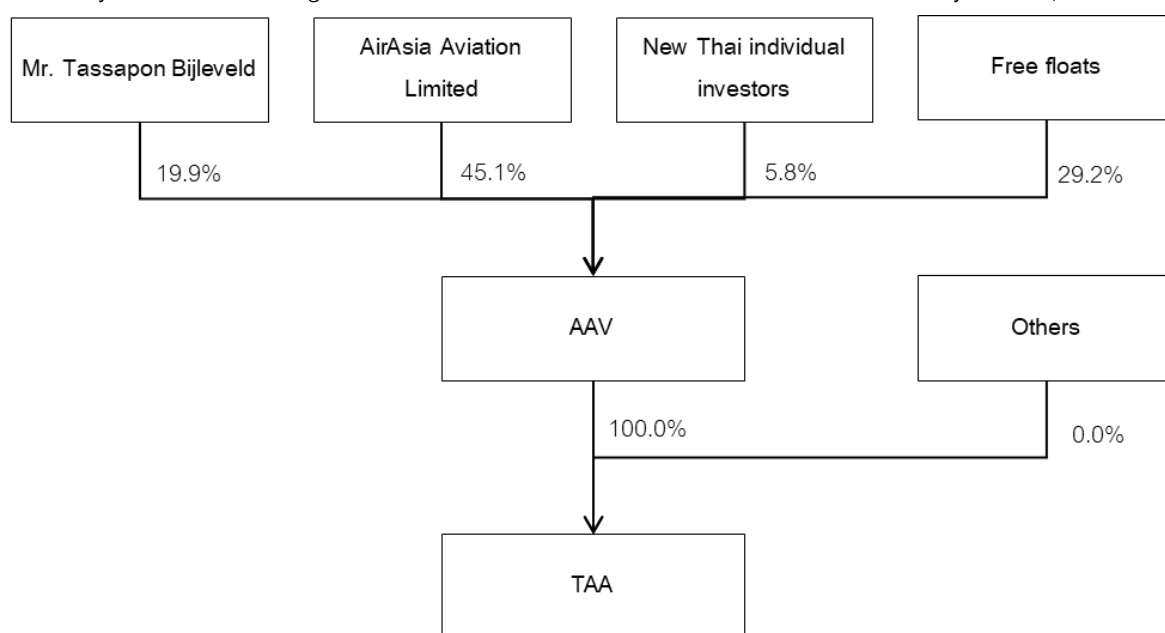
Shareholding Structure of AAV - Before the Restructuring



Source: 247-7

Remark: Refer to AAV's shareholding structure as of March 11, 2021

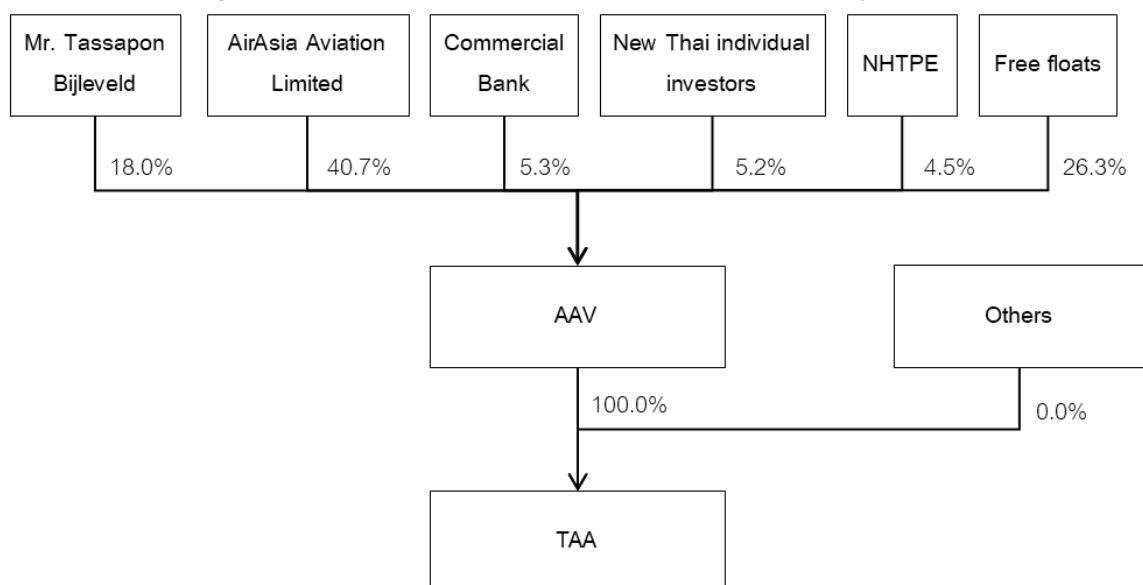
Shareholding Structure of AAV - After the Restructuring (Person(s) who has been allocated with convertible bonds has not yet exercised the right to convert the entire amount of such bonds into ordinary shares.)



Source: 247-7

Remark: The foregoing shareholding structure of AAV is prepared based on an assumption that the investors and existing shareholders subscribe for all capital increase shares, and the holders of convertible bonds subscribe for all convertible bonds, and all convertible bonds are not yet converted into ordinary shares, provided that some investors may not hold AAV's shares directly but through Thai NVDRs.

Shareholding Structure of AAV - After the Restructuring (Person(s) who has been allocated with convertible bonds has exercised the right to convert the entire amount of such bonds into ordinary shares.)



Source: 247-7

Remark: The foregoing shareholding structure of AAV is prepared based on an assumption that the investors and existing shareholders subscribe for all capital increase shares, and the holders of convertible bonds subscribe for all convertible bonds, and all convertible bonds are converted into ordinary shares, provided that some investors may not hold AAV's shares directly but through Thai NVDRs.

According to the restructuring plan of the Business (see the details of restructuring plan at Agenda 2 and 5.1 of the Notice to the EGM of the Business No. 1/2564), after the Business has increased capital in TAA by THB 3,900 million which results in the shareholding of the Business in TAA being raised to 69.2 percent and after the capital increase by way of private placement and the rights offering according to the restructuring plan, the Business will use the proceeds of THB 3,900 million to purchase 30.8 percent of the total shares in TAA from North Haven Keystone Company Limited (the "Seller")¹⁷ to render the Business to hold almost 100 percent of the total shares in TAA¹⁸. In this regard, the Business and the Seller have entered into the Preliminary Summary of Terms regarding the sale and purchase of such remaining shares.

As information for shareholders' consideration, as of the date of the board of directors' meeting of the Business on October 19, 2021, the Business and the Seller have entered into the Preliminary Summary of Terms regarding the sale and purchase of the remaining shares on October 19, 2021. As of the date of preparation of the Notice to the EGM, AAA remains a shareholder of 45 percent in TAA. Nonetheless, AAA has already informed the Business of its intention to sell 30.8 percent of TAA's shares (the shares have been diluted by TAA's capital increase) after TAA has completed the capital increase according to step 2 of the Business's restructuring plan, in order to use the proceeds received from the sale of such 30.8 percent shares in TAA to subscribe to the capital increase shares as detailed in Clause 4 of the Business's restructuring plan (see the details of the restructuring plan at Agenda 2 and 5.1 of the Notice to the EGM of the Business No. 1/2564). Therefore, if the Business wishes to purchase the remaining shares of 30.8 percent in order to acquire all shares in TAA, the Business would need to purchase such remaining 30.8 percent shares from the Seller.

In the light of the above, the Business has entered into the Preliminary Summary of Terms regarding the sale and purchase of the remaining shares with the Seller on October 19, 2021, and the Seller will become a shareholder in TAA for a short period of time.

In this regard, the board of directors of the Business has considered and viewed that such transaction is reasonable and will benefit the Business and its shareholders, and is not a connected transaction due to the following reasons:

- (1) Although the purchase price of the newly issued shares in TAA of the Business is THB 193.88 per share, while the price of shares to be purchased from North Haven Keystone Company Limited is THB 199 per share, the board of directors of the Business has considered and viewed that it is a reasonable price because the subscription price of THB 193.88 per share is the price for the capital increase in TAA while the purchase price of THB 199 per share is the price that the Company is able to negotiate with the Seller (North Haven Keystone Company Limited) whereby the Company will spend a total of THB 7,800 million on holding a 100 percent stake in TAA. The Board of Directors is of the opinion that the price of THB 7,800 million for holding a 100 percent stake in TAA is appropriate, since the purchase price of TAA shares at 100

¹⁷ North Haven Keystone Company Limited is the investment company incorporated in Hong Kong with NHTPE, a global fund managed by Morgan Stanley Private Equity Asia as its fund manager, as an indirect shareholder by holding shares through another investment company in which NHTPE holds all shares.

¹⁸ There will be 6 individual shareholders holding the remaining shares no more than 2 shares each.

percent shareholding of THB 7,800 million is equivalent to the share price of the Company at THB 1.75 per share (which is calculated by referring to the value of AAA's capital increase in AAV in the process of issuing new ordinary shares offered to private placement = $(\text{THB } 7,800 \text{ million} / 45.12\%) / 9,878.57 \text{ million shares} = \text{THB } 1.75 \text{ per share}$), which is a large proportion of shares at a price lower than the weighted average market price of the Company's shares for the past 360 business days (between April 17, 2020 to October 18, 2021) at THB 2.38 per share, or approximately 26.5 percent (comparing the purchase price of TAA shares with the Company's share price because the Company operates as a Holding Company which holds shares in TAA which is the only operating company). Moreover, the acquisition of a 100 percent stake in TAA is an important condition of the shareholding restructuring plan of the Company and TAA, which has agreed with a private placement investor to subscribe for capital increase shares and convertible debentures. If the Company rejects the condition (For whatever reason, the selling price per share or any other reason), private placement investors who subscribe for capital increase shares and convertible debentures will not be willing to put additional capital in the Company and the Company will not be able to solve the liquidity problem and may not be able to continue the business. However, the Board of Directors believed that the approval of the shareholding restructuring plan of the Company and TAA will benefit the Company, because the Company believes that TAA still has potential and will be able to operate the business and turn around with good results in the future.

- (2) The acquisition of shares between North Haven Keystone Company Limited and the Business would not be deemed as a connected transaction because North Haven Keystone Company Limited is not a connected person with the Business pursuant to the Notification on Rules for Connected Transactions, and North Haven Keystone Company Limited is not the person who will be nominated as an executive or controlling person of the Business and is not a juristic person with a major shareholder or controlling person who is nominated as an executive or controlling person of the Business;

Considering the Seller's investment structure, the board of directors of the Business has found that the major shareholder or controlling person of the Seller is not AAA or any person related to AAA. Furthermore, the Business has received confirmation by both AAA and the Seller that AAA and its connected person are not the owner or beneficial owner of North Haven Keystone Company Limited, and North Haven Keystone Company Limited is not an agent of AAA in entering into the transaction to acquire TAA's shares.

Additionally, upon further inquiry from both North Haven Keystone Company Limited and AAA and consideration of the relevant circumstances, the board of directors of the Business has viewed that the acquisition of shares between North Haven Keystone Company Limited and the Business is not a connected transaction on the ground that North Haven Thai Private Equity, LP ("NHTPE") (which is the parent company of North Haven Keystone Company Limited) has invested in the Business because NHTPE, which is a global fund managed by Morgan Stanley Private Equity Asia as a fund manager, has foreseen the investment opportunity and return on investment which is common in the investment business. Moreover, it has conducted due diligence and assessed all legal documents, financial documents and taxation of the Business and TAA in detail before investing according to the general investment processes. Furthermore,

in the process of negotiating the preliminary summary of terms and share purchase agreement between the Business and North Haven Keystone Company Limited, and the negotiation of preliminary summary of terms and share purchase agreement between the Business and North Haven Keystone Company Limited, all relevant parties have hired their own legal advisors to negotiate on the preliminary summary of terms and agreement in order not to have any advantages or disadvantages over one another. Moreover, the terms described in the preliminary summary and agreement are the general commercial terms, which are common contract clauses to be stipulated in the share purchase agreement made between the parties and are independent of one another. In the light of this, the board of directors of the Business has viewed that such transaction between North Haven Keystone Company Limited and the Business is not a connected transaction due to the reason that North Haven Keystone Company Limited is not an agent of AAA in order for the Business to avoid complying with the rules for connected transactions;

- (3) The acquisition of shares between North Haven Keystone Company Limited and the Business contains common commercial terms and the purchase price is a reasonable price according to the reasons stated in item (1) above; and
- (4) The acquisition of shares between North Haven Keystone Company Limited and the Business will enable the Business to achieve the objectives for restructuring the Business and TAA, provided that the Business will acquire almost all of the shares in TAA¹⁹ to be the sole owner with controlling power in TAA.

However, even though such transaction is not considered as a connected transaction, the Business has disclosed information on the acquisition of TAA's shares from North Haven Keystone Company Limited as North Haven Keystone Company Limited is in the process of acquiring TAA's shares from AAA. Details of which are in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2564 (see the details in Enclosure No. 8 of the Notice to the EGM of the Business No. 1/2564).

Opinions of Independent Financial Advisor

Since IFA does not have access to the investment structure of North Haven Keystone Company Limited, but from the opinion of the Board of Directors of the Company and reviewing with the Company's financial advisor, it is not found that the major shareholder or controlling person of North Haven Keystone Company Limited is related to AAA as described in Clause 3.2. (2).

However, the purchase price of new shares in TAA, which the Company will have a price of THB 193.88 per share, while the purchase price of shares from North Haven Keystone Company Limited will be at a price of THB 199 per share, which is approximately 2.56 percent different from the purchase price (according to information released by the Company, NHTPE, the indirect shareholder of North Haven Keystone Company Limited, is a global fund managed by Morgan Stanley Private Equity Asia), is because the purchase price of TAA shares at THB 199 per share reflects the cost of North Haven Keystone Company Limited.

¹⁹ There will be 6 individual shareholders holding the remaining shares in TAA no more than 2 shares each.

IFA is of the opinion that the price of THB 7,800 million for the acquisition of a 100% stake in TAA is an agreed price between the group of investors and the Company and is one of the conditions for the Company's financial restructuring in this time. Since TAA has more liabilities than assets, therefore, it is necessary to solve the problem of the lack of liquidity of the Company for the Company able to continue its business in the future.

3.3. Financial Statements and Operating Results of AAA or the ApplicantStatement of Financial Position of AAA

Items	As of December 31, 2018	As of December 31, 2019
	USD Thousand	USD Thousand
Assets		
Current assets		
Amount owing by an associate	-	1,500.00
Amount owing by related parties	3,326.94	2,469.86
Cast at banks	1,018.91	1,377.47
Total current assets	4,345.85	5,347.33
Non-current assets		
Investment in subsidiaries	2,421.48	1,000.00
Investment in associates	282,610.70	350,053.61
Total non-current assets	285,032.18	351,053.61
Total assets	289,378.03	356,400.94
Liabilities		
Current liabilities		
Other payables and accruals	6.54	2.50
Amount owing to holding company	-	67,762.46
Total current liabilities	6.54	67,764.96
Total liabilities	6.54	67,764.96
Equity		
Share capital	5,270.00	5,270.00
Retained profits	284,101.49	283,365.98
Equity attributable to owner of the company	289,371.49	288,635.98
Total equity and liabilities	289,378.03	356,400.94

Source: Company

Remark: The foreign exchange rates as of October 29, 2021, the interbank weighted average exchange rate of USD 1.00 is equal to THB 33.184, according to the Bank of Thailand.

Statement of comprehensive income of AAA

Items	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019
	USD Thousand	USD Thousand
Profit or loss:		
Revenue	41,595.90	885.70
Interest income	85.48	1,581.83
Total revenue	41,681.38	2,467.53
Waiver of amount owing to a related company	145,919.15	-
Unrealized foreign exchange gain	11,727.32	55.88
Bad debts written off	-	(1,425.96)
Investment written off	-	(1.33)
Loss on disposal of a subsidiary	-	(1,421.48)
Realized foreign exchange (loss)/gain	13.68	(149.09)

Items	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019
	USD Thousand	USD Thousand
Staff costs	-	-
Other expenses	(30.64)	(261.05)
Profit (loss) before taxation	199,311.88	(735.51)
Income tax expense	-	-
Total comprehensive (expense)/income for the financial year	199,311.88	(735.51)

Source: Company

Remark: The foreign exchange rates as of October 29, 2021, the interbank weighted average exchange rate of USD 1.00 is equal to THB 33.184, according to the Bank of Thailand.

Statement of Cash Flows of AAA

Items	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019
	USD Thousand	USD Thousand
Net cash (used in)/generated from operating activities	46,048.78	471.51
Net cash from investing activities	(50,769.47)	(67,931.29)
Net cash used in financing activities	(25,350.00)	67,762.46
Net increase (decrease) for the financial year	(30,070.68)	302.69
Currency translation differences	41.12	55.88
Cash and cash equivalents at beginning of the financial year	31,048.48	1,018.91
Cash and cash equivalents at end of the financial year	1,018.91	1,377.47

Source: Company

Remark: The foreign exchange rates as of October 29, 2021, the interbank weighted average exchange rate of USD 1.00 is equal to THB 33.184, according to the Bank of Thailand.

As AAA is a subsidiary of AAGB whereas AAA is only one of the many subsidiaries of AAGB which does not have separate financial statements for each subsidiary, the financial position and the performance of AAGB in general can be summarized as follows (more details are in Attachment 2, clause 4, Summary of Financial Statements of AirAsia Group Berhad).

(Unit: RM Million)

Details	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Total current assets	8,817.85	5,292.36	2,559.34	2,056.05
Total non-current assets	9,731.92	20,302.36	17,104.72	16,613.47
Total assets	18,549.77	25,594.72	19,664.06	18,669.52
Total current liabilities	6,850.36	7,135.47	8,461.83	9,430.14
Total non-current liabilities	5,514.15	15,548.51	14,772.02	14,262.22
Total liabilities	12,364.51	22,683.98	23,233.85	23,692.36
Total Shareholders' Equity	7,784.45	4,498.33	(1,214.29)	(2,328.89)
Net profit (loss) for the financial year	1,695.39	(283.22)	(5,887.93)	(1,695.79)

Source: www.airasia.com

Remark: The foreign exchange rate as of October 29, 2021 has an average selling rate of RM 1.00 equal to THB 8.1167, according to the Bank of Thailand.

3.4. Summary of the Contract and/or Agreement between the Company and AAA

3.4.1. Summary of Share Purchase Agreement Draft

Details in 1.9.1. Summary of Draft Share Subscription Agreement with the Company

3.5. The Reasoning of the Offering Price Determination and the Appropriateness of the Offering Price

The Board of Directors have an opinion that the Company is necessary to increase the registered capital by issuing new ordinary shares to AAA because the Company is lack of liquidity from the Corona Virus (Covid-19) epidemic situation for a long period of time, adjusting the shareholding structure in TAA so that the Company can own all shares in TAA, and AAA is a person with potential in capital, having a stable financial position, and having readiness to pay the capital increase. This fundraising is appropriate and consistent with the objectives of this capital increase which will make the Company get the required amount of funds in a short period of time and can reduce the risk of funding that may arise from the current economic uncertainty and volatility. The Company is required to allocate capital increase shares and convertible bonds for the purposes stated in Clause 3.9.

The Board of Directors have an opinion that the issuance and offering of the capital increase shares and convertible bond to PP and shareholders in proportion to their respective shareholdings is appropriate, reasonable, and the best benefit of the Company and all shareholders.

This capital increase, allocation of capital increase shares, and convertible bond will help the Company be able to raise funds within a short period of time and reduce the investment burden of some shareholders in the capital increase. In addition, if potential investors respond positively to the capital increase, this will build confidence to the existing shareholders of the success of the capital increase resulting in the Company to be able to increase capital as targeted, to enhance opportunities for the Company and to increase the competitiveness and business development of the Company to be able to grow stably and sustainably.

In this regard, if the Company is able to sell all of the newly issued ordinary shares and convertible bonds, the Company will receive the fund from an offering for sale of the newly issued ordinary shares and convertible bonds to PP with the approximate amount of THB 11,000 million and money from the offering of shares to the existing shareholders in proportion to their respective shareholdings (RO) approximately THB 3,000 million, totaling funds received from this offering of new shares and convertible bonds approximately THB 14,000 million.

The Company believes that the money received from this fundraising will be sufficient for the shareholding restructuring plan of the Company and TAA including TAA's debt restructuring plan and funds utilization as prescribed. This will make the Company's group have sufficient working capital to support the airline business in the future after the domestic tourism situation begins to return to normal.

The Board of Directors has considered that AAA has knowledge, capability, and experience in operating the airline business that will help promote the operations and support the Company's business. AAA is a subsidiary in which AAGB holds 100 percent. AAGB is a listed company on the Bursa Stock Exchange which is the stock exchange of Malaysia and AAA also holds shares in airline business company under the brand "AirAsia" in many countries such as

Indonesia, Philippines, India, as well as in Thailand. In this regard, AAA will use its knowledge, ability and experience in operating the airline business to support TAA's business operations as an indirect shareholder through the Company's shareholding as well as supporting as a direct shareholder in TAA. In addition, the capital increase to AAA is part of the shareholding restructuring plan of the Company and TAA which necessarily causes benefits to the Company and TAA. Moreover, the restructuring plan was negotiated and approved from relevant parties.

The Board of Directors has considered that 6 individual high-net-worth investors are investors with financial potential. They are businessmen, executives, and investors in various companies listed on the SET as well as being investors who see growth opportunity of the Company and TAA that will be recovered after the COVID-19 situation is better. This will be beneficial to the Company in obtaining financial support for using in business operations and will build confidence for the existing shareholders of the Company including enhancing the image of the Company.

In addition, for the allocation of newly issued ordinary shares to accommodate the conversion of convertible bonds, the Board of Directors considered that Bangkok Bank Public Company Limited, a leading financial institution in Thailand, and NHTPE, a private equity fund focusing on investments in Thailand and the ASEAN region managing investors' funds from around the world under the management of Morgan Stanley Private Equity Asia. Both investors are potential investors in the capital field and able to invest in the Company as well as being investors who see the growth opportunity of the Company and TAA that will be recovered after the COVID-19 situation is better. This will be beneficial to the Company in obtaining financial support for using in business operations and will build confidence for the existing shareholders of the Company including enhancing the image of the Company.

In this regard, the offering price of THB 1.75 per share is based on the market price of the Company's shares for the past 360 business days²⁰ equaling to THB 1.43 – 3.14 per share with the negotiations with PP who wish to invest in the Company's ordinary shares and convertible bond. The share price in the past 360 business days is calculated as the weighted average market price equaling to THB 2.38 per share. The offering price of THB 1.75 per share representing as a discount from the said market price of approximately 26.5 percent. However, the Company considers other additional factors in determining the offering price such as the urgent need to provide funds to enhance liquidity, and supporting operations in the period of 18-24 months, including the possibility of increasing fund to the existing shareholders in accordance with shareholding proportions (RO), which the Company set the price to be the same price as the offering price to private placement in order not to be an undue burden on minority shareholders in the Covid-19 epidemic situation. In this regard, the offering price, that is determined by other methods such as P/E ratio, discounted cash flow, or book value, is unable to calculate because the Company still has a loss in operating results and TAA's shareholders' equity is negative. Allocation of the Company's capital increase shares and convertible bond to PP has additional reasons as follows:

A. The process of allocation of capital increase shares of the Company and convertible bond to PP with clear determining of the offering price will enable the Company to successfully increase its capital and fast enough to be able to support the Company's fund utilization plan in the shareholding restructuring of the Company and TAA and repayment of existing loans with the Company's financial institutions.

²⁰ From April 17, 2020 to October 18, 2021

B. Allotment of capital increase shares of the Company and convertible bond to PP is to reduce the investment burden of the existing shareholders. Due to the current economic situation, some existing shareholders may be unable to generate funds used for this capital increase and may result in the Company's failure to raise funds as planned. Therefore, the capital increase is necessary to be completed as soon as possible.

C. Allotment of capital increase shares and convertible bond of the Company to PP is to reduce the risk of capital increase and ensure that this capital increase will be successful, and the Company will receive money from the fundraising according to the amount offered and to build confidence for the existing shareholders of the Company to purchase the Company's newly issued ordinary shares.

D. To broaden the pool of shareholders with financial potential and the ability to support various situations that may arise in the future, necessitating more efficient capital management.

With the situation of the Corona Virus (Covid-19) epidemic for a long time which there is uncertain when the situation will return to normal, making uncertain business of the Company, that is, not easy to find creditors and investors to provide financial support and invest in the Company in this uncertain situation. If the offering price of newly issued ordinary shares is at that market price, investors may not be interested in investing in the Company's shares, especially in the current economic situation. Therefore, the price offered to such investors at the price of THB 1.75 per share, although the asking price is lower than the market price, but the Company considers that the said price is a price that already reflects the appropriate value of the Company. Such benefit for the Company is worthwhile in comparison to the loss of the difference in the offering price at such a low price.

3.6. Valuation Method for the Offering Price of Newly Issued Ordinary Shares to a Private Placement

Shares offering price to PP (namely AAA) at THB 1.75 is based on (a) the market price of the Company in the past 360 business days²¹ equaling to THB 1.43 – 3.14 per share, calculated as the weighted average market price equaling to THB 2.38 per share. The offering price of THB 1.75 per share representing as a discount from the said market price of approximately 26.5 percent and (b) negotiations with the PP.

However, the Company considers other additional factors in determining the offering price such as the urgent need to provide funds to enhance liquidity, and supporting operations in the period of 18-24 months, including the possibility of increasing fund to the existing shareholders in accordance with shareholding proportions (RO), which the Company set the price to be the same as the offering price to private placement in order not to be an undue burden on minority shareholders in the Covid-19 epidemic situation. In this regard, the offering price, that is determined by other methods such as P/E ratio, discounted cash flow, or book value, is unable to calculate because the Company still has a loss in operating results and TAA's shareholders' equity is negative which TAA is a subsidiary of the Company with an airline business (Operating company).

The said price is considered as an offering for sale of newly issued shares at a price lower than the market price that is less than 90 percent of the weighted average price of the Company's shares in the SET representing a discount of approximately 41 percent of the weighted average price of the Company's shares in the SET for past 15 business days (between September 27, 2021 and October 18, 2021) which is equal to THB 2.96 per share prior to the date of the Board

²¹ From April 17, 2020 to October 18, 2021

of Directors' resolution to propose the agenda to the extraordinary general meeting of shareholders requesting approval for the Company to offer of capital increase shares by clearly stated offering price at this time.

With the situation of the Corona Virus (Covid-19) epidemic for a long time which there is uncertain when the situation will return to normal, making uncertain business of the Company, that is, not easy to find creditors and investors to provide financial support and invest in the Company in this uncertain situation.

The fact that financial institution who is willing to give credit to the Company for shareholding restructuring of the Company and TAA, and by having the six investors, including investors who invest in the Company's convertible debentures, are to help the Company's liquidity in this situation and to invest in the Company will greatly enhance confidence in investing in the Company's business. These investors are institutional investor and major investor who are considered as having expertise, quality, and experience in the aviation business, such as AAA. These investors will help strengthen the Company's business and strengthen the confidence in investing in the Company's business to other investors.

Furthermore, although the offering price to such investors at the price of THB 1.75 per share is lower than the market price, which is lower than 90 percent of the weighted average price of the Company's shares in the SET for past 15 business days (between September 27, 2021 and October 18, 2021) prior to the date of the Board of Directors' resolution to propose the agenda to the extraordinary general meeting of shareholders requesting approval for the Company to offer of capital increase shares by clearly stated offering price at this time, the Company has considered that the said price already reflects the appropriate value of the Company. The issuance and offering of newly issued ordinary shares and convertible bonds at such price is sensible and considered advantageous to shareholders as the Company will receive money from the offering of the newly issued ordinary shares and convertible bonds totaling approximately of THB 14,000 million. Moreover, after the shareholding restructuring, this will make the Company to be a shareholder in TAA as an operating company increasing from 55 percent to 100 percent following the shareholding restructuring. The increase in the proportion of shareholding of the Company is part of the shareholding restructuring plan of the Company and TAA, which was negotiated and agreed between the Company, financial institutions that lend money, new investors (new subscribers and convertible debenture subscribers) and AAA. Those parties will benefit together because the Company will be able to receive the full amount of TAA's profits when the COVID-19 epidemic situation has eased and travel and tourism have returned to normal. As a result, TAA's operating results have the opportunity to grow back in the future

In addition, this capital increase will result in the liabilities of the Company and TAA decreasing THB 3,900 million from the various trade debts repaid by TAA to the company's group of AAGB, which is a major shareholder of AAA.

After the restructuring, the Business will be a 100 percent shareholder in TAA, which will benefit the Business in terms of recognition of its subsidiary's turnover. If the COVID-19 pandemic situation improves, and travel and tourism are back to normal, it would result in the growth of TAA's turnover and the Business will be able to recognize such turnover in full. However, considering the turnover of the Business and TAA for the year 2020 and the 6-month period of 2021, the ratio of profit (loss) to the shareholders' equity of the Business, before and after the restructuring, are as follows:

Profit (loss) of the shareholders' equity of the Business – based on the data for the year 2020 ⁽¹⁾	
Profit (loss) of the shareholders belonging to the Business - before the restructuring (THB million)	(4,764.09)
(+) Profit (loss) of non-controlling interests of the subsidiary (THB million)	(3,902.84)
Profit (loss) of the shareholders belonging to the Business - after the restructuring (THB million)	(8,666.93)
Profit (loss) of the shareholders' equity of the Business – based on the data of the 6-month period of 2021 ⁽¹⁾	
Profit (loss) of the shareholders belonging to the Business - before the restructuring (THB million)	(3,556.46)
(+) Profit (loss) of non-controlling interests of the subsidiary (THB million)	(2,912.00)
Profit (loss) of the shareholders belonging to the Business - after the restructuring (THB million)	(6,468.46)

Remark: (1) Above information represents the impact of the financial structure which is derived from the financial statements for the year that ended on 31 December 2020, and the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

Additionally, after the restructuring of the Business, the Business and TAA will have more equity but less debts.

The details of equity, total debts and D/E ratio before and after the restructuring are as follows:

Financing Structure of the Business - As of June 30, 2021 ⁽¹⁾	
<u>Before the Restructuring</u>	
The Business' equity (THB million)	10,819.6
Total debts (THB million)	53,509.6
D/E ratio	4.9
<u>After the Restructuring</u>	
The Business' equity - before the restructuring (THB million)	10,819.6
(+) paid-up capital and share premium after PP (THB million)	8,800.0
(+) paid-up capital and share premium after RO (THB million)	3,000.0
(+) paid-up capital and share premium after conversion of convertible bonds ⁽²⁾ (THB million)	2,200.0
(+) Non-controlling interests (45 percent of TAA) (THB million)	272.2
The Business' equity - after the restructuring (THB million)	25,091.8
Total debts - before the restructuring (THB million)	53,509.6
(-) repayment of debts to AAGB group (THB million)	(3,900.0)
Total debts - after the restructuring (THB million)	49,609.6
P/E ratio - after the restructuring	2.0

Remark: (1) Above information is derived from the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

(2) In the case where the holders of convertible bonds convert all convertible bonds immediately.

Financing Structure of TAA - As of June 30, 2021 ⁽¹⁾	
<u>Before the Restructuring</u>	

Financing Structure of TAA - As of June 30, 2021 ⁽¹⁾	
The Business' equity (THB million)	(9,722.0)
Total debts (THB million)	51,961.4
D/E ratio	cannot be calculated
After the Restructuring	
Equity - before the restructuring (THB million)	(9,722.0)
(+) paid-up capital and share premium after the 1st capital increase by the Business (THB million)	3,900.0
(+) paid-up capital and share premium after the 2nd capital increase by the Business ⁽²⁾ (THB million)	6,200.0
The Shareholders' equity - after the restructuring (THB million)	378.0
Total debts - before the restructuring (THB million)	51,961.4
(-) repayment of debts to AAGB group (THB million)	(3,900.0)
Total debts - after the restructuring (THB million)	48,061.4
P/E ratio - after the restructuring	127.2

Remark: (1) Above information is derived from the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

(2) In the case where the Business use the entire outstanding amount of THB 6,200 million after this restructuring for TAA's capital increase.

The Company and TAA cannot calculate their Return on Equity (ROE ratio) and dividend yield because the Company and TAA both recorded a loss in the fiscal year ended December 31, 2020 and the six-month period ended June 30, 2021, and TAA still has negative shareholder equity and accumulated losses, so it is unable to pay dividends to the Company, resulting in the Company's inability to pay dividends to its shareholders. However, if the Company obtains the capital increase from this restructuring, it will assist the Company and TAA in having stronger liquidity to sustain their operations. And if the COVID-19 pandemic situation is resolved and travel and tourism resume normalcy, TAA's performance and financial position will improve, allowing it to generate returns and pay dividends to the Company's shareholders in the future when both TAA and the Company begin to generate retained earnings.

In addition, the offering of capital increase shares and capital increase shares in reserve of convertible bonds to PP are a share-based payment transaction in accordance with the Financial Reporting Standard on share-based payments. However, the Company has appraised its fair value per share and view that the offering price of THB 1.75 per share is consistent with the fair value per share of the Company, since such offering price of THB 1.75 per share is the price specified for all restructuring transactions, including the offering of capital increase shares and capital increase shares in reserve of convertible bonds to PP and the offering of capital increase shares to the existing shareholders in accordance with their shareholding proportions held by each shareholder. Therefore, the Company does not have to record the expenses on share-based payments basis.

3.7. Offering and Allocation Methods

Offer for sale to private placement

3.8. Source of Funds Used in the Capital Increase by Private Placement

AAA will use the proceeds from TAA's debt repayment and from the sale of its 30.8 percent shareholding in TAA.

Source of funds	Fund's utilization plan
(a) Loan from financial institutions with the amount of THB 3,900 million.	Paid as capital increase in TAA totaling THB 3,900 million (THB 193.88 per share capital increase) to increase the shareholding of the Company in TAA from 55.0 percent to 69.2 percent. TAA plans to use the said capital increase to pay off outstanding liabilities of THB 3,900 million ²² by 2021.
(b) Capital increase from the issuance of new shares to investors which are 6 individuals and AAA with the amount of THB 8,800 million.	The Company will use for paying off loans from financial institutions with the amount of THB 3,900 million plus interest within 2021. The rest will be used to pay for the purchase of the remaining shares in TAA, which is 30.8 percent, amounting to THB 3,900 million and used as working capital of TAA.
(c) Funds from the issuance of convertible bonds to Bangkok Bank Public Company Limited and North Haven Thai Private Equity, L.P. totaling THB 2,200 million.	When combined with the remaining money from (b) above, the Company will pay for the remaining of 30.8 percent share purchase in TAA, amounting to THB 3,900 million within the first quarter of the year 2022. The rest will be used as working capital of TAA
(d) Capital increase from the issuance of new shares to each shareholder in proportion to the total amount of THB 3,000 million.	The Company will use as working capital of TAA.
(e) the remaining money from (b) (c) and the capital increase under (d).	The remaining of approximately THB 6,200 million (subject to change after deducting various expenses from related operations) will be used to raise capital in TAA and/or lend to TAA for it to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount is THB 2,800 million, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation, and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months. The above-mentioned plan of the Company is consistent with the Company's current business plan and expense assessment, and it is best estimation of allocation of the proceeds from the offering of such securities. However, the Company's future plans and actual expenses may differ depending on the recovery of the aviation industry and tourism which may

²² AAA's group of companies, which are trade accounts payable.

Source of funds	Fund's utilization plan
	fluctuate from the epidemic or the cost of fuel, etc. Therefore, the actual utility of funds may differ from the plans stated above. Nonetheless, the Company will allocate the proceeds to be sufficient for the period mentioned above by its best effort.

3.9. Reasons and Necessities of the Company's Capital Increase

The primary goal of the Company's and TAA's shareholding restructuring plan is to raise funds to increase liquidity for the Company's and TAA's business operations, as well as to increase the Company's and TAA's shareholding to 100 percent (AAA will instead increase its shareholding in the Company by up to 45.12 percent), with details as follows:

- 1) Increased capital in TAA in the amount of THB 3,900 million in order to increase its shareholding in TAA from 55.0 percent to 69.2 percent and to allow TAA to use the capital increase to repay the outstanding debt of TAA with amount of THB 3,900 million²³.

The money that the Company using to raise capital in TAA will come from loans from financial institutions.

- 2) To purchase all the remaining shares of TAA which is 30.8 percent for the Company to own almost all shares in TAA. In this regard, the money that the Company will use to buy the remaining shares in TAA will come from capital increase receiving from new investors (new subscriber and convertible bonds subscriber), AAA (which will change to hold shares in the Company instead of holding shares in TAA), and the Company's existing shareholders.

Such shareholding restructuring plan of the Company and TAA is able to raise funds from new investors (new subscriber and convertible bonds subscriber), AAA, and the existing shareholders of the Company which the remaining money from loan repayment to financial institutions and the purchased remaining shares in TAA, the Company is still able to reserve a portion of the funds as liquidity for TAA to increase its capital and/or borrow further.

The said shareholding restructuring plan of the Company and TAA has already been negotiated and agreed upon by new investors (new subscriber and convertible bonds subscriber) and AAA and the main creditor of TAA²⁴, where related parties have already signed a preliminary summary of terms with the Company.

If the Company does not proceed in accordance with the above shareholding restructuring plan of the Company and TAA (e.g., the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), lending financial institutions, new investors (new subscriber and convertible bonds subscriber) and AAA are not willing to subscribe for the Company's newly issued shares and convertible bonds and the Company may not receive financial assistance to solve the liquidity problem of the Company.

Benefits of the shareholding restructuring plan of the Company and TAA towards the Company and TAA

²³ Currently, TAA has outstanding liabilities with AirAsia Group Berhad ("AAGB"), a major shareholder of AirAsia Aviation Limited ("AAA"), totaling approximately of THB 4,182 million (information as of June 30, 2021). Most of the liabilities are liabilities arising from Thai AirAsia's normal business operations, such as aircraft and aircraft engine rentals, booking fee, share of loss from fuel price swap contracts, etc.

²⁴ AAGB's group of companies, which are trade accounts payable.

After the restructuring, the Company will own almost all of the shares in TAA, resulting in favorable results for the Company in terms of the consolidated financial statements of the Company as follows:

- If the COVID-19 epidemic situation improves and travel and tourism return to normal, TAA's operating results are expected to grow. The company will be able to fully recognize the said operating results, that is, from 55 percent to 100 percent. However, as the Company will own a 100 percent shares in TAA, the Company will also be affected by all financial of TAA, if the performance of TAA does not meet the target.
- Equity of the Company's shareholders increase of approximately THB 14,000 million (as of June 30, 2021, the equity of the Company's shareholders equal to THB 10,820 million) from the consolidation of non-controlling interests in subsidiaries, from an increase in paid-up capital, and share premium from the issuance and offering of newly issued ordinary shares of THB 11,8000 million and from the conversion of convertible bonds of THB 2,200 million.
- TAA is able to reduce a large amount of debt (THB 3,900 million), thereby reducing the pressure of debt burden and reducing the risk of entering the rehabilitation process like other airlines. The reason for the need to reduce TAA's debt to the AAGB group is to reduce the large amount of debt from TAA's operations. The debt that TAA has owed to the AAGB group for a long time (most of which are debts overdue for more than 1 year) amounting to THB 3,900 million as mentioned are mainly are aircraft repair and maintenance costs. and expenses and/or losses from aviation fuel price hedging contracts that the AAGB Group has entered into such contracts on behalf of TAA to hedge against aviation fuel price volatility. The repayment of such debt will result in a decrease in the debt-to-equity ratio of both the Company and TAA as agreed with the lending financial institutions. new investor (new subscriber and convertible bond subscriber) and AAA
- The Company will have remaining liquidity from the capital increase (new shares and convertible bonds) at this time with the amount of THB 6,200 million, which the Company will consider increasing the capital in TAA and/or lending to TAA to enhance the liquidity for TAA in the unusual conditions that the world faces with the COVID-19 epidemic.

The Board of Directors is in the opinion that the Company needs to increase its capital by issuing new ordinary shares for sale to AAA due to the lack of liquidity from the situation of Coronavirus (Covid-19) epidemic for a long period and to restructure the shareholding in TAA, so that the Company can own all the shares in TAA, and AAA is a person with capital potential, financial stability and payment readiness. The Capital Increase is therefore an appropriate fundraising approach and is in line with the objectives of this capital increase, which will allow the Company to receive the required amount of capital in a short period of time and reduce the risk of raising funds capital that may arise from the current economic uncertainty and volatility.

4. Opinion of Independent Financial Advisor on the Appropriateness of Price of Newly Issued Securities by the Company

IFA considers the appropriateness of price of AAV's share based on information and assumption of business operation, received from AAV, audited financial statement, internal financial statements, business plan, marketing information, financial estimates and assumptions, interview from executives and related manager, site visit and information that published to the public.

However, the opinion of IFA is based on the assumption that all the information and important document are complete and true, along with observing the current situation and currently available information. If there is any significant change in those factors, it may have a significant impact on business operations, financial projections, and fair value of AAV.

Discover consider the appropriateness of AAV's share by 7 following approaches which are;

1. Book Value Approach
2. Adjusted Book Value Approach
3. Market Price Approach
4. Price to Book Value Ratio Approach: P/BV Ratio
5. Price to Earnings Ratio Approach: P/E Ratio
6. Precedent Transaction Comparable Approach
7. Discounted Cash Flow Approach

After receiving information and document of AAV, along with other relevant information, IFA can summarize the appropriate price of AAV's shares as follows:

4.1. Book Value Approach

This valuation method of AAV is based on the book value of net assets (Total assets less total liabilities) or equal to the shareholders' equity of AAV and divided by the number of shares to get the book value as it shows the value of AAV that appears in the book value at any given moment, based on AAV's consolidated financial statements ending June 30, 2021 reviewed by the auditors licensed by the SEC, with details as follows:

No	Details	Value (THB Million)
1.	Paid-up Capital	485.00
2.	Premium (Deficit) on ordinary shares	2,599.81
3.	Retained earnings (losses)	7,829.20
4.	Other components of shareholders' equity ^{1/}	(94.41)
5.	Total equity of AAV (5) = (1)+(2)+(3)+(4)	10,819.60
6.	Number of shares issued and fully paid-up (Million shares) ^{2/}	4,850.00
7.	Book value per share (THB/share)	2.23

Remark:

1/ Other components of shareholders' equity include other comprehensive income, reserve for cash flow hedges THB (97.54) million and reserve for comprehensive hedges cost THB 3.13 million.

2/ Par value per share is THB 0.1 per share

From the valuation by Book Value approach, the value of AAV is THB 2.23 per share, or the value of the company is THB 10,819.60 million, which is higher than the offering price of newly-issued shares to private placement at THB 1.75 per share by THB 0.48 or 27.48 percent.

In general, the valuation using Book Value approach will take into account the financial position at any moment and the asset value as recorded in the financial statements on the valuation date only as it does not take into account about profitability, operating results, future business growth potential, industry outlook. In addition, the current situation of the COVID-19 epidemic that has been expanding continuously causing the economic slowdown affecting most businesses and industries, especially the tourism and service industry, as well as affecting the Group of aviation business in which the Group has to suspend or limit the number of flights until the epidemic situation improves. Such situation has a significant impact on the financial position, operating results, and current and future cash flows of the Group as well. TAA (which is a subsidiary of the Company) has operating losses since 2019 and the consolidated statement of financial position as of June 30, 2021 shows loss in excess of capital and total current liabilities significantly exceeds total current assets, and it is expected that this situation will persist in the future if the epidemic situation COVID-19 is not yet resolved. However, AAV auditors cannot reasonably estimate these effects at this time, the Group's management constantly monitors the progress of the situation and assesses the financial impact on the value of assets, provisions and contingent liabilities and will consider recording such impacts when possible. As a result, IFA considers that the Company's book value method in this time may change significantly if the Company is unable to increase its capital as planned to the normal book value. Therefore, IFA is in the opinion that the valuation method is not suitable for AAV's share valuation in this time.

4.2. Adjusted Book Value Approach

The share valuation by this approach is derived from AAV's total assets, reduced by total liabilities including commitments and contingent liabilities as shown in the financial statements as of June 30, 2021, and adjusted by the items occurred after the end of accounting period or the items that may reflect the actual value such as asset revaluation or impairment, reversal of allowance for doubtful account or bad debt, business licenses, goodwill, patent, brand value, dividend payment, losses carried forward, etc. After that, the calculated result is divided by the total number of paid-up shares of AAV.

In valuation of AAV shares by this method, Independent Financial Advisor uses the book value shown in the latest financial statements as of June 30, 2021, which has been reviewed by an auditor licensed by the Office of SEC without any further adjustment to the book value of the assets as IFA considers that most of AAV's assets according to the latest financial statements come from right-of-use assets, intangible assets, goodwill, land, aircraft, leasehold improvements and equipment (87.02 percent of total assets), which were already assessed for the financial impact of the uncertainty of COVID-19 epidemic situation during quarter 4 of 2020. AAV's right-of-use assets, intangible assets and goodwill will be tested for impairment annually or whenever there is an indication of impairment. However, the Company does not hire an independent property appraiser to assess the value of land, aircraft, leasehold building improvements and equipment, which Independent Financial Advisor is in the opinion that if the Company hires an independent property

appraiser to assess such assets, this should not significantly affect AAV's share value. However, such assets accounted for only 9.13 percent of total assets. Therefore, the revaluation of the aforementioned assets is unlikely to have a significant impact on AAV's book value.

Details of the Company's total assets

No	Details	Value according to the financial statements as of June 30, 2021 (THB Million)	Percentage of total assets
1	Total current assets	1,714.91	2.65
2	Total non-current assets	62,886.42	97.35
3	Aircraft maintenance reserve	5,623.66	8.71
4	Land, aircraft, leasehold improvements and equipment	5,899.45	9.13
5	Right-of-use assets	26,624.01	41.21
6	Intangible assets	14,866.90	23.01
7	Goodwill	8,824.83	13.66
8	Other non-current assets	1,047.57	1.62
9	Total assets	64,601.33	100.00

Remark:

1/ Right-of-use assets include rights to use aircraft and aircraft engines, space and vehicles.

2/ Intangible assets consist of rights to land the aircraft, computer programs and computer programs during installation.

3/ Goodwill arising from investment in TAA

Therefore, the valuation of AAV shares by Adjusted Book Value Approach, IFA has used the book value which appears in the latest financial statements as of June 30, 2021, which have been reviewed by the certified auditor. This is because IFA considers that the book value as shown in the latest financial statements as of June 30, 2021 of AAV still reflects the actual value of the financial statements. However, from the share price valuation by Adjusted Book Value Approach, the share price of AAV is equal to Book Value Approach at THB 2.23 per share or equal to THB 10,819.60 million, which is higher than the offering price of newly-issued shares to private placement at THB 1.75 per share at THB 0.48 or 27.48 percent.

However, the valuation of AAV shares by Adjusted Book Value Approach can reflect net asset value better than share valuation using Book Value Approach because it uses book value to adjust with new appraised value of land related to property or tax to be market price or fair price and adjust by the dividend paid, then divided by the number of shares. However, most of AAV's assets, according to the latest financial statements, come from right-of-use, intangible assets, goodwill, land, aircraft, leasehold improvements, and equipment (87.02 percent of total assets) which has already been assessed the financial impact on the value of the uncertainty of COVID-19 epidemic during quarter 4 of 2020. In addition, the current situation of the COVID-19 epidemic that has been expanding continuously causing the economic slowdown affecting most businesses and industries, especially the tourism and service industry, as well as affecting the Group of aviation business in which the Group has to suspend or limit the number of flights until the epidemic situation improves. Such situation has a significant impact on the financial position, operating results, and current and future cash flows of the Group as well. TAA (which is a subsidiary of the Company) has operating losses since 2019 and the consolidated

statement of financial position as of June 30, 2021 shows loss in excess of capital and total current liabilities significantly exceeds total current assets, and it is expected that this situation will persist in the future if the epidemic situation COVID-19 is not yet resolved. However, AAV auditors cannot reasonably estimate these effects at this time, the Group's management constantly monitors the progress of the situation and assesses the financial impact on the value of assets, provisions and contingent liabilities and will consider recording such impacts when possible. As a result, IFA considers that the Company's book value method in this time may change significantly if the Company is unable to increase its capital as planned to the normal book value. **Therefore, IFA is in the opinion that the valuation method is not suitable for AAV's share valuation in this time.**

4.3. **Market Price Approach**

This valuation approach uses weighted average market price of AAV shares in the past at various time periods. As Independent Financial Advisor considers the weighted average market price of AAV shares (value traded/volume traded) in the SET over the past period of 7 days, 15 days, 30 days, 60 days, 90 day, 180 days and 360 days, IFA is in the opinion that the period can reflect the trend and movement of the stock market price appropriately and in accordance with the reality of AAV's business valuation. In this method, IFA considers the information until October 18, 2021, which is one business day before the Board of Directors has approved the transaction. Therefore, the market price of AAV ordinary shares from Market Price Approach can be calculated as follows:

(Unit: THB per share)	Weighted average of AAV (days)							
	7	15	30	60	90	120	180	360
High	3.07	3.07	3.07	3.07	3.14	3.14	3.14	3.14
Low	2.88	2.73	2.67	2.13	2.13	2.13	2.13	1.43
Weighted average	3.03	2.96	2.91	2.74	2.84	2.79	2.74	2.38

Source: www.setsmart.com

Remark: Information is up until as of October 18, 2021.

Highest and lowest prices of AAV stocks each quarter for the past 3 years.

Year	Quarter	Highest and lowest price range (THB per share)	
		Highest price	Lowest price
2018	Jan. – Mar.	6.15	5.10
	Apr. – Jun.	6.10	4.86
	Jul. – Sept.	5.00	4.14
	Oct. - Dec.	4.44	3.86
2019	Jan. – Mar.	4.76	3.88
	Apr. – Jun.	4.38	3.92
	Jul. – Sept.	4.08	3.02
	Oct. - Dec.	3.06	2.08
2020	Jan. – Mar.	2.30	1.00
	Apr. – Jun.	2.46	1.04
	Jul. – Sept.	2.16	1.77

Year	Quarter	Highest and lowest price range (THB per share)	
		Highest price	Lowest price
	Oct. - Dec.	3.06	1.40
2021	Jan. – Mar.	2.98	2.22
	Apr. – Jun.	3.32	2.20
	Jul. – Sept.	2.98	2.08
	Oct. - Oct. 18	3.20	2.70

Source: www.setsmart.com

The graph showing the share price of the business before and after the date that the Board of Directors' meeting approved the transaction (October 18, 2021)



Source: www.setsmart.com

The valuation of shares by Market Price Approach will yield the value of AAV's shares in the range of THB 2.38 – 3.03 per share or equal to THB 11,524.45 – 14,695.70 million, which is higher than the offering price of newly-issued shares to private placement at THB 1.75 per share, between THB 0.63 - 1.28 or 35.78 - 73.15 percent.

Market Price is a mechanism that is determined by the supply and demand of investors towards the Company's shares, which can reflect the stock's value at that time as well as reflect the fundamentals and the needs of general investors to the potential and growth of a company in the future at a reasonably good accuracy. The historical market price of a stock can therefore be used as a reference price to reflect the true value or price of a company's shares. Especially, AAV is categorized as the SET100, which is considered to be a stock with high market capitalization, sufficient liquidity that supply and demand mechanisms can reflect the value of the stock, and over the past 360 business days, AAV stocks are traded normally. Therefore, IFA is in the opinion that this valuation method is suitable for this valuation of AAV's shares in this time.

4.4. Price to Book Value Ratio Approach : P/BV Ratio

This valuation approach is based on the book value of the AAV according to the latest consolidated financial statements as of June 30, 2021, which were reviewed by a certified auditor approved by SEC. which has the value of THB 2.23 per share, multiplied by median of closing prices to book values (P/BV) of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of listed companies with similar business to AAV.

This is because there are 3 other companies listed on the Stock Exchange of Thailand that operate the airline business, namely (1) Thai Airways International Public Company Limited (“THAI”) (2) Bangkok Airways Public Company Limited (“BA”) and (3) Nok Air Public Company Limited (“NOK”). Although THAI and BA are companies that operate the same airline business as AAV, THAI and BA operate full service carriers (FSC) while the business that operates low cost carriers (LCC), thus making the business model of THAI and BA different from the Company. Therefore, Independent Financial Advisor does not include information of THAI and BA as reference for AAV valuation, therefore NOK is the only company that operates low-cost airline business like AAV. Therefore, IFA considers companies listed in foreign exchanges that operate similar businesses with additional businesses to be used as information in valuation of the business's share price, resulting in 11 companies out of 17 companies that can be compared with AAV, which are: 1) AIRA.DU 2) CEB.PS 3) EZJ.L 4) INGL.NS 5) JBLU.OQ 6) NORR.OL 7) RYA.I 8) LUV.N 9) 601021.SS 10) 6757.TWO and 11) VJC.HM because it is the companies that operate similar business to the business and still has a positive book value (If the Company being compared has a negative book value, the price-to-book value ratio cannot be calculated.), with details as follows:

List of companies operating in the business of low-cost airlines

(Unit: THB Million)^{1/}

No	Name	Abbreviation	Stock Exchange	Business Description	Assets (Financial statement as of Dec. 31, 2020)	Shareholders' Equity (Financial Statements as of Dec. 31, 2020)	Revenue (Financial statement as of Dec. 31, 2020)	Net profit (latest 12 months to Dec. 31, 2020)	Market value (as of Oct. 18, 2021)
1	Asia Aviation PCL	AAV.BK	SET	Asia Aviation Public Company Limited is a Thailand-based holding company engaged in a low-cost airline and relevant business in relation to airline operation under the brand Thai AirAsia. The Company operates three business segments: scheduled flight operation; charter flight operations, and other business starting from the services before boarding, in-flight services and other services in relation to air passenger services. Scheduled flight operation is the provision of passenger air transportation services to routine destinations based on scheduled flights. The Company sells tickets through its distribution channels such as Website, sale counters and travel agents. Charter flight operation is the provision of passenger air transportation services to non-routine destinations. Flights are operated when there is a hiring from customers who normally are tourist agency companies.	67,978	17,360	16,261	(8,667)	15,035.00
2	Air Arabia PJSC	AIRA.DU ^{2/}	DFM	Air Arabia PJSC is a United Arab Emirates-based public joint stock airline carrier company. The Company is engaged in international commercial air transportation, aircraft trading, aircraft rental, aircraft spare parts trading, travel and tourist agency services, hotels and hotel apartment rentals, airline companies representation activities, passenger transportation, air cargo agency services, document transfer services, telecommunications devices trading, aviation training and aircraft repairs and maintenance activities. The Company has scheduled flight routes to over 150 destinations spreading across the Middle East, North Africa, Asia and Europe. The Company holds	112,921	40,231	16,516	(1,714)	55,387.08

No	Name	Abbreviation	Stock Exchange	Business Description	Assets (Financial statement as of Dec. 31, 2020)	Shareholders' Equity (Financial Statements as of Dec. 31, 2020)	Revenue (Financial statement as of Dec. 31, 2020)	Net profit (latest 12 months to Dec. 31, 2020)	Market value (as of Oct. 18, 2021)
				stakes in various subsidiaries, including 100 percent stake in COZMO Travel LLC, which is engaged in the provision of travel, tourism and cargo services.					
3	AirAsia Group Bhd	AIRA.KL	MYX	AirAsia Group Berhad is a Malaysia-based investment holding company, which manages AirAsia Group operating in the airline industry. The Group is principally engaged in the operation of AirAsia, a low-cost airline with major business in Malaysia, Thailand, Indonesia, the Philippines, India and Japan, among others. The Company's subsidiaries include AirAsia Investment Ltd and Koolred Sdn Bhd, investment holding companies; AirAsia Go Holiday Sdn Bhd, a tour operating company; AirAsia (Mauritius) Limited and Asia Aviation Capital Limited, aircraft leasing companies; Ground Team Red Sdn Bhd, a special purpose vehicle for financing arrangements required by the Group; TPaay Asia Sdn Bhd, a provider of financial and other related services; Rokki Sdn Bhd, a multimedia content and equipment trading company, and T & Co Coffee Sdn Bhd, a coffee and tea product trading company.	160,333	(9,899)	24,649	(40,106)	35,622.01
4	AirAsia X Bhd	AIRX.KL	MYX	AirAsia X Berhad is a Malaysia-based company, which is engaged in providing long haul air transportation services. The Company's geographical segments are North Asia, Australia, and West Asia and Middle East. Its subsidiaries include AAX Leasing I Limited, which is engaged in the provision of engine leasing facilities; AirAsia X Services Pty Ltd, which is engaged in the provision of management logistical and marketing services, and AAX Mauritius One Limited, which provides aircraft leasing facilities. It serves approximately 20 destinations across Asia (Sapporo, Tokyo, Osaka, Seoul, Busan, Taipei, Xian, Beijing, Hangzhou, Chengdu, Shanghai, New Delhi and Kathmandu), Australia (Sydney, Melbourne, Perth and Gold Coast), New Zealand (Auckland) and the Middle East (Jeddah).	71,985	(10,217)	8,850	(10,433)	3,104.49
5	Cebu Air Inc	CEB.PS ^{5/}	PSE	Cebu Air, Inc. is an airline company, which operates international and domestic air transport services.	87,702	15,494	14,750	(14,783)	27,200.84
6	Easyjet PLC	EZJ.L ^{5/}	LSE	Easyjet PLC is a United Kingdom-based company that operates low-cost European point-to-point airline. The Company operates approximately 156 airports in across 33 countries. It operates through its route network segment. Its fleet includes A319, A320 180 seat, A320 186 seat, A320 neo and A321 neo. It operates across Norway, Estonia, Denmark, United Kingdom, Ireland, France, Germany, Netherlands, Poland, Romania, Ukraine, Czech Republic, Slovakia, Serbia, Greece, Italy, Spain, Portugal, Morocco, Malta, Tunisia, Montenegro, Athens, Budapest, Moldova, Kosovo, Cyprus, Israel, Egypt, Iraq, Syria and Iceland.	358,715 ^{2/}	80,403	125,668 ^{2/}	(45,062) ^{2/}	208,191.83
7	Gol Linhas Aereas Inteligentes SA	GOLL4.SA	BVMF	Gol Linhas Aereas Inteligentes SA is a Brazil-based airline that provides scheduled air transportation for passengers and cargo to over 100 destinations in Brazil, South America, the Caribbean and the United States. The Company operates through two segments: Flight Transportation and Loyalty Program. The Flight Transportation segment operations originate from its subsidiary Gol Linhas Aereas SA (GLA) for the provision of air transportation services. This segment includes GOLLOG, the Company's cargo transportation and logistics business. The Firm operates a fleet of approximately 140 Boeing 737 aircrafts. The Loyalty program segment operations are represented by the SMILES coalition loyalty program, which enables clients to accumulate miles and redeem tickets for more than 700 locations worldwide.	80,868	(90,924)	42,725	(39,366)	55,034.36
8	Interglobe Aviation Ltd	INGL.NS ^{5/}	NSE	Interglobe Aviation Limited is an India-based company engaged in the provision of passenger services. The Company is engaged in the business of providing domestic and international scheduled air transport services under the name of IndiGo. It also provides cargo services and related allied services,	192,940 ^{3/}	498	64,650 ^{3/}	(25,638) ^{3/}	384,612.27

No	Name	Abbreviation	Stock Exchange	Business Description	Assets (Financial statement as of Dec. 31, 2020)	Shareholders' Equity (Financial Statements as of Dec. 31, 2020)	Revenue (Financial statement as of Dec. 31, 2020)	Net profit (latest 12 months to Dec. 31, 2020)	Market value (as of Oct. 18, 2021)
				including in-flight sales. The Company operates on a low-cost carrier (LCC) business model. The Company has a fleet of approximately 276 aircrafts. IndiGo has a total destination count of 87 with 63 domestic destinations and 24 International.					
9	JetBlue Airways Corp	JBLU.OQ ^{5/}	NASDAQ	JetBlue Airways Corporation is a passenger carrier company. The Company provides air transportation services across the United States, the Caribbean and Latin America. Its segments include Domestic, and Caribbean & Latin America. It operates various kinds of aircrafts, including Airbus A321, Airbus A320 and Embraer E190. It also provides premium transcontinental product called Mint. As of December 31, 2016, Mint included 16 fully lie-flat seats, four of which were in suites with a privacy door. The Company also provides Fly-Fi in-flight Internet service across its Airbus fleet. It provides its customers a choice to purchase tickets from three branded fares, which include Blue, Blue Plus and Blue Flex. Each of these fare include different offerings, such as free checked bags, reduced change fees and additional TrueBlue points. As of December 31, 2016, its Airbus A321 aircraft in a single cabin layout had 200 seats and those with Mint premium service had a seating capacity of 159 seats.	439,412	129,503	96,922	(44,380)	159,277.21
10	Nok Airlines PCL	NOK.BK	SET	Nok Airlines Public Company Limited is a Thailand-based low-cost airline operator. The Company offers point-to-point regional air services using small to medium-sized aircrafts. Its services include scheduled air services, which operates flights to various destinations in Thailand and abroad, including Chiang Mai, Hat Yai, Krabi, Vientiane, Yangon and others; charter flight services, which offers flights to group passengers and additional services for scheduled flight passengers, including booking services via Internet, airport counter, call center services, counter check-in, online check-in services, reservation change services, excess baggage service, and others. The Company also offers in-flight food and beverages, as well as souvenir merchandise to its customers.	17,895	(8,002)	6,735	(7,392)	3,878.35
11	Norwegian Air Shuttle ASA	NORR.OL ^{5/}	OSL	Norwegian Air Shuttle ASA is a Norway-based company engaged in the passenger transportation service industry. The Company operates scheduled services with additional charter services. Its route portfolio stretches across Europe into North Africa and the Middle East, as well as long-haul routes to the United States and Southeast Asia. The Company has around 450 routes to more than 140 destinations on sale. The Company has approximately 260 undelivered aircraft on firm order. Its fleet combines various types of aircraft, including B788, A320neo, B737 Max 8, B738 and B738 S&LB, among others. It is the parent company of the Norwegian Group and operates through subsidiaries, including Norwegian Air Shuttle Sweden AB, Call Norwegian AS, Arctic Aviation Assets Ltd and Norwegian Air UK Ltd, among others.	189,354	(25,311)	31,679	(80,285)	14,097.37
12	Ryanair Holdings PLC	RYA.I ^{5/}	ISE	Ryanair Holdings plc (Ryanair Holdings) is a holding company for Ryanair Limited (Ryanair). Ryanair operates an ultra-low fare, scheduled-passenger airline serving short-haul, point-to-point routes between Ireland, the United Kingdom, Continental Europe, Morocco and Israel. Ryanair provides various ancillary services and engages in other activities connected with its core air passenger service, including non-flight scheduled services, Internet-related services, and the in-flight sale of beverages, food and merchandise. Ryanair markets accommodation services and travel insurance through its Website. It provides hotel and accommodation services. Ryanair provides its own aircraft and passenger handling and ticketing services at Dublin Airport. As of June 30, 2016, Ryanair had a principal fleet of over 350 Boeing 737-800 aircraft	473,894 ^{3/}	178,603	62,470 ^{3/}	(38,766) ^{3/}	712,233.99

No	Name	Abbreviation	Stock Exchange	Business Description	Assets (Financial statement as of Dec. 31, 2020)	Shareholders' Equity (Financial Statements as of Dec. 31, 2020)	Revenue (Financial statement as of Dec. 31, 2020)	Net profit (latest 12 months to Dec. 31, 2020)	Market value (as of Oct. 18, 2021)
				and offered over 2,000 scheduled short-haul flights per day serving approximately 200 airports throughout Europe.					
13	Southwest Airlines Co	LUV.N ^{5/}	NYSE	Southwest Airlines Co. (Southwest) operates Southwest Airlines, a passenger airline that provides scheduled air transportation in the United States and near-international markets. The Company offers ancillary service offerings, such as Southwest's EarlyBird Check-In and transportation of pets and unaccompanied minors, in accordance with Southwest's respective policies. Southwest's Rapid Rewards frequent flyer program enables program members (Members) to earn points for every dollar spent on Southwest fares. It offers its fare products to customers through its Internet Website, Southwest.com. The Company provides point-to-point service.	1,133,701	290,931	296,569	(100,757)	976,606.27
14	Spicejet Ltd	SPJT.NS	NSE	Spicejet Ltd is an India-based company engaged in transportation of passengers by air. The Company is engaged in the business of scheduled air transport services. Its geographical segments include India and others. It provides air transport services for the carriage of passengers and cargo. The Company is a low cost carrier (LCC) operating under the brand name of Spice Jet in India. The Company operates a fleet of approximately 40 aircraft, including approximately seven aircraft taken on wet lease across various routes in India and abroad. The Company's spice add-on includes spice cash/spice club, SpiceMax, hot meals, SpiceCash Top-up, priority check-in, Spice talk, track Spicetalk request, bag out first, carry more onboard, fly for sure, Spice lounge, my flexi plan, reliance travel insurance, Spice assurance, Spice flex, friends and family, senior citizen discount, student discount, Indian armed forces personnel and red hot offers.	56,367 ^{4/}	(6,877)	57,219 ^{4/}	(4,330) ^{4/}	21,620.49
15	Spring Airlines Co Ltd	601021.SS ^{5/}	SSE	Spring Airlines Co., Ltd. is a China-based airline company, principally engaged in the airline transportation of passengers and freight. The Company is also engaged in the provision of airline transportation related services. The Company operates its businesses in domestic, international, and Hong Kong, Macau and Taiwan routes.	162,906	71,235	44,525	(2,796)	261,844.94
16	Tigerair Taiwan Co Ltd	6757.TWO ^{5/}	TPEX	TIGERAIR TAIWAN CO., LTD. is a Taiwan-based company mainly engaged in the provision of air transportation services. The Company is engaged in the provision of passenger transportation services and freight services. The passenger transportation services mainly provide international passenger transportation services, as well as regular and irregular international charter business. The freight services mainly provide cargo and parcel delivery services. The Company operates within the domestic market and to overseas markets, including Northeast Asia, Macau, Southeast Asia and Mainland China.	13,655	3,547	2,065	(1,531)	12,110.14
17	Vietjet Aviation JSC	VJC.HM ^{5/}	HSX	Vietjet Aviation JSC is a Vietnam-based company primarily engaged in the airlines sector. The Company's business activities are divided into five segments, including air transportation, related services for customers, air transportation support activities, flight and flight attendant training, and aircraft dealing and leasing. It is involved in the provision of air transportation services of passengers and cargo via scheduled flights, the operation of chartered flight services and the rental of aircraft space for advertisement.	63,703	21,112	25,681	95	101,757.07

Source: Reuters

Remark: 1/ Since the Company being compared is a listed company in a foreign exchange, it has different accounting periods that are disclosed to the public. IFA, therefore, chooses to summarize the information from the financial statements ending December 31, 2020 or from the latest full year financial statements as of the closing date in order to allow the information to be comparable with the average exchange rate of the past 5 years from the Bank of Thailand which is equals to THB 32.7773 per USD.

2/ Information from the latest full-year financial statements ending September 30, 2020

3/ Information from the latest full-year financial statements ending March 31, 2020

4/ Information from the latest full-year financial statements ending March 31, 2020

5/ Companies with positive book value, which are compared in Price to Book Value Ratio Approach: P/BV Ratio.

The details of the calculation can be summarized as follows:

P/BV: (times)	Average (days)							
	7	15	30	60	90	120	180	360
AIRA.DU	1.19	1.20	1.21	1.24	1.26	1.27	1.30	1.29
CEB.PS	1.85	1.78	1.80	1.75	1.74	1.66	1.43	1.05
EZJ.L	2.19	2.28	2.21	2.29	2.42	2.46	2.37	1.79
INGL.NS	699.41	696.49	702.51	548.23	367.71	285.28	202.10	106.65
JBLU.OQ	1.29	1.31	1.29	1.27	1.34	1.42	1.41	1.10
NORR.OL	4.53	4.52	4.47	2.25	1.43	1.04	0.76	0.45
RYA.I	4.27	4.30	4.18	4.13	4.06	4.04	3.97	3.30
LUV.N	3.19	3.24	3.12	3.11	3.25	3.43	3.50	2.82
601021.SS	3.96	3.83	3.81	3.64	3.73	3.86	3.84	3.28
6757.TWO	4.34	4.32	4.23	3.69	3.42	3.30	3.47	3.25
VJC.HM	4.20	4.16	4.29	4.27	4.25	4.25	4.47	4.29
Median ^{2/}	3.96	3.83	3.81	3.11	3.25	3.30	3.47	2.82
MMD share price (THB/share)	8.84	8.54	8.49	6.93	7.25	7.35	7.73	6.28

Remark: 1/ Based on Reuters, P/BV Ratio as of October 18, 2021

2/ IFA chooses to calculate median (the median of the data set) instead of the mean to reduce the impact of outliers.

From the valuation of shares by this method, the share price of AAV is between THB 6.28 – 8.84 per share, or equal to THB 30,479.67 – 42,865.45 million, which is higher than the offering price of newly issued shares to private placement at THB 1.75 per share, between THB 4.53 - 7.09 or 259.11 - 405.04 percent.

Although the listed companies in the comparison operate the same low cost carriers (LCC) as the Company, but the other airlines that are compared have many differences from the Company, such as, location, service region, business policy, marketing plan, customer base, future business plan, financial structure and profitability of each company. Therefore, IFA considers that the share valuation by Price to Book Value Ratio Approach is not appropriate for the share valuation of AAV in this time.

4.5. Price to Earnings Ratio Approach: P/E Ratio

This approach is using earning per share for the last 4 quarters ended June 30, 2021 according to AAV's financial statements that have been reviewed by a certified auditor approved by SEC, multiplied by closing prices to earnings (P/E) of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of listed companies operating similar business to AAV as specified in Clause 4.4 Price to Book Value Approach: P/BV ratio. However, since the last 4 quarters ended June 30, 2021, AAV has net loss of THB (11,837.99) million. Therefore, IFA is unable to assess the value of AAV's shares by this approach.

4.6. Precedent Transaction Comparable Approach

Precedent Transaction Comparable Approach is to assess the valuation of AAV's stock by comparing EV/EBITDA ratio of transaction prices in the industry similar to AAV, which is the airline business over the past 5 years, in order to best reflects the economic situation, technology changes and consumer behavior. IFA chooses past acquisition transactions with an acquisition proportion of more than 30 percent, which is a proportion that represents a significant controlling stake. The details of past transactions can be summarized in the following table.

Date	The Buyer	Target Company	The Country Where the Target Company is Located	Purchase Proportion	Traded Value (USD Million)	EBITDA Multiple
9/16/2020	Investor Group	El Al Israel Airlines Ltd	Israel	56.80	139.04	16.71
6/26/2020	Bain Capital LP	Virgin Australia Holdings Ltd	Australia	100.00	3,355.72	10.66
5/13/2019	Onex Corp	WestJet Airlines Ltd	Canada	100.00	3,591.83	7.54
11/23/2018	Connect Airways Ltd	Flybe Group PLC	United Kingdom	100.00	75.29	1.29
8/6/2018	iCON Flughafen GmbH	Flughafen Hannover Langenhagen GmbH	Germany	30.00	126.31	12.54
12/25/2017	Tassapon Bijleveld	Asia Aviation PCL	Thailand	36.32	252.89	11.67
10/31/2017	Investor Group	HNZ Group Inc	Canada	100.00	188.51	11.90
10/31/2017	Undisclosed Acquiror	Jin Air Co Ltd	South Korea	33.33	254.72	7.49
8/29/2017	Airasia Group Bhd ^{1/}	Airasia Group Bhd	Malaysia	100.00	2,593.05	7.87
Source: Reuters					Highest	16.71x
Remark : Information from October 2021					Median	10.66x
1/ It is a transaction in the type of share repurchase.					Lowest	1.29x

However, since the last 4 quarters ended June 30, 2021, AAV has a negative EBITDA of THB (5,589.01) million. Therefore, IFA is unable to assess the value of AAV's shares by this approach

4.7. Discounted Cash Flow Approach

This valuation of shares takes into account the performance of the business in the future by calculating the present value of the estimated free cash flow (FCF) with the appropriate discount rate. IFA calculates the Weighted Average Cost of Capital (WACC) to be used as a discount rate and calculate future net cash flow from AAV's financial forecast over the next 5 years (2021 - 2026) as it is based on the assumption that AAV's business will be according to going concern basis, no significant changes will occur and operating under current economic conditions and circumstances.

IFA has prepared a financial projection of the Company based on information and assumptions obtained from AAV and from interviews with management and relevant staff. If the economy and other external factors affecting AAV's operations, including the AAV's internal situation, have changed significantly from the assumptions set, the value of the shares assessed under this method will also change, especially the epidemic situation and impact caused by COVID-19

which may have a significant impact on the aviation business in the future. However, IFA has reviewed TAA's financial projection and is in the opinion that it is reasonable since the projection already reflects the impact of COVID-19 epidemic. In addition, IFA has revised some of the financial projection received from TAA based on a conservative basis, where IFA has forecast TAA's revenue to return to THB 40 billion per year (This is the income that TAA was able to generate consistently during the 2018 - 2019, which is the year before the spread outbreak of COVID-19 although at that time there were still important competitors such as THAI and NOK, operating business in normal conditions.) again in 2024 or it will take the next 2-3 years although the Company's major competitors which are airline companies, such as NOK and THAI are unlikely to have as much competitiveness as the two companies have filed for business rehabilitation petitions with the Central Bankruptcy Court in 2020.

As AAV is an investment company that does not engage in any other significant business other than holding a 55.00 percent shares in TAA, therefore, IFA will assess the value of the shares of AAV by referencing the value from the financial projection of TAA which is a company that operates its core business first, then takes TAA's equity value in proportion to its shareholding proportion to reconcile with the items in the separate financial statements of the Company to calculate the fair value of the ordinary shares of the Company once again.

Therefore, the key assumptions of TAA's financial projections can be summarized as follows:

4.7.1. Fleet Expansion Plans

During 2018-2020, TAA had a total number of aircraft in service at the end of the period at 62, 63 and 63 aircrafts, respectively, which in 2018-2019 was the period before the COVID-19 epidemic, the tourism industry in Thailand continues to grow as TAA's number of aircraft is able to serve passengers sufficiently and efficiently. In 2018 – 2019, TAA had a load factor of 85 percent.

Later in 2020, the epidemic of COVID-19 has caused both domestic and international aviation industry to halt. TAA, therefore, has to reduce the number of aircrafts to reduce fixed costs, resulting in a total of 60 aircrafts as of June 30, 2021 and TAA is in the process of recalling another 6 aircrafts, which TAA expects that as of December 31, 2021, TAA will have 54 aircrafts in service.

However, TAA expects that after the epidemic of COVID-19, the aviation industry is likely to recover in the next 2-3 years. Therefore, from 2024 - 2025, TAA plans to supply 3 additional aircrafts per year to support the expansion once again as in the year of acquiring more fleets, it is expected that the right-of-use assets will increase by THB 930 million per year based on the renewal of TAA's lease agreement in the past.

Unit : Aircraft	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F
Number of aircraft at the end of the period	62.00	63.00	62.00	54.00	54.00	57.00	60.00	63.00	63.00

4.7.2. Fare Income

Number of Passengers (Passengers: Pax)

Before the epidemic of COVID-19, between 2018 and 2019, TAA's number of passengers increased slightly from 21.6 million in 2018 to 22.1 million in 2019, as in both years, the load factor is similar at approximately 85 percent. Later

in 2020, the number of passengers using the service is reduced to 9.5 million and the load Factor is reduced to 75 percent due to the impact of COVID-19 epidemic. However, in 2021, it should be the year that the Company has the greatest impact, as the first half of 2021, TAA's number of passengers dropped to 1.70 million and had the load factor remained at 64 percent.

In the estimation on the number of passengers throughout the projection period, IFA makes projection based on the Company's forecasts and uses a conservative basis in making the projection although COVID-19 epidemic situation in Thailand and abroad's trend is improving, but international air travel still has significant legal restrictions. Countries around the world do not allow their citizens to travel to red zone countries or require quarantine if traveling from red zone countries. Therefore, IFA still determines that in 2021, TAA does not have a schedule flight that can travel internationally, and the Company expects that schedule flights that travel between countries will begin to be available in 2022 onwards.

Overview on number of passengers projections in 2021, IFA determined based on the company's forecasts and compared from the first half of 2021, as in the first half of 2021, Thailand is still under the epidemic of COVID-19. For 2022 – 2026, IFA determines the number of passengers starting from the projection of the Company and adjusting according to a conservative basis with an increase in number of passengers of 216.28, 45.23, 27.16, 8.52 and 0.00 percent per year.

Based on the above assumption of passenger increase in 2022, TAA's load factor will be at 75 percent, which is the same rate as in 2020 (This is the year that COVID-19 epidemic started in Thailand, causing several international routes have been suspended and made a significant reduction in passengers of all Thai airlines) which is possible. As in 2022, COVID-19 epidemic situation around the world has improved, many countries will be able to control the spread by having their people vaccinated. As IFA expects that in 2022, international air routes will begin to open more freely from the policies of many countries around the world, including Thailand that will start accepting tourists from 46 countries without quarantine, effective from November 1, 2021 onwards according to government regulations.

In this regard, the load factor from 2023 onwards, IFA determines to gradually increase according to the growth rate of tourists after the epidemic of COVID-19, causing the number of passengers of TAA in 2026 to be 21.9 million and have a load factor of 85 percent, which is at the same level as 2018-2019, which is in line with TAA's aircraft procurement plan.

Ticket Fare per Pax

When considering ticket fares between 2018 and 2019, it was found that the average fare in 2019 was THB 1,478 per seat, similar to 2018 due to a slight increase in the average fare of domestic routes. Later in 2020, TAA's ticket fare per pax is reduced to THB 1,199 per seat, which is the impact of flights traveling abroad that have a higher ticket fare than domestic flights, have decreased significantly due to the measures to prevent the spread of COVID-19 in countries that prevent people traveling internationally, as the impact will continue until the second quarter of 2021 when the ticket fare per pax is reduced to THB 1,027 per seat.

In the projection of ticket fare per pax and number of passengers in 2021, IFA uses the Company's information in addition with the fares information for the first half of 2021 due to the fact that Thailand is still under the spread of COVID-19. For 2022 – 2026, IFA has determined that the ticket fare per pax will be increased by 26.77 , 16.26 , 8.47 , 2.11 and 1.90 percent per year. (The increase in average fare per seat will correspond with the increase in the number

of passengers on international flights after the easing of quarantine international travel requirements. The average fare per seat is higher than the domestic fare, so the average fare in 2022 – 2024 is higher than other years.). As in 2026, the ticket fare per pax of TAA will be at THB 1,678 per seat, which is higher than 2018 - 2019, which is the period before the epidemic of COVID- 19. Based on the information provided by the Company, IFA believes that NOK and THAI, which are direct competitors to TAA, faced financial liquidity problems and had to file a rehabilitation petition with the Central Bankruptcy Court in May and July 2020, respectively. Moreover, NOK and THAI are likely to be delisted from the SET and have the possibilities to cancel low cost airline services in Thailand, likely to have a positive impact on TAA in the medium term due to a decrease in price competition and the ticket fares can be adjusted up.

	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F
Number of passengers (million)	21.6	22.1	9.5	3.5	10.9	15.9	20.2	21.9	21.9
(Available Seats) (million)	25.2	26.1	12.6	5.0	14.7	20.1	23.9	25.8	25.8
(Load Factor) (percent)	85%	85%	75%	68%	75%	79%	84%	85%	85%
(Ticket Fare per Pax) (THB)	1,477	1,478	1,199	1,009	1,279	1,487	1,613	1,647	1,678

4.7.3. Income from Ancillary Services

Revenue from ancillary services per passenger (includes excess baggage, travel insurance, seat selection, food, beverage, merchandise, etc.) of TAA in 2018 – 2019 was THB 331 and 339 per passenger, respectively. International flight services halted in accordance with the COVID-19 prevention measures, resulting in TAA's additional revenue per passenger in 2020 and the first half of 2021 are reduced to THB 241 and 229 per passenger, respectively. However, IFA has determined that in 2022 – 2026, TAA's revenue from ancillary services per passenger will increase at the rate of 37.83, 19.63, 8.88, 1.86, and 1.38 percent per year. However, in 2026, revenue from ancillary services per passenger of TAA will be THB 352 per seat, which the Company believes that excess baggage, travel insurance, seat selection, food and beverage income in the future may be increased in accordance with the competitive situation of LCC airlines, which is likely to be less than in the past. As some competitors have liquidity issues that they have to cut routes or reduce the number of flights, which should have positive effects on TAA.

Unit: THB Million	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F
Total revenue from sales and services	38,904.85	40,180.65	13,633.87	4,143.18	16,840.61	28,575.32	39,442.40	43,687.40	44,477.57
Growth rate		3.28%	-66.07%	-69.61%	306.47%	69.68%	38.03%	10.76%	1.81%

4.7.4. Operating Costs

In the aviation business, operating costs are considered different from other businesses as aviation has fixed costs such as the cost of aircraft acquisition, depreciation, amortization of aircraft and rights-of-use expenses, marketing and staff wages are relatively high, which, if considering the overall operating costs, it is not possible to analyze the actual operating costs of each route. Therefore, the analysis of operating costs of the airline business is analyzed from Cost of Available Seat Kilometer (CASK), which is in THB/passenger-kilometer. The cost is based on the number of passengers and the number of kilometers flown, and if the airline or flight has a high CASK, it may be a result of the low number of

passengers per flight or high fixed costs. In addition, CASK will include selling expenses and administrative expenses into consideration.

TAA's operating costs consist of fuel and other costs, including airport and apron service costs, employee costs, repair and maintenance costs, customer service costs, depreciation, selling expenses and administrative expenses. In determining the operating cost assumptions. In 2018 – 2019, TAA has CASK at THB 1.58 and 1.55 per passenger-kilometer, respectively. However, in 2020 and quarter 2 of 2021, CASK has gradually increased to THB 2.31 and 3.56 per passenger-kilometer, respectively due to the spread of COVID-19. Consequently, the passenger utilization of the airline was significantly reduced and the load factor was reduced to 75 percent and 68 percent, respectively. IFA has determined that in 2021 – 2026, CASK of TAA were THB 3.35, 1.73, 1.44, 1.44, 1.46 and 1.48 per passenger-kilometer, respectively. These projections are consistent with TAA's forecasts, with CASK going to be lower due to lower aircraft rents and service costs of TAA, which makes CASK likely to decline in the future is lower as TAA expects lower aircraft procurement costs and service costs of TAA, combined with IFA forecasts of an increase in passenger numbers following COVID-19 pandemic (The costs of TAA are mainly fixed costs such as aircraft acquisition costs, depreciation, amortization of aircraft and rights-of-use, marketing expenses and staff wages, which, if TAA has more passengers, will cause a reduction in CASK as it appears in 2022 that CASK was reduced to THB 1.73/passenger-kilometer from THB 3.35/passenger-kilometer in 2021).

Unit: THB Million	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F
Operating costs	39,539.23	41,658.45	22,341.49	11,159.15	22,778.10	28,777.59	35,544.16	39,495.27	40,040.87
Proportion to revenue	101.63%	103.68%	163.87%	269.34%	135.26%	100.71%	90.12%	90.40%	90.02%

4.7.5. Capital Expenditure

TAA's capital expenditure will consist of office equipment, computers, vehicles, operating equipment and right-of-use assets as Independent Financial Advisor determines the capital expenditure based on the information of TAA. Details of capital expenditure from 2022 onwards are as follows.

THB Million	2022F	2023F	2024F	2025F	2026F
Capital expenditure	5.50	7.50	10.00	10.00	10.00
Aircraft acquisition costs (Right-of-use assets)	0.00	930.56	930.56	930.56	0.00
Total capital expenditure	5.50	938.06	940.56	940.56	10.00

4.7.6. Depreciation and Amortization

Depreciation and amortization consist of depreciation on existing and new assets. Independent Financial Advisor determines that each type of asset is depreciated at a fixed rate on a straight-line basis. The depreciation of each asset will be calculated differently according to accounting standards, details as follows.

Assets	Depreciation period (years)
Aircrafts and aircraft engines	5 - 25

Assets	Depreciation period (years)
Aircraft parts	5 – 10
Leasehold improvements	5 – 10
Computers	5
Decorations, installment and office equipment	5
Operating equipment	5
Vehicles	5
Rights-of-use on aircraft and aircraft engines	5 - 25

4.7.7. Corporate Income Tax

TAA receives tax benefits from BOI, where tax benefits will depend on the conditions and duration of each aircraft's eligibility, (As of June 30, 2021, TAA has been granted privileges from the Board of Investment for 13 aircrafts for the air transport business, subject to exemption from import duty on the import of aircraft and related spare parts and exemption of corporate income tax for promoted activities for a period of 5 and 8 years starting from the date each project starts generating income.) with the last TAA aircraft receiving the tax benefit expiring in 2025. However, during 2019 - quarter 2 of 2021, TAA continued to have operating losses. Therefore, the loss was carried forward during that period to be used to reduce the corporate tax, as the accumulated loss amount is more than THB 11,000 million and the accumulated loss each year can be used as a legal deduction for 5 years.

4.7.8. Loans

According to the financial statements ended June 30, 2021, TAA has short-term loans from financial institutions of THB 1,383.38 million, short-term loans from related parties of THB 97.66 million, long-term loans from financial institutions of THB 4,059.02 million, debentures of THB 2,798.77 million and liabilities under lease agreements of THB 32,203.97 million, whereby IFA determines the interest rate of each type of loan according to the contract based on the information from TAA.

4.7.9. Other Balance Sheet Ratios

It is determined using the average of the AAV's 2018 - quarter 2 of 2021 historical data to minimize data volatility and likely reflect long-term future data (Average collection period of trade accounts receivable is between 4.44 - 23.59 days, inventory days is between 1.69 - 7.48 days, and average payment period of trade accounts payable is between 2.36 - 25.81 days). However, from the interview, the managers still maintain the same business practices, resulting in the ratio of accounts receivable, inventories and accounts payable tends to remain unchanged. Independent Financial Advisor has considered the appropriateness of various ratios in the balance sheet and considers that the use of such projection is appropriate. Therefore, the projection from 2022 onwards are as follows:

Trade accounts receivable	on average of 11.19 days
Inventory	on average of 4.06 days
Trade accounts payable	on average of 12.04 days

From the above assumptions, TAA's financial projections for 2021 – 2026 can be summarized as follows:

THB Million	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F
Total assets	37,917.89	39,066.99	45,129.81	38,499.72	28,927.60	27,021.23	30,161.53	32,185.72	32,780.48
Total liabilities	30,139.83	32,228.55	48,625.57	52,149.82	49,615.61	48,479.00	47,808.84	45,477.54	41,260.31
Shareholders' equity	7,778.07	6,838.44	(3,495.76)	(13,650.10)	(20,688.01)	(21,457.78)	(17,647.32)	(13,291.82)	(8,479.84)
Total revenue	40,199.43	41,529.26	16,236.34	4,507.23	17,456.01	29,605.89	40,862.46	45,263.89	46,084.49
Operating costs	39,539.23	41,658.45	23,794.64	13,479.04	22,818.04	28,845.34	35,637.67	39,598.85	40,146.32
Interest expenses	(743.71)	(765.53)	(1,799.78)	(1,806.77)	(1,693.21)	(1,559.69)	(1,454.88)	(1,354.45)	(1,171.91)
Net Profit (Loss)	127.54	(871.47)	(8,672.97)	(10,354.24)	(7,037.92)	(769.76)	3,810.46	4,355.50	4,811.98
EBIT (1)				(2,242.95)	(5,362.03)	760.55	5,224.80	5,665.04	5,938.17
Tax (2)				88.41	0.00	0.00	0.00	0.00	0.00
Depreciation (3)				941.41	4,039.52	4,432.95	4,952.61	5,530.64	5,505.06
Capital expenditure (4)				(4,421.37)	(5.50)	(938.06)	(940.56)	(940.56)	(10.00)
Changes in working capital (decrease) (5)				380.31	1,043.69	2,969.55	1,245.58	765.78	197.94
Free Cash Flow to Firm= 1-(2)+(3)-(4) +(5)				(5,254.19)	(284.32)	7,224.99	10,482.43	11,020.90	11,631.17

Remarks:

1/ The investment expenditure of THB 4,421.37 million is the expenditure on the right to use the assets (Renewal of aircraft leasing), which TAA expects to happen in the 4th quarter of 2021

4.7.10. Terminal Value

IFA has determined that in the financial projection, the rate of cash flow growth after the projection period is 0.56 percent based a conservative basis, according to the average core inflation rate of the past 5 years from the Bank of Thailand.

4.7.11. Discount Rate

The discount rate used to calculate the net present value of cash flows was obtained from calculating the Weighted Average Cost of Capital (WACC) based on TAA capital structure, where IFA calculated WACC from the weighted average of cost of debt (K_d) and cost of capital (K_e), where IFA assumes for TAA that there was no capital increase during the projection period. Details of the projection of the discount rate are as follows

$$\text{WACC} = K_e \cdot E / (D + E) + K_d \cdot (1 - T) \cdot D / (D + E)$$

Whereas,

K _e	=	Cost of equity or shareholders' required rate of return (R _e)
K _d	=	Cost of debt or loan interest rate
T	=	Corporate income tax rate
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity (Ke) or the required rate of return for shareholders (Re) is derived from the Capital Asset Pricing Model (CAPM) as follows:

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Whereby,

Risk Free Rate (R_f) = According to the yield of 15-year government bonds equal to 2.57 percent per annum (as of October 18, 2021 from the Thai Bond Market Association: ThaiBMA), the Risk Free Rate is the rate of return on investment in assets that has low risk, so using short-term government bond yields may not be a substitute for reasonable risk because the term is too short. Therefore, IFA uses the yield on 15-year government bonds to match the market yields that IFA chooses.

Beta (β) = According to the average Beta of AAV for the period of 2 years until to October 18, 2021, which IFA considers that the period that best reflects price changes and the overall view of investors towards the Company of current market conditions. However, IFA uses the information until October 18, 2021, which is the date before the Board of Directors' resolution to enter into this transaction, which is equal to 2.06 (Source: Reuters).

Market Risk (R_m) = The rate of return on investment in the stock market on average for the past 15 years from 2006 - October 2021 is equal to 11.92 percent per year. IFA is in the opinion that average return on investment in the stock market for the past 15 years is a reasonable period which should reflect investors' expected returns and remain in line with the current economic conditions.

K_d = Loan interest rate estimates of TAA

T = Corporate income tax rate, which is 20.00 percent of income before tax

D/E Ratio = Estimated annual interest-bearing debt to equity ratio in each year is negative at (3.01) – (1.56)

Year	2021F	2022F	2023F	2024F	2025F	2026F
Interest-bearing debts	41,100.26	36,829.85	33,378.66	30,922.48	27,607.22	23,152.56
Shareholders' equity	(13,650.10)	(20,688.01)	(21,457.71)	(17,647.07)	(13,291.26)	(8,478.86)
D/E Ratio	-3.01	-1.78	-1.56	-1.75	-2.08	-2.73

From the above calculated data, WACC of TAA can be calculated as follows:

	2021F	2022F	2023F	2024F	2025F	2026F
WACC (%)	-1.64%	0.14%	1.69%	0.60%	-0.33%	-1.32%

and the net cash flow of the Company can be summarized as follows:

(THB Million)	2021F	2022F	2023F	2024F	2025F	2026F
Cash flows of TAA	(5,254.19)	(284.32)	7,224.99	10,482.43	11,020.90	11,631.17
Present value of cash flows	(5,276.02)	(285.09)	7,124.36	10,274.84	10,838.07	11,590.94
Cash flows after the forecast period						(623,210.70)
PV of Terminal Value						(621,032.89)

(Unit: THB Million)

Present value of cash flows	(586,765.80)
Add: Cash and cash equivalents as of June 30, 2021	232.70
Less: Interest-bearing debts as of June 30, 2021	(40,542.80)
Present value of cash flows - Net	(627,075.89)

In addition, IFA has conducted a sensitivity analysis of the share value by adjusting the discount rate or WACC from the original increase and decrease of approximately 0.25 percent per year, which will get the business value of the Company of TAA and AAV as follows.

	Discount Rate: WACC (percent per year)		
	+0.25%	0%	-0.25%
TAA value (THB Million) (1)	(713,568.64)	(627,075.89)	(560,933.90)
TAA value based on AAV's holding of 55 percent of total shares (1) x 55% = (2)	(392,462.75)	(344,891.74)	(308,513.64)
Add: Cash and cash equivalents according to the separate financial statements as of June 30, 2021 of AAV (3)	0.83	0.83	0.83
Less: Interest-bearing debts according to the separate financial statements as of June 30, 2021 (4)	0.00	0.00	0.00
Present value of cash flows - Net of AAV (2) + (3) - (4) = (5)	(392,461.92)	(344,890.91)	(308,512.81)
AAV's number of shares (6)	4,850,000,000	4,850,000,000	4,850,000,000
AAV value THB/share (5) / (6)	(80.92)	(71.11)	(63.61)

The results of the sensitivity analysis by changing the discounted rate will be valued in the business of TAA equal to THB (713,568.64) – (560,933.90) million. However, if calculating according to AAV's stake in TAA at 55 percent and adjusted by AAV's cash and liabilities from the separate financial statements, the value of AAV is between THB (392,461.92) - (308,512.81) million or THB (80.92) – (63.61) per share.

Discounted Cash Flow Approach is a method that reflects the profitability and ability to generate future cash flows of an entity based on the present value of the net cash flows that are expected to receive in the future based on past performance, which assumptions come from future economic and operating trends. In addition, Discounted Cash Flow Approach is the only method that IFA can raise assumptions about the current situation that could significantly affect the profitability of an entity in the future. Moreover, Discounted Cash Flow Approach also reflects TAA's current liabilities (interest-bearing debts), which are subtracted in valuation calculations.

However, the value of AAV's shares calculated is less than 0 (The actual share value cannot be assessed by this method) because TAA, which is a subsidiary that operates its core business has shareholders' equity according to the financial statements ended June 30, 2021 less than 0 (negative THB 9,722.04 million). Theoretically, by having an interest-bearing debts to equity ratio (D/E Ratio) of less than 0, it is impossible to find a suitable weighted average cost of capital

(this can be considered by the lowest negative WACC of 1.64 percent, indicating a disproportionate discounted rate for the company risks). Therefore, the valuation of AAV's shares by Discounted Cash Flow Approach based on the Sum of the Part principle on TAA (the company that primarily operates business for AAV and AAV is just a holding Company) is invalid to evaluate the real value of the shares of AAV. The valuation of the Business by this method is the valuation of the Business in the current situation without any financial restructuring. Therefore, if TAA does not receive the Capital Increase or financial restructuring, TAA will not be able to continue the business. The reasons that IFA did not take AAV's D/E Ratio into consideration although AAV's equity remains positive is because most of AAV's assets are right-of-use assets, intangible assets and goodwill in the amount of THB 50,315.74 million, of which the above assets are assets according to the accounting method arising from investments in TAA. If TAA does not generate profits continuously in the future, the auditor of the Company may set impairment for such assets, which will affect AAV's shareholders' equity and may cause AAV's shareholders' equity to be negative as well (as of June 30, 2021, AAV's shareholders' equity is THB 11,091.76 million).

However, IFA has tested the AAV's D/E Ratio to replace TAA's negative D/E Ratio to evaluate TAA's business valuation based on the consolidated financial statements of AAV ended June 30, 2021, which equal to 3.74 times, will get the value of AAV's shares through Sum of the Part Approach at THB 10.86 -12.21 per share, which is a value that does not reflect the financial structure of TAA and is against the financial theory. In addition, the discount rate of TAA calculated from the use of AAV's D/E Ratio is at 7.44 percent, which is lower than the average return on investment in the SET for the past 15 years of 11.92 percent although TAA has more debt than assets. TAA should have a discount rate that is significantly higher than the return on investment in the stock market. For these reasons, IFA is in the opinion that the valuation of TAA by using AAV's D/E Ratio is highly inappropriate.

4.8. Summary of Independent Financial Advisor's Opinion Regarding the Fair Value of the Shares to be Issued PP

Summary table comparing the Company's value according to the valuation of shares by various methods and trading value.

(Unit: THB per share)

Evaluation Method	Fair Value ^{1/}	PP Offering Price	Higher (Lower) than Trading Price	Higher (Lower) % than Trading Price
1) Book Value Approach	2.23	1.75	0.48	27.48
2) Adjusted Book Value Approach	2.23	1.75	0.48	27.48
3) Market Price Approach ^{1/}	2.38 – 3.03	1.75	0.63 – 1.28	35.78 – 73.15
4) P/BV Approach	6.28 – 8.84	1.75	4.53 – 7.09	259.11 – 405.04
5) P/E Approach	N/A			
6) Precedent Transaction Comparable Approach	N/A			
7) Discounted Cash Flow Approach	N/A			

Remark: 1/ The fair value according to IFA's opinion.

These share evaluation approaches have its different advantages and disadvantages reflecting the appropriateness of the calculated share prices as follows:

1) Book Value Approach only reflects financial position at a certain moment in time according to the value booked. It does not consider the ability to earn profit in the future, the competitiveness of the business, economy outlook and industry overview. In addition, the current situation of the COVID-19 epidemic that has been expanding continuously causing the economic slowdown affecting most businesses and industries, especially the tourism and service industry, as well as affecting the Group of aviation business in which the Group has to suspend or limit the number of flights until the epidemic situation improves. Such situation has a significant impact on the financial position, operating results, and current and future cash flows of the Group as well. TAA (which is a subsidiary of the Company) has operating losses since 2019 and the consolidated statement of financial position as of June 30, 2021 shows loss in excess of capital and total current liabilities significantly exceeds total current assets, and it is expected that this situation will persist in the future if the epidemic situation COVID-19 is not yet resolved. However, AAV auditors cannot reasonably estimate these effects at this time, the Group's management constantly monitors the progress of the situation and assesses the financial impact on the value of assets, provisions and contingent liabilities and will consider recording such impacts when possible. As a result, IFA considers that the Company's book value method in this time may change significantly if the Company is unable to increase its capital as planned to the normal book value. Therefore, IFA is in the opinion that the valuation method is not suitable for AAV's share valuation in this time.

2) Adjusted Book Value Approach can better reflect net asset value than share valuation by book value approach because it uses the book value that is adjusted with the new appraised value of the land related to the assets or tax in order to be a market price or a fair price, and adjusted by the dividend paid, then divided by the number of shares. However, most of AAV's assets according to the latest financial statements come from right-of-use assets, intangible assets, goodwill, land, aircraft, leasehold improvements and equipment (87.02 percent of total assets), which were assessed for the financial impact of the uncertainty of the epidemic situation during quarter 4 of 2020. In addition, the current situation of the COVID-19 epidemic that has been expanding continuously causing the economic slowdown

affecting most businesses and industries, especially the tourism and service industry, as well as affecting the Group of aviation business in which the Group has to suspend or limit the number of flights until the epidemic situation improves. Such situation has a significant impact on the financial position, operating results, and current and future cash flows of the Group as well. TAA (which is a subsidiary of the Company) has operating losses since 2019 and the consolidated statement of financial position as of June 30, 2021 shows loss in excess of capital and total current liabilities significantly exceeds total current assets, and it is expected that this situation will persist in the future if the epidemic situation COVID-19 is not yet resolved. However, AAV auditors cannot reasonably estimate these effects at this time, the Group's management constantly monitors the progress of the situation and assesses the financial impact on the value of assets, provisions and contingent liabilities and will consider recording such impacts when possible. As a result, IFA considers that the Company's book value method in this time may change significantly if the Company is unable to increase its capital as planned to the normal book value. Therefore, IFA is in the opinion that the valuation method is not suitable for AAV's share valuation in this time.

3) Market Price Approach is a mechanism that is determined by the supply and demand of investors towards the Company's shares, which can reflect the stock's value at that time as well as reflect the fundamentals and the needs of general investors to the potential and growth of a company in the future at a reasonably good accuracy. The historical market price of a stock can therefore be used as a reference price to reflect the true value or price of a company's shares. Especially, AAV is categorized as the SET100, which is considered to be a stock with high market capitalization, sufficient liquidity that supply and demand mechanisms can reflect the value of the stock, and over the past 360 business days, AAV stocks are traded normally. Therefore, IFA is in the opinion that this valuation method is suitable for this valuation of AAV's shares in this time.

4) Price to Book Value Ratio Approach will take into account the financial position at any given moment by comparing with the aforementioned average ratio of the comparison companies. Although the listed companies in the comparison operate low cost carriers (LCC) like the Company, they vary and differ from many factors such as location, region of service, policy in business operations, marketing plans, customer base, future business plans, financial structure and profitability of each company. Therefore, IFA is in the opinion that this valuation method is suitable for this valuation of AAV's shares in this time.

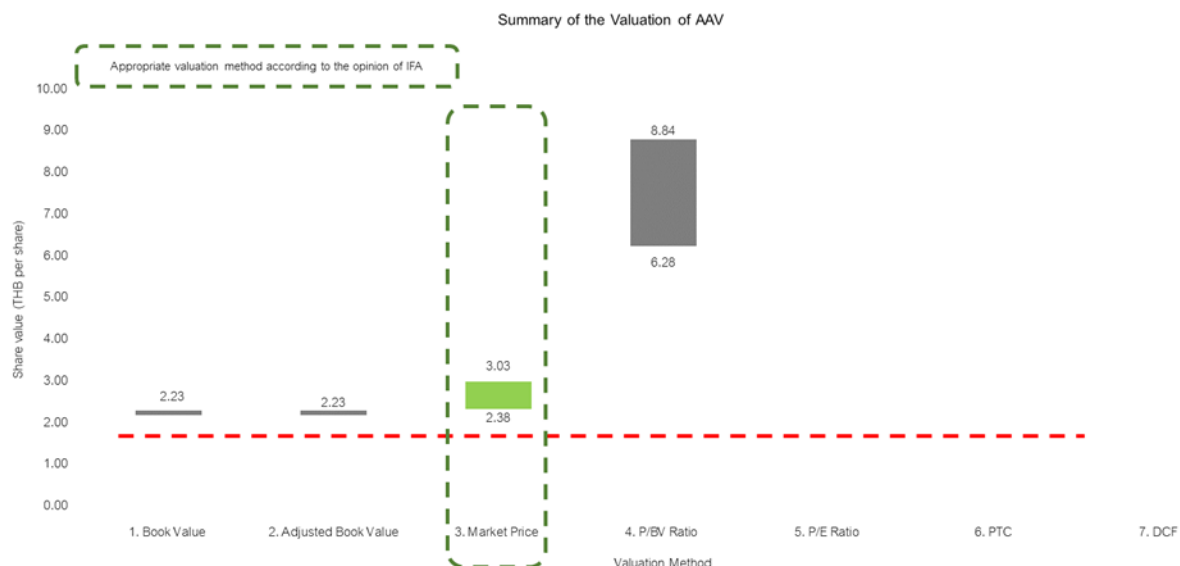
5) Price to Earnings Ratio Approach, although is a method that takes into account the profitability of a company by comparing it with the average of the aforementioned average ratio of the comparison companies, which is considered a fairly popular valuation method. However, since in the last 4 quarters ended June 30, 2021, AAV has a net loss of THB (11,837.99) million. Therefore, IFA cannot assess the value of AAV shares by this method.

6) Precedent Transaction Comparable Approach is the stock valuation of the company by comparing EV/EBITDA ratio of transaction prices in the industry similar to AAV, which is the airline business over the past 5 years, in order to best reflects the economic situation, technology changes and consumer behavior as IFA chooses past acquisition transactions with an acquisition proportion of more than 30 percent, which is a proportion that represents a significant controlling stake. However, since the last 4 quarters ended June 30, 2021, AAV has a negative EBITDA of THB (5,589.01) million. Therefore, IFA is unable to assess the value of AAV's shares by this approach

7) Discounted Cash Flow Approach is a method that reflects profitability and the ability to generate cash flows of the business that will be received in the future, the valuation is based on the past operations of the Company which is assumed from the economic trend. Moreover, Discounted Cash Flow Approach is the only method that IFA can raise assumptions about the current situation that could significantly affect the profitability of the Company in the future. Additionally, Discounted Cash Flow Approach also reflects TAA's current liabilities (the interest-bearing debts) which will be deducted in the valuation. However, the value of AAV's shares calculated is less than 0 (The actual share value cannot be assessed by this method) because TAA, which is a subsidiary that operates its core business has shareholders' equity according to the financial statements ended June 30, 2021 less than 0 (negative THB 9,722.04 million). Theoretically, by having an interest-bearing debts to equity ratio (D/E Ratio) of less than 0, it is impossible to find a suitable weighted average cost of capital (this can be considered by the lowest negative WACC of 1.64 percent, indicating a disproportionate discounted rate for the company risks). Therefore, the valuation of AAV's shares by Discounted Cash Flow Approach based on the Sum of the Part principle on TAA (the company that primarily operates business for AAV and AAV is just a holding Company) is invalid to evaluate the real value of the shares of AAV. The valuation of the Business by this method is the valuation of the Business in the current situation without any financial restructuring. Therefore, if TAA does not receive the Capital Increase or financial restructuring, TAA will not be able to continue the business. The reasons that IFA did not take AAV's D/E Ratio into consideration although AAV's equity remains positive is because most of AAV's assets are right-of-use assets, intangible assets and goodwill in the amount of THB 50,315.74 million, of which the above assets are assets according to the accounting method arising from investments in TAA. If TAA does not generate profits continuously in the future, the auditor of the Company may set impairment for such assets, which will affect AAV's shareholders' equity and may cause AAV's shareholders' equity to be negative as well (as of June 30, 2021, AAV's shareholders' equity is THB 11,091.76 million).

However, due to the situation of the COVID-19 epidemic both at domestic and international, the World Health Organization ("WHO") has declared the COVID-19 outbreak to be a pandemic and requires all countries to increase prevention and control measures to be higher by using preventive measures and blocking the introduction of the infection into the area and measures to stop the outbreak within the area ("Lock Down") and ("Quarantine"), which if such a situation directly affects the operation. The Company's future business may also significantly affect the value of the company's shares as well.

In summary, Discover considers Market Price Approach to be the most suitable method for the valuation of AAV in this time.



Independent Financial Advisor is in the opinion that the most suitable method for fair valuation in valuating AAV is Market Price Approach, which will yield the value of AAV's shares in the range of THB 2.38 – 3.03 per share or equal to THB 11,524.45 – 14,695.70 million. Therefore, Independent Financial Advisor is in the opinion that the value of the allocation of the Company's newly-issued ordinary shares to private placement in the amount of not more than 4,475.14 million shares, with a par value of THB 0.10 per share, at a price of THB 1.75 per share to AAA, a company in the AAGB Group, totaling THB 7,800 million, is below the appropriate price range calculated by IFA.

4.9. Summary of the Appropriateness of the Value in the Issuance of Shares PP

The value of the allocation of the Company's newly-issued ordinary shares to private placement in the amount of not more than 4,475.14 million shares, with a par value of THB 0.10 per share, at a price of THB 1.75 per share to AAA, a company in the AAGB Group, totaling THB 7,800 million, is below the appropriate price range valued by IFA at THB 2.38 – 3.03 per share. Therefore, Independent Financial Advisor is in the opinion that the value of entering into Transaction-1 this time is inappropriate.

4.10. Additional Remarks on the Appropriateness of the Value in the Issuance of Shares PP

As Independent Financial Advisor has commented on the appropriateness of the transaction value (details in clause 4.8), IFA is in the opinion that the most suitable method for fair valuation in valuating AAV is Market Price Approach, which will yield the value of AAV's shares in the range of THB 2.38 – 3.03 per share or equal to THB 11,524.45 – 14,695.70 million. However, in order for the shareholders to understand the origins and appropriate guidelines for the fair valuation.

No	Evaluation Method	Fair Value ^{1/}	Appropriateness of AAV's share valuation this time
1	1) Book Value Approach	2.23	Inappropriate
2	2) Adjusted Book Value Approach	2.23	Inappropriate
3	3) Market Price Approach ^{1/}	2.38 – 3.03	There may be discrepancies

No	Evaluation Method	Fair Value ^{1/}	Appropriateness of AAV's share valuation this time
4	4) P/BV Approach	6.28 – 8.84	Inappropriate
5	5) P/E Approach	N.A. ^{2/}	Inappropriate
6	6) Precedent Transaction Comparable Approach	N.A. ^{2/}	Inappropriate
7	7) Discounted Cash Flow Approach	N.A. ^{2/}	Inappropriate

Remark: 1/ The fair value according to IFA's opinion.

2/ Unable to calculate

IFA is in the opinion that the most suitable method for valuing AAV's shares this time is Market Price Approach as it is the only valuation method that can be based on demand and supply in the stock market. However, IFA finds reasons to believe that Market Price Approach, although it is the most suitable method for valuing AAV's shares this time, there may still be discrepancies for 3 main reasons as follows:

1. Information used for AAV's investments, which are primary public information, especially the Company's financial statements, may have material discrepancies due to COVID-19 situation when considering the Company's financial statements as of June 30, 2021.

	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
	THB Million	THB Million	THB Million	THB Million
Assets				
Total current assets	6,365.48	7,426.88	2,760.17	1,714.91
Non-current assets				
Right-of-use assets	-	-	28,527.35	26,624.01
Intangible assets	14,882.99	14,878.77	14,871.20	14,866.90
Goodwill	8,824.83	8,824.83	8,824.83	8,824.83
Other non-current assets	31,673.41	31,772.08	12,994.13	12,570.68
Total non-current assets	55,381.24	55,475.68	65,217.51	62,886.42
Total assets	61,746.72	62,902.56	67,977.67	64,601.33
Liabilities				
Total current liabilities	11,022.16	13,959.03	17,823.28	21,680.05
Total non-current liabilities	22,101.76	21,255.06	32,794.08	31,829.52
Total liabilities	33,123.92	35,214.09	50,617.36	53,509.57
Shareholders' equity				
Total shareholders' equity	28,622.79	27,688.47	17,360.32	11,091.76
Total liabilities and shareholders' equity	61,746.72	62,902.56	67,977.67	64,601.33

When considering the Company's financial statements as of June 30, 2021, it was found that the Company had goodwill and total intangible assets of approximately THB 23,691.7 million, which mainly comes from goodwill of TAA investments and rights to landing, which has a larger proportion than the shareholders' equity of approximately 2 times if there are changes in the value of such assets, it may have a material effect on equity and the entity's value arising from

the valuation using Book Value Approach and Adjusted Book Value Approach, especially if the impact of COVID-19 negatively affects the value of the Company's intangible assets. However, AAV's auditors have not been able to reasonably estimate the impact of COVID-19. The Group's management has continuously monitored the progress of COVID-19 impact situation and continually assessed the financial impact on the value of assets, provisions and liabilities that may occur, and will consider recording such effects whenever possible, which may affect the supply and demand of the Company's shares.

2. The Company disclosed information about the Capital Increase and business restructuring on April 27, 2021, which is considered the important information for investors' consideration. Independent Financial Advisor has considered the highest and lowest prices of AAV during the period of 6 months prior to the disclosure of information and information disclosure principles, it was found that although the Company was affected by COVID-19 in the period after April 27, 2021, which was more severe than the period before April 27, 2021, causing the Company to have to stop paying employees' salaries, the lowest price of the Company's shares is higher than the lowest price compared to the previous 6 months, April 27, 2021. Based on such information, it may be an indication that the market price of the Company's shares, may be parts of investors' speculation.

AAV's weighted average share price	6 months before April 27, 2021	After April 27, 2021
Highest price	2.94 ^{1/}	3.14 ^{3/}
Lowest price	1.43 ^{2/}	2.13 ^{4/}

Source: SETSMART

Remark:

1/ Weighted average share price of AAV as of March 29, 2021, during that period, the main event of AAV is the publication of the Invitation to the Annual General Meeting of Shareholders for 2021 and the announcement of no dividend payment for 2020 as of March 22, 2021, according to the news from the SET's website, which such events are inconsistent with the increase in market price.

2/ Weighted average share price of AAV as of November 2, 2020, during that period, there were no significant events of AAV according to news from the SET website that may have a significant impact that are important to the market price of AAV.

3/ Weighted average share price of AAV as of June 17, 2021, during that period, AAV disclosed the financial statements of quarter 1 of 2021 as of May 14, 2021, according to the news from the SET's website, the loss attributable to shareholders of the parent company for the 3-month period of 2021 is THB 1,864.58 million, which may not be consistent with the increase in market price.

4/ Weighted average share price of AAV as of August 16, 2021, during that period, TAA announced a temporary suspension of service on domestic routes as of July 30, 2021 and August 3, 2021, according to news from the SET website, which such events may be in line with the decrease in market price.

The daily weighted average share price of AAV during the 6 months prior to April 27, 2021 has the highest and lowest price in each month as follows:

AAV's weighted average share price	Nov 2020	Dec. 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Highest price	2.10	2.85	2.53	2.73	2.94	2.85
Lowest price	1.43	2.04	2.25	2.46	2.63	2.48

3. Trading in the Company's shares is restricted under Air Navigation Act, which stipulates that TAA must have non-Eligible Persons and persons who are not Thai nationals directly and indirectly holding shares in TAA not more than 49 percent of all shares in TAA and the current Articles of Association of the Company limits the shareholding of non-Thai nationals to 0.1 percent, causing the shares of the trading business to have some level of liquidity constraints, making the bulk sale of shares to non-Thai nationals, which could result in a significant price drop, to be unlikely, and the Company's publicly traded stock price may reflect expectations of the opening of the country and the airline's return to operations, which may be significantly delayed from the prediction.

From the above 3 factors, IFA has reasons to believe that the market price of AAV shares may be inaccurate and the value is higher than the reality. However, IFA views that the Market Price Approaches is still the most appropriate method for valuing AAV's shares this time as it is the only valuation method that can be based on demand and supply in the SET.

5. Opinion of Independent Financial Advisor regarding the Reasonableness of the Waiver of Whitewash.

5.1. Characteristics and Details of the Transaction

Board of Directors Meeting of Asia Aviation Public Company Limited (the “Company”) No. 6/2021, convened on October 19, 2021, has passed the resolution to propose to the Extraordinary General Meeting of Shareholders No. 1/2021 to consider approving the increase of the Company's registered capital from the original registered capital of THB 485,000,000 to the new registered capital of THB 1,285,000,000 by issuing new capital increase in ordinary shares in the amount of 8,000,000,000 shares with a par value of THB 0.10 per share to support (1) allocation of the newly-issued ordinary shares to private placement (“PP”), which the offering price is clearly set (2) allocation of newly issued ordinary shares to the existing shareholders in accordance with their shareholding proportions held by each shareholder (Rights Offering) (“RO”) and (3) allocation of newly issued ordinary shares to support the conversion of convertible bond (“CB”) which the Company will propose to the Extraordinary General Meeting of Shareholders No. 1/ 2021. The details are provided in the Capital Increase Report Form (F 53-4).

This capital increase is part of the shareholding restructuring plan of the Company and TAA. The main objective is to raise funds to improve the business's liquidity of the Company and TAA and to increase the shareholding in TAA to 100 percent (whereby AAA will come up to hold shares in the Company instead at a portion of not more than 45.12 percent) as follows

- 1) Increased capital in TAA in the amount of THB 3,900 million in order to increase its shareholding in TAA from 55.0 percent to 69.2 percent and to allow TAA to use the capital increase to repay the outstanding debt of TAA with amount of THB 3,900 million²⁵.

The money that the Company using to raise capital in TAA will come from loans from financial institutions.

- 2) To purchase all the remaining shares of TAA which is 30.8 percent for the Company to owns almost all shares in TAA. In this regard, the money that the Company will use to buy the remaining shares in TAA will come from capital increase receiving from new investors (new subscriber and convertible bonds subscriber), AAA (which will change to hold shares in the Company instead of holding shares in TAA), and the Company's existing shareholders.

Such shareholding restructuring plan of the Company and TAA is able to raise funds from new investors (new subscriber and convertible bonds subscriber), AAA, and the existing shareholders of the Company which the remaining money from loan repayment to financial institutions and the purchased remaining shares in TAA, the Company is still able to reserve a portion of the funds as liquidity for TAA to increase its capital and/or borrow further.

The said shareholding restructuring plan of the Company and TAA has already been negotiated and agreed upon by new investors (new subscriber and convertible bonds subscriber) and AAA and the main creditor of TAA²⁶, where related parties have already signed a preliminary summary of terms with the Company.

²⁵ Currently, TAA has outstanding liabilities with AirAsia Group Berhad (“AAGB”), a major shareholder of AirAsia Aviation Limited (“AAA”), totaling approximately of THB 4,182 million (information as of June 30, 2021). Most of the liabilities are liabilities arising from Thai AirAsia's normal business operations, such as aircraft and aircraft engine rentals, booking fee, share of loss from fuel price swap contracts, etc.

²⁶ AAGB's group of companies, which are trade accounts payable.

If the Company does not proceed in accordance with the above shareholding restructuring plan of the Company and TAA (e.g., the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), lending financial institutions, new investors (new subscriber and convertible bonds subscriber) and AAA are not willing to subscribe for the Company's newly issued shares and convertible bonds and the Company may not receive financial assistance to solve the liquidity problem of the Company.

To carry out the shareholding restructuring plan, the Company will allocate no more than 4,457,142,857 newly issued ordinary shares to AAA, representing no more than 45.12 percent of the Company's total voting rights, which triggers the requirement for AAA to make a tender offer for all of the Company's securities at a price equal to 25 percent of the Company's total voting rights pursuant to the Notification No. TorChor. 12/2554.

When combined with the amount that the Applicant has the right to subscribe for newly issued ordinary shares in proportion to their shareholding (RO), which is equal to 773,473,814 shares, the Applicant will hold shares in the total business equal to 5,230,616,671 shares or accounted for 45.12 percent of the total number of shares sold of the Company (on the assumption that every shareholder of the Company exercises the right to subscribe for the newly issued ordinary shares in proportion to their shareholding). If Mr. Tassapon Bijleveld, AAA and a group of six individual high net worth investors who have been allocated the newly issued ordinary shares on the private placement basis (Private Placement), subscribe for the newly issued ordinary shares offered to the existing shareholders in proportion to their rights (Rights Offering), where other minority shareholders have not subscribed for the newly issued ordinary shares and the remaining shares are discarded, AAA will have a shareholding proportion in the Company equal to 47.16 percent of the issued and paid-up shares of the Company following the allocation of newly issued ordinary shares to specific investors (Private Placement) and to the existing shareholders in proportion (Rights Offering).

However, AAA wishes to apply for a waiver of its obligation to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting of the Company (Whitewash) with the SEC in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorKor. 29/2561 Re: Criteria for applying for a waiver of requirement to make a tender offer for all securities of the business using a resolution of the shareholders' meeting of the business. Application for a waiver must be made in accordance with the relevant notifications and must be approved by the shareholders' meeting of the Company, approving the Company's offer for sale of newly issued securities to the Applicant and concurrently agreeing that the Applicant does not have to make a tender offer for all securities of the Company after the acquisition of such securities, with a vote of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and have the right to vote. The said resolution shall not include the vote of the Applicant, persons under Section 258 of the Applicant, persons who act in concert (Concert Party) with the Applicant and persons under Section 258 of the concert party acting in concert with the Applicant.

5.2. Opinion on the Policy and Business Management Plan Proposed by the Applicant

5.2.1. Policy and Business Management Plan

From the details in Form 247-7, AAA is a founding shareholder of TAA in 2004 with a 49 percent shareholding. In order to facilitate an "indirect listing" of TAA through the IPO of AAV in 2012, AAA was diluted to only 45 percent shareholding in TAA. AAA has never sold any of its shares in TAA since TAA's incorporation.

After the acquisition of securities under Clause 1 of Form 247-7, the Applicant will become a shareholder of the Business by holding no more than 4,457,142,857 shares, representing no more than 45.12 percent of the total issued and sold shares of the Business after the issuance and offering of newly-issued ordinary shares by way of a private placement²⁷, which does not include the shares of the Business to be acquired from rights offering by the Business. Within 12 months after the acquisition of securities from this capital increase, if the shareholders of the Business agree that the Applicant is not required to make a tender offer for all securities of the Business, the Applicant has a plan for the Business, which is summarized as follows:

(1) Business Objectives

The Applicant forms part of a bigger commercial aviation group which is also the biggest low cost airline in this region. The Applicant has no plans to change the business objectives or the principal activity of the business and TAA. This is because at present, the Applicant holds 45 percent of the total shares in TAA which in turn holds 55 percent of the total shares in the Business, and after the restructuring, the Applicant will have interests in TAA through its shareholding in the Business and the Business will be a shareholder of 100 percent shares in TAA, in accordance with the restructuring plan.

In this regard, it is necessary for the Business to be restructured, and to increase its capital for the Applicant, as the Business and TAA have been affected by the coronavirus ("COVID-19") epidemic for a long time, and it is uncertain as to when the situation will be back to normal. This has resulted in the businesses of the Business and TAA to become uncertain and difficult to seek creditors and investors to provide financial assistance and invest in the business under these uncertain circumstance. Furthermore, this restructuring plan has already been negotiated and agreed upon the new investors (newly issued share subscribers and convertible bond subscribers), TAA's existing shareholders and major creditors. Therefore, if the Business cannot proceed with such restructuring plan, it would result in the new investors not willing to subscribe for the capital increase shares and convertible bonds of the Business, and consequently, the Business may not be able to receive such financial assistance to solve the liquidity shortage of the Business and TAA. As of 30 June 2021, the Business has current liabilities and assets of THB 21,680.05 million and THB 1,714.91 million, respectively, representing a liquidity ratio of 0.08 times. The fact that the Business's current liabilities are much higher than current assets reflects a liquidity problem of the Business and may cause further default on the debts of the Business. The foregoing problems are the main reason and necessity in restructuring the Business and TAA.

Additionally, the Applicant wishes to see its investment in the Business return to its growth trajectory which was derailed by the Covid-19 pandemic since 18 months ago. The Applicant will be fully supportive of the planned recapitalization of TAA as it intends to maintain its shareholding interest in the airline.

The Board of Directors will be the ultimate decision maker regarding the investment and day to day running and management of the Business and operations, including changes to the business plans and/or to look expansion or

²⁷ If the Applicant as an existing shareholder of the Business exercise the right subscribe the newly issued shares of the Business in proportion to its shareholding (Right Offering), the Applicant will hold the shares in the Business for not exceeding 5,230,616,671 shares representing 45.12 percent of the total issued and sold shares of the Business based on an assumption that all existing shareholders of the Business have exercised their right to subscribe for the shares in proportion of their respective shareholdings.

additional business models in the future as appropriate in order to enable the entity's business to respond to economic changes and increase the competitive advantage of the business under the requirements of the relevant laws.

With regard to the conflict of interest among AAGB group companies, at present, there is a non-compete clause specified under TAA Shareholders' Agreement (see the details of TAA Shareholders' Agreement in Clause 3.2. After the restructuring of the Business, it will result in the termination of TAA Shareholders' Agreement according to the terms specified thereunder. However, AAA, AAGB, the Business and TAA will enter into the Undertaking Agreement which contains the same contents as in TAA Shareholders' Agreement in order for a non-compete clause to remain in effect after the termination of TAA Shareholders' Agreement (see the details of non-compete clause of TAA Shareholders' Agreement in Clause 3.2). In addition, AAGB group will have an aviation base located in Malaysia, while the Business will have an aviation base located in Thailand which demonstrates different fund flows.

As to the conflict of interest with AirAsia X Berhad Group ("AAX"), which comprises the same group of shareholders as AAGB and is a shareholder of 49 percent shares in Thai AirAsia X Company Limited ("TAAX"), TAAX's business operation would not be considered as a business competing with TAA because of the difference between flight paths which results in a separation of TAA and TAAX's customers based on their travel goals. The differences between the flight paths of TAA and TAAX are as follows:

- TAA is a low-cost carrier focused on short-haul routes which take less than 4 hours and 30 minutes from its base of operation;
- TAAX is a low-cost carrier focused on medium-long haul routes which take approximately 4 hours and 30 minutes or more from its base of operation.

(2) Organization Restructuring, Management Plan or Personnel Hiring

After the restructuring, the number of directors of the Business will increase from 9 to 12 persons, 4 of which are independent directors. The Applicant has a plan to nominate 3 representatives to be the Business's directors, namely, (1) Mr. Mohamed Khadar Bin Merican; (2) Tharumalingam a/l Kanagalingam; and (3) Mr. Rozman Bin Omar and there has been a change in the signing authority as specified in Clause 8 of this document, which is not in proportion to the Applicant's shareholding in the Business because of the restrictions under the Air Navigation Act B.E. 2497 (1954), as amended, as well as the relevant secondary legislation (the "Air Navigation Act") which requires at least 2 out of 3 directors of the Business to be of Thai nationality, including to change the authorized director of the Business to be in line with the change in Business's shareholding and director structure after the acquisition of shares of the Business by the Applicant as the details are shown in the list of the Board of Directors after the acquisition of securities under Clause 8 of Form 247-7. The Applicant may propose a change of directors representing it in the Business as it deems fit taking into account the their knowledge and capabilities to contribute positively to the Business as provided in the topic on Operation for the Best Interest of the Business of Form 247-7.

At present, the Applicant has no representatives holding positions in the Business.

In addition, in preparation for the restructuring, the Business will amend its Articles of Association in relation to the shareholding proportion of non-Thai shareholders by increasing the maximum shareholding percentage of the non-Thai shareholders who subscribe for the newly issued shares and who shall be allocated capital increase shares to 48.17 percent (see the details of restructuring plan at Agenda 6 of the Notice to the EGM of the Business No. 1/2021).

(3) Disposition Plan of the Main Assets of the Business or Its Subsidiaries

The Applicant has no specific plan to have the Business dispose of its assets and subsidiaries, unless upon a joint review by the Applicant and the Business, it is considered that doing so will benefit the efficiency and competitiveness of the Business under the economic and business situation of the Business as provided in the topic on Operation for the Best Interest of the Business of Form 247-7. However, if doing so is to acquire or dispose of the assets of the Business and/or its subsidiaries, the Applicant will procure the Business to comply with the relevant rules.

In this regard, after the Business has issued and offered the newly issued ordinary shares in the form of private placement, has issued and offered newly issued ordinary shares to shareholders in proportion to their respective shareholdings (Rights Offering) and has implemented the business restructuring plan, the Business will acquire all remaining 30.8 percent of TAA shares from unconnected persons to own all of TAA shares.

(4) Financial Restructuring Plan

The Applicant has no significant and specific plan to restructure the Business's financial structure, unless upon a joint review by the Applicant and the Business, it is considered that doing so will benefit the efficiency and competitiveness of the Business under the economic and business situation of the Business as provided in the topic on Operation for the Best Interest of the Business and will increase additional funding sources to support the business plan. The Business may consider seeking additional sources of funding from various sources, such as loans from financial institutions in order to comply with the relevant business plan; provided that such procedure shall be proposed to the board of directors and/or the shareholders meeting of the Business for consideration, as the case may be.

In addition, the implementation of this restructuring plan will allow the Business to maintain its remaining liquidity from the capital increase (newly issued shares and convertible bonds) in the amount of THB 6,200 million. In this regard, the Business will consider increasing its capital in TAA to the amount of 100 percent and/or lending to TAA after the Business becomes a 100 percent shareholder in TAA to add liquidity to TAA so that it can use such liquidity as a revolving fund to pay for various expenses related to aircraft and employees' compensation. This amount is expected to be sufficient to cover all necessary expenses within the next 18 - 24 months.

After the restructuring, the Business will be a 100 percent shareholder in TAA, which will benefit the Business in terms of recognition of its subsidiary's turnover. If the COVID-19 pandemic situation improves, and travel and tourism are back to normal, it would result in the growth of TAA's turnover and the Business will be able to recognize such turnover in full. However, considering the turnover of the Business and TAA for the year 2020 and the 6-month period of 2021, the ratio of profit (loss) to the shareholders' equity of the Business, before and after the restructuring, are as follows:

Profit (loss) of the shareholders' equity of the Business – based on the data for the year 2020 ⁽¹⁾	
Profit (loss) of the shareholders belonging to the Business - before the restructuring (THB million)	(4,764.09)
(+) Profit (loss) of non-controlling interests of the subsidiary (THB million)	(3,902.84)
Profit (loss) of the shareholders belonging to the Business - after the restructuring (THB million)	(8,666.93)
Profit (loss) of the shareholders' equity of the Business – based on the data of the 6-month period of 2021 ⁽¹⁾	

Profit (loss) of the shareholders' equity of the Business – based on the data for the year 2020 ⁽¹⁾	
Profit (loss) of the shareholders belonging to the Business - before the restructuring (THB million)	(3,556.46)
(+) Profit (loss) of non-controlling interests of the subsidiary (THB million)	(2,912.00)
Profit (loss) of the shareholders belonging to the Business - after the restructuring (THB million)	(6,468.46)

Remark: (1) Above information represents the impact of the financial structure which is derived from the financial statements for the year that ended on December 31, 2020, and the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

Additionally, after the restructuring of the Business, the Business and TAA will have more equity but less debts.

The details of equity, total debts and D/E ratio before and after the restructuring are as follows:

Financing Structure of the Business - As of June 30, 2021 ⁽¹⁾	
<u>Before the Restructuring</u>	
The Business' equity (THB million)	10,819.6
Total debts (THB million)	53,509.6
D/E ratio	4.9
<u>After the Restructuring</u>	
The Business' equity - before the restructuring (THB million)	10,819.6
(+) paid-up capital and share premium after PP (THB million)	8,800.0
(+) paid-up capital and share premium after RO (THB million)	3,000.0
(+) paid-up capital and share premium after conversion of convertible bonds ⁽²⁾ (THB million)	2,200.0
(+) Non-controlling interests (45 percent of TAA) (THB million)	272.2
The Business' equity - after the restructuring (THB million)	25,091.8
Total debts - before the restructuring (THB million)	53,509.6
(-) repayment of debts to AAGB group (THB million)	(3,900.0)
Total debts - after the restructuring (THB million)	49,609.6
P/E ratio - after the restructuring	2.0

Remark: (1) Above information is derived from the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

(2) In the case where the holders of convertible bonds convert all convertible bonds immediately.

Financing Structure of TAA - As of June 30, 2021 ⁽¹⁾	
<u>Before the Restructuring</u>	
The Business' equity (THB million)	(9,722.0)
Total debts (THB million)	51,961.4
D/E ratio	cannot be calculated
<u>After the Restructuring</u>	
Equity - before the restructuring (THB million)	(9,722.0)

Financing Structure of TAA - As of June 30, 2021 ⁽¹⁾	
(+) paid-up capital and share premium after the 1st capital increase by the Business (THB million)	3,900.0
(+) paid-up capital and share premium after the 2nd capital increase by the Business ⁽²⁾ (THB million)	6,200.0
The Shareholders' equity - after the restructuring (THB million)	378.0
Total debts - before the restructuring (THB million)	51,961.4
(-) repayment of debts to AAGB group (THB million)	(3,900.0)
Total debts - after the restructuring (THB million)	48,061.4
P/E ratio - after the restructuring	127.2

Remark: (1) Above information is derived from the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

(2) In the case where the Business use the entire outstanding amount of THB 6,200 million after this restructuring for TAA's capital increase.

In this regard, the Business is not able to calculate the Return on Equity (ROE ratio) and a dividend yield of the Business and TAA due to the reason that, in the year that ended on December 31, 2020 and the 6-month period that ended on June 30, 2021, the Business and TAA had incurred losses, which included TAA's negative shareholder equity and accumulated loss, and thus was unable to make dividend payment to the Business, and as a result, the Business was unable to make dividend payment to its shareholders. However, if the Business receives a capital increase from this restructuring plan, it will allow the Business and TAA to have sufficient liquidity to support its business operations. Additionally, if the situation of the COVID-19 pandemic improves, and travel and tourism are back to normal, it would result in the improved turnover and good financial position of TAA. For these reasons, TAA would finally be able to generate returns and make dividend payment to its shareholders after both TAA and the Business begin to have retained earnings.

(5) Maintaining the Status as a Public Listed Company

The Applicant has no plan to change the status of the Business as a public listed company. After the acquisition of the shares from this issuance and offering of newly issued shares of the Business, the Business shall maintain its status as a public listed company in the Stock Exchange of Thailand and will operate as a holding company that holds 100 percent shares in TAA which operates as an operating company.

In the past, the Business and TAA have exercised its best effort to increase TAA's liquidity, whether to seek for new investors to assist in financing TAA, convert TAA's current liabilities into equities, and negotiate with the creditors, including to implement the business and capital restructuring plan for the Business and TAA, which has been approved by the board of directors of the Business on April 16, 2021. However, as the business restructuring plan is complex and would take quite some time to accomplish, the board of directors deems that it is reasonable to cancel such business restructuring plan approved by the board's resolution on April 26, 2021 and to consider the new restructuring plan for the Business and TAA (see the details of the restructuring plan at Agenda 2 of the Notice to the EGM of the Business No. 1/2564).

(6) Dividend Payment Policy

The Applicant has no specific policy to change the dividend payment of the Business, and the Business and TAA will maintain the dividend policy as described in the next paragraph, unless upon a joint review by the Applicant and the Business, it is considered that doing so will benefit the efficiency and competitiveness of the Business under the economic and business situation of the Business as provided in the topic on Operation for the Best Interest of the Business.

At present, the Business and TAA implements the dividend policy which takes into account the operation, liquidity, cash flow and financial conditions of the Business and TAA; conditions and restrictions on dividend distribution as prescribed in loan agreements, debentures and other related agreements which require the Business and TAA to operate in accordance with the business plan; and necessity in capital spending, as well as other factors that the directors of the Business and TAA deem appropriate.

Operation for the Best Interest of the Business

However, in the best interest of the Business, the Applicant will work closely with the Business in considering, reviewing or modifying the objectives, business plans, expansion plans/delaying investments, organizational structure, acquisition or disposition of the main assets of the Business or its subsidiaries, financial restructuring plan, and the Business's dividend payment policy as necessary and appropriate to increase the efficiency and competitiveness of the Business under the economic and business situation of the Business. In this regard, for the consideration, the Applicant shall consider and take into account whether the plan is appropriate for the Business's operations and financial status as well as for increasing the efficiency and competitiveness of the Business in the future and avoiding any impact that may affect the operations of the business and the shareholders.

In the event that the Applicant takes any action which causes a material change in what is stated in Clauses (1) to (5) above, the Applicant shall proceed to obtain approval from the Board of Directors' Meeting and/or the shareholders' meeting of the Business and obtain any other necessary approvals (as the case may be) in order to continue to comply with the relevant regulations, laws and rules enforceable at that time.

5.2.2. Opinion of Independent Financial Advisor on Business Objectives

Based on the information in Form 247-7, Independent Financial Advisor views that the Applicant has no plans to change the business objectives of the Company, nor has plans to expand or slow down investment in the business, and the Applicant will fully support TAA's debt and capital restructuring plan. The Board of Directors will be the final decision-maker in the investment and management of the business, including modifying the business management plan or looking for additional business models in the future as appropriate for the business for the Company responds to economic changes and increases its competitive advantage under the requirements of relevant laws.

5.2.3. Opinion of Independent Financial Advisor on the Conflict of Interest

Based on the information in Form 247-7, IFA views that the Company and AAGB's group of companies have a clear resolution of conflicts of interest arising from contracts between TAA's shareholders that are currently undertaking is terminated in accordance with the terms of the contract. However, AAA, AAGB, the Company and TAA will enter into

an Undertaking Agreement with the same content as those in TAA's Shareholders' Agreement, in order for the non-competition principle to come into force after Shareholders' Agreement of TAA has been terminated. Regarding conflicts of interest with AirAsia X Berhad Group ("AAX"), which has the same group of shareholders as AAGB and AAX is a 49 percent shareholder in Thai AirAsia X Company Limited ("TAAX"), whereby business of TAAX does not constitute as a business competition with TAA due to the heterogeneity of flight routes that separates TAA and TAAX customers based on travel destination.

5.2.4. Opinion of Independent Financial Advisor on the Restructuring of the Organization, Management Plan or Hiring Personnel

Based on the information in Form 247-7, Independent Financial Advisor considers that the Applicant plans to submit 3 representatives to be the Company's directors (increase from 9 persons, totaling 12 persons), which is not in accordance with the shareholding proportion of the Applicant in the business, because of the restrictions under the Air Navigation Act B.E., which requires at least two-thirds of all directors of the business, including changing the authorized director of the business to be consistent with the change in shareholding and director structure of the business after the acquisition of the business by the Applicant as shown in the details of the list of directors after the acquisition of securities under Clause 8 of Form 247-7. The Applicant may consider to appoint additional or change directors, executives and/or personnel with knowledge and abilities as appropriate, taking into account various factors for the benefit of the business.

However, currently, the Applicant has no representative holding a position in the Business.

5.2.5. Opinion of Independent Financial Advisor on the Plan to Dispose of the Main Assets of the Company and its Subsidiaries

Based on the information in Form 247-7, Independent Financial Advisor views that the Applicant has no plan to cause the Company to dispose of the assets of the Company and/or its subsidiaries. However, such plans may change as appropriate for future economic conditions. If there is a necessity for the acquisition or disposition of assets of the business and/or its subsidiaries, the Applicant will ensure that the business complies with the relevant rules.

In accordance with the restructuring plan, after the Company has issued and offered new ordinary shares to private placement, issuance and offering of newly issued ordinary shares to shareholders in proportion to their respective shareholdings (Rights Offering), including the completion of the issuance of Convertible Bond, the Company will acquire the remaining 30.8 percent of TAA shares from unrelated parties to own almost all TAA shares.

5.2.6. Opinion of Independent Financial Advisor on the Financial Restructuring Plan

Based on the information in Form 247-7, IFA views that the Applicant has no significant financial restructuring plan. However, if continuing the business requires consideration of additional sources of funding to support the business plan, the Company may consider additional sources of funding such as loans from financial institutions to meet the relevant business plan.

In addition, the implementation of this restructuring plan will help the Company to have remaining liquidity from the Capital Increase (new shares and convertible debentures) this time amounting to THB 6,200 million, which the Company will consider increasing its capital in TAA and/or lending to TAA after the Company is a 100 percent shareholder

in TAA to enhance liquidity for TAA, to provide TAA with working capital to pay for aircraft expenses and employee compensation, which is expected to be sufficient to cover necessary expenses within the next 18-24 months.

5.2.7. Opinion of Independent Financial Advisor on the Plan to Maintain the Status of a Listed Company

Based on the information in Form 247-7, IFA views that the Applicant has no plan to change the Company's status as a listed company after the Applicant acquires the securities from the Capital Increase. The Company will still maintain its status as a listed company in the Stock Exchange of Thailand as before and have a business operations by investing in other companies (Holding company) which will hold 100 percent of TAA, an operating company.

5.2.8. Opinion of Independent Financial Advisor on the Dividend Policy

Based on the information in Form 247-7, Independent Financial Advisor views that the Applicant has no policy to change the Company's dividend payment.

5.3. Accounting Impact After the Issuance and Offering of New Ordinary Shares and Convertible Debentures to Private Placement

Offering of newly issued ordinary shares and shares reserved for convertible debentures to Private Placement, including the Applicant, is considered as a share-based payment transaction in accordance with the Financial Reporting Standard on Share-Based Payments. However, the Company assessed the fair value per share of the Company and found that the offering price of THB 1.75 per share was consistent with the fair value per share of the Company due to the offering price of THB 1.75 per share is the price specified for all restructuring transactions, both for sale of capital increase shares and shares for convertible debentures to private placement and sale of capital increase shares to existing shareholders according to the proportion which the Company has discussed with the Company's auditor, and the auditor's opinion is consistent with the Company's opinion. Therefore, the Company does not have to record expenses by using shares as a basis.

In addition, in the matter of entering into connected transactions, currently, the Company and its subsidiaries have connected transactions with AAA's major shareholders, which are in line with the normal business of the Company and its subsidiaries and AAA's major shareholders, such as receiving interchangeable fare revenue, advance payment, interest income/payment from late repayment, aircraft and aircraft engine rentals, aircraft maintenance costs, booking fees, purchases of goods and equipment, management service expenses, loss share from oil price swap contracts, pilot training fees, trademark fees, management fees from insurance premiums, administrative expenses in accounting / personnel management / information management, customer privilege programs, expenses for security service work, marketing expenses, ground service work, advertising income, etc. In the year ended December 31, 2020 and in the six-month period ended June 30, 2021, the Company and TAA had related transactions with the group of major shareholders of the Applicant ("AirAsia Group") as shown in Clause 5.4, whereby AAA has no plan to significantly change its policy in the future in entering into related party transactions which the Company originally determined.

However, for the best interest of the Company, the Applicant will jointly with the business consider reviewing or modifying the objectives, business plans, plans to expand/delay investments in the organizational structure, the acquisition or disposition of the main assets of the business or its subsidiaries, plans for adjustment of financial structure,

dividend policy of the Company as necessary and appropriate, including in the event of a significant change in the financial or business condition of the Company or any other necessary changes, the Applicant shall consider, review and revise the business policy of the Company so that it is appropriate for the operation and financial position of the Company to avoid any impact that may affect its execution, business operations as well as increase the efficiency and competitiveness of the Company in the future.

In the event that the Applicant takes any action which is a material change which is different from what is stated in Articles 5.2.1 to 5.2.7 above, the Applicant will proceed to obtain approval from Board of Directors and/or the shareholders' meeting of the entity and obtain other necessary approvals (as the case may be) in order to comply with legal regulations and the relevant rules and regulations that are in effect at that time.

After the issuance of new shares PP RO and CB, the Company will receive capital increase amounting to THB 8,800 million, THB 3,000 million and THB 2,200 million, respectively, totaling THB 14,000 million. After the Capital Increase, the Company plans to repay the debt to the AAGB group of approximately THB 3,900 million. The Company's financial statements will change significantly, with details as follows:

Statement of financial position

Unit: THB Million	Before	After
	Quarter 2 2021	Quarter 2 2021
Assets		
Current assets		
Cash and cash equivalents	233.53	10,333.53 ^{1/}
Trade and other receivables	267.05	267.05
Amounts due from related parties	863.60	863.60
Inventories	214.47	214.47
Current tax assets	18.69	18.69
Prepaid expenses	110.92	110.92
Derivative assets	6.64	6.64
Other current assets	-	-
Total current assets	1,714.91	11,814.91
Non-current assets		
Other non-current financial assets	886.45	886.45
Derivative assets	10.12	10.12
Long-term investment	-	-
Aircraft maintenance reserves	5,623.66	5,623.66
Property, aircraft, leasehold improvements and equipment	5,899.45	5,899.45
Right-of-use assets	26,624.01	26,624.01
Intangible assets	14,866.90	14,866.90
Investment property	151	151
Goodwill	8,824.83	8,824.83
Other non-current assets	-	-
Total non-current assets	62,886.42	62,886.42
Total assets	64,601.33	74,701.33

Unit: THB Million	Before	After
	Quarter 2 2021	Quarter 2 2021
Liabilities		
Current liabilities		
Short-term borrowings from financial institutions	1,383.38	1,383.38
Trade payables	813.48	813.48
Other payables	391.57	391.57
Amounts due to related parties	4,549.93	649.93 ^{2/}
Current portion of long-term borrowings from financial institutions	459.91	459.91
Current portion of long-term debentures	1,799.76	1,799.76
Current portion of liabilities under lease agreements	7,829.49	7,829.49
Current portion of liabilities under finance lease agreements	-	-
Unearned income	2,431.07	2,431.07
Income tax payable	1.09	1.09
Accrued expenses	1,946.49	1,946.49
Derivative liabilities	73.90	73.90
Other current liabilities	-	-
Total current liabilities	21,680.05	21,680.05
Non-current liabilities		
Long-term borrowings from financial institutions – net of current portion due within one year	3,599.12	3,599.12
Long-term debentures - net of current portion due within one year	999.01	999.01
Liabilities under lease agreements - net of current portion due within one year	24,374.49	24,374.49
Liabilities under financial lease agreements - net of current portion due within one year	-	-
Provision for long-term employee benefits	915.29	915.29
Derivative liabilities	289.48	289.48
Deferred tax liabilities	1,652.14	1,652.14
Total non-current liabilities	31,829.52	31,829.52
Total liabilities	53,509.57	49,609.57
Shareholders' equity		
Share capital		
Registered		
4,850,000,000 ordinary shares of THB 0.1 each	485.00	1,285.00 ^{3/}
Issued and fully paid up		
4,850,000,000 ordinary shares of THB 0.1 each	485.00	1,285.00 ^{3/}
Premium on ordinary shares	2,599.81	15,799.81 ^{4/}
Retained earnings		
Appropriated - statutory reserve	48.50	48.50

Unit: THB Million	Before	After
	Quarter 2 2021	Quarter 2 2021
Unappropriated	7,780.70	8,052.86 ^{5/}
Other component of shareholders' equity	(94.41)	(94.41)
Equity attributable to owners of the Company	10,819.60	25,091.76
Non-controlling interests of the subsidiary	272.16	- ^{5/}
Total shareholders' equity	11,091.76	25,091.76
Total liabilities and shareholders' equity	64,601.33	74,701.33

Source: Company

Remark:

1/ Cash increased from total capital increase amounting to THB 14,000 million and decreased after repayment of outstanding liabilities with AAGB group of THB 3,900 million.

2/ Payables from related parties decreased from repayment of outstanding liabilities with AAGB's group of THB 3,900 million.

3/ The registered and paid-up capital of the Company increased from 1) the allocation of 5,028,571,429 newly-issued ordinary shares to specific persons (PP) 2) the allocation of 1,714,285,714 shares of newly-issued ordinary shares and 3) the issuing of new ordinary shares from the conversion of convertible debentures offered to specific persons (PP) amounting to 1,257,142,857 with a par value of THB 0.1 per share.

4/ Premium on ordinary shares from offering 1) 5,028,571,429 newly issued ordinary shares to specific persons (PP) and 2) 1,714,285,714 newly issued ordinary shares in proportion to their shareholding and 3) newly issued ordinary shares from the conversion of convertible debentures offered for sale to specific persons (PP) amounting to 1,257,142,857 at an offering price of THB 1.75 per share with a par value of THB 0.1 per share.

5/ Non-controlling interests of the subsidiary will be reflected in the Company's unappropriated retained earnings due to the fact that, after the restructuring, the Company will have a 100 percent stake in TAA.

After the restructuring, the Business will be a 100 percent shareholder in TAA, which will benefit the Business in terms of recognition of its subsidiary's turnover. If the COVID-19 pandemic situation improves, and travel and tourism are back to normal, it would result in the growth of TAA's turnover and the Business will be able to recognize such turnover in full. However, considering the turnover of the Business and TAA for the year 2020 and the 6-month period of 2021, the ratio of profit (loss) to the shareholders' equity of the Business, before and after the restructuring, as shown in the table in Clause 5.2.1. (4).

5.4. Related Transactions

From the information in Form 247-7, currently, the Business and its subsidiaries have connected transactions with the Applicant's major shareholders. This is in line with the normal business of the Business and the Applicant's group of major shareholders. For example, receiving interchangeable fare revenue, advance payment items, interest received/paid from late repayment, aircraft and aircraft engine rental fee, aircraft maintenance costs, booking fee, purchase of goods and equipment, service fee, share of loss from oil price swap agreement, pilot training fee, trademark fee, management fee from insurance premiums, accounting management fee/personnel management fee/information management fee, customer privilege program fee, purchase goods fee, security service fee, marketing fee, ground service fee, advertising revenue and etc. In the year that ended on December 31, 2020 and during the six-month period

that ended on June 30, 2021, the revenue value of connected transactions between the Business, TAA and major shareholders of the Applicant ("AirAsia Group") are as follows:

1. Acceptance of fare revenue among AirAsia Group

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Acceptance of fare revenue among AirAsia Group has only occurred in the case where the customers pay their fares in foreign currency through the payment gateway, such as payment for seats via the Internet, or payment through the counter services.			Thai AirAsia has shared the booking and ticketing system with AirAsia Group companies to facilitate its passengers in booking tickets for the flights on the network routes of AirAsia Group through AirAsia's website, or at the counter services and ticketing agents of AirAsia Group. This causes the fares to be interchangeably received by one another and this only happens in the case of receiving fares in foreign currency due to the limitation of the payment gateway of the bank, as a service provider, which does not support the transfer of fares to the companies that earn revenue from the services of such routes.
Fare revenue received on behalf of Thai AirAsia	333.73	2,496.70	Price determination: Fares are interchangeably received and delivered at its actual value.
Received by the debtor	595.66	806.66	Payment: within 30 days
Fare revenue received by Thai AirAsia	16.03	1,813.76	Type of transaction in the future:
Received by the creditor	173.88	527.12	This transaction will continue to proceed as a normal business transaction with general commercial terms, which has been approved by the board of directors of the company and the audit committee.

2. Advance payment among AirAsia Group

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Advance payment among AirAsia Group companies has been incurred from the expenses related to the use of services at the airport terminal and the parking lot, airport tax, pilot fee, check-			To increase the efficiency of administration and joint management among AirAsia Group companies, the first company of the group to provide service for the flight path at the airport will be the one entering into the agreement with the airport or related parties and to make an advance payment for such transaction. In this regard, the joint marketing and promotional expenses related to the flight paths, employee training fees, and costs of

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
in counter fee, concourse fee, customs fee, immigration and disease control costs, including marketing expenses, employee-related expenses, employee training fee, expenses related to information technology systems.			using shared information technology will be charged upon the group companies according to the actual usage rate. <u>Price determination:</u> Any other advance billing or payment will be charged or settled at the actual rate or at the allocated rate as mutually agreed among the joint venture companies. <u>Payment:</u> within 30 days <u>Type of transaction in the future:</u> This transaction will continue to proceed as a normal business transaction with general commercial terms, which has been approved by the board of directors of the company and the audit committee.
Advance payment made by Thai AirAsia	165.97	514.14	
Paid by the debtor	578.17	434.28	
Advance payment made on behalf of Thai AirAsia	327.51	453.99	
Paid by the creditor	605.61	238.57	

3. Interest income and interest expense among AirAsia Group

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Interest income and interest expense among AirAsia Group companies are the intercompany interest calculated from the late repayment (later than 30			Thai AirAsia and AirAsia Group companies have charged interests upon each other on the outstanding balance at the end of each month by calculating intercompany debts and settling such debts from each company's net balance in the case where the debts are delayed (within 30 days from the invoice date). <u>Interest rate:</u>

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
<p>days from the invoice date) of the companies in AirAsia Group.</p> <p>Outstanding interest at the end of the period</p>	0.43	0.40	<p>Interest income and interest expense charged among AirAsia Group companies are the same rates as AAB's average cost of funds (approximately 6 percent per annum).</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed as a normal business transaction with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>

4. Aircraft and aircraft engine rental fees

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
<p>Thai AirAsia has rented a total of 14 aircrafts for use in the aviation business from AirAsia Group companies as of December 31, 2020, according to the operating lease agreement.</p> <p>Aircraft and aircraft engine rental fees</p> <p>Creditors of aircraft and aircraft engine rental fees</p> <p>Other non-current assets – aircraft and aircraft engine rental deposits</p>	<p>716.34</p> <p>1,898.27</p> <p>235.77</p>	<p>1,674.31</p> <p>944.14</p> <p>215.78</p>	<p>Thai AirAsia has rented aircrafts and aircraft engines for business use from AirAsia Group companies due to the reason that the supply of aircrafts and aircraft engines would need to be centrally operated by collecting the total number of aircrafts and aircraft engines required by AirAsia Group companies and ordering them at the same time (Pooling Purchase) to strengthen its bargaining power with the manufacturers.</p> <p><u>Rental fees determination:</u></p> <p>The rental fee for an aircraft is at a fixed rate in USD, and shall be paid on a monthly basis for a contract term of 12 years. Aircraft rental fees between AirAsia's Group and Thai AirAsia Co., Ltd. can be referred to the average rate of rental fees in the industry.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed until the expiration of each aircraft lease agreement as a normal business transaction with general commercial terms, which</p>

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
			has been approved by the board of directors of the company and the audit committee. Thai AirAsia will continue to order aircrafts and aircraft engines through pooling purchase.

5. Aircraft maintenance costs

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has paid to AirAsia Group companies, the aircraft lessor, the aircraft maintenance costs for Class D Check and major repairs in accordance with the Aircraft Lease Agreement.			The aircraft operating lease agreement provides that Thai AirAsia would need to repair and maintain the leased aircraft, including to repair and maintain such leased aircraft before returning such aircraft at the expiration of the agreement. These are common practices for the aircraft lease agreement.
Aircraft maintenance costs	222.57	1,157.08	<u>Maintenance costs determination:</u> Aircraft maintenance costs are fixed at the rate in USD per time/flight cycle and shall be paid on a monthly basis. The costs can be referred to the market price in the industry.
Creditor of aircraft maintenance costs	1,200.98	910.45	<u>Payment:</u> within 30 days
Debtor of aircraft maintenance costs/aircraft maintenance reserves	6,280.92	6,338.10	<u>Type of transaction in the future:</u> This transaction will continue to proceed until the expiration of each aircraft lease agreement as a normal business transaction with general commercial terms, which has been approved by the board of directors of the company and the audit committee.

6. Booking fee

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has paid the booking fee to AirAsia Group companies.			<p>Thai AirAsia has shared the booking and ticketing management system with AirAsia Group companies, as with other airlines in AirAsia Group. AirAsia Group companies have entered into the agreement as a group with Navitaire, an independent service provider of the booking and ticketing management system. In this regard, AirAsia Group companies will collect service fees from Thai AirAsia at the same rate charged by Navitaire.</p> <p><u>Booking fee determination:</u></p> <p>The rate of booking fee is a fixed rate per number of passengers and shall be paid on a monthly basis not exceeding the rate specified in the agreement.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed as a normal business transaction with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Booking fee	-	127.04	
Creditor of booking fee	12.00	93.70	

7. Purchase of goods and equipment

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has purchased goods and equipment, such as aircraft spare parts and products for sale on certain types of aircraft, etc., from AirAsia Group companies.			<p>Thai AirAsia has purchased goods and equipment, such as aircraft spare parts and products for sale on certain types of aircraft, etc., from AirAsia Group companies. In this regard, the procurement of goods and equipment will be centrally operated by AirAsia Group companies by collecting all AirAsia Group's demand volumes and</p>

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Purchase of goods and equipment	-	7.71	<p>making a pooling purchase to strengthen its bargaining power with the suppliers when purchasing goods or equipment in large quantities.</p> <p><u>Sale and purchase price determination:</u></p> <p>The sale and purchase price is the same price as agreed with the third party.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed as a normal business transaction with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Creditor of goods and equipment fees	1.96	3.52	

8. Administrative Fee

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has paid the administrative fee to AirAsia Group companies.			<p>Thai AirAsia has paid the administrative fee to AirAsia Group companies as compensation for providing services relating to aviation business, management support, employees allocation, consultation and other form of assistance regarding business operations.</p> <p><u>Sale and purchase price determination:</u></p> <p>The management fee is a fixed rate of USD 40,000 per month as agreed in the management fee agreement.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general</p>
Administrative fee	7.47	15.14	
Creditor of administrative fee	10.31	10.87	

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
			commercial terms, which has been approved by the board of directors of the company and the audit committee.

9. Share of loss (profit) from oil price swap agreement

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has shared loss (profit) from the hedging of oil price volatility by paying through AirAsia Group companies according to the oil swap agreement.			<p>Thai AirAsia avoids the risk of oil price volatility by entering into a fuel hedge agreement with AirAsia Group companies in order to benefit from the group's bargaining power. In this regard, the company shall be the one who decides as to whether it will engage in each hedging or not.</p> <p>Share of loss (profit): Profits and losses arising from the oil price hedging shall be allocated to AirAsia Group companies on a monthly basis, calculated from the fuel consumption according to the budget of each company.</p> <p>Payment: within 30 days</p> <p>Type of transaction in the future: This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Share of loss (profit) from oil price swap agreement	55.02	2,501.23	
Creditor (debtor) of share of loss (profit) from oil price swap agreement	1,085.91	1,084.05	
Other non-current assets - Deposits for hedging against oil price fluctuations	15.94	14.93	

10. Trademark fee

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has paid the trademark fee for AirAsia Group companies.			<p>AirAsia Group companies have licensed the trade name “AirAsia” (Brand License Agreement) to Thai AirAsia.</p> <p><u>Price determination:</u></p> <p>The usage fee is 1.5 percent of total annual revenue of Thai AirAsia.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Trademark fee	-	224.93	
Creditor of trademark fee	226.87	212.68	

11. Management fee from insurance premiums

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has received the management fee from insurance premiums which are obtained from passengers under the AirAsia Insure program.			<p>Thai AirAsia has received the management fee from insurance premiums which are obtained from passengers under the AirAsia Insure program.</p> <p><u>Price determination:</u></p> <p>Insurance premiums are paid in accordance with actual expenses. The management fee is as agreed in the agreement which can be referred to the market price.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p>
Insurance premiums	43.56	121.17	
Management revenue	7.26	20.40	
	26.55	0.78	

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Creditor (debtor) of insurance premiums			This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.

12. Management fee

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has paid the management fee to AAV and AAGB.			<p>Thai AirAsia has paid the management fee to AAV and AAGB as compensation for providing services relating to accounting management, policy making, consultation and other forms of assistance regarding business operations.</p> <p><u>Price determination:</u></p> <p>AAV's management fee is a fixed rate of THB 6,250,000 per quarter, including actual expenses as agreed in the management fee agreement.</p> <p>AAGB's management fee is a fixed rate of USD 2.4 million per year.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Management fee	49.73	25.00	
Creditor of management fee	45.35	-	

13. Accounting management fee, personnel management fee and information management fee

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Receiving services in relation to accounting management, personnel management and information management for AirAsia Group companies			<p>Receiving services in relation to accounting management, personnel management and information management for AirAsia Group companies, and collecting such expenses from AirAsia Group companies in proportion to the number of employees</p> <p><u>Price determination:</u></p> <p>These expenses will be charged to AirAsia Group companies based on the actual expenses in proportion to the number of employees of each company plus additional fees as stipulated in the agreement.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Service fees	230.85	40.64	
Creditor of service fees	163.68	8.11	

14. Customer privilege program fee

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
AirAsia Group companies have operated a Big loyalty program to return profits to AirAsia Group's customers by issuing "Big Points" whereby customers can redeem such			<p>AirAsia Group companies have operated a Big loyalty program to return profits to AirAsia Group's customers by issuing "Big Points" whereby customers can redeem such points for tickets and other services from AirAsia group.</p> <p><u>Price determination:</u></p> <p>The fee is as agreed in the agreement.</p>

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
points for tickets and other services from AirAsia group.			<u>Payment:</u> within 30 days <u>Type of transaction in the future:</u> This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.
Customer privilege program fee	5.34	54.89	
Creditor of customer privilege program fee	5.15	11.14	
Ticketing revenue	15.64	76.22	
Debtor of ticketing revenue	16.12	25.53	

15. Purchase of goods

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has purchased SIM to be sold on the planes.			Thai AirAsia has purchased SIM cards to be sold on the planes. <u>Price determination:</u> The fee is as agreed in the agreement. <u>Payment:</u> within 30 days <u>Type of transaction in the future:</u> This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms.
Purchase of goods	-	0.45	
Account payable	-	-	

16. Security Services

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has paid for security services for FD flights at Cochin International Airport (COK), Bengaluru International Airport (BLR), Kolkata International Airport (CCU), Jaipur International Airport (JAI), Chennai International Airport (MAA), Bhubaneswar International Airport (BBI) and Visakhapat Nam International Airport (VTZ).			<p>Thai AirAsia has entered into a security service agreement to comply with the laws and regulations of India.</p> <p><u>Price determination:</u> The fee is as agreed in the agreement.</p> <p><u>Payment:</u> within 30 days</p> <p><u>Type of transaction in the future:</u> This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Security services	0.14	3.28	
Creditor of security services	32.28	30.86	

17. Marketing expenses

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has used marketing services for advertising in China.			<p>Thai AirAsia has received marketing services from AirAsia Group companies for advertising in China.</p> <p><u>Price determination:</u> The fee is as agreed in the agreement and will be quarterly charged in advance.</p> <p><u>Payment:</u> within 30 days</p>
Marketing expenses	-	79.38	

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Creditor of marketing expenses	-	14.28	<p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>

18. Ground services

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has received ground services from AirAsia Group Companies.			<p>Thai AirAsia has received ground services from AirAsia Group Companies.</p> <p>Price determination:</p> <p>The fee is as agreed in the agreement.</p> <p>Payment: within 30 days</p>
Ground services fee	44.67	11.45	<p><u>Type of transaction in the future:</u></p> <p>This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.</p>
Creditor of ground services fee	38.02	21.77	

19. Other services

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has provided warehouse management services for in-flight goods and services, personnel management, information management, etc.			Thai AirAsia has provided warehouse management services for in-flight goods and services, personnel management, information management, etc. Price determination: The fee is as agreed in the agreement. Payment: within 30 days Type of transaction in the future:
Other services revenue	0.04	6.19	This transaction will continue to proceed according to the terms specified in the agreement, and as a transaction supporting the normal business with general commercial terms, which has been approved by the board of directors of the company and the audit committee.
Debtor of other services fee	6.22	6.19	

20. Advertising revenue

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Thai AirAsia has provided advertising services and was an agent for managing and distributing in-flight advertising space of TAA and 3sixty magazine.			Thai AirAsia has provided advertising services and was an agent for managing and distributing in-flight advertising space of TAA and 3sixty magazine. Price determination: The fee is as agreed in the agreement. Payment: within 30 days Type of transaction in the future:
Advertising revenue	-	0.93	This transaction will continue to proceed as a transaction supporting the normal business with general commercial terms, and has been approved by the board of directors of the company and the audit committee.
Debtor of advertising fee	-	0.91	

21. Other service fees

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
Providing distribution areas and receiving payment from selling unlimited passes			Providing distribution areas and receiving payment from selling unlimited passes <u>Price determination:</u> The fee is as agreed in the agreement. <u>Payment:</u> within 30 days <u>Type of transaction in the future:</u>
Other service fees	76.53	2.63	This transaction will continue to proceed as a transaction supporting the normal business with general commercial terms, and has been approved by the board of directors of the company and the audit committee.
Creditor of other service fees	69.64	2.63	

22. Transportation revenue

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
TAA has nominated AirAsia Group companies to be the agents of transportation, other related services, and distribution of space for transporting on TAA's flights.			TAA has nominated AirAsia Group companies to be the agents of transportation, other related services, and distribution of space for transporting on TAA's flights. <u>Price determination:</u> The fee is as agreed in the agreement. <u>Payment:</u> within 30 days <u>Type of transaction in the future:</u>
Transportation revenue			This transaction will continue to proceed as a transaction supporting the normal business with general commercial terms, and has been approved by the board of directors of the company and the audit committee.
Debtor of transportation fee	149.94	146.43	
	85.84	63.22	

23. Engineering management revenue

Type of transaction	Value of transaction (THB Million)		Reason and necessity
	2021 (6 months)	2020 (12 months)	
TAA has provided services relating to engineering management for AirAsia Group companies.			TAA has provided services relating to engineering management for AirAsia Group companies.
Engineering management revenue	13.72	32.04	<u>Price determination:</u> The fee is as agreed in the agreement.
Debtor of engineering management fee	109.50	101.84	<u>Payment:</u> within 30 days <u>Type of transaction in the future:</u> This transaction will continue to proceed as a transaction supporting the normal business with general commercial terms, and has been approved by the board of directors of the company and the audit committee.

After the acquisition of securities, the Applicant does not have a plan to significantly change the policy in the future in relation to entering into connected transactions, which the Business has originally determined. However, in the event that there is a connected transaction in the future after the Applicant has become the Business's shareholder, the Business and the Applicant will consider the connected transaction matter in order to conclude the terms and conditions in accordance with the normal business conditions and general commercial terms, as well as to comply with the relevant rules of the SEC and the Stock Exchange of Thailand.

5.5. Shareholding Proportion of the Applicant

From the Company's shareholder register as of March 11, 2021, the Applicant holds 0 shares in AAV, representing 0 percent of the total paid-up shares of the Company, which is 458,000,000 shares. Therefore, in the event of Extraordinary General Meeting of Shareholders No. 1/2021, which will be held on November 26, has a resolution to approve the Company to proceed as follows:

- 1) Offer for sale of newly-issued ordinary shares to private placement to the Applicant amounting to 4,457,142,857 shares.
- 2) and offering the newly issued ordinary shares to the existing shareholders in proportion (Right Offering) amounting to 1,714,285,714 shares whereby the Applicant are entitled to 773,473,814 shares.

From Dilution Effect table in Clause 2, it can be seen that AAA will have an increase in the shareholding in AAV from 0 percent to 40.71 - 45.12 percent of the total paid-up shares with voting rights of the Company (as the case may be). Therefore, after applying for a waiver, AAA will be able to hold an additional share of approximately 3.05 - 7.46 percent of the total paid-up shares with voting rights of the Company (as the case may be) which will cause the Applicant to hold the Company's shares of the waiver from not reaching or not crossing the point of the new amended Articles of Association of the Company at 48.17 percent of the Company's total paid-up shares.

5.6. All of the Voting Rights of the Applicant will have After the Acquisition of Securities and to be able to Acquire in the Future Without the Obligation to make a Tender Offer for All Securities of the Business.

As of June 30, 2021, AAA does not hold AAV shares. If the resolution of Extraordinary General Meeting of Shareholders No. 1/2021 has a resolution to approve the new capital increase by issuing and offering new ordinary shares to the existing shareholders in proportion (Right Offering) and offering newly-issued ordinary shares to private placement to AAA and approve the request for waiver from mandatory tender offer obligation for all securities of the Business according to the resolution of the Shareholders' Meeting (Whitewash), it will allow the Applicant to receive the waiver of ordinary shares of the Company of no more than 5,230,616,671 shares (which are divided into newly issued ordinary shares that AAA will be allocated from private placement of 4,457,142,857 shares and the allocation to the shareholders of the Company in proportion to their shareholding of 773,473,814 shares), or 45.12 percent of the total paid-up shares of the Company after the Capital Increase.

However, after the shareholders resolve to approve the request for waiver from mandatory tender offer obligation for all securities of the Business by virtue of the resolution of the Shareholders' Meeting of the Company, the Applicant can increase the shareholding proportion of the Company further without crossing over the revised regulations of the

Company for not more than 48.17 percent of the total paid-up shares of the Company after the Capital Increase or approximately 3.05 - 7.46 percent. The amended Articles of Association of the Company has restrictions on the shareholding proportion that is lower than the proportion that causes the obligation to make a tender offer for all securities of the business in the next step that does not exceed 50.00 and 75.00 percent of the paid-up capital according to the shareholding acquisition until any person has the power to control a public company listed on the Stock Exchange of Thailand in a significant proportion.

5.7. Benefits that the Company and its Shareholders will Receive from the Approval of Waiver for Whitewash

In the issuance of newly issued ordinary shares in the amount of 8,000,000,000 shares to be issued and offered to the existing shareholders of the Company in proportion to their respective shareholdings (Rights Offering) in an amount not exceeding 1,714,285,714 shares, private placement not exceeding 5,028,571,429 shares, and Convertible Bond up to 1,257,142,857 shares will allow the Company to receive a total capital increase of approximately THB 14,000.00 million to be used as an additional part of the shareholders' equity, which is very necessary in order for the Company to be able to continue the business. Details are according to Clause 5.3.

Statement of financial position

Unit: THB Million	Before	After
	Quarter 2 2021	Quarter 2 2021
Assets		
Current assets		
Cash and cash equivalents	233.53	10,333.53 ^{1/}
Trade and other receivables	267.05	267.05
Amounts due from related parties	863.60	863.60
Inventories	214.47	214.47
Current tax assets	18.69	18.69
Prepaid expenses	110.92	110.92
Derivative assets	6.64	6.64
Other current assets	-	-
Total current assets	1,714.91	11,814.91
Non-current assets		
Other non-current financial assets	886.45	886.45
Derivative assets	10.12	10.12
Long-term investment	-	-
Aircraft maintenance reserves	5,623.66	5,623.66
Property, aircraft, leasehold improvements and equipment	5,899.45	5,899.45
Right-of-use assets	26,624.01	26,624.01
Intangible assets	14,866.90	14,866.90
Investment property	151	151
Goodwill	8,824.83	8,824.83
Other non-current assets	-	-
Total non-current assets	62,886.42	62,886.42

Unit: THB Million	Before	After
	Quarter 2 2021	Quarter 2 2021
Total assets	64,601.33	74,701.33
Liabilities		
Current liabilities		
Short-term borrowings from financial institutions	1,383.38	1,383.38
Trade payables	813.48	813.48
Other payables	391.57	391.57
Amounts due to related parties	4,549.93	649.93 ^{2/}
Current portion of long-term borrowings from financial institutions	459.91	459.91
Current portion of long-term debentures	1,799.76	1,799.76
Current portion of liabilities under lease agreements	7,829.49	7,829.49
Current portion of liabilities under finance lease agreements	-	-
Unearned income	2,431.07	2,431.07
Income tax payable	1.09	1.09
Accrued expenses	1,946.49	1,946.49
Derivative liabilities	73.90	73.90
Other current liabilities	-	-
Total current liabilities	21,680.05	21,680.05
Non-current liabilities		
Long-term borrowings from financial institutions – net of current portion due within one year	3,599.12	3,599.12
Long-term debentures - net of current portion due within one year	999.01	999.01
Liabilities under lease agreements - net of current portion due within one year	24,374.49	24,374.49
Liabilities under financial lease agreements - net of current portion due within one year	-	-
Provision for long-term employee benefits	915.29	915.29
Derivative liabilities	289.48	289.48
Deferred tax liabilities	1,652.14	1,652.14
Total non-current liabilities	31,829.52	31,829.52
Total liabilities	53,509.57	49,609.57
Shareholders' equity		
Share capital		
Registered		
4,850,000,000 ordinary shares of THB 0.1 each	485.00	1,285.00 ^{3/}
Issued and fully paid up		
4,850,000,000 ordinary shares of THB 0.1 each	485.00	1,285.00 ^{3/}
Premium on ordinary shares	2,599.81	15,799.81 ^{4/}
Retained earnings		

Unit: THB Million	Before	After
	Quarter 2 2021	Quarter 2 2021
Appropriated - statutory reserve	48.50	48.50
Unappropriated	7,780.70	8,052.86 ^{5/}
Other component of shareholders' equity	(94.41)	(94.41)
Equity attributable to owners of the Company	10,819.60	25,091.76
Non-controlling interests of the subsidiary	272.16	- ^{5/}
Total shareholders' equity	11,091.76	25,091.76
Total liabilities and shareholders' equity	64,601.33	74,701.33

Source: Company

Remark:

1/ Cash increased from total capital increase amounting to THB 14,000 million and decreased after repayment of outstanding liabilities with AAGB group of THB 3,900 million.

2/ Payables from related parties decreased from repayment of outstanding liabilities with AAGB's group of THB 3,900 million.

3/ The registered and paid-up capital of the Company increased from 1) the allocation of 5,028,571,429 newly-issued ordinary shares to specific persons (PP) 2) the allocation of 1,714,285,714 shares of newly-issued ordinary shares and 3) the issuing of new ordinary shares from the conversion of convertible debentures offered to specific persons (PP) amounting to 1,257,142,857 with a par value of THB 0.1 per share.

4/ Premium on ordinary shares from offering 1) 5,028,571,429 newly issued ordinary shares to specific persons (PP) and 2) 1,714,285,714 newly issued ordinary shares in proportion to their shareholding and 3) newly issued ordinary shares from the conversion of convertible debentures offered for sale to specific persons (PP) amounting to 1,257,142,857 at an offering price of THB 1.75 per share with a par value of THB 0.1 per share.

5/ Non-controlling interests of the subsidiary will be reflected in the Company's unappropriated retained earnings due to the fact that, after the restructuring, the Company will have a 100 percent stake in TAA.

After the restructuring, the Business will be a 100 percent shareholder in TAA, which will benefit the Business in terms of recognition of its subsidiary's turnover. If the COVID-19 pandemic situation improves, and travel and tourism are back to normal, it would result in the growth of TAA's turnover and the Business will be able to recognize such turnover in full. However, considering the turnover of the Business and TAA for the year 2020 and the 6-month period of 2021, the ratio of profit (loss) to the shareholders' equity of the Business, before and after the restructuring, are as follows:

Profit (loss) of the shareholders' equity of the Business – based on the data for the year 2020 ⁽¹⁾	
Profit (loss) of the shareholders belonging to the Business - before the restructuring (THB million)	(4,764.09)
(+) Profit (loss) of non-controlling interests of the subsidiary (THB million)	(3,902.84)
Profit (loss) of the shareholders belonging to the Business - after the restructuring (THB million)	(8,666.93)
Profit (loss) of the shareholders' equity of the Business – based on the data of the 6-month period of 2021 ⁽¹⁾	
Profit (loss) of the shareholders belonging to the Business - before the restructuring (THB million)	(3,556.46)
(+) Profit (loss) of non-controlling interests of the subsidiary (THB million)	(2,912.00)

Profit (loss) of the shareholders' equity of the Business – based on the data for the year 2020 ⁽¹⁾	
Profit (loss) of the shareholders belonging to the Business - after the restructuring (THB million)	(6,468.46)

Remark: (1) Above information represents the impact of the financial structure which is derived from the financial statements for the year that ended on December 31, 2020, and the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

Additionally, after the restructuring of the Business, the Business and TAA will have more equity but less debts.

The details of equity, total debts and D/E ratio before and after the restructuring are as follows:

Financing Structure of the Business - As of June 30, 2021 ⁽¹⁾	
<u>Before the Restructuring</u>	
The Business' equity (THB million)	10,819.6
Total debts (THB million)	53,509.6
D/E ratio	4.9
<u>After the Restructuring</u>	
The Business' equity - before the restructuring (THB million)	10,819.6
(+) paid-up capital and share premium after PP (THB million)	8,800.0
(+) paid-up capital and share premium after RO (THB million)	3,000.0
(+) paid-up capital and share premium after conversion of convertible bonds ⁽²⁾ (THB million)	2,200.0
(+) Non-controlling interests (45 percent of TAA) (THB million)	272.2
The Business' equity - after the restructuring (THB million)	25,091.8
Total debts - before the restructuring (THB million)	53,509.6
(-) repayment of debts to AAGB group (THB million)	(3,900.0)
Total debts - after the restructuring (THB million)	49,609.6
P/E ratio - after the restructuring	2.0

Remark: (1) Above information is derived from the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

(2) In the case where the holders of convertible bonds convert all convertible bonds immediately.

Financing Structure of TAA - As of June 30, 2021 ⁽¹⁾	
<u>Before the Restructuring</u>	
The Business' equity (THB million)	(9,722.0)
Total debts (THB million)	51,961.4
D/E ratio	cannot be calculated
<u>After the Restructuring</u>	
Equity - before the restructuring (THB million)	(9,722.0)
(+) paid-up capital and share premium after the 1st capital increase by the Business (THB million)	3,900.0

Financing Structure of TAA - As of June 30, 2021 ⁽¹⁾	
(+) paid-up capital and share premium after the 2nd capital increase by the Business ⁽²⁾ (THB million)	6,200.0
The Shareholders' equity - after the restructuring (THB million)	378.0
Total debts - before the restructuring (THB million)	51,961.4
(-) repayment of debts to AAGB group (THB million)	(3,900.0)
Total debts - after the restructuring (THB million)	48,061.4
P/E ratio - after the restructuring	127.2

Remark: (1) Above information is derived from the 6-month financial statements as of June 30, 2021. After the restructuring, the information will change according to the financial statements as at the completion of the restructuring.

(2) In the case where the Business use the entire outstanding amount of THB 6,200 million after this restructuring for TAA's capital increase.

5.8. Advantages of Entering into the Transaction

5.8.1. Assists the Company to continue its business

As the Company is still affected by COVID-19 continually in terms of revenue (Details in 1.1.2.1) and insufficient operating cash flow (Details in 1.1.2.2), therefore, if the Company cannot increase the registered capital (both in the part of increasing registered capital to PP and increasing registered capital in proportion (RO)), the Company may not be able to continue the business, which will directly affect the shareholders and all creditors of the Company directly.

5.8.2. Assists the Company to grow in the future

Currently, although the Company is unable to clearly estimate the rate of revenue growth, but from IFA's projection, it is estimated that in 2024, the Company's revenue should come back at the same level as the pre-COVID-19 income, which is approximately THB 39,442.40 million, based on the projected revenue from sales and services in clause 4.7.3. – 4.7.4.

Unit: THB Million	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F
Total revenue from sales and services	38,904.85	40,180.65	13,633.87	4,143.18	16,840.61	28,575.32	39,442.40	43,687.40	44,477.57
Growth rate		3.28%	-66.07%	-69.61%	306.47%	69.68%	38.03%	10.76%	1.81%

However, the future growth of the Company should be more sustainable in terms of revenue and profit from 2 main factors 1. NOK and THAI are unlikely to have as much competitiveness as the two companies have filed business rehabilitation petitions with the Central Bankruptcy Court during the first half in 2020, and 2. Important competitors that are foreign airlines, such as THAI, LION and VEJ, are likely to be affected by COVID-19 just like the Company. Therefore, in the future, price competition is likely to decrease significantly. As a result, the profitability of the Company should be significantly improved.

5.8.3. Assists the Company to be more reliable (Rating)

Since TAA is currently rated B (TRIS) (very high risk of default), where in 2019, TAA is rated A-. Therefore, if the Company can increase capital for all shareholders (increase in PP capital of 5,028,571,429 shares for THB 8,800.00 million, increase in RO capital of 1,714,285,714 shares for THB 3,000.00 million, and increase capital to support the exercise of Convertible Bond condition 1,257,142,857 shares for the amount of THB 2,200.00 million), including the restructuring of the shareholders and the financial structure as specified in the information Memorandum 1, it will make the group of companies including TAA more reliable, which will affect the interest rate that TAA and the Company will receive from issuing debentures and / or borrowing from financial institutions will decrease from the current rate. The fact that the Company has access to cheaper sources of funds should have a positive effect on the Company's future growth, which will directly affect the interests of the shareholders.

5.8.4. Assists the Company to avoid entering the rehabilitation plan or being sued for legal action

From the details of the Company's financial statements, it can be seen that if the Company cannot increase its capital as intended (increase in PP capital of 5,028,571,429 shares for THB 8,800.00 million, increase in RO capital of 1,714,285,714 shares for THB 3,000.00 million, and increase capital to support the exercise of convertible debentures 1,257,142,857 shares amounting to THB 2,200.00 million), the Company is unlikely to solve liquidity problems and breach of contract with the bank, which may result in the Company having to file a petition with the court for business rehabilitation or be sued for legal action. Such events will have a significant impact on shareholders, bondholders, creditors and consumers.

Due to COVID-19 situation, the number of flights and passengers is reduced, resulting in insufficient income to cover costs and expenses that the Company has to bear, such as employee compensation, resulting in negative cash flow from operations so the Company has been unable to pay employees' salaries since August 2021. In addition, TAA has several loans from financial institutions and debentures that are past due (Most of them are pending the repayment of principal and interest), and are unable to comply with certain conditions of the loan agreement, such as maintaining the interest-bearing debts to equity ratio and because the Company does not have assets, and doing any other significant business other than holding in TAA makes financing through borrowing difficult. The Company is therefore in a state of severe liquidity. If the Company is unable to restructure the shareholding of the Company and TAA as mentioned above, the Company will not be able to proceed further, resulting in creditors lacking confidence in the Company's ability to pay debts in the future, which such events may lead the Company to bankruptcy, which will cause significant damage to shareholders.

5.8.5. Assists the Company to increase the shareholders' equity

According to the financial statements as of June 30, 2021, the Company has equity of the Company's shareholders (excluding non-controlling interests of the subsidiaries) in the amount of THB 10,819.60 million, which can be calculated as a book value per share equal to THB 2.23 (calculated from the number of shares of 4,850 million shares). Therefore, if the Company has successfully entered into this transaction, as a result, the Company's shareholders' equity will increase to THB 25,901.76 million or an increase of 131.91 percent, the debt to equity ratio after the restructuring is 2.0 times, a decrease from 4.82 times and the book value per share can be calculated at THB 1.95 (calculated from the

number of shares after the increase capital of 12,850 million shares). Therefore, the above actions are to increase the shareholders' equity and book value of the Company. The details of the financial restructuring plan are shown in Clause 5.2.1. (4).

5.8.6. The issuance and offering of newly issued shares should be sufficient to solve the Company's major problems

From the Company's plan, although entering into Transaction-1 is only the beginning of solving the Company's liquidity and overall liabilities, from the interviews with the Company's management and financial projections by Independent Financial Advisor, it was found that the issuance of the newly issued ordinary shares by 8,000,000,000 shares (received a total capital increase of approximately THB 14,000 million) will allow the Company to have sufficient funds for management and can continue the Business. However, the Company may have to solve other debt problems, especially liabilities in the future of aircraft, loans from financial institutions and debentures as the proceeds from this capital increase will be used to repay the debt to the AAGB group in the amount of THB 3,900 million.

Total liabilities of the Company can be classified according to the types of liabilities as follows:

Details	As of December 31, 2019	As of December 31, 2020	As of June 30, 2021
Payables from related parties	373.82	3,060.17	4,549.93
Short-term loans from financial institutions	1,750.00	1,000.00	1,383.38
Long-term loans from financial institutions	4,639.48	3,859.79	4,059.02
Long-term debentures	4,096.73	3,098.13	2,798.77
Lease liabilities	-	30,700.58	32,203.97
Finance lease liabilities	11,493.61	-	-
Advance income	4,648.34	2,372.60	2,431.07
Accrued expenses	2,704.53	1,718.56	1,946.49
Deferred tax liabilities	3,047.15	1,989.25	1,652.14
Other liabilities	2,460.42	2,818.27	2,484.82
Total liabilities	35,214.09	50,617.36	53,509.57

As of June 30, 2021, the Company has accounts payable to related parties, which are due to advance income, accrued aircraft rental and accrued aircraft maintenance costs, etc., all from AAGB's companies.

Summary of the fund's utilization plan in accordance with the shareholding restructuring plan of the Company and TAA are shown in Clause 1.1.4.

5.9. Advantages of Entering into the Transaction with AAA

5.9.1. Able to maintain confidentiality in negotiations

Since the airline business is a business with few operators in Thailand and this capital increase of the Company needs up to THB 14,000 million. Therefore, by negotiating with many aviation businesses may affect the Company's current and future business operations as the Company must disclose detailed information to those investors. Moreover, in the business aspect of AAA converting debt to equity as in this transaction, it solves 2 problems at the same time (the

problem of excessive debt and too little equity problem), which to solve such problems is difficult because the Company that is the creditor must have a good knowledge and understanding of the Company's business. Therefore, entering into Transaction-1 with AAA should give the Company the greatest benefits.

5.9.2. Negotiations can be done swiftly

As TAA currently has less than 0 shareholders' equity and lack of liquidity to the extent, that it is unable to pay employees' salaries, therefore, the Company negotiated with AAA, who has a good relationship with the Company, has an understanding of both business operations and in the past had provided good assistance to the Company from the impacts of COVID-19, should allow the Company to reach an agreement in the shortest possible time, which is considered necessary and in the best interests of the Company.

5.9.3. AAA is a subsidiary of AAGB, who understands the business, is the brand owner and has no takeover policy

The fact that AAGB, an existing shareholder of an affiliated company (TAA) through AAA for more than 10 years, came to help buy the Capital Increase shares in the offering of shares through AAA in private placement, but there was no entering into Shareholders' Agreement, according to the Company's notice, which generally such agreements are contracts that give the major shareholders more management power. In the case of AAA, there are only details that AAA disclosed in Form 247-7 requesting to send representatives to serve as directors of the Company in 3 positions. Moreover, in Form 247-7, AAA clearly shows the intention to hold the Company's shares as a long-term investment, which is not easy for the Company to find such investors in a limited time.

However, the risk of termination of TAA's shareholder contract and conflict of interest is detailed in clause 5.11.5.

5.9.4. The Company benefits from the funds it receives to solve financial liquidity problems

In this negotiation, the Company has benefited by TAA being able to convert debt into equity of approximately THB 3,900 million, which will be reflected in the consolidated financial statements of the Company, and AAA has also increased the Company's capital for THB 3,900 million, totaling THB 7,800 million, which, when combined with the total capital increase of the Company (issuing new ordinary shares in the form of PP, RO and Convertible Bonds), will allow the Company to receive approximately THB 14,000 million, and this amount should allow the Company to solve its financial liquidity problems and be able to continue its business, which the Company expects that such amount will be sufficient for its operations for the next 18-24 months.

5.10. Disadvantages of Entering into the Transaction

5.10.1. Effects on the shareholding proportion of Control Dilution, Price Dilution, and Earning Dilution

After the Capital Increase, the Company may have a maximum of 12,850.00 million ordinary shares sold (from 4,850 million shares). The proportion of other existing shareholders (excluding AAA and the new investor) after the Capital Increase will decrease from 100 percent to 37.74 percent (if no existing shareholders subscribe for RO capital increase shares and there are persons who oversubscribe in full). A lower shareholding means a lower proportion of control.

However, if considering the benefits that the existing shareholders will receive from the Company's ability to continue its business and the opportunity to grow in the future, IFA is in the opinion that it is reasonable.

5.10.2. New shareholders (Private placement) will have the right to object to the resolution of the shareholders' meeting of the Company in respect of special and/or important agendas requiring a vote of not less than three-fourths of the shareholders attending the meeting and have the right to vote

After the initial public offering of 4,457.14 million shares to AAA (and if combined with the capital increase of RO, AAA will receive 5,230.62 million shares) will result in AAA holding shares in the Company increased to 40.71 - 45.12 percent of the total voting rights from the existing 0.00 percent of the total voting rights (based on the decision of the existing shareholders in respect of the allocation of capital increase shares to the existing shareholders in the ratio of 5.7625 existing shares to 1 new share), such shareholding is more than 25 percent or one-fourth of the total voting rights of the Company and allows AAA to exercise the right to object or not support in any special and/or important agenda of the Company requiring a vote of not less than three-fourths of the shareholders attending the meeting and having the right voting, which will result in that special agenda and/or important agenda not being approved by the shareholders' meeting votes of not less than three-fourths in accordance with the relevant laws as follows:

Related laws and regulations	Special agenda/Important agenda	Votes in the shareholders' meeting
Public Company Limited Act and Company Articles of Association	<ul style="list-style-type: none"> - The sale or transfer of all or part of the business of the Company to another person, the purchase or acceptance of the transfer of the business of another company or a private company to the Company. - Making, amending or terminating contracts relating to the leasing of all or substantial parts of the Company's business - Assigning other people to manage the Company's business - Merger of business with other persons for the purpose of profit and loss sharing - Amendments to the Memorandum of Association and the Articles of Association - Increasing the registered capital or reducing the registered capital of the Company - Issuing debentures - Merger or dissolution of the Company 	The votes of not less than three-fourths of the total votes of the shareholders who attend the meeting and have the right to vote.
Announcement of the SEC	- Request for a waiver for acquiring newly issued ordinary shares without making the mandatory tender offer obligation for all securities of the Business by virtue of the resolution of the Shareholders' Meeting (Whitewash)	The votes of not less than three-fourths of the total votes of the shareholders who attend the meeting and have the right to vote, and there are no shareholders holding more than 5 percent of the total votes of the shareholders attending the meeting to vote against (depends on each case)

Related laws and regulations	Special agenda/Important agenda	Votes in the shareholders' meeting
	<ul style="list-style-type: none"> - Connected transactions - Significant transactions that qualify as acquisition or disposal of assets 	The votes of not less than three-fourths of the total votes of the shareholders who attend the meeting and have the right to vote.
	<ul style="list-style-type: none"> - Issuing securities to directors or employees (ESOP) - Offering of newly issued shares to a private placement at a price lower than 90.00 percent of the market price 	The votes of not less than three-fourths of the total votes of the shareholders who attend the meeting and have the right to vote, and there are no shareholders holding together from 5 percent or 10 percent (depends on each case) of the total number of votes of shareholders attending the meeting to vote against the offering of shares.
Announcement of the Stock Exchange of Thailand	- Request for delisting securities from the SET or mai	The votes of not less than three-fourths of the total issued shares and no shareholders holding more than 10 percent of the total issued shares of the Company objecting to the delisting of securities from the listed securities.

Source: www.set.or.th

Remark: The agenda requiring not less than 3 out of 4 votes is an example and subject to change depending on the Ministry of Commerce, the SEC and the SET.

Moreover, due to AAA asking for the right to send additional 3 directors from 9 to a total of 12 to be the Board of Directors which is not in accordance with the shareholding proportion of the Applicant because of the limitations under Air Navigation Act B.E. 2497 and its amendments, including the relevant secondary law ("Air Navigation Act"), which requires businesses to have at least two-thirds of their directors being Thai nationals and will change the directors authorized to act on behalf of the business in order to conform to the change in shareholding and director structure of the business after the acquisition of shares of the business by the Applicant (without having a contract between the shareholders (Shareholders' Agreement), and there is no specifying the number of directors that AAA can appoint in the AAV. However, IFA found only the details that AAA disclosed in Form 247-7 that it would request to send 3 representatives to be the Company's directors).

5.10.3. Necessity to make transactions with AAA

The Company is obliged to enter into the transaction with AAA because the said shareholding restructuring plan of the Company and TAA has been negotiated and agreed upon by the lending financial institution, new investor (new subscriber and convertible debenture subscriber), and AAA and TAA's main creditor group (AAGB), and related parties have signed Preliminary Summary of Terms with the Company already. If the Company does not proceed according to the plan to restructure the shareholding of the Company and TAA above (e.g., the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), the lending financial institution, eight new investors (new subscriber and convertible debenture subscriber) and AAA is unwilling to subscribe to the Company's newly issued shares and convertible debentures, and thus the Company may not receive financial assistance to solve the problem of liquidity shortage of the Company.

5.11. Risks of Entering into the Transaction

5.11.1. Risks related to compliance with Air Navigation Act B.E. 2497 and other related laws

This is because AAV's shareholding restructuring will have a direct effect on compliance with Air Navigation Act B.E. 2497 of the total shares and, in addition, Air Navigation Act stipulates a prohibition for aviation licensees, such as TAA concerning non-Thai nationals, such as licensees must have ownership and substantial ownership and the power to manage the real affairs (Effective Control), belonging to a person who has Thai nationality or must not have a business domination through a person who does not have Thai nationality in any manner as prescribed by Air Navigation Act. In summary, Air Navigation Act stipulates that TAA must have non-Eligible Persons and non-Thai nationals directly and indirectly holding shares in TAA not more than 49 percent of TAA's total shares. In which case, The Company intends to amend the Company's Articles of Association to expand the shareholding proportion of non-Thai nationals in order to accommodate that non-Thai nationals will be allocated newly issued ordinary shares and newly issued ordinary shares from the conversion of the convertible debentures, according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2021, when combined with the shareholding proportion of non-Thai nationals, shall not exceed 48.17 percent of the total number of shares sold of the Company. Regarding the Eligible Persons issue, the Company also states in the Company's Articles of Association that the Company reserves the right to refuse registration of any transfer of shares or registration of any person as a shareholder of the Company if the acceptance of such registration would deprive the Company or the Group of Companies of Air Navigation Act, that is, to cause non-Eligible Persons to directly and indirectly own more than 49 percent of TAA's total shares in TAA. Therefore, to ensure that every time the Company closes the register book, the Company does not have more than 49 percent of the shareholders who are not eligible persons before the Company closes the register book. The Company will recommend through all channels for investors to dispose of the Company's shares so that investors do not lose any rights or recommend investors to invest in warrants arising from Thai underlying securities (NVDR) instead of the company's shares. In this regard, the Company has set the procedures for doing so in Attachment 1 of the Information Memorandum regarding the issuance and offering of newly-issued ordinary shares to private placement and existing shareholders in proportion to their shareholding of the AAV. In addition, Air Navigation Act stipulates a prohibition for aviation licensees such as TAA concerning non-Thai nationals, such as licensees must have ownership and substantial ownership and the power to manage the real affairs (Effective Control), belonging to a person who has Thai nationality or must not have a business domination through a person who does not have Thai nationality in any way according to Air Navigation Act, which the Company will amend the shareholding of non-Thai nationals in the Company to not more than 48.17 percent and the Company will hold almost 100 percent of the shares in TAA. The essence, therefore, remains of a person with Thai nationality. In addition, the Company is in the opinion that the Company does not have a management that is dominated by foreigners.

However, currently there is no interpretation of Air navigation Act or the Supreme Court's ruling in this regard, the Company and TAA still have to face such risks in the business of the Company and TAA.

The Company and TAA cannot assess or forecast the impact of the enforcement or interpretation of such provisions that may have on the Company and TAA (details as the resolution of the Board of Directors Meeting No. 6/2021

on October 19, 2021). In addition, although the Company has taken all measures to ensure that the Company does not have shareholders who do not comply with the Company's Articles of Association more than the proportion specified in the Company's Articles of Association and Air Navigation Act, the Company and TAA are still exposed to risks if the Company has more than the stated number of non-conforming shareholders which could have a serious negative impact on the business operations. The result of the Company's shareholding proportion not being in accordance with Air Navigation Act have details as follows.

Consequences of disqualification on shareholdings and foreigners

1. Civil Air Operating License (Section 16)

The Minister, upon the approval from the Civil Aviation Board, shall have power to revoke a license (Regulation of the civil aviation board No. 97 Clause 50 (1))

2. Aircraft registration certificate

The aircraft registration certificate shall be invalid and the registrant of such aircraft shall return the certificate of registration to the competent official without delay. (Section 32 (2)) (Effective immediately without waiting for revocation)

Consequences of not having a license

1. Air Operator Certificate

Civil air operators without an air operator certificate shall be liable to imprisonment for not more than 5 years or a fine of not more than THB 1,000,000, or to be fined as well as imprisoned. (Section 67/14 (7)).

2. Aircraft registration certificate

Any person flying an aircraft without bringing an aircraft registration certificate with the aircraft shall be liable to a fine not exceeding THB 100,000 (Section 68(1)).

Any person flying an aircraft by such aircraft without an aircraft registration certificate shall be liable to imprisonment for a term of not exceeding 1 year or to a fine of not exceeding THB 40,000 or to be fined as well as imprisoned (section 68 paragraph 2).

3. In the case where the offender is a juristic person, if the offense of the juristic person is caused by an order or act of a director or manager or any person responsible for the operation or in the case that such person has a duty to give orders or acts and refrains from ordering or failing to act until causing the juristic person to commit an offense, that person shall be liable to the punishment provided for such offense (Section 118).

4. Offenses punishable by a single fine or a term of imprisonment not exceeding 1 year or a fine, a fine can be adjusted (Section 119)

Source: Company

In this case, TAA discussed with the Civil Aviation Authority (The Civil Aviation Authority of Thailand or CAAT) already in the form of a meeting, which from the discussions the regulators did not interfere with the shareholding restructuring plan of the Company and TAA and the implementation guidelines of the Company that the Company

proceed as described above. The Company is awaiting an official response letter from CAAT, which is expected to be received within 2021.

5.11.2. The risk of not being registered as a shareholder of the Company and investment in warrant for benefits arising from Thai underlying securities (NVDRs).

Since TAA must have non-Eligible Persons and non-Thai nationals directly and indirectly holding shares in TAA not exceeding 49 percent of TAA's total shares as prescribed by the Air Navigation Act, this makes the Company to specify in the Company's Articles of Association reserving the right to refuse registration of any transfer of shares or registration of any person as a shareholder of the Company if such registration will cause the Company or the Company's group to lose its rights under the Air Navigation Act, that is, if a person who is not an Eligible Persons directly and indirectly holds shares in TAA more than 49 percent of the total shares of TAA. Therefore, the Company's shareholders may be denied registration as a shareholder of the Company if such shareholders of the Company acquired the shares of the Company or acquired additional shares later and did not meet the criteria as specified in Attachment 1 of the Information Memorandum on the Issuance and Offering of Newly Issued Ordinary Shares to Private Placement and the existing shareholders in proportion to the shareholding of AAV and must lose the rights, such as the right to attend the shareholders' meeting to vote, the right to receive dividends, the right to receive any benefits from the Company i.e. RO shares, shares or convertible securities, etc. Moreover, due to the aforementioned risks, the Company will recommend investors who invest in the Company's shares to invest in the warrant for benefits arising from Thai underlying securities issued by Thai NVDR Company Limited (commonly known as NVDRs), whereby NVDR holders are Non-Voting Rights, but are entitled to receive financial benefits such as dividends and the right to buy newly issued ordinary shares as well as investing in the Company's shares.

5.11.3. Risks in the case of the Air Navigation Act and the Company's Articles of Association have restrictions on foreign shareholding and persons who are not qualified under the Air Navigation Act, which may affect the liquidity and market price of the Company's shares.

The Company wishes to amend the Company's Articles of Association to increase non-Thai nationals' shareholding proportion in order to support the allocation of newly issued ordinary shares and newly issued ordinary shares from the conversion of convertible bonds to non-Thai nationals, which is expected to be resolved at the Extraordinary General Meeting of Shareholders No. 1/2021. When combined with those of existing shareholders who are not Thai citizens, the shareholding proportion must not exceed 48.17 percent of the Company's total number of shares sold.

The Company's Articles of Association prohibits foreign nationals' ownership of all paid-up ordinary shares in the Company to no more than 0.1 percent of the total number of shares sold by the Company and the proportion of such limitations has been increased to include AAA (purchasers of capital increase shares in a private placement) and NHTPE (holders of convertible bonds) (and non-Thai nationals who take the transfer of shares from such persons) according to the resolution expected to be passed at the Extraordinary General Meeting of Shareholders No. 1/2021, and when combined with those of existing shareholders who are not Thai citizens, the shareholding proportion must not exceed 48.17 percent of the Company's total number of shares sold. Furthermore, shareholding by non-Thai citizens and those

who are not qualified under the Air Navigation Act is still restricted under the Air Navigation Act and the Company's Articles of Association. As a result, such limitations may influence the liquidity and market price of the Company's ordinary shares, particularly when holdings of non-Thai citizens and people who do not meet the conditions under the Air Navigation Act reach the stipulated ceiling. Shareholders of Thai nationality may be prohibited from transferring their shares to non-Thai nationals or those who do not meet the requirements of the Air Navigation Act. Additionally, shareholders who are not Thai nationals or who are not qualified under the Air Navigation Act may be unable to determine in advance whether the ordinary shares are subject to shareholding restrictions and whether such shares can be registered in the purchaser's name or if the registrar will refuse to register the transfer of the shares.

5.11.4. Risks associated with management of major shareholders

Following the successful completion of the Company's and TAA's shareholding restructuring plans, AAA will become a major shareholder of the Company, with a 45.12 percent interest²⁸, which may hold shares up to 47.16 percent in the Company. If Mr. Tassapon Bijleveld, AAA and a group of six major individual investors who have been allocated the newly issued ordinary shares from the private placement (PP) have subscribed for newly issued ordinary shares given to existing shareholders on a proportionate basis (RO) based on their rights, where other minority shareholders have not subscribed for the newly issued ordinary shares and the remaining shares have to be written off, which enables AAA to exert influence over the administration of the Company's group, as well as the majority of the votes at the shareholders' meeting (if all the minority shareholders fail to attend the meeting either by agent or by proxy), whether it is an appointment of directors or a proposal for approval on other issues requiring a majority vote at the shareholders' meeting, save where the law or the Company's Articles of Association requires a vote of not less than three-fourths of the shareholders present and having the right to vote. As a result, minority shareholders may be unable to collect votes enough to audit and counterbalance the group of major shareholders' proposed agendas. However, the Company has established a management structure comprised of knowledgeable and capable individuals, defined the scope of operations, duties and responsibilities, delegated authority to directors and executives in a clear and transparent manner, and established procedures for dealings with directors and major shareholders, including those with conflicts of interest, where the said persons will be disqualified from voting on such transactions in order to ensure the Group's business operations are transparent. Furthermore, the Company's Board of Directors is comprised of three independent directors, all of whom continue to serve on the Company's audit committee. The Company appoints such independent directors to audit and balance decisions and consider various items prior to presenting to the shareholders' meeting in order to reassure minority shareholders and other stakeholders that the Group's management structure is balanced in terms of power, transparency, and effectiveness, and that any actions or transactions taken or made are in the group's best interests.

5.11.5. Termination of the contract between the shareholders of TAA and conflicts of interest

The Company, TAA, AAA, and AAGB entered into an agreement among TAA shareholders to determine rights and duties in matters such as business operations and management, share transfers, and restrictions on businesses that compete with TAA, among others.

²⁸ AAA is a juristic person established in Thailand but does not have Thai national and is not deemed an Eligible Person.

When AAA sells all of its shares in TAA and ceases to be a shareholder, the contract between TAA's shareholders will be canceled in accordance with the contract's terms. TAA is managed by its board of directors, which is controlled by its shareholder, the Company.

However, TAA's shareholder agreement contains anti-competition provisions, which require each shareholder to refrain from engaging in any business operating in Thailand that is directly or indirectly competitive with TAA's business, and to refrain from forming or assisting in the establishment of any juristic person that is directly or indirectly competitive with TAA's business in Thailand or Malaysia. When the contract between TAA's shareholders is terminated, AAA, AAGB, the Company, and TAA will enter into an Undertaking Agreement with the same non-competing terms as those stated in the contract between TAA's shareholders. As a result, under no circumstances will there be commercial competition in Thailand between AAA and/or AAGB and TAA.

Concerning potential conflicts of interest with AirAsia X Berhad Group ("AAX"), which shares the same shareholders as AAGB and AAX owns 49 percent of Thai AirAsia X Company Limited ("TAAX"), TAAX's business is not considered competitive with TAA due to the different flight routes. This segmentation categorizes TAA and TAAX customers according to their travel objectives. The following summarizes the differences between TAA and TAAX flight routes:

- TAA is a low-cost carrier that specializes in short-haul routes of less than 4 hours and 30 minutes from its base of operations.
- TAAX is a low-cost carrier that specializes in medium- and long-haul routes that take approximately four hours and thirty minutes from their base of operations.

5.11.6. Risks from AAA appointing more directors than agreed

From the information of the Company and AAA, the Company has not entered into a contract between the shareholders (Shareholders' Agreement), and there is no specifying the number of directors that AAA can appoint in the AAV. However, IFA found only the details that AAA disclosed in Form 247-7 that it would request to send 3 representatives to be the Company's directors, however, AAA will have a maximum shareholding in the Company of 45.12 percent of the total voting rights of the Company after the Capital Increase through the issuance and allocation of newly-issued ordinary shares to private placement and offered to the Company's shareholders in proportion to their shareholding, which with AAA's stake in comparison to other shareholders in AAV, will result in AAA being able to appoint its own board of directors in more than 3 positions as the Applicant disclosed in Form 247-7. However, if the Board of Directors is representative of AAA more than what is disclosed in Form 247-7, then AAV will violate Air Navigation Act B.E. 2497 Associated secondary law ("Air Navigation Act"), which requires an entity to have at least two-thirds of its directors that are Thai nationals, which may deprive AAV of its rights under Air Navigation Act and may result in seriously affect the business operation of the Company and result in the loss of all shareholders' benefits (including the Applicant). The result of disqualification on shareholding and foreigners and the consequences of not having a license are shown in clause 5.11.1.

5.11.7. The Company may not receive the required capital increase in a timely manner

Due to this capital increase, there are still several steps to seek approval before the Company can offer the newly issued ordinary shares to specific persons (PP), Issuance of capital increase shares to existing shareholders in proportion (RO) and Convertible Bond. Therefore, there is a possibility that the Company will receive the Capital Increase in respect of the sale of newly issued ordinary shares later than the first quarter of 2022, which may result in some or all of the Capital Increase the Company expects to use to increase liquidity and as working capital in the business before may not arrive on time, resulting in the Company may have to rely on the related parties in applying for a credit line to use as working capital until the Company receives money from this issuance of newly issued ordinary shares, since TAA have a number of loans from financial institutions and debentures that are due on April 26, 2022, worth THB 1,200 million, and on May 19, 2022, the amount THB 1,000 million, including the operations of the Company that require operating cash flow. According to IFA's estimate based on Discounted Cash Flow Approach Clause 4.7, as of December 31, 2021, TAA may have a net loss of approximately THB 10,354.24 million, resulting in TAA may have cash and cash equivalents decreased by another THB 7,573.84 million, which may cause TAA and the Company to face the condition of lack of financial liquidity in the future.

5.11.8. The structure of this capital increase is complicated

Due to the Capital Increase and restructuring of the Company this time have many other investors, including financial institutions, that require lending and investing in CB to assist in the restructuring, resulting in complex contracts involving all transactions. Therefore, this complex capital increase structure may cause practical problems, such as 1) financial institutions not granting credit to the Company in the amount of THB 3,900 million for the purchase of TAA shares 2) financial institutions and/or NHTPE do not subscribe for Convertible Bond or 3) the restructuring plan in this project has not been approved by the shareholders of the Company in any agenda, resulting in the capital increase and restructuring in this time to be unsuccessful.

5.11.9. The risks of prolonging of COVID-19 making this capital increase insufficient

Although the current situation of the COVID-19 outbreak is getting better, but the epidemic situation is still unpredictable. However, if in the future, the situation of COVID-19 epidemic becomes more severe that results in the government having to use travel restriction measures (Lockdown) again, it may seriously affect the Company's business operations. This capital increase may not be sufficient to maintain liquidity in order for the Company to continue operating.

However, from the financial statements ended June 30, 2021, AAV and TAA cash and cash equivalents amounted to THB 233.53 and 232.70 million, respectively (in 2019, which was the year before the COVID-19 outbreak, AAV and TAA used to have cash and cash equivalents cash in the amount of THB 3,982.23 and 3,889.58 million, respectively). However, if COVID-19 outbreak situation is prolonged and the Company does not receive a capital increase by 2021, AAV and TAA may face liquidity shortages in business operations.

5.11.10. Shareholders do not approve the Capital Increase of PP, capital increase of RO, Waiver for Whitewash or any transaction related to the restructuring, one or another, will cause the Company to be unable to do any transaction at all

In order to approve for the Company to offer PP capital increase shares at a low price, it must be approved by a majority vote of the shareholders who attend the meeting and vote and have no shareholders at least 10 percent of the total votes of the shareholders attending the meeting to vote against the offering of shares, excluding the shareholders' equity with interests.

Approval of the waiver from making the mandatory tender offer obligation for all securities (Whitewash) must be approved by shareholders not less than three-fourths of the total number of votes of shareholders attending the meeting and has the right to vote, excluding the shareholders with interests (For the allocation of the newly issued ordinary shares of the Company, the approval must not contain shareholders at least 10 percent of the total votes of the shareholders attending the meeting to vote against the offering of shares, excluding the shareholders' equity with interests by preparing a report on the disclosure of information about the said transaction for consideration). To approve the transaction this time, the shareholders must approve the transaction in all related agenda items (Agenda item 1- Agenda item 8), the Company will then be able to enter into this transaction. If the shareholders' meeting does not approve any of the agenda, all transactions will not be able to continue.

5.12. The Company is Able to Continue the Business under the Original Plans and Policies

Although AAA is not an existing shareholder of the Company, AAA owns a 45 percent stake in TAA, its main operating company. In addition, AAGB, the parent company of AAA, has been actively involved in its management since the Company's inception and over the past 2 years. In the request for waiver from mandatory tender offer obligation for all securities (Whitewash) this time, AAA has no plan to change the core business and the Company's policy within 12 months. In addition, the representatives of the waivers who will be the directors of the Company have expertise and competence, which in the past has helped the Company to resolve problems arising from the situation. In addition, the Company's future growth plans require executives with world-class experience to provide advices so that the Company can compete with maximum efficiency and continue to operate according to its business plans.

In addition, the Company needs to enter into the transaction with AAA because the said shareholding restructuring plan of the Company and TAA has been negotiated and agreed upon by lending financial institutions, new investors (new subscriber and convertible debenture subscriber) and AAA and TAA's main creditor group (AAGB), and related parties have signed the Preliminary Summary of Terms with the company already. If the Company does not proceed according to the Company's and TAA's shareholding restructuring plan above (e.g., the Company does not purchase TAA's shares to own almost all of TAA shares, etc.), lending financial institutions, new investors (new subscriber and convertible debenture subscriber) and AAA is unwilling to subscribe to the Company's newly issued shares and convertible debentures, and thus the Company may not receive financial assistance to solve the problem of liquidity shortage of the Company's group.

5.13. Appropriateness of the Price of Newly Issued Ordinary Shares by the Business

In considering the appropriateness of the price of newly issued ordinary shares which the Company will offer to the Applicant at the price of THB 1.75 per share, IFA has considered that although the price is lower than the appropriate price assessed by IFA, using Market Price Approach which is between THB 2.38 – 3.03 per share, which is lower than the fair price range assessed by IFA and may affect the price of the Company's ordinary shares. The price offered to private placement is lower than the appropriate price assessed by IFA, however, the price of the newly-issued ordinary shares to private placement to be offered is the same price that the Company offered to sell the newly issued ordinary shares to the existing shareholders.

5.14. The Completeness and Accuracy of the Name and Number of Shares held by the Applicant and Persons under Section 258 of the Applicant, Concert Party of the Applicant and Persons under Section 258 of Concert Party of the Applicant

List of shareholders of the Company as of March 11, 2021, the Applicant has no related persons under Section 258 of the Applicant, concert party of the Applicant and persons under Section 258 of concert party of the Applicant holding any shares in the Company under Section 258 of the Securities and Exchange Act B.E. 2535 (and as amended) ("Securities Act"). IFA has reviewed the list of shareholders of the Company, searched for information on shareholding that has been disclosed to the public of the Applicant, and asked the Company to confirm the lack of connection between the Company and the Applicant.

5.15. Summary of Independent Financial Advisor's Opinion Regarding the Transaction Requesting For a Waiver From Mandatory Tender Offer Obligation for All Securities by Virtue the Resolution of the Shareholders' Meeting (Whitewash)

The request for waiver from mandatory tender offer obligation for all securities by virtue of the resolution of the shareholders' meeting (Whitewash) of AAA, AAA will hold the Company's ordinary shares up to 5,230,616,671 shares (which are divided into newly issued ordinary shares that AAA will be allocated from private placement of 4,457,142,857 shares and the allocation to the shareholders of the Company in proportion to their shareholding of 773,473,814 shares), or 45.12 percent of the total paid-up shares of the Company, which is higher than 25 percent of the total paid-up shares. As a result, AAA has to make a mandatory tender offer for all the securities of the Company.

Based on the advantages, disadvantages, risks and other necessities of the Company to increase capital through RO and PP this time, IFA is in the opinion that shareholders should approve the request for a waiver from making the mandatory tender offer obligation for all securities of the Business to the Applicant because this capital increase is a restructuring nature of the Company since the Applicant is a major shareholder of TAA (holding 45 percent of shares before the restructuring of TAA's total issued and sold shares). Moreover, the Applicant also owns the trademark and provides technical and maintenance services to the Company, which are very necessary for the Company's business operations. In addition, the Applicant has no policy to change the power and management policy of the Company and will benefit the Company since the Company has an urgent need to increase its capital so that it can improve its financial position, allowing the Company to resume its business and comply with the terms of the loan agreement or causing the Company to be granted a waiver for breaching the loan agreement in the future when COVID-19 epidemic situation

unfolds. Though entering into this transaction will result in a 62.3 percent reduction in the shareholding and voting rights of other existing shareholders (Control Dilution) and affect earnings per share of the existing shareholders (Earning Dilution), a decrease of 62.3 percent, but the fact that AAA increases its capital in the Company will enable the Company to continue its business, which will benefit the existing shareholders.

In this Capital Increase, the Applicant has no policy to change the management power and the Company's policy, however, after the Capital Increase, the Applicant will request the right to send representatives to take the position of 3 additional directors of the Company (increase from 9 persons, totaling 12 persons), where the representative of the Applicant is not a majority vote that can make changes to the operating policies and management of the Company. Therefore, Independent Financial Advisor is in the opinion that this capital increase will benefit the Company since the Company has an urgent need to increase its capital so that the Company can operate. Even though entering into such transaction will affect the decrease in the shareholding and voting rights of other existing shareholders (Control Dilution) and affect earnings per share of the existing shareholders (Earning Dilution). However, the fact that AAA comes to increase the capital in the Company will enable the Company to continue its business which will benefit the existing shareholders. In addition, by joining as the major shareholder of the Applicant this time, the Applicant should bring knowledge and understanding in the airline business management to the Company since the Applicant's major shareholder has a fully integrated airline business, enabling knowledge exchange between the Applicant and the Company, which will enable the Company to adjust its operational plans efficiently, which will bring good results of the Company's business in the long term.

Summary table comparing the Company's share value based on various valuation methods with the offering price

(Unit: THB per share)

Evaluation Method	Fair Value ^{1/}	PP Offering Price	Higher (Lower) than Trading Price	Higher (Lower) % than Trading Price
1) Book Value Approach	2.23	1.75	0.48	27.48
2) Adjusted Book Value Approach	2.23	1.75	0.48	27.48
3) Market Price Approach	2.38 – 3.03	1.75	0.63 – 1.28	35.78 – 73.15
4) P/BV Approach	6.28 – 8.84	1.75	4.53 – 7.09	259.11 – 405.04
5) P/E Approach	N/A			
6) Precedent Transaction Comparable Approach	N/A			
7) Discounted Cash Flow Approach	N/A			

For the offering price of newly-issued ordinary shares in private placement to the Applicant in the amount not exceeding 5,230,616,671 shares (which are divided into newly issued ordinary shares that AAA will be allocated from private placement 4,457,142,857 shares and the allocation to the shareholders of the Company in proportion to their shareholding of 773,473,814 shares), with a par value of THB 0.10 per share, at a price of THB 1.75 per share, when compared to the price assessed by various methods, the share value of the Company is in the range of THB 2.23 – 8.84 per share. However, IFA considers that the appropriate price of the Company's share is between THB 2.38 – 3.03 per share (based on Market Price Approach). Therefore, the offering price at THB 1.75 per share is lower than the fair price assessed by IFA, which will affect the theoretical price of the Company's ordinary shares. After the Company's offering

of the newly issued ordinary shares to the existing shareholders in proportion (Right Offering) and offer the newly-issued ordinary shares to private placement, the share price after the capital increase will decrease from the market price of THB 0.75 or 25.5 percent (Details in 2.3 price dilution) which, when calculating the impact from the existing shareholders' equity, will cause the existing shareholders to lose benefits of approximately THB 3,637.50 million (the value of the shares held by the existing shareholders decreases = the share price after the capital increase theoretically decreases from the market price x number of shares before the Capital Increase). The said price is the same price as the price that the Company has increased its capital to the existing shareholders in this offering. In addition, the price that the Company offers for sale of newly-issued ordinary shares to private placement to AAA is still lower than the book value of the Company. However, IFA is in the opinion that Book Value Approach is not appropriate for the Company's valuation in this time because the Company's consolidated statement of financial position has positive equity by the value of goodwill and intangible assets amounted to approximately THB 23,691.7 million, mainly derived from goodwill from TAA investments and landing rights, which could change significantly if the impact of COVID- 19, negatively effecting the value of the Company's intangible assets. However, AAV auditors have not been able to reasonably estimate the impact of COVID-19. The Group's management has continuously monitored the progress of the COVID-19 impact situation and assessed the financial impact on the value of assets, provisions and liabilities that may occur continually and will consider recording the impacts when possible.

However, IFA is in the opinion that shareholders should approve for the request for waiver from mandatory tender offer obligation for all securities of the Business to the Applicant. This is because it is necessary for the Company to be able to operate and it is a long-term solution for the Company's competitiveness. Although, in theory, the existing shareholders will lose benefits from the impact from the decline of the average share price, but if the Company does not receive money from the Capital Increase, the Company will not be able to continue the business, which will have a more significant negative effects on the shareholders, bondholders, creditors and the general public.

6. Summary of Independent Financial Advisor's Opinions

Independent Financial Advisor is in the opinion that the request of Waiver for Whitewash is appropriate in terms of the conditions and necessity of the transaction. Due to COVID-19 situation, the number of flights and passengers is reduced, resulting in insufficient income to cover costs and expenses that the Company has to bear, such as employee compensation, resulting in negative operating cash flow until it is unable to pay employees' salaries since August 2021, coupled with TAA having loans from financial institutions and debentures which are overdue (most of them are pending payment of principal and interest payments), and unable to comply with certain conditions of the loan agreements, such as maintaining the interest-bearing debts to equity ratio, and because the Company does not have assets and does not engage in any other significant business other than holding a stake in TAA, which makes financing through borrowing difficult. Therefore, the Company is in a severe liquidity situation. If the Company does not proceed according to the Company's and TAA's shareholding restructuring plan above, the Company will not be able to proceed further, resulting in creditors' lack of confidence in the Company's ability to repay its debts. In the future, such events may cause the Company to be in bankruptcy, which will cause significant damage to shareholders. However, the price offered to private placement is lower than the reasonable price assessed by IFA.

This transaction is considered to solve the liquidity problem which will help the Company and its affiliates to improve their financial position so that they can continue their business and can comply with the terms of the loan agreement or become the reason for the Company to receive a waiver for breaching the loan agreement in the future, when COVID-19 epidemic situation unfolds.

However, Independent Financial Advisor's opinion is based on the assumption that the information and documents obtained at the time of due diligence and issuance of this report, are the accurate and complete information. Therefore, when considering the reasonableness of the transaction along with the appropriateness of the price and conditions, IFA is in the opinion that shareholders should approve the request for waiver from mandatory tender offer obligation for all securities (Whitewash) and related transactions because if the shareholders do not approve the request for waiver from mandatory tender offer obligation for all securities for AAA this time, new investors (new share subscribers and convertible debenture subscribers) are unwilling to subscribe for capital increase shares and convertible debentures of the Company. And, if the Company does not proceed according to the plan to restructure the shareholding of the Company and TAA above, the Company will not be able to continue its operations. As a result, creditors will lack confidence in the Company's ability to repay its debts in the future, as such events may lead the Company to bankruptcy, which will cause significant damage to shareholders.

In addition, in considering approval or disapproval of entering into this transaction, shareholders can consider information, reasons and opinions on various issues as presented by Independent Financial Advisor in this report.

In entering into this transaction, there are still risks that shareholders should consider carefully as such risk may affect the Company's future performance. In this regard, the decision to vote for approval on entering into the transaction is at the discretion of the shareholders of the Company. Shareholders should study the information in the documents attached to the invitation to the Extraordinary General Meeting of Shareholders No. 1/2021 in this time to be used for consideration and decision making to vote appropriately.

Discover Management Company Limited as an independent financial advisor hereby certify that the above opinions have been carefully considered and given in accordance with professional standards, taking into account the interests of minority shareholders.

Best regards

Discover Management Company Limited

(Mr. Vuthichai Tumasaroj)

Director

(Ms. Kanokporn Pongjetanapong)

Director

(Mr. Vuthichai Tumasaroj)

Supervisor

Contact: Discover Management Company Limited

02-651-4447

info@discoverym.com

Attachment 1
Summary Information of
Asia Aviation Public Company Limited
And Thai AirAsia Company Limited

1. General and Other Information

1.1 Company's General Information

Company name : Asia Aviation Public Company Limited ("Asia Aviation" or the "Company" or "AAV")
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
Type of business : A holding company investing in business of low-fares airline or relevant business in
relation to airline operation
Registration number : 0107554000313
Website : <http://www.aavplc.com/>
Authorized capital : THB 485,000,000
Paid-up capital : THB 485,000,000
Par value : THB 0.10 per share
Paid-up shares : Ordinary shares of 4,850,000,000 shares

1.2 Subsidiary's General Information

Subsidiary name : Thai AirAsia Company Limited ("Thai AirAsia" or "TAA")
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
Type of business : A low-fares airline or relevant business in relation to airline operation
Registration number : 0107554000313
Website : <http://www.airasia.com/>
Paid-up capital : THB 435,555,600
Par value : THB 10.00 per share
Paid-up shares : Ordinary shares of 43,555,560 shares
Shareholding : 55.00%

2. Business Overview

As Asia Aviation Public Company Limited 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 utilization, 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 favorably 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.

2.1 Significant Developments of Asia Aviation PCL and Thai AirAsia Co., Ltd.

Asia Aviation was incorporated on February 14, 2006 as a company limited with a registered capital of THB 410,000,000, being common shares of 41,000,000 shares at the par value of THB 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, 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 THB 485,000,000 and a paid-up capital of THB 410,000,000, being common shares of 4,100,000,000 shares at the par value of THB 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 Aviation Limited “AAA”, who held 49%, is incorporated on September 19, 2003 to operate a low-fare airline business with a registered capital of THB 400,000,000. AAA 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 THB 435,555,600, being the common shares of 43,555,560 shares at the par value of THB 10 per share. Asia Aviation has subscribed the newly issued shares, raising its shareholding to 55% while AAA 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 AAA'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.

2.2 Nature of Business

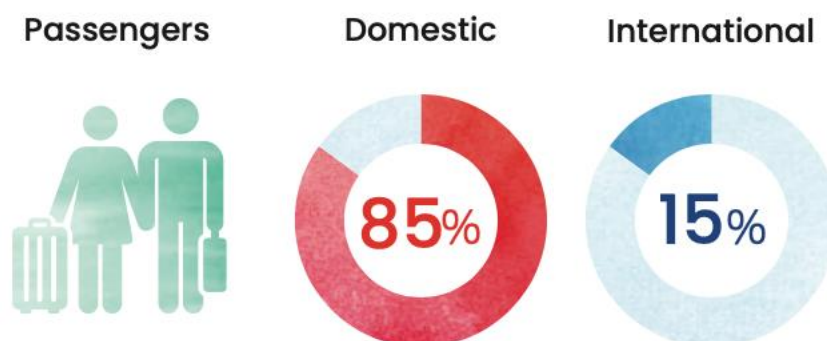
Asia Aviation operates as a holding company, which currently only holds an investment in Thai AirAsia.

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.

2.2.1 Scheduled Passenger Services of Thai AirAsia Co., Ltd

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 December 31			6 months ended as at June 30, 2021
	2018	2019	2020	
Capacity (million seats)	25.2	26.1	12.6	2.7
Passengers carried (million)	21.6	22.1	9.5	1.7
Load Factor (%) ⁽¹⁾	85	85	75	64
ASK (million) ⁽²⁾	25,019	26,940	10,174	1,873
RPK (million) ⁽³⁾	21,243	22,670	7,735	1,236
Average fare (THB) ⁽⁴⁾	1,477	1,478	1,199	1,027
Revenue per ASK (THB) ⁽⁵⁾	1.56	1.49	1.34	1.14
Cost per ASK (THB) ⁽⁶⁾	1.58	1.55	2.31	3.56
Cost per ASK (non-fuel) (THB) ⁽⁷⁾	1.00	1.03	1.68	3.16
Number of aircraft at period end	62	63	62	60
Number of stages flown	139,848	144,421	69,368	14,900
International	54,142	61,406	10,320	N/A
Domestic	85,706	83,015	59,048	N/A
Average stage lengths (kilometer) ⁽⁸⁾	991	1,033	804	691
Aircraft utilization (block hours per day) ⁽⁹⁾	12.0	12.3	7.4	6.0
Ancillary revenue (THB in millions)	7,134	7,511	2,285	N/A
Ancillary revenue per passenger (THB)	331	339	241	N/A
Fuel consumption (million barrel)	4.57	4.94	1.76	N/A
Company's average market jet fuel price (USD per barrel) ⁽¹⁰⁾	85.2	77.1	46.7	N/A
On time performance (%) ⁽¹¹⁾	86	86	96	N/A

Remark:

- (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 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 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 kilometers 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.

2.2.1.1 Our Network and Schedule of Thai AirAsia Co., Ltd. (GRI 102-4, 102-6)

Thai AirAsia focuses on short-haul routes to airports in and around major population centers and travel destinations, typically operating within a radius of up to 3,500 kilometers 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 totaling 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.

2.2.1.2 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 utilization 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 maximize the returns, especially in the domestic market. We also support the passenger growth for connecting domestic travelers 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.

2.2.1.3 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.

2.2.1.4 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 favorite 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.

2.2.1.5 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).

2.2.1.6 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 THB 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

2.2.2 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 maximize 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 maximize 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 favorable routes.

2.2.3 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%.

2.2.3.1 *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.

2.2.3.2 *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.

2.2.3.3 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 travelers 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 authorized 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.

2.2.3.4 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 organizing 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.

2.2.4 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.

2.3 Products or Services Procurement

2.3.1 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 utilization 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 THB 415.0 million, as the case may be for the first projects and amounting to THB 13,360.1 million for the second project and on a range of THB 1,409.0 million to THB 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.

2.3.2 Fuel

Fuel is a major cost component for airlines, in which Thai AirAsia's fuel costs in 2018, 2019, and 2020 were THB 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 minimize 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 minimize 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.

2.3.3 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.

2.3.4 Major Suppliers

No suppliers accounted for 30% or more of our total operating costs and expenses in 2018, 2019 and 2020.

2.3.5 Maintenance and Spare Parts

2.3.5.1 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.

2.3.5.2 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 THB 531.8 million of aircraft spares parts (net book value).

2.4 Other Operations

2.4.1 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.

2.4.1.1 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 organizational 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 organizational 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 organization

- **Enforce** the management of safety as a primary responsibility of all managers and employees;
- **Clearly define** for all staff, managers and employees alike, their account- abilities and responsibilities for the delivery of the organization'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 willful 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 organization, conduct appropriate promotion of safety awareness and allocate the necessary resources for the implementation of the safety policy

2.4.1.2 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.

2.4.2 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 (centralized 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.

2.4.3 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 minimize misdirected baggage to the misplaced flights. This system immediately display information on the dashboard allowing the duty staff to monitor closely.

2.4.4 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.

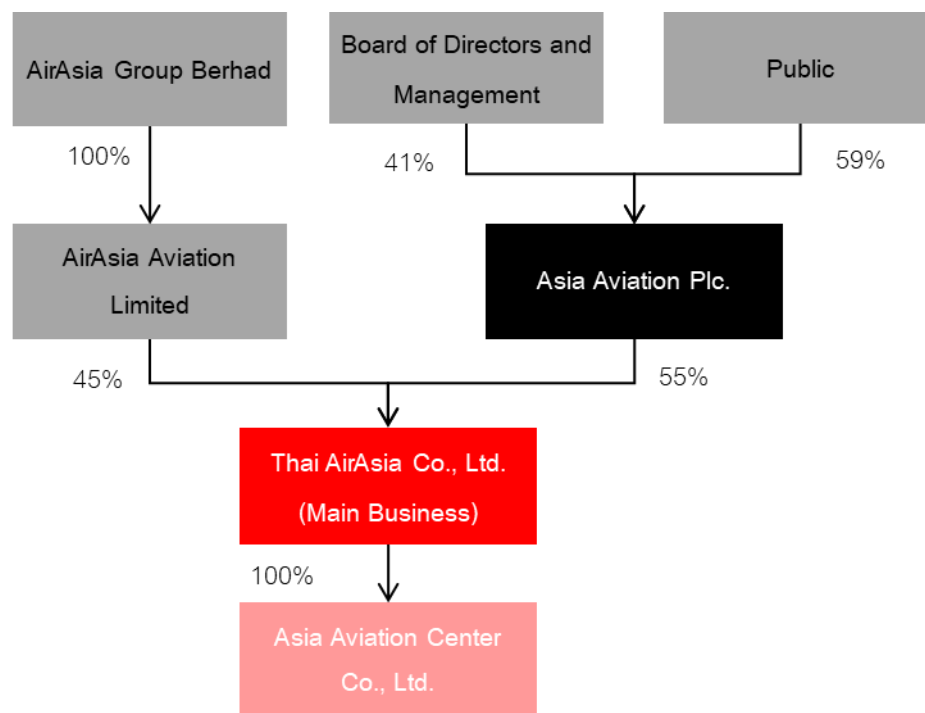
Nevertheless, Thai AirAsia has purchased a Hull Deductible policy to indemnify Thai AirAsia for the difference between USD 750,000 and USD 50,000 each loss subject to an annual aggregate limit of USD 10 million in respect of all aircraft and spare engines collectively under AirAsia Group's Hull Deductible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

2.5 Investment Structure

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



2.6 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 centered 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.

2.7 Revenue Structure

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.

	For the year ended December 31						For the month ended June 30	
	2018 ^{1/}		2019 ^{1/}		2020		2021	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
<u>Revenues from sales and services</u>								
Passenger service revenues	29,072.8	72.4	31,506.4	75.9	11,123.4	68.5	1,740.1	71.6
Baggage handling and other service fees	7,853.1	19.6	6,599.4	15.9	1,902.8	11.7	242.3	10.0
Charter flight revenues	1,064.7	2.7	1,174.8	2.8	252.9	1.6	5.9	0.2
In-flight revenues	606.7	1.5	589.0	1.4	201	1.2	44.7	1.8
Freight revenues	270.0	0.7	286.8	0.7	146.4	0.9	93.4	3.8
Advertising revenues	37.5	0.1	24.2	0.1	7.3	0.1	3.3	0.1
Total revenues from sales and services	38,904.8	97.0	40,180.6	96.8	13,633.8	84.0	2,129.7	87.6
<u>Other revenues</u>								
Gain on disposals of aircraft and leasehold improvements	-	-	-	-	1,331.8	8.2	0.1	0.0
Gain on exchange	250.4	0.5	350.5	0.8	545.6	3.3	237.6	9.8
Other income	985.7	2.5	998.1	2.4	725.1	4.5	64.1	2.6
Total other revenues	1,236.1	3.0	1,348.6	3.2	2,602.5	16.0	301.7	12.4
Total revenues	40,140.9	100.0	41,529.2	100.0	16,236.3	100.0	2,431.4	100.0

Remarks : 1/ Reclassification of the comprehensive income statements

3. Securities and Shareholders

3.1 Equity Securities

Asia Aviation Public Company Limited

As at March 11, 2021, Asia Aviation has the registered and paid-up capital of THB 485,000,000, being common shares of 4,850,000,000 shares at the par value of THB 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 August 16, 2021, Thai AirAsia has the registered and paid-up capital of THB 435,555,600, being common shares of 43,555,560 shares at the par value of THB 10 per share. With the IPO proceeds, AAV has injected its capital into Thai AirAsia, increasing its shareholding from 51% to 55%.

Shareholders

Asia Aviation Public Company Limited

As at November 2, 2021, Asia Aviation has its top 10 shareholders with details on the number of shares and shareholding percentage as follows:

No	Major shareholders	Number of shares	Shareholding Percentage (%)
1	Mr. Tassapon Bijleveld	1,965,088,286	40.52
2	Bualuang Long-Term Equity Fund	227,232,400	4.69
3	Mr. Tanarat Pasawongse	180,860,800	3.73
4	Thai NVDR Company Limited	171,047,162	3.53
5	Provident Fund K Master Pool Fund	134,530,300	2.77
6	Bualuang Long-term Equity Fund 75/25	94,186,700	1.94
7	K Pariphat Equity RMF	82,313,800	1.70
8	Bualuang Flexible RMF	61,187,800	1.26
9	Bualuang Equity RMF	48,808,500	1.01
10	Bualuang Infrastructure RMF	38,615,800	0.80
	Top 10 Major Shareholders	3,003,871,548	61.94
	Other Shareholders	1,846,128,452	38.06
	Total	4,850,000,000	100.00

Source : the Company

Thai AirAsia Company Limited

As of August 16, 2021, Thai AirAsia has 8 shareholders with details on the number of shares and shareholding percentage as follows:

No	Major Shareholders	Number of shares	Shareholding Percentage (%)
1	Asia Aviation Public Company Limited	23,955,553	55.00
2	AirAsia Aviation 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

No	Major Shareholders	Number of shares	Shareholding Percentage (%)
8	Mrs. Hathaimas Ekkalakdilok	1	0
	Total	43,555,560	100.00

Source : Company

Remark: 1/ AirAsia Aviation Limited ("AAA") 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 of June 28, 2021, the direct and indirect holdings of shareholders holding more than 5 percent in AirAsia Group Berhad according to the register of major shareholders are as follows:

No.	Name	Direct		Indirect	
		No. of shares	Shareholding percentage (percent)	No. of shares	Shareholding percentage (percent)
1	Tune Live Sdn. Bhd. ("TLSB")	509,000,000 ^{1/}	13.06	-	-
2	Tune Air Sdn. Bhd. ("TASB")	516,485,082 ^{2/}	13.25	-	-
3	Positive Boom Limited ("PBL")	332,240,504 ^{3/}	8.53	-	-
4	Mr. Anthony Francis Fernandes	1,600,000 ^{4/}	0.04	1,025,485,082 ^{6/}	26.31
5	Mr. Kamarudin bin Meranun	2,000,000 ^{5/}	0.05		
6	Choi Chui Fei, Stanley	-	-	332,240,504 ^{7/}	8.53
7	Permodalan Nasional Berhad	258,776,900 ^{8/}	6.64	-	-
8	Urusharta Jamaah	139,445,770	3.58	-	-
9	Aimia	121,474,409	3.12	-	-
10	Calvin Lau Chuen Yien	100,000,000	2.57	-	-

Source: the Company

Remark:

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

2/ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for TASB

3/ Shares held under PBL Kenanga Nominees (Asing) Sdn Bhd and Affin Hwang Nominees (Asing) Sdn Bhd for PBL

4/ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Mr. Anthony Francis Fernandes

5/ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Mr. Kamarudin bin Meranun

6/ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20 percent in TLSB and TASB

7/ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20 percent in PBL

8/ Shares held under Permodalan Nasional Berhad are through the following funds:

- (i) Amanah Saham Bumiputera at 155,159,000 shares
- (ii) Amanah Saham Bumiputera 2 at 30,500,000 shares
- (iii) Amanah Saham Malaysia 2 – Wawasan at 20,000,000 shares
- (iv) Amanah Saham Malaysia at 18,498,000 shares
- (v) Amanah Saham Malaysia 3 at 14,639,100 shares
- (vi) ASN Umbrella For ASN Equity 3 at 8,022,200 shares
- (vii) Amanah Saham Nasional at 5,592,300 shares
- (viii) ASN Ambang (Mixed Asset Balanced) 1 at 5,109,100 shares
- (ix) ASN Equity 2 at 1,256,400 shares

3.2 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 authorized for such approval, considering the profitability of the Company, which will be reported to the next Shareholders' Meeting.

Dividend policy of 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.

3.3 The Board of Directors

As of July 1, 2021, 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	Independent Director Audit Committee
3	Mr. Veerayooth Bodharamik	Director Independent Director Authorized Director
4	Mr. Tassapon Bijleveld	Chief Executive Officer Authorized Director
5	Mr. Santisuk Klongchaiya	Executive Director Authorized Director
6	Mr. Phairat Pornpathananangoon	Authorized Director
7	M.L. Bovornovadep Devakula	Authorized Director
8	Gp.Capt.Tanapat Ngamplang	Authorized Director
9	Mr. Preechaya Rasametanin	Authorized Director

Source : SET

3.4 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 Pornpathananangoon	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

Name		Position
13	Sqn.Ldr. Damrong Phaspipatkul	Head of Flight Operations
14	Mr. Bandit Pornsarote	Head of Operational Quality Assurance

Source : AAV Annual Report 2020

4. Summary of Financial Statements of AAV

4.1 Statement of Financial Position of the Company

(Unit: THB Million)

Statement of financial position (AAV)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Assets								
Current assets								
Cash and cash equivalents	4,122.62	6.68	3,982.23	6.33	1,110.37	1.63	233.53	0.36
Current investment	-	-	-	-	-	-	-	-
Trade and other receivables	492.72	0.80	597.45	0.95	284.46	0.42	267.05	0.41
Amounts due from related parties	872.37	1.41	1,920.16	3.05	815.57	1.20	863.60	1.34
Inventories	188.32	0.30	294.64	0.47	240.24	0.35	214.47	0.33
Current tax assets	24.75	0.04	24.18	0.04	20.81	0.03	18.69	0.03
Prepaid expenses	423.90	0.69	356.81	0.57	288.71	0.42	110.92	0.17
Derivative assets	-	-	-	-	-	-	6.64	0.01
Other current assets	240.79	0.39	251.41	0.40	-	-	-	-
Total current assets	6,365.48	10.31	7,426.88	11.81	2,760.17	4.06	1,714.91	2.65
Non-current assets								
Other non-current financial assets	-	-	-	-	907.60	1.34	886.45	1.37
Derivative assets	-	-	-	-	-	-	10.12	0.02
Long-term investment	12.59	0.02	13.19	0.02	-	-	-	-
Aircraft maintenance reserves	4,532.74	7.34	5,963.21	9.48	5,856.11	8.61	5,623.66	8.71
Property, aircraft, leasehold improvements and equipment	26,185.18	42.41	24,877.26	39.55	6,230.42	9.17	5,899.45	9.13
Right-of-use assets	-	-	-	-	28,527.35	41.97	26,624.01	41.21
Intangible assets	14,882.99	24.10	14,878.77	23.65	14,871.20	21.88	14,866.90	23.01
Investment property	-	-	-	-	-	-	151.00	0.23
Goodwill	8,824.83	14.29	8,824.83	14.03	8,824.83	12.98	8,824.83	13.66
Other non-current assets	942.90	1.53	918.42	1.46	-	-	-	-
Total non-current assets	55,381.24	89.69	55,475.68	88.19	65,217.51	95.94	62,886.42	97.35
Total assets	61,746.72	100.00	62,902.56	100.00	67,977.67	100.00	64,601.33	100.00

Statement of financial position (AAV)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Liabilities								
Current liabilities								
Short-term borrowings from financial institutions	650.00	1.05	1,750.00	2.78	1,000.00	1.47	1,383.38	2.14
Trade payables	159.68	0.26	915.10	1.45	756.52	1.11	813.48	1.26
Other payables	393.23	0.64	639.62	1.02	292.45	0.43	391.57	0.61
Amounts due to related parties	699.19	1.13	373.82	0.59	3,060.17	4.50	4,549.93	7.04
Current portion of long-term borrowings from financial institutions	213.77	0.35	353.60	0.56	786.53	1.16	459.91	0.71
Current portion of long-term debentures	-	-	999.87	1.59	1,499.76	2.21	1,799.76	2.79
Current portion of liabilities under lease agreements	-	-	-	-	6,025.97	8.86	7,829.49	12.12
Current portion of liabilities under finance lease agreements	1,300.08	2.11	1,334.74	2.12	-	-	-	-
Unearned income	4,986.93	8.08	4,648.34	7.39	2,372.60	3.49	2,431.07	3.76
Income tax payable	-	-	0.62	0.00	0.84	0.00	1.09	0.00
Accrued expenses	2,561.64	4.15	2,704.53	4.30	1,718.56	2.53	1,946.49	3.01
Derivative liabilities	-	-	-	-	309.89	0.46	73.90	0.11
Other current liabilities	57.63	0.09	238.78	0.38	-	-	-	-
Total current liabilities	11,022.16	17.85	13,959.03	22.19	17,823.28	26.22	21,680.05	33.56
Non-current liabilities								
Long-term borrowings from financial institutions - net of current portion	2,624.16	4.25	4,285.88	6.81	3,073.26	4.52	3,599.12	5.57
Long-term debentures - net of current portion	4,095.13	6.63	3,096.86	4.92	1,598.38	2.35	999.01	1.55
Liabilities under lease agreements - net of current portion	-	-	-	-	24,674.61	36.30	24,374.49	37.73
Liabilities under financial lease agreements - net of current portion	11,919.25	19.30	10,158.88	16.15	-	-	-	-
Provision for long-term employee benefits	422.55	0.68	666.30	1.06	849.33	1.25	915.29	1.42

Statement of financial position (AAV)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Derivative liabilities	-	-	-	-	609.25	0.90	289.48	0.45
Deferred tax liabilities	3,040.68	4.92	3,047.15	4.84	1,989.25	2.93	1,652.14	2.56
Total non-current liabilities	22,101.76	35.79	21,255.06	33.79	32,794.08	48.24	31,829.52	49.27
Total liabilities	33,123.92	53.64	35,214.09	55.98	50,617.36	74.46	53,509.57	82.83
Shareholders' equity								
Share capital								
Registered								
4,850,000,000 ordinary shares of THB 0.1 each	485.00	0.79	485.00	0.77	485.00	0.71	485.00	0.75
Issued and fully paid up								
4,850,000,000 ordinary shares of THB 0.1 each	485.00	0.79	485.00	0.77	485.00	0.71	485.00	0.75
Premium on ordinary shares	2,599.81	4.21	2,599.81	4.13	2,599.81	3.82	2,599.81	4.02
Retained earnings								
Appropriated - statutory reserve	48.50	0.08	48.50	0.08	48.50	0.07	48.50	0.08
Unappropriated	17,322.06	28.05	16,810.57	26.72	11,337.16	16.68	7,780.70	12.04
Other component of shareholders' equity	-	-	-	-	(204.36)	(0.30)	(94.41)	(0.15)
Equity attributable to owners of the Company	20,455.36	33.13	19,943.88	31.71	14,266.11	20.99	10,819.60	16.75
Non-controlling interests of the subsidiary	8,167.43	13.23	7,744.60	12.31	3,094.21	4.55	272.16	0.42
Total shareholders' equity	28,622.79	46.36	27,688.47	44.02	17,360.32	25.54	11,091.76	17.17
Total liabilities and shareholders' equity	61,746.72	100.00	62,902.56	100.00	67,977.67	100.00	64,601.33	100.00

Source : Company

4.2 Statement of Comprehensive Income of the Company

(Unit: THB Million)

Statement of comprehensive income (AAV)	12 months ended as of December 31, 2018	Proportion (percent)	12 months ended as of December 31, 2019	Proportion (percent)	12 months ended as of December 31, 2020	Proportion (percent)	6 months ended as of June 30, 2021	Proportion (percent)
Profit or loss:								
Revenues								

Statement of comprehensive income (AAV)	12 months ended as of December 31, 2018	Proportion (percent)	12 months ended as of December 31, 2019	Proportion (percent)	12 months ended as of December 31, 2020	Proportion (percent)	6 months ended as of June 30, 2021	Proportion (percent)
Revenues from sales and services	38,904.85	96.78	40,180.65	96.75	13,633.87	83.97	2,129.70	87.59
Gain on exchange	250.40	0.62	-	-	-	-	-	-
Other income	1,044.96	2.60	1,350.26	3.25	2,603.47	16.03	301.72	12.41
Total revenues	40,200.21	100.00	41,530.91	100.00	16,237.34	100.00	2,431.43	100.00
Expenses								
Cost of sales and services	36,423.96	90.61	38,358.53	92.36	20,484.16	126.15	5,605.95	230.56
Selling and distribution expenses	1,627.58	4.05	1,671.20	4.02	797.20	4.91	116.21	4.78
Administrative expenses	1,488.53	3.70	1,623.40	3.91	1,053.56	6.49	500.97	20.60
Other expenses	-	-	-	-	1,453.15	8.95	2,228.03	91.63
Total expenses	39,540.07	98.36	41,653.13	100.29	23,788.08	146.50	8,451.16	347.58
Profit (loss) before financial costs and income tax expense	660.14	1.64	(122.22)	(0.29)	(7,550.74)	(46.50)	(6,019.73)	(247.58)
Finance income	-	-	22.19	0.05	23.62	0.15	38.14	1.57
Finance costs	(743.71)	(1.85)	(765.53)	(1.84)	(1,799.78)	(11.08)	(850.49)	(34.98)
Profit (loss) before income tax expense	(83.57)	(0.21)	(865.56)	(2.08)	(9,326.91)	(57.44)	(6,832.08)	(280.99)
Income tax revenue (expense)	210.93	0.52	(0.60)	(0.00)	659.98	4.06	363.62	14.95
Profit (loss) for the period	127.36	0.32	(866.16)	(2.09)	(8,666.93)	(53.38)	(6,468.46)	(266.04)

4.3 Cash Flow Statement of the Company

(Unit: THB Million)

Cash flow statement (AAV)	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019	12 months ending as of December 31, 2020	6 months ending as of June 30, 2021
Cash flows from operating activities				
Profit (loss) before tax	(83.57)	(865.56)	(9,326.91)	(6,832.08)
Write-off of bad debts	2.24	-	-	-
Impairment loss on financial assets	-	-	147.61	-
Impairment of right-of-use assets	-	-	1,415.96	-
Allowance for expected credit losses (reversal)	-	-	-	88.43
Depreciation and amortization	1,666.75	1,716.75	5,738.99	2,428.51

Cash flow statement (AAV)	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019	12 months ending as of December 31, 2020	6 months ending as of June 30, 2021
Gain on disposals and write-off of aircraft, leasehold improvements and equipment	(0.36)	(0.29)	(1,331.76)	(0.07)
Amortization of aircraft maintenance reserves	-	-	616.03	-
Long-term employee benefits expenses	85.48	334.97	154.82	79.83
(Gain) Loss on derivatives	-	-	37.19	(237.59)
Unrealized gain on exchange	1.58	(249.48)	(184.52)	2,124.20
Interest income	(58.71)	(22.19)	(23.62)	(38.14)
Income expenses	743.71	765.53	1,799.78	850.49
Profit (loss) from operating activities before changes in operating assets and liabilities	2,357.13	1,679.72	(956.41)	(1,536.42)
Operating assets (increase) decrease				
Trade and other receivables	(47.52)	(103.89)	532.60	12.58
Amounts due from related parties	75.21	(1,075.32)	990.13	(129.58)
Inventories	(39.52)	(106.32)	54.40	25.77
Prepaid expenses	(52.61)	67.10	(74.43)	177.79
Other current assets	43.77	(2.07)	-	-
Other non-current financial assets	-	-	(79.37)	27.23
Other non-current assets	(69.11)	24.48	-	-
Operating liabilities increase (decrease)				
Trade payables	(150.98)	755.42	(160.11)	53.25
Other payables	(85.09)	246.38	(592.01)	85.56
Amounts due to related parties	529.10	(325.37)	2,686.35	739.97
Unearned income	165.95	(481.19)	(2,275.75)	58.47
Other current liabilities	200.03	181.15	-	-
Accrued expenses	(48.97)	123.87	(999.73)	57.41
Payment for long-term employee benefits	-	(9.50)	(19.47)	(13.86)
Cash flows from (used in) operating activities	2,877.40	974.46	(893.79)	(441.81)
Cash paid for income tax	(8.12)	(9.54)	(4.11)	(1.38)
Income tax refund	-	0.76	-	2.50
Cash flows from (used in) operating activities	2,869.29	965.68	(897.90)	(440.70)
Cash flows from investing activities				
Decrease in current investments	1,493.25	-	-	-
Increase in long-term investment	(0.71)	(0.60)	-	-

Cash flow statement (AAV)	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019	12 months ending as of December 31, 2020	6 months ending as of June 30, 2021
Payment for aircraft maintenance reserves	(880.48)	(1,430.47)	(508.93)	-
Payment for leasehold improvements and acquisitions of property, aircraft and equipment	(2,406.63)	(379.85)	(820.76)	(102.42)
Acquisitions of intangible assets	(4.16)	(5.37)	(1.99)	-
Interest income	64.01	21.30	23.62	38.12
Proceeds from sales of equipment	1.40	1.12	13,372.41	0.09
Net cash flows from (used in) investing activities	(1,733.32)	(1,793.86)	12,064.36	(64.21)
Cash flows from financing activities				
Increase in short-term borrowings from financial institutions	650.00	1,100.00	(150.00)	632.10
Proceeds from long-term borrowings from financial institutions	1,226.19	2,016.70	847.32	-
Payments for front end fees of long-term borrowings from financial institutions	-	(1.50)	-	-
Repayment of long-term borrowings from financial institutions	(1,721.81)	(214.68)	(48.27)	(50.84)
Proceeds from issuance of long-term debentures	2,500.00	-	-	-
Repayment for front fees of long-term debentures	(4.00)	-	-	-
Payments for early termination of long-term borrowings	-	-	(2,180.02)	-
Repayment of long-term debentures	-	-	(1,000.00)	(300.00)
Cash paid for liabilities under finance lease agreements	(1,291.55)	(1,310.57)	(4,105.72)	(304.97)
Payments for early termination of lease agreements	-	-	(7,084.71)	-
Interest paid	(681.76)	(761.19)	(309.99)	(355.41)
Dividend paid	(2,965.35)	-	-	-
Net cash flows from (used in) financing activities	(2,288.29)	828.76	(14,031.39)	(379.12)

Cash flow statement (AAV)	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019	12 months ending as of December 31, 2020	6 months ending as of June 30, 2021
Net increase (decrease) in cash and cash equivalents	(1,152.32)	0.57	(2,864.94)	(884.03)
Cash and cash equivalents at beginning of the year	5,337.96	4,122.62	3,982.23	1,110.37
Unrealized exchange loss on cash and cash equivalents	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at end of the year	4,122.62	3,982.23	1,110.37	233.53

Source : Company

4.4 Important Financial Ratios of the Company

(Unit: THB Million)

		2018	2019	2020	Q2/2021
Liquidity Ratio					
Current Ratio	times	0.6	0.5	0.2	0.1
Quick Ratio	times	0.5	0.5	0.1	0.1
Cash Ratio	times	0.3	0.1	(0.1)	N/A
Account Receivable Turnover Ratio	times	82.0	73.7	29.6	N/A
Average Collection Period	days	4.4	4.9	12.3	N/A
Inventory Turnover Ratio	times	216.1	158.8	76.6	N/A
Average Inventory Period	days	1.7	2.3	4.8	N/A
Account Payable Turnover Ratio	times	154.9	71.4	24.5	N/A
Average Payment Period	days	2.3	5.1	14.9	N/A
Cash Cycle	days	3.8	2.1	2.2	N/A
Profitability Ratio					
Gross Profit Margin ^{1/}	percent	6.4	4.5	(50.2)	(163.2)
EBIT Margin ^{1/}	percent	1.5	(0.3)	(55.4)	(282.7)
Other income per Total Assets	percent	3.1	3.3	16.0	N/A
Net Profit (Loss) Margin ^{2/}	percent	0.2	(1.2)	(34.9)	(167.0)
Return on Equity	percent	0.3	(2.3)	(27.9)	(47.7)
Efficiency Ratio					
Return on Assets	percent	0.1	(0.8)	(7.3)	(9.4)
Return on Fixed Assets	percent	6.7	4.8	4.9	N/A
Asset Turnover Ratio	times	0.6	0.7	0.2	N/A
Financial Policy Ratio					
Debt to Equity Ratio	times	1.6	1.8	3.5	4.9

		2018	2019	2020	Q2/2021
Interest Coverage Ratio	times	5.0	2.3	0.8	N/A
Cash Basis ^{3/}	times	0.9	0.3	(0.2)	N/A
Dividend Payout Ratio	percent	2,322	-	-	-

Remark:

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)

5. Financial Performance and Operations Summary of Asia Aviation PCL

5.1 Statement of Comprehensive Income

2018

For the year ended 2018, Asia Aviation had total revenues of THB 40,200.2 million, increased by THB 2,917.9 million or 8% compared to the same period last year and reported a net profit before finance costs and income taxes amounted to THB 660.1 million, decreased by 80% compared to the same period last year. Profit for the year attributable to equity holders of the Company for FY2018 amounted to THB 70.0 million, 95% or THB 1,470.5 million lower than the previous year, having a net profit margin of 0.2% and basic earnings at THB 0.0144 per share. Thus, Total comprehensive income for the year attributable to equity holders of the Company amounted to THB 74.2 million, which is from the reassessments of employee benefit obligations resulting in the Actuarial gain in an amount of THB 9.6 million and the income tax on items that will not be reclassified added to the Other comprehensive income in an amount of THB 1.9 million.

2019

For the year ended 2019 (FY2019), Asia Aviation had total revenues of THB 41,530.9 million, increased of THB 1,330.7 million or up by 3 percent compared to the same period last year. Meanwhile, loss before finance cost and income tax amounted to THB 100.0 million, reversed from a net profit before finance costs and income taxes amounted to THB 660.1 million from the same period last year. Consequently, a net loss for the year attributable to equity holders of the Company in FY2019 amounted to THB 474.0 million, reversed from profit for the year attributable to equity holders of THB 70.0 million, having a net loss margin of 1 percent and basic loss at THB 0.0977 per share. Thus, loss in total comprehensive income for the year attributable to equity holders of the Company amounted to THB 438.0 million, which is calculated by including the reassessments of employee benefit obligations resulting in the actuarial gain in an amount of THB 81.7 million and net with the income tax in an amount of THB 16.3 million.

2020

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

Quarter 2 of 2021

For the first half year of 2021 (1H2021), Asia Aviation had total revenues of THB 2,431.4 million, decreased by 75 percent compared to the same period last year. While, total expenses were a total of THB 8,451.1 million, declined by 34 percent from the first half year of 2020 (1H2020). Consequently, a net loss for the period attributable to equity holders of the Company in 1H2020 amounted to THB 3,556.5 million, from the net loss of THB 1,812.8 million for 1H2020, and having a basic loss was at THB 0.7333 per share. With other comprehensive income from a gain on cash flow hedges net of income tax in an amount of THB 199.9 million, it had a loss in total comprehensive income attributable to equity holders of the Company in an amount of THB 3,446.5 million, from the net loss in an amount of THB 2,677.6 million for 1H2020.

5.2 Statement of Financial Position

5.2.1 Assets

2018

As at December 31, 2018, total assets amounted to THB 61,746.7 million, decreased by THB 1,026.9 million or 2% compared to the year ended December 31, 2017 and the return on assets (ROA) was 0.1%, due to;

1) Current assets decreased by THB 2,683.5 million, mainly from the decrease in cash and cash equivalents at the amount of THB 1,215.3 million, primarily from interim dividends for 2018. Additionally, the current investments decreased by THB 1,489.0 million due to the maturity of fixed deposits.

2) Non-current assets increased by THB 1,656.6 million due to an increase in aircraft, leasehold improvement and equipment in an amount of THB 712.4 million, mainly due to the acquisition of land for the construction of the academy project building. Meanwhile, aircraft maintenance reserves rose THB 880.5 million in relation to the increase in flight hours.

2019

As at December 31, 2019, total assets amounted to THB 62,902.6 million, increased by THB 1,155.8 million or 2 percent compared to the year ended December 31, 2018, due to;

- 1) Current assets increased by THB 1,061.4 million, an increase in the amounts due from related parties of THB 1,047.8 million, despite a decrease in cash and cash equivalents in an amount of THB 140.4 million.
- 2) Non-current assets increased by THB 94.4 million due to an increase in the aircraft maintenance reserves of THB 1,430.5 million in relation to an increase in operational hours. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of THB 1,307.9 million, resulting from an increase in accumulated depreciation.

2020

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

- 1) Current assets decreased by THB 4,666.7 million, mainly from a decrease in cash and cash equivalents in an amount of THB 2,871.9 million and the redemption of debenture of which principal amounted to THB 1,000.0 million. Meanwhile, the amounts due from related parties decreased by THB 1,104.6 million.
- 2) Non-current assets increased by THB 9,741.8 million due to a recognition of the right-of-use assets in an amount of THB 28,527.3 million from TFRS16 adoption. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of THB 18,646.8 million, mainly from ten aircraft disposal.

Quarter 2 of 2021

As at June 30, 2021, total assets amounted to THB 64,601.4 million, decreased by 5 percent compared to as at December 31, 2020, due to;

- 1) Current assets decreased by THB 1,045.3 million, primarily due to a decrease in cash and cash equivalents in an amount of THB 876.8 million from a decrease in passengers and the partial repayment of debentures, as well as, a decrease in prepaid expenses by THB 177.8 million from receiving of the fuel prepayment.
- 2) Non-current assets decreased by THB 2,331.1 million, primarily due to the right-of-use assets, the property, aircraft, leasehold improvements and equipment decreased from accumulated depreciation.

5.2.2 Liabilities

2018

As at December 31, 2018, total liabilities amounted to THB 33,123.9 million, increased by THB 1,803.5 million or 6% compared to the year ended December 31, 2017, due to;

- 1) Current liabilities increased by THB 112.0 million, mainly from an increase in the unearned income at the amount of THB 165.9 million due to the peak travelling season.
- 2) Non-current liabilities increased by THB 1,691.4 million, mainly from the issuance of the debentures in an amount of THB 2,500.0 million and the proceeds will be used for general investment purpose and/or for working capital.

2019

As at December 31, 2019, total liabilities amounted to THB 35,214.1 million, decreased by THB 2,090.2 million or 6 percent compared to the year ended December 31, 2018, due to;

- 1) Current liabilities increased by THB 2,936.9 million, mainly from an increase in the short-term borrowings from financial institutions in an amount of THB 1,100 million which is proposed for the working capital, the long-term debentures due in May 2020 in an amount of THB 1,000.0 million, and an increase in the trade payables of THB 755.4 million.
- 2) Non-current liabilities decreased by THB 846.7 million, resulting from the repayments of liabilities under finance lease agreements in an amount of THB 1,760.4 million. Whereas, long-term borrowings from financial institutions increased by THB 1,661.7 million which is proposed for funding the acquisition of land and the building constructed

2020

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

- 1) Current liabilities increased by THB 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 THB 4,691.2 million mainly due to TFRS16 adoption. Whereas, the unearned income decreased by THB 2,275.7 million as travel restrictions have slashed advance bookings and as a portion of the long-term debenture in an amount of THB 1,500.0 million was reclassified from non-current liabilities to current liabilities.
- 2) Non-current liabilities increased by THB 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 THB 14,515.7 million mainly due to TFRS16 adoption. Whereas, long-term borrowings from financial institutions decreased by THB 1,212.6 million, owing to the repayments of liabilities and the interest paid.

Quarter 2 of 2021

As at June 30, 2021, total liabilities amounted to THB 53,509.6 million, increased by 6 percent compared to as at December 31, 2020, due to;

1) Current liabilities increased by THB 3,856.8 million, primarily due to an increase in liabilities under lease agreements in an amount of THB 1,803.5 million as the reclassified from non-current liabilities to current liabilities, as well as, an increase in the amounts due to related parties in an amount of THB 1,489.8 million, mainly from the aircraft lease. Whereas long-term debentures increased by THB 300 million from the debentures due in May 2022 of THB 600 million and the partial repayment of debentures due in June 2021 of THB 300 million.

2) Non-current liabilities decreased by THB 964.6 million, primarily due to derivative liabilities decreased by THB 319.8 million, mainly from the foreign exchange rate forward contracts.

5.2.3 Equity

2018

As at December 31, 2018, total shareholders' equity amounted to THB 28,622.8 million, decreased by THB 2,830.3 million or 9% compared to the year ended December 31, 2017 due to the interim dividends for 2018 approved by the Board of Directors on May 11, 2018 and September 12, 2018 at THB 0.20 per share and THB 0.135 per share equivalent to the amount of THB 970.0 million and THB 654.7 million, respectively. Hence, equity attributable to owners of the Company and non-controlling interests of the subsidiary as at December 31, 2018 amounted to THB 20,455.4 million and THB 8,167.4 million, respectively, with the return on equity (ROE) of 0.3%.

2019

As at December 31, 2019, total shareholders' equity amounted to THB 27,688.5 million, decreased by THB 934.3 million or 3 percent compared to the year ended December 31, 2018, resulting from the loss for the period in an amount of THB 866.2 million, the accumulative effect of change in accounting policy for the revenue recognition in an amount of THB 133.5 million, and net with the other comprehensive income for the year in an amount of THB 65.4 million. Hence, equity attributable to owners of the Company and non-controlling interests of the subsidiary as at December 31, 2019 amounted to THB 19,943.9 million and THB 7,744.6 million, respectively.

2020

As at December 31, 2020, total shareholders' equity amounted to THB 17,360.3 million, decreased by THB 10,328.2 million or 37 percent compared to as at December 31, 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 December 31, 2020 amounted to THB 14,266.1 million and THB 3,094.2 million, respectively. The return on equity (ROE) was at -27.9 percent.

Quarter 2 of 2021

As at June 30, 2021, total shareholders' equity amounted to THB 11,091.8 million, decreased by THB 6,268.6 million or 36 percent compared to as at 31 December 2020, mainly due to the operating loss for the period. Hence, equity attributable to owners of the Company and non-controlling interests of the subsidiary as at 30 June 2021 amounted to THB 10,819.6 million and THB 272.2 million, respectively. The return on equity (ROE) was at -47.7 percent.

5.2.4 Statement of Cash Flows

2018

For the year ended December 31, 2018, Asia Aviation had net cash generated from operating activities in an amount of THB 2,869.3 million mainly due to operational results for the year, an increase in depreciation and amortization expenses as well as finance cost. In contrast, net cash used in investing activities was THB 1,733.3 million, mainly from an increase in aircraft acquisition and aircraft maintenance reserves in relation to the increase in flight hours. At the same time, net cash used in financing activities was THB 2,288.3 million mainly due to dividend payment and payment for the current portion of long-term borrowings from financial institutions to close two long-term loan agreements even though there was proceeding from the issuance of the debentures in an amount of THB 2,500.0 million for general investment purpose and/or for working capital. As a result, Asia Aviation had the net decrease in cash and cash equivalents of THB 1,152.3 million, while the cash and cash equivalents at the end of the year amounted to THB 4,122.6 million.

2019

For the year ended December 31, 2019, Asia Aviation had net cash generated from operating activities in an amount of THB 965.7 million due to an increase in trade payable in the period review. While net cash used in investing activities was at THB 1,793.9 million, mainly from the payment for aircraft maintenance reserves along with the operational hours. At the same time, net cash generated from financing activities was THB 828.8 million mainly due to an increase in the long-term borrowing from financial institutions for funding the acquisition of land and the building constructed and the short-term borrowings from financial institutions for the working capital, despite the payment for liabilities under finance lease agreements and interest paid. As a result, Asia Aviation had the net increase in cash and cash equivalents of THB 0.6 million, while the cash and cash equivalents at the end of the period amounted to THB 3,982.2 million.

2020

For the year ended December 31, 2020, Asia Aviation had net cash used in operating activities in an amount of THB 897.9 million mainly due to the operating loss in the period under review. Meanwhile, net cash generated from investing activities was at THB 12,064.4 million, mainly from proceed of ten aircraft disposal. Net cash used in financing activities was THB 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 THB 2,864.9 million, while the cash and cash equivalents at the end of the period amounted to THB 1,110.4 million.

Quarter 2 of 2021

For the six-month period ended June 30, 2021, Asia Aviation had net cash used in operating activities in an amount of THB 440.7 million mainly due to the operating loss in the period under review. Meanwhile, net cash used in investing activities was at THB 64.2 million, primarily from the payments for improvement employee training centre. Net cash used in financing activities was THB 379.1 million, mainly due to the repayment for liabilities under lease agreements, interest paid, and the partial repayment of debentures. As a result, the net decrease in cash and cash equivalents amounted to THB 884.0 million, while the cash and cash equivalents at the end of the period amounted to THB 233.5 million.

5.2.5 Important Financial Ratios

2018

In 2018, the Company had current ratio of 0.6 times, with quick ratio of 0.5 times. Gross profit margin was 6.4 percent. EBIT margin was 1.5 percent. Net profit (loss) margin was 0.2 percent. Return on equity was 0.3 percent. Return on assets was 0.1 percent, and debt to equity ratio was 1.6 percent.

2019

In 2019, the Company had current ratio of 0.5, decreased by 0.1 times from 2018. Quick ratio was 0.5 times, equaled to 2018 at 0.5 times. Gross profit margin was 4.5, decreased by 1.9 percent from 2018. EBIT margin was (0.3) percent, decreased by 1.8 percent from 2018. Net profit (loss) margin was (1.2) percent, decreased by 1.4 percent from 2018. Return on equity was (2.3) percent, decreased by 2.6 percent from 2018. Return on assets was (0.8) percent, decreased by 0.9 percent from 2018, and debt to equity ratio was 1.8, increased by 0.2 percent from 2018.

2020

In 2020, the Company had current ratio of 0.2, decreased by 0.3 times from 2019. Quick ratio was 0.1 times, decreased by 0.4 times from 2019. Gross profit margin was (50.2), decreased by 54.7 percent from 2019. EBIT margin was (55.4) percent, decreased by 55.1 percent from 2019. Net profit (loss) margin was (34.9) percent, decreased by 33.7 percent from 2019. Return on equity was (27.9) percent, decreased by 25.6 percent from 2019. Return on assets was (7.3) percent, decreased by 6.5 percent from 2019, and debt to equity ratio was 3.5, increased by 1.7 percent from 2019.

Quarter 2 2021

As of June 30, 2021, the Company had current ratio of 0.1, decreased by 0.2 times from the end of 2020. Quick ratio was 0.1 times, equaled to the end of 2020 at 0.1 times. Gross profit margin was (163.2), decreased by 113 percent from the end of 2020. EBIT margin was (282.7) percent, decreased by 227.3 percent from the end of 2020. Net profit (loss) margin was (167.0) percent, decreased by 132.1 percent from the end of 2020. Return on equity was (27.9) percent, decreased by 19.8 percent from the end of 2020. Return on assets was (9.4) percent, decreased by 2.1 percent from the end of 2020, and debt to equity ratio was 4.9, increased by 1.4 percent from the end of 2020.

6. Summary of Financial Statements of Thai AirAsia Co., Ltd.

6.1 Statement of Financial Position of Thai AirAsia Co., Ltd.

(Unit: THB Million)

Statement of financial position (TAA)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Assets								
Current assets								
Cash and cash equivalents	4,036.98	10.65	3,889.58	9.96	1,012.09	2.24	232.70	0.55
Trade and other receivables	492.27	1.30	596.85	1.53	284.06	0.63	266.42	0.63
Amounts due from related parties	872.22	2.30	1,919.71	4.91	815.12	1.81	863.60	2.04
Inventories	188.32	0.50	294.64	0.75	240.24	0.53	214.47	0.51
Current tax assets	21.49	0.06	24.18	0.06	18.31	0.04	18.69	0.04
Prepaid expenses	423.09	1.12	355.88	0.91	287.45	0.64	110.82	0.26
Derivative assets	-	-	-	-	-	-	6.64	0.02
Other current assets	240.74	0.63	251.41	0.64	-	-	-	-
Total current assets	6,275.11	16.55	7,332.25	18.77	2,657.28	5.89	1,713.34	4.06
Non-current assets								
Other non-current financial assets	-	-	-	-	906.14	2.01	884.99	2.10
Derivative assets	-	-	-	-	-	-	10.12	0.02

Statement of financial position (TAA)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Long-term investment	11.13	0.03	11.73	0.03	-	-	-	-
Investment in subsidiary	-	-	-	-	-	-	2.50	0.01
Aircraft maintenance reserves	4,532.74	11.95	5,963.21	15.26	5,856.11	12.98	5,623.66	13.31
Property, aircraft, leasehold improvements and equipment	26,129.01	68.91	24,821.09	63.53	6,174.26	13.68	5,899.45	13.97
Right-of-use assets	-	-	-	-	28,527.35	63.21	26,624.01	63.03
Intangible assets	26.99	0.07	22.77	0.06	15.20	0.03	10.90	0.03
Investment property	-	-	-	-	-	-	151.00	0.36
Deferred tax assets	-	-	-	-	993.47	2.20	1,319.36	3.12
Other non-current assets	942.90	2.49	915.92	2.34	-	-	-	-
Total non-current assets	31,642.78	83.45	31,734.73	81.23	42,472.53	94.11	40,526.00	95.94
Total assets	37,917.89	100.00	39,066.99	100.00	45,129.81	100.00	42,239.34	100.00
Liabilities								
Current liabilities								
Short-term borrowings from financial institutions	650.00	1.71	1,750.00	4.48	1,000.00	2.22	1,383.38	3.28
Short-term borrowings from parent company	-	-	-	-	-	-	97.66	0.23
Trade payables	159.68	0.42	915.10	2.34	756.52	1.68	813.48	1.93
Other payables	392.71	1.04	639.62	1.64	291.88	0.65	390.41	0.92
Amounts due to related parties	699.19	1.84	373.82	0.96	3,060.17	6.78	4,556.63	10.79
Current portion of long-term borrowings from financial institutions	213.77	0.56	353.60	0.91	786.53	1.74	459.91	1.09
Current portion of long-term debentures	-	-	999.87	2.56	1,499.76	3.32	1,799.76	4.26
Current portion of liabilities under lease agreements	-	-	-	-	6,025.97	13.35	7,829.49	18.54
Current portion of liabilities under finance lease agreements	1,300.08	3.43	1,334.74	3.42	-	-	-	-
Unearned income	4,986.93	13.15	4,648.34	11.90	2,372.60	5.26	2,431.07	5.76
Accrued expenses	2,560.89	6.75	2,702.96	6.92	1,717.44	3.81	1,948.31	4.61
Derivative liabilities	-	-	-	-	309.89	0.69	73.90	0.17
Other current liabilities	57.19	0.15	238.16	0.61	-	-	-	-
Total current liabilities	11,020.44	29.06	13,956.22	35.72	17,820.75	39.49	21,784.00	51.57
Non-current liabilities								

Statement of financial position (TAA)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Long-term borrowings from financial institutions - net of current portion	2,624.16	6.92	4,285.88	10.97	3,073.26	6.81	3,599.12	8.52
Long-term debentures - net of current portion	4,095.13	10.80	3,096.86	7.93	1,598.38	3.54	999.01	2.37
Liabilities under lease agreement - net of current portion	-	-	-	-	24,674.61	54.67	24,374.49	57.71
Liabilities under finance lease agreement - net of current portion	11,919.25	31.43	10,158.88	26.00	-	-	-	-
Provision for long-term employee benefits	422.55	1.11	666.30	1.71	849.33	1.88	915.29	2.17
Derivative liabilities	-	-	-	-	609.25	1.35	289.48	0.69
Deferred tax liabilities	58.30	0.15	64.42	0.16	-	-	-	-
Total non-current liabilities	19,119.38	50.42	18,272.34	46.77	30,804.82	68.26	30,177.39	71.44
Total liabilities	30,139.83	79.49	32,228.55	82.50	48,625.57	107.75	51,961.38	123.02
Shareholder's' equity								
Share capital								
Registered								
43,555,560 ordinary shares of THB 10 each	435.56	1.15	435.56	1.11	435.56	0.97	435.56	1.03
Issued and fully paid up								
43,555,560 ordinary shares of THB 10 each	435.56	1.15	435.56	1.11	435.56	0.97	435.56	1.03
Premium on ordinary shares	2,628.79	6.93	2,628.79	6.73	2,628.79	5.82	2,628.79	6.22
Retained earning (deficits)								
Appropriated - statutory reserve	43.56	0.11	43.56	0.11	43.56	0.10	43.56	0.10
Unappropriated	4,670.17	12.32	3,730.54	9.55	(6,232.10)	(13.81)	(12,658.29)	(29.97)
Other components of shareholders' equity	-	-	-	-	(371.56)	(0.82)	(171.65)	(0.41)
Total shareholders' equity (capital deficits)	7,778.07	20.51	6,838.44	17.50	(3,495.76)	(7.75)	(9,722.04)	(23.02)
Total liabilities and shareholders' equity	37,917.89	100.00	39,066.99	100.00	45,129.81	100.00	42,239.34	100.00

Source : SET

6.2 Statement of Comprehensive Income of Thai AirAsia Co., Ltd.

(Unit: THB Million)

Statement of comprehensive income (TAA)	12 months ending as of December 31, 2018	Proportion (percent)	12 months ending as of December 31, 2019	Proportion (percent)	12 months ending as of December 31, 2020	Proportion (percent)	6 months ending as of June 30, 2021	Proportion (percent)
Profit or loss:								
Revenue								
Revenues from sales and services	38,904.85	96.78	40,180.65	96.75	13,633.87	83.97	2,129.70	87.62
Other income	1,294.58	3.22	1,348.61	3.25	2,602.47	16.03	300.99	12.38
Total revenues	40,199.43	100.00	41,529.26	100.00	16,236.34	100.00	2,430.70	100.00
Expenses								
Cost of sales and services	36,423.96	90.61	38,358.53	92.37	20,484.16	126.16	5,549.78	228.32
Selling and distribution expenses	1,627.58	4.05	1,671.20	4.02	797.20	4.91	116.21	4.78
Administrative expenses	1,487.70	3.70	1,628.72	3.92	1,060.12	6.53	504.14	20.74
Other expenses	-	-	-	-	1,453.15	8.95	2,228.03	91.66
Total expenses	39,539.23	98.36	41,658.45	100.31	23,794.64	146.55	8,398.15	345.50
Gain (Loss) before financial expenses and income tax revenue	660.20	1.64	(129.19)	(0.31)	(7,558.30)	(46.55)	(5,967.46)	(245.50)
Finance income	-	-	22.08	0.05	23.58	0.15	38.13	1.57
Finance costs	(743.71)	(1.85)	(765.53)	(1.84)	(1,799.78)	(11.08)	(850.49)	(34.99)
Loss before income tax revenue	(83.51)	(0.21)	(872.64)	(2.10)	(9,334.50)	(57.49)	(6,779.82)	(278.92)
Income tax revenue (expense)	211.05	0.53	1.17	0.00	661.53	4.07	353.63	14.55
Loss for the period	127.54	0.32	(871.47)	(2.10)	(8,672.97)	(53.42)	(6,426.18)	(264.38)
Other comprehensive income:								
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>								
Gain on cash flow hedges - net of income tax	9.61	0.02	81.72	0.20	(187.57)	(1.16)	200.59	8.25
Less: Other comprehensive income for the period	(1.92)	(0.00)	(16.34)	(0.04)	17.57	0.11	(0.68)	(0.03)
Other comprehensive income for the period	7.69	0.02	65.38	0.16	(169.99)	(1.05)	199.90	8.22

Statement of comprehensive income (TAA)	12 months ending as of December 31, 2018	Proportion (percent)	12 months ending as of December 31, 2019	Proportion (percent)	12 months ending as of December 31, 2020	Proportion (percent)	6 months ending as of June 30, 2021	Proportion (percent)
Actuarial gain (loss) - net of income tax	-	-	-	-	(45.75)	(0.28)	-	-
Total comprehensive income for the period	135.23	0.34	(806.09)	(1.94)	(8,888.71)	(54.75)	(6,226.28)	(256.15)

Source : Company

6.3 Cash Flow Statement of Thai AirAsia Co., Ltd.

(Unit: THB Million)

Cash flow statement (TAA)	12 months ended as of December 31, 2018	12 months ended as of December 31, 2019	12 months ended as of December 31, 2020	6 months ended as of June 30, 2021
Cash flows from operating activities				
Loss before tax	(83.51)	(872.64)	(9,334.50)	(6,779.82)
Allowance for expected credit losses (reversal)	-	-	-	88.43
Write-off of bad debts	2.24	-	-	-
Depreciation and amortization	1,666.75	1,716.74	5,738.99	2,372.35
Gain on disposals and write-off of aircraft, leasehold improvements and equipment	-	-	-	(0.07)
(Gain) loss on derivatives	-	-	37.19	(237.59)
Unrealized (gain) loss on exchange	1.58	(249.48)	(184.52)	2,124.20
Interest income	(58.52)	(22.08)	(23.58)	(38.13)
Interest expenses	743.71	765.53	1,799.78	850.49
Impairment loss on financial assets	-	-	147.61	-
Impairment of right-of-use assets	-	-	1,415.96	-
Gain on sales and write-off of aircraft, leasehold improvements and equipment	(0.36)	(0.29)	(1,331.76)	-
Amortization of aircraft maintenance reserves	-	-	616.03	-
Long-term employee benefits expenses	85.48	334.97	154.82	79.83
Loss from operating activities before changes in operating assets and liabilities	2,357.37	1,672.75	(963.97)	(1,540.31)
Operating assets (increase) decrease				
Trade and other receivables	(48.42)	(103.74)	532.40	12.82

Cash flow statement (TAA)	12 months ended as of December 31, 2018	12 months ended as of December 31, 2019	12 months ended as of December 31, 2020	6 months ended as of June 30, 2021
Amounts due from related parties	75.24	(1,075.02)	990.13	(130.05)
Inventories	(39.52)	(106.32)	54.40	25.77
Prepaid expenses	(53.61)	67.21	(74.09)	176.63
Other current assets	43.98	(4.62)	-	-
Other non-current financial assets	-	-	(79.37)	27.23
Other non-current assets	(69.11)	26.98	-	-
Operating liabilities increase (decrease)				
Trade payables	(150.98)	755.42	(160.11)	53.25
Other payables	(85.03)	246.90	(591.96)	84.97
Amounts due to related parties	529.10	(325.37)	2,686.35	746.68
Unearned income	165.95	(481.19)	(2,275.75)	58.47
Accrued expenses	202.31	123.05	(999.28)	57.86
Provision for long-term employee benefits	-	(9.50)	(19.47)	(13.86)
Other current liabilities	4.88	180.97	-	-
Cash flows used in operating activities	2,932.17	967.53	(900.71)	(440.54)
Cash paid for income tax	(7.16)	(8.74)	(2.78)	(0.38)
Net cash flows used in operating activities	2,925.01	958.79	(903.49)	(440.92)
Cash flows from investing activities				
Payments for aircraft maintenance reserves	(880.48)	(1,430.47)	(508.93)	-
Payments for construction in process and leasehold improvements, and acquisitions of equipment	(2,406.63)	(379.85)	(820.76)	(102.42)
Acquisitions of intangible assets	(4.16)	(5.37)	(1.99)	-
Interest income	63.82	21.20	23.58	38.13
Proceeds from disposals of aircraft and equipment	1.40	1.12	13,372.41	0.09
Increase in long-term investment	(0.71)	(0.60)	-	-
Decrease in current investment	1,493.25	-	-	-
Net cash flows from (used in) investing activities	(1,733.51)	(1,793.97)	12,064.32	(64.20)
Cash flow from financing activities				

Cash flow statement (TAA)	12 months ended as of December 31, 2018	12 months ended as of December 31, 2019	12 months ended as of December 31, 2020	6 months ended as of June 30, 2021
Net increase (decrease) in short-term borrowings from financial institutions	650.00	1,100.00	(150.00)	632.10
Net increase in short-term borrowings from parent company	-	-	-	97.66
Net increase in short-term borrowings from parent company	1,226.19	2,016.70	847.32	-
Proceeds from long-term borrowing from financial institution	-	(1.50)	-	-
Repayments of long-term borrowings from financial institutions	(1,721.81)	(214.68)	(48.27)	(50.84)
Payments for early termination of long-term borrowings	-	-	(2,180.02)	-
Proceeds from issuance of long-term debentures	2,500.00	-	-	-
Repayments of long-term debentures	(4.00)	-	(1,000.00)	(300.00)
Cash paid for liabilities under lease agreements	(1,291.55)	(1,310.57)	(4,105.72)	(304.97)
Payments for early termination of lease agreement	-	-	(7,084.71)	-
Interest paid	(681.76)	(761.19)	(309.99)	(355.41)
Dividend paid	(2,979.20)	-	-	-
Net cash flows used in financing activities	(2,302.13)	828.76	(14,031.39)	(281.46)
Net decrease in cash and cash equivalents	(1,110.63)	(6.43)	(2,870.56)	(786.58)
Cash and cash equivalents at beginning of the period	5,210.62	4,036.98	3,889.58	1,012.09
Unrealized exchange gain on cash and cash equivalents	(63.01)	(140.97)	(6.93)	7.19
Cash and cash equivalents at end of the period	4,036.98	3,889.58	1,012.09	232.70

Source: Company

6.4 Important Financial Ratios of Thai AirAsia Co., Ltd.

		2018	2019	2020	Q2/2021
Liquidity Ratio					
Current Ratio	times	0.6	0.5	0.1	0.1

		2018	2019	2020	Q2/2021
Quick Ratio	times	0.5	0.5	0.1	0.1
Cash Ratio	times	0.3	0.1	(0.1)	N/A
Account Receivable Turnover Ratio	times	82.2	73.8	29.6	N/A
Average Collection Period	days	4.4	4.9	12.3	N/A
Inventory Turnover Ratio	times	216.1	158.8	76.6	N/A
Average Inventory Period	days	1.7	2.3	4.8	N/A
Account Payable Turnover Ratio	times	154.9	71.4	24.5	N/A
Average Payment Period	days	2.3	5.1	14.9	N/A
Cash Cycle	days	3.8	2.1	2.2	N/A
Profitability Ratio					
Gross Profit Margin	percent	6.4	4.5	(50.2)	(160.6)
EBIT Margin	percent	1.5	(0.3)	(55.4)	(245.5)
Other income per Total Assets	percent	3.1	3.2	16.0	N/A
Net Profit (Loss) Margi	percent	0.3	(2.2)	(63.6)	(301.7)
Return on Equity	percent	1.4	(11.9)	(518.9)	N/A
Efficiency Ratio					
Return on Assets	percent	0.3	(2.3)	(20.6)	N/A
Return on Fixed Assets	percent	6.9	3.3	(14.8)	N/A
Asset Turnover Ratio	times	1.0	1.1	0.4	N/A
Financial Policy Ratio					
Debt to Equity Ratio	times	3.9	4.7	(13.9)	(5.3)
Interest Coverage Ratio	times	4.6	2.3	0.1	N/A
Cash Basis	times	0.9	0.3	(0.2)	N/A
Dividend Payout Ratio	percent	2,336	-	-	-

Source: Company

7. Financial Performance and Operations Summary of Thai AirAsia Co., Ltd.

7.1 Statement of Comprehensive Income

2018

For the year ended 2018, revenues from sales and services of Thai AirAsia's amounted to THB 40,199.4 million, increased by 8% from THB 37,280.1 million in 2017, primarily from the revenues from sales and services of THB 38,904.8 million, an increase of 8% from the year ended 2017 (FY2017) at THB 36,002.8 million due to the increase in the number of passengers carried at 21.6 million or 9% compared to the same period last year. The load factor was imposed at 85%, down by 2 percentage point (ppt) compared to the same period last year as a result of slowed growth in Chinese tourists together with the addition in seat capacity. Moreover, revenues from

charter services were at THB 1,064.7 million, a decrease of THB 550.5 million compared to the same period last year which concluded the average fares for the year 2018 to drop by 2% at THB 1,477 per passenger.

The ancillary revenues of Thai AirAsia for FY2018 grew by 13% to THB 7,134.1 million from THB 6,315.5 million in 2017, which is from the growth in the number of passengers as aforementioned. As a result, ancillary revenues per passenger was at THB 331 per passenger or increased by 4% from the same period last year. In fact, the fee structure adjustment and value pack promotion enhanced increase in seat selection fees, other fees and revenues from in-flight meals and beverages compared the same period last year.

For the year ended 2018, total expenses of Thai AirAsia amounted to THB 39,539.2 million, raised by 16% from THB 33,972.5 million in FY2017. Predominantly, the cost of sales and services amounted to THB 36,424.0 million or increased by 17% from THB 31,023.5 million in FY2017, largely from fuel costs in an amount of 14,635.6 million which accounted for 37% of total expenses. The average reference jet fuel price in FY2018 was at USD 85.2 per barrel, which increased by 32% from at USD 64.3 per barrel in FY2017. At the same time, expenses related to repair and maintenance, staff costs, aircraft and aircraft engine rental, ramp and airport operating costs increased relative to fleet expansions. Besides, Thai AirAsia continuously monitors our punctuality, resulting in 86% on-time performance (OTP) in FY2018, an improvement from 83% in FY2017 with the increased efficiency achieved reflected by the utilization rate of 12.0 hours per day from 11.9 hours per day in FY2017.

For the year ended 2018, Thai AirAsia recorded a net realized gain on the exchange rate in an amount of THB 250.4 million from the US dollar depreciation compared to last year and had earnings before finance cost, income tax, depreciation and amortization, rental (EBITDAR) margin of 19%. In addition, the company exercised the carry forward of unused tax loss to calculate income tax for the period, resulting in a decrease in income tax. As a result, Net profit for the year 2018 amounted to THB 127.5 million, 95% lower than the previous year having with Total comprehensive income for the year amounted to THB 135.2 million, which is from the reassessment of employee benefit obligations resulting in the Actuarial gain of THB 9.6 million and the income tax on items that will not be reclassified added to the Other comprehensive income at THB 1.9 million.

2019

For the year ended 2019, total revenues of Thai AirAsia amounted to THB 41,529.3 million, expanded by 3 percent from THB 40,199.4 million in FY2018. Mainly, revenues from sales and services in an amount of THB 40,180.6 million increased by 3 percent compared to the same period last year, primarily due to a 3 percent increase in passengers to 22.1 million, having a load factor of 85 percent. Though, the average fare was at THB 1,478 per passenger and almost the same with the last year, as a result of improving in the domestic market fares. However, the appreciation of Thai THB against Chinese Yuan and other regional currencies impacted the conversion in the exchange rate of the international route revenues. Ancillary revenues of Thai AirAsia in FY2019 grew by 5 percent

to THB 7,511.4 million and beaten the target, mainly due to an increase in revenues from seat selection and Fly-Thru service, which connected flights between AirAsia Group, align with the expansion of the international routes. As a result, ancillary revenues per passenger was at THB 339 per passenger or increased by 3 percent from the same period last year. Moreover, Thai AirAsia grew its fleet size to 63 aircraft at the end of December 2019 by adding two aircraft of A321 neo and retiring one aircraft of A320. ASK increased by 8 percent year-on-year a result of an increase of new routes and added frequencies to China, Indochina and India routes, reflected by the rise in its aircraft utilization to 12.3 hours per day in FY2019 from 12.0 hours per day in FY2018.

For the year ended 2019, total expenses of Thai AirAsia amounted to THB 41,658.4 million, increased by 5 percent from THB 39,539.2 million in FY2018. This increase was primarily from an increase in staff cost, raised mainly from the number of headcount and the recognition of the additional long-term employee benefit liabilities to comply with the labor laws. Moreover, the expenses related to ramp and airport operations increase in line with the number of flights. However, the fuel costs declined by 5 percent from the same period last year as a 10 percent decrease in reference fuel prices compensating for an 8 percent growth in fuel consumption, which increased parallel to the ASK growth. At the same time, the income tax revenue amounted to THB 1.2 million, decreased from THB 211.1 million in 2018, as a result of the accumulative unused tax losses from the past periods. In consequence, a net loss for the year 2019 amounted to THB 871.5 million, having a net loss margin of 2 percent. Total comprehensive income for the year amounted to THB 806.1 million, which is calculated by including the reassessment of employee benefit obligations resulting in the actuarial gain of THB 81.7 million and net with the income tax in an amount of 16.3 million.

2020

In FY2020, total revenues of Thai AirAsia amounted to THB 16,236.3 million, decreased by 61 percent from THB 41,529.3 million in FY2019. Primarily, revenues from sales and services amounted to THB 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 THB 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 THB 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 THB 241 per passenger, or down by 29 percent from last year.

In FY2020, total expenses of Thai AirAsia amounted to THB 23,794.6 million, decreased by 43 percent compared to the same period last year at THB 41,658.4 million. The cost of sales and services amounted to THB 20,484.2 million, reduced by 47 percent from FY2019 at THB 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 THB 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 kilometers excluding fuel cost (CASK ex-fuel) was at THB 1.68, up by 63 percent from the last year, resulting from a 62% decrease in the available seat kilometers ("ASK") along with active capacity management to match the travel demand. Fuel cost per available seat kilometers was at THB 0.63, up by 22 percent from the last year from a realized 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 utilization 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 THB 2,602.5 million from THB 1,348.6 million in FY2019, attributable primarily to the gain on disposals of aircraft and leasehold improvements of THB 1,331.8 million and the unrealized gain on the foreign exchange rate difference of lease liabilities of THB 545.6 million from the THB appreciation. Simultaneously, the other expenses increased attributable primarily to a loss on impairment of right-of-use assets of THB 1,416.0 million and a derivatives loss of THB 37.2 million due to hedging ineffectiveness. Hence, loss from operating activities in FY2020 amounted to THB 7,558.3 million. Moreover, finance costs increased mainly from interest expenses of lease liabilities under TFRS 16. The income tax revenue amounted to THB 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 THB 8,673.0 million. With other comprehensive income from a loss on cash flow hedges in an amount of THB 170.0 million and a loss on the reassessment of employee benefit obligations in an amount of THB 45.7 million, it had a loss in total comprehensive income the period amounted to THB 8,888.7 million.

Quarter 2 of 2021

For 1H2021, total revenues of Thai AirAsia amounted to THB 2,430.7 million or decreased by 75 percent from THB 9,675.3 million in 1H2020. Mainly, revenues from sales and services amounted to THB 2,129.7 million, decreased by 74 percent compared to the same period last year, due to less domestic travel demands caused by the COVID-19 outbreak at the end of December 2020 and mid-April 2021, together with the strictly travel restrictions. Consequently, Thai AirAsia recorded a 65 percent decrease in passengers to 1.7 million with a load factor of 64 percent or declined by 17 ppts from 1H2020. Besides, the average fare in 1H2021 decreased 26 percent from 1H2020 to THB 1,027 per passenger, as having revenues primarily from the domestic route. Whereas, the total ancillary revenues in 1H2021 amounted to THB 390.9 million, or down by 73 percent compared to the same period last year, in part from checked baggage and inflight service incomes, according to a decline in international and domestic passengers. On the other hand, the freight revenue increased along with cargo flights.

For 1H2021, total expenses of Thai AirAsia amounted to THB 8,398.2 million, decreased by 35 percent from THB 12,846.6 million in 1H2020. The cost of sales and services amounted to THB 5,549.8 million, decreased by 52 percent from THB 11,570.7 million in 1H2020. Primarily, the fuel cost decreased by 78 percent from 1H2020, in part from lower fuel consumptions and no fuel over-hedging losses. Staff costs also decreased in part from the leave without pay and furlough schemes. At the same time, a decline in ramp and airport operations, guest services and distribution, maintenance and overhaul expenses decreased along with operating flights. Besides, a decrease in depreciation expenses was partly from the impairment of the right-of-use asset at the end of 2020. Furthermore, the selling and administrative expenses declined by 35 percent, mainly from the staff cost from the organizational restructuring to agility team with the optimal headcount. As a result, the cost per available seat kilometers excluding fuel cost (CASK ex-fuel) was at THB 3.16, rose from THB 1.87 in 1H2020, due to a decrease in ASK outpacing a decline in the operating cost. Consequently, Thai AirAsia had the utilization of aircraft in operations at 6.0 hours per day of the active aircraft, declining from 8.8 hours per day in 1H2020. While, fuel cost per available seat kilometers was at THB 0.40, or down by 39 percent from the same period last year, partly due to lower fuel consumptions and no fuel hedging losses. Nevertheless, Thai AirAsia continuously monitors our punctuality, reflecting in the on-time-performance (OTP) of 98 percent, increased from 93 percent compared to the same period last year.

In 1H2021, Thai AirAsia recorded the other expense THB 2,228.0 million, primarily from a loss on exchange in an amount of THB 2,120.5 million, increased from the loss of THB 282.3 million in 1H2020, due to the unrealized loss on exchange rate difference of lease liabilities where Thai THB weaken against US Dollar. Whereas the other income was THB 301.0 million, in part from the gain on derivatives of THB 237.6 million, reversed from the loss of THB 39.5 million and the recognition of gain on the aircraft disposal in 1H2020. Hence, loss from operating activities in 1H2021 amounted to THB 5,967.5 million. Moreover, finance costs were THB 850.5 million, or decreased THB

from 942.3 million in 1H2020, primarily from the payment of early termination of the long-term borrowings last year. Whereas, the income tax revenue amounted to THB 353.6 million, mainly from the carry forward of unused tax loss to calculate income tax for the period. In consequence, Thai AirAsia had a net loss for the period amounted to THB 6,426.2 million. With other comprehensive income from a gain on cash flow hedges in an amount of THB 199.9 million, it had a loss in total comprehensive income for the period amounted to THB 6,226.3 million.

7.2 Statement of Financial Position

7.2.1 Assets

2018

As at December 31, 2018, total assets amounted to THB 37,917.9 million, decreased by THB 984.4 million compared to the year ended December 31, 2017, due to;

1) Current assets decreased by THB 2,641.1 million, mainly from the decrease in cash and cash equivalents in an amount of THB 1,173.6 million, primarily from interim dividends for 2018. Additionally, the current investments decreased by THB 1,489.0 million due to the maturity of fixed deposits.

2) Non-current assets increased by THB 1,656.6 million due to an increase in aircraft, leasehold improvement and equipment in an amount of THB 712.4 million, primarily due to the acquisition of land for the construction of the academy project building. Meanwhile, aircraft maintenance reserves rose THB 880.5 million in relation to the increase in flight hours.

2019

As at December 31, 2019, total assets amounted to THB 39,067.0 million, increased by THB 1,149.1million or 3 percent compared to the year ended December 31, 2018, due to;

1) Current assets increased by THB 1,057.1million, mainly from an increase in the amounts due from related parties of THB 1,047.5 million, despite a decrease in cash and cash equivalents in an amount of THB 147.4 million.

2) Non-current assets increased by THB 92.0 million due to an increase in the aircraft maintenance reserves of THB 1,430.5 million in relation to an increase in operational hours. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of THB 1,307.9 million, resulting from an increase in accumulated depreciation.

2020

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

1) Current assets decreased by THB 4,675.0 million, mainly from a decreased in cash and cash equivalents in an amount of THB 2,877.5 million and from the redemption of debenture of which principal amounted to THB 1,000.0 million. While the amounts due from related parties decreased by THB 1,104.6 million.

2) Non-current assets increased by THB 10,737.8 million due to a recognition of the right-of-use assets in an amount of THB 28,527.3 million from TFRS16 adoption. Whereas, the aircraft, leasehold improvement and equipment decreased by THB 18,646.8 million, mainly from ten aircraft disposal.

Quarter 2 of 2021

As at June 30, 2021, total assets amounted to THB 44,239.3 million, decreased by 6 percent compared to as at December 31, 2020, due to;

1) Current assets decreased by THB 943.9 million, primarily due to a decrease in cash and cash equivalents in an amount of THB 779.4 million from a decrease in passengers and the partial repayment of debentures, as well as, a decrease in prepaid expenses by THB 176.6 million from receiving of the fuel prepayment.

2) Non-current assets decreased by THB 1,946.5 million, primarily due to the right-of-use assets, the property, aircraft, leasehold improvements and equipment decreased from accumulated depreciation.

7.2.2 Liabilities

2018

As at December 31, 2018, total liabilities amounted to THB 30,139.8 million, increased by THB 1,859.5 million compared to the year ended December 31, 2017, primarily due to;

1) Current liabilities decreased by THB 168.2 million mainly from an increase in the unearned income at the amount of THB 165.9 million due to the peak travelling season.

2) Non-current liabilities increased by THB 1,691.4 million, mainly from the issuance of the debentures in an amount of THB 2,500.0 million and the proceeds will be used for general investment purpose and/or for working capital.

2019

As at December 31, 2019, total liabilities amounted to THB 32,228.6 million, increased by THB 2,088.7million or 7 percent compared to the year ended December 31, 2018, due to;

1) Current liabilities increased by THB 2,935.8 million, mainly from an increase in the short-term borrowings from financial institutions in an amount of THB 1,100 million which is proposed for the working capital, the long-term debentures due in May 2020 in an amount of THB 1,000.0 million, and an increase in the trade payables of THB 755.4 million.

2) Non-current liabilities decreased by THB 847.0 million, resulting from the repayments of liabilities under finance lease agreements of THB 1,760.4 million. Whereas, long-term borrowings from financial institutions increased by THB 1,661.7 million which is proposed for funding the acquisition of land and building constructed.

2020

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

1) Current liabilities increased by THB 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 THB 4,691.2 million, mainly due to TFRS16 adoption. Whereas, the unearned income decreased by THB 2,275.7 million as travel restrictions have slashed advance bookings and as a portion of the long-term debenture in an amount of THB 1,500.0 million was reclassified from non-current liabilities to current liabilities.

2) Non-current liabilities increased by THB 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 THB 14,515.7 million, mainly due to TFRS16 adoption. Whereas, long-term borrowings from financial institutions decreased by THB 1,212.6 million, owing to the repayments of liabilities and the interest paid.

Quarter 2 of 2021

As at June 30, 2021, total liabilities amounted to THB 51,961.3 million, increased by 7 percent compared to as at December 31, 2020, due to;

1) Current liabilities increased by THB 3,963.2 million, primarily due to an increase in liabilities under lease agreements in an amount of THB 1,803.5 million as the reclassified from non-current liabilities to current liabilities, as well as, an increase in the amounts due to related parties in an amount of THB 1,496.5 million, mainly from the aircraft lease. Whereas, long-term debentures increased by THB 300 million from the debentures due in May 2022 of THB 600 million and the partial repayment of debentures due in June 2021 of THB 300 million.

2) Non-current liabilities decreased by THB 627.4 million, primarily due to derivative liabilities decreased by THB 319.8 million, mainly from the foreign exchange rate forward contracts.

7.2.3 Equity

2018

As at December 31, 2018, total shareholders' equity amounted to THB 7,778.1 million, decreased by THB 2,844.0 million compared to the year ended December 31, 2017, due to the interim dividends for 2018 approved

by the Board of Directors on May 11, 2018 and September 12, 2018 at THB 41.00 per share and THB 27.40 per share equivalent to the amount of THB 1,785.8 million and THB 1,193.4 million, respectively. Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at December 31, 2018 were 3.36 times and 2.16 times, respectively.

2019

As at December 31, 2019, total shareholders' equity amounted to THB 6,838.4 million, decreased by THB 939.6 million or 12 percent compared to the year ended December 31, 2018, mainly due to the loss for the period an amount of THB 871.5 million and the accumulative effect of change in accounting policy for the revenue an amount of THB 133.5 million, and net with the other comprehensive income for the year in an amount of THB 65.4 million. Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at December 31, 2019 were 3.21 times and 2.65 times, respectively.

2020

As at December 31, 2020, total shareholders' equity deficit amounted to THB 3,495.8 million from the previous year at amount of THB 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 December 31, 2020 were -11.06 times and -10.77 times, respectively. Excluding the operating lease liabilities, D/E Ratio and Net Gearing Ratio were -3.41 times and -3.12 times, respectively.

Quarter 2 of 2021

As at June 30, 2021, total shareholders' equity deficit amounted to THB 9,722.0 million, from the deficit of THB 3,495.8 million the previous year, mainly due to the operating loss for the period. Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at June 30, 2021 were -4.17 times and -4.15 times, respectively. Excluding the operating lease liabilities, D/E Ratio and Net Gearing Ratio were -1.25 times and -1.23 times, respectively.

7.2.4 Statement of Cash Flows

2018

For the year ended December 31, 2018, Thai AirAsia had net cash generated from operating activities in an amount of THB 2,925.0 million mainly due to operational results for the year, an increase in depreciation and amortization expenses as well as finance cost. In contrast, net cash used in investing activities was THB 1,733.5 million, mainly from an increase in aircraft acquisition and aircraft maintenance reserves in relation to the increase

in flight hours. At the same time, net cash used in financing activities was THB 2,302.1 million mainly due to dividend payment and payment for the current portion of long-term borrowings from financial institutions to close two long-term loan agreements even though there was proceeding from the issuance of the debentures in an amount of THB 2,500.0 million for general investment purpose and/or for working capital. As a result, Thai AirAsia had a net decrease in cash and cash equivalents of THB 1,110.6 million, while the cash and cash equivalents at the end of the year amounted to THB 4,037.0 million

2019

For the year ended December 31, 2019, Thai AirAsia had net cash generated from operating activities in an amount of THB 958.8 million due to an increase in trade payable in the period review. While net cash used in investing activities was at THB 1,794.0 million, mainly from the payment for aircraft maintenance reserves along with the operational hours. At the same time, net cash generated from financing activities was THB 828.8 million mainly due to an increase in the long-term borrowing from financial institutions for funding the acquisition of land and the building constructed and the short-term borrowings from financial institutions for the working capital, despite the payment for liabilities under finance lease agreements and interest paid. As a result, Thai AirAsia had the net increase in cash and cash equivalents of THB 6.4 million, while the cash and cash equivalents at the end of the period amounted to THB 3,889.6 million.

2020

For the year ended December 31, 2020, Thai AirAsia had net cash used in operating activities in an amount of THB 903.5 million mainly due to the operating loss in the period under review. Meanwhile, net cash generated from investing activities was at THB 12,064.3 million, mainly from proceed of ten aircraft disposals. Net cash used in financing activities was THB 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 THB 2,870.6 million, while the cash and cash equivalents at the end of the period amounted to THB 1,012.1 million.

Quarter 2 of 2021

For the six-month period ended June 30, 2021, Thai AirAsia had net cash used in operating activities in an amount of THB 440.7 million mainly due to the operating loss in the period under review. Meanwhile, net cash used in investing activities was at THB 64.2 million, primarily from the payments for improvement employee training centre. Net cash used in financing activities was THB 281.5 million, mainly due to the repayment for liabilities under lease agreements, interest paid, and the partial repayment of debentures. As a result, the net decrease in cash and

cash equivalents amounted to THB 786.6 million, while the cash and cash equivalents at the end of the period amounted to THB 232.7 million.

7.2.5 Important Financial Ratios

2018

In 2018, the Company had current ratio of 0.6 times, with quick ratio of 0.5 times. Gross profit margin was 6.4 percent. EBIT margin was 1.5 percent. Net profit (loss) margin was 0.3 percent, and debt to equity ratio was 3.9 percent

2019

In 2019, the Company had current ratio of 0.5, decreased by 0.1 times from 2018. Quick ratio was 0.5 times, equaled to 2018 at 0.5 times. Gross profit margin was 4.5, decreased by 1.9 percent from 2018. EBIT margin was (0.3) percent, decreased by 1.8 percent from 2018. Net profit (loss) margin was (2.2) percent, decreased by 2.5 percent from 2018, and debt to equity ratio was 4.5, increased by 0.6 percent from 2018.

2020

In 2020, the Company had current ratio of 0.1, decreased by 0.4 times from 2019. Quick ratio was 0.1 times, decreased by 0.4 times from 2019. Gross profit margin was (50.2), decreased by 54.7 percent from 2019. EBIT margin was (55.4) percent, decreased by 55.1 percent from 2019. Net profit (loss) margin was (63.6) percent, decreased by 65.8 percent from 2019, and debt to equity ratio was (5.3), increased by 8.6 percent from 2019.

Quarter 2 2021

As of June 30, 2021, the Company had current ratio of 0.1, equaled to the end of 2020 at 0.1 times. Quick ratio was 0.1 times, equaled to the end of 2020 at 0.1 times. Gross profit margin was (160.6), decreased by 110.4 percent from the end of 2020. EBIT margin was (245.5) percent, decreased by 190.1 percent from the end of 2020. Net profit (loss) margin was (301.7) percent, decreased by 238.1 percent from the end of 2020, and debt to equity ratio was (5.3), increased by 8.6 percent from the end of 2020.

8. Major factors and Influences that May Affect the Operating Results or Financial Position in the Future

8.1 Industry Outlook and Competition

8.1.1 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 THB 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 the Tourism Authority of Thailand (TAT) sets the targeted international tourists rebounding to 6.5 million with an estimated revenue of THB 0.35 trillion. While the number of Thai tourists in domestic market is expected to be 160 million visit / time with an estimated revenue of THB 0.87 trillion, bringing tourism revenue in 2021 in the total amount of THB 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 optimize returns.

8.1.2 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 travelers 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 travelers and routes not exceeding 5 hours from the operation centers, 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.

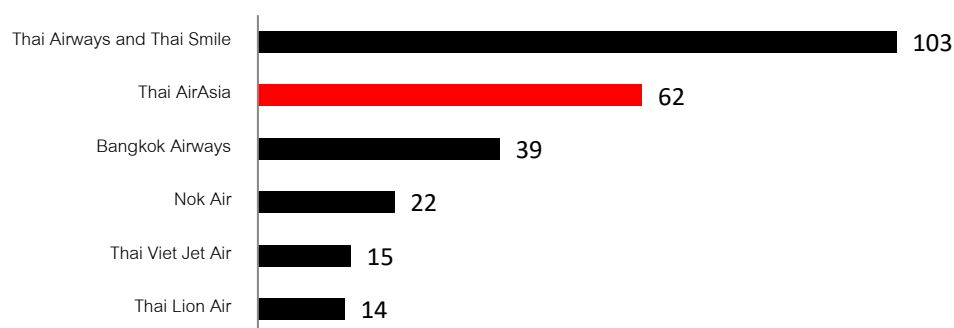
Thai Lion Air, a low-cost carrier of Indonesia part of Lion Group, has started its operation at Don Mueang International Airport. The airline strategy provides a lower price than competitors with a slogan "We make people fly" with more focus on route expansions of domestic routes. During 2020, Thai Lion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

8.1.2.1. *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

8.1.2.2. *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.

8.2 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 fourth 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.

Attachment 2
Summary of AirAsia Group Berhad
and AirAsia Aviation Limited

1. Basic Information

1.1 Company General Information

Company name : AirAsia Group Berhad (“AirAsia” or “AAGB”)
Head office : RedQ, Jalan Pekeliling 5 Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA2)
64000 KLIA, Selangor Darul Ehsan, Malaysia
Telephone No. : (603) 8660 4333
Fax No. : (603) 8660 7711
Type of business : A holding company that invests in low-cost airline businesses or businesses related to
airline operations
Registration No. : 201701030323 (1244493-V)
Website : www.airasia.com
Registered capital : RM 8,462,769,799.83
Paid-up shares : 3,427,838,663 shares

1.2 General information of the subsidiary

Company name : AirAsia Aviation Limited (“AAA”)
Head office : Level 5(A), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000
Federal Territory of Labuan, Malaysia
Type of business : AAA is a subsidiary of AirAsia Group Berhad (“AAGB”), which operates the business by
holding shares in other companies. AAA is one of the holding companies of AAGB that
holds shares in airlines operating under the brand “AirAsia” in countries such as Japan,
Indonesia, Philippines, India, as well as a 45 percent shares in ThaiAirAsia, a subsidiary
of the company that operates the AirAsia business in Thailand.
Director : 1. Mr. Tharumalingam a/l Kanagalingam
2. Mr. Kamarudin bin Meranun
Registered capital : USD 5,270,000

2. Business Information

2.1 AirAsia Group Berhad

AirAsia Berhad was listed on the main market of Bursa Malaysia Securities Berhad in November 2004 and AirAsia Group Berhad (AAGB) replaced AirAsia Berhad on April 16, 2018, which completed the project transition inside the organization since pioneering the short-term low-cost carrier (LCC) model of ASEAN in 2001. AirAsia has grown from a domestic airline in Malaysia to become Asia's leading low-cost carrier serving over 130 destinations across Asia Pacific with affiliates in Thailand, Indonesia, Philippines, India and Japan. AirAsia is Asia's largest low-cost airline, with AirAsia passengers named the world's best low-cost carrier by Skytrax for nine consecutive years from 2009 to 2017, and it was named the world's leading low-cost airline at the annual World Travel Awards for five consecutive years from 2013 to 2017.

AirAsia is the leading low-cost carrier connecting people and places across 388 routes, 104 of which are categorized as unique routes. In 2018, the Group, which includes AirAsia Group Berhad (Consolidated AOCs – AirAsia Malaysia, AirAsia Indonesia, AirAsia Philippines), AirAsia Thailand, AirAsia India and AirAsia Japan reinforced its leadership position with two remarkable milestones: flying over 500 million guests and grew from 2 aircraft in 2001 to 226 aircraft as at end-2018.

The Group's entire business model centers around a low-cost philosophy which requires its operations to be lean, simple and efficient. Several key strategies have been employed towards this effect, including:

High Aircraft Utilization

AirAsia focuses on high frequency and high turnaround of flights, both of which add to customer convenience and greater cost efficiencies. Its turnaround of 25 minutes is the fastest in the region.

Low Fare, No Frills

This means no frequent flyer miles or airport lounges in exchange for lower fares. Guests have the choice of paying for in-flight meals, snacks and drinks.

Point to Point Network

All short-haul AirAsia flights (four-hour flight radius or less) and medium- to long haul AirAsia X flights are non-stop, doing away with the need for human resources, physical infrastructure and facilities at transit locations.

In addition, a decision was made in December 2004 to convert the existing fleet of ageing Boeing B737s with the higher capacity yet more fuel-efficient, reliable and cost-efficient Airbus A320s. As a result, today, the Group boasts the largest and newest A320 fleet in the region.

Collectively, these strategies have established AirAsia as the lowest-cost airline in the world, with a cost/ASK (available seat kilometer) of 3.67 (US cents) as at FY2018. This has been achieved without compromising safety. The highest priority is given to safe operations, and AirAsia complies with conditions asset by regulators in

all the countries where it operates. The Group also partners with the most renowned maintenance providers to ensure its fleet is always in the best condition.

Innovative use of technology has played a key role in AirAsia's success story, beginning with online booking. It was the first airline in Asia to go ticketless -in March 2002 - allowing guests to pay for their bookings by credit card over the phone. Over the years, it has built on its IT platform to increase the ease of customer transactions as well as provide greater savings to the Group. In 2010, AirAsia unveiled its latest IT booking innovation in the form of New Skies, which allows customers to better manage their online bookings. With the advent of the social media, tools such as Facebook, Twitter and blogs have become integral to the Group's customer relationship initiatives. AirAsia is, in fact, recognized as the most popular airline in the region on Facebook in terms of fan base.

Year 2019, AirAsia officially embark on the AirAsia 3.0 transformation journey into a travel and financial platform company consisting of three main cores - Teleport, which manages the aircraft freight belly space of AirAsia and third-party airlines; AirAsia.com, a full-fledged travel and lifestyle platform; and BigPay, our financial services provider.

The Group's adherence to best practices has been recognized via numerous awards over the years. Perhaps most notably AirAsia has been voted the World's Best Low Cost Airline for eleven consecutive years from 2009 to 2019. This award from Skytrax, reflects the opinions of about 20 million travelers worldwide who were polled by the London-based aviation consultant. AirAsia feels proud of such endorsement and is committed to living up to guests' expectations by continuing to keep costs down while providing the highest levels of service and efficiency as it spreads its wings further and wider across the skies.

The operating information of AirAsia Group Berhad is shown below.

	For the year ended December 31			6 months ended June 30, 2021
	2018	2019	2020	
Passengers carried (Million persons)	44.44	51.56	13.31	1.74
Capacity (Million seats)	52.54	60.88	17.94	2.58
Load Factor (Percent)	85	85	74	N/A
RPK (Million seats – km)	55,962	63,382	14,268	1,663
ASK (Million seats – km)	66,261	74,642	19,121	2,478
Aircraft utilisation (hours per day)	13.3	13.0	9.6	N/A
Average fare (RM)	173	178	175	N/A
Revenue per ASK (sen)	14.71	15.60	16.37	N/A
Cost per ASK (sen) ^{1/}	14.80	15.02	39.75	N/A
Cost per ASK - excluding fuel (sen) ^{1/}	8.90	9.39	29.48	N/A

	For the year ended December 31			6 months ended June 30, 2021
	2018	2019	2020	
Revenue per ASK (USc)	3.64	3.77	3.58	N/A
Cost per ASK (USc) ^{1/}	3.67	3.62	9.44	N/A
Cost per ASK - excluding fuel (USc) ^{1/}	2.20	2.27	7.00	N/A
Number of stages	290,461	335,399	98,259	14,150
Average stage length (km)	1,253	1,225	1,070	N/A
Size of fleet at year end (Group)	226	246	247	151
Number of employees at year end (Group)	18,122	21,059	18,848	N/A
Percentage revenue via internet (%)	76	75	78	N/A
Average RM-USD exchange rate	4.04	4.14	4.21	4.11

Remark: 1/ excluding one-off items

2.2 AirAsia Aviation Limited

AAA operates the investment business by holding shares in other companies (Holding company). AAA is one of the holding companies of AAGB that holds shares in airlines under the brand "AirAsia" in many countries such as Japan, Indonesia, Philippines, India, including holding 45.00 percent shares in Thai AirAsia Company Limited ("TAA"), a subsidiary of AirAsia operating in Thailand.

2.3 Revenue Structure

	For the year ended December 31			For the month ended June 30
	2018	2019	2020	2021
	RM Million	RM Million	RM Million	RM Million
Revenue				
Passenger revenue				
- Seat sales	7,656.78	9,179.44	2,225.68	302.00
- Others ^{1/}	1,840.49	2,073.58	550.84	62.40
Freight services	292.12	479.79	298.73	93.10
Digital revenue	-	-	-	182.80
Aircraft operating lease income	848.90	127.59	55.97	28.50
Total revenue	10,638.30	11,860.40	3,131.21	668.80
Aircraft operating lease income				
The details of the operating lease income are as follows:				
Thai AirAsia Company Limited	456.35	17.12	7.37	-
AirAsia Japan Company Limited	32.77	-	-	-

	For the year ended December 31			For the month ended June 30
	2018	2019	2020	2021
	RM Million	RM Million	RM Million	RM Million
Third-parties	359.78	110.47	48.56	-
Total fees charged for provision of commercial air transport services	848.90	127.59	55.93	-
Revenue by reportable geographical segment is as follows:				
Malaysia	7,845.38	7,646.39	2,133.83	-
Philippines	1,602.14	2,196.42	537.80	-
Indonesia	1,190.77	2,017.59	459.59	-
Total revenue	10,638.30	11,860.40	3,131.21	-
Other income				
Gain on disposal of property, plant and equipment	298.82	101.54	184.14	39.70
Gain on recognition of finance lease receivables	-	22.46	-	-
Gain on disposal of investment in a subsidiary	350.32	-	-	-
Fees charged to associates providing commercial air transport services	74.29	73.58	29.81	-
Fees charged to related parties providing commercial air transport services	40.24	35.87	7.68	-
Dividend income from a subsidiary	-	-	-	-
Dividend income from investment securities	3.08	6.33	5.03	-
Aircraft wet lease income	76.93	-	-	-
Non-airline income	35.12	200.46	103.19	-
Others ^{2/}	314.50	208.58	141.72	34.20
Total other income	1,193.28	648.83	471.56	73.90

Source: www.airasia.com

Remark:

1/ Other passenger revenue includes ancillary income such as administrative fees, baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sales of meals and merchandise.

2/ Other income ("others") includes commission income and advertising income.

3. Securities and Shareholders

3.1 List of Shareholders

AirAsia Group Berhad

As of June 28, 2021, the direct and indirect holdings of shareholders holding more than 5 percent in AirAsia Group Berhad according to the register of major shareholders are as follows:

No.	Name	Direct		Indirect	
		No. of shares	Shareholding percentage (percent)	No. of shares	Shareholding percentage (percent)
1	Tune Live Sdn. Bhd. ("TLSB")	509,000,000 ^{1/}	13.06	-	-
2	Tune Air Sdn. Bhd. ("TASB")	516,485,082 ^{2/}	13.25	-	-
3	Positive Boom Limited ("PBL")	332,240,504 ^{3/}	8.53	-	-
4	Mr. Anthony Francis Fernandes	1,600,000 ^{4/}	0.04	1,025,485,082 ^{6/}	26.31
5	Mr. Kamarudin bin Meranun	2,000,000 ^{5/}	0.05		
6	Choi Chui Fei, Stanley	-	-	332,240,504 ^{7/}	8.53
7	Permodalan Nasional Berhad	258,776,900 ^{8/}	6.64	-	-
8	Urusharta Jamaah	139,445,770	3.58	-	-
9	Aimia	121,474,409	3.12	-	-
10	Calvin Lau Chuen Yien	100,000,000	2.57	-	-

Source: the Company

Remark:

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

2/ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for TASB

3/ Shares held under PBL Kenanga Nominees (Asing) Sdn Bhd and Affin Hwang Nominees (Asing) Sdn Bhd for PBL

4/ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Mr. Anthony Francis Fernandes

5/ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Mr. Kamarudin bin Meranun

6/ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20 percent in TLSB and TASB

7/ Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20 percent in PBL

8/ Shares held under Permodalan Nasional Berhad are through the following funds:

- (i) Amanah Saham Bumiputera at 155,159,000 shares
- (ii) Amanah Saham Bumiputera 2 at 30,500,000 shares
- (iii) Amanah Saham Malaysia 2 – Wawasan at 20,000,000 shares
- (iv) Amanah Saham Malaysia at 18,498,000 shares
- (v) Amanah Saham Malaysia 3 at 14,639,100 shares
- (vi) ASN Umbrella For ASN Equity 3 at 8,022,200 shares
- (vii) Amanah Saham Nasional at 5,592,300 shares
- (viii) ASN Ambang (Mixed Asset Balanced) 1 at 5,109,100 shares
- (ix) ASN Equity 2 at 1,256,400 shares

AirAsia Aviation Limited (Subsidiary)

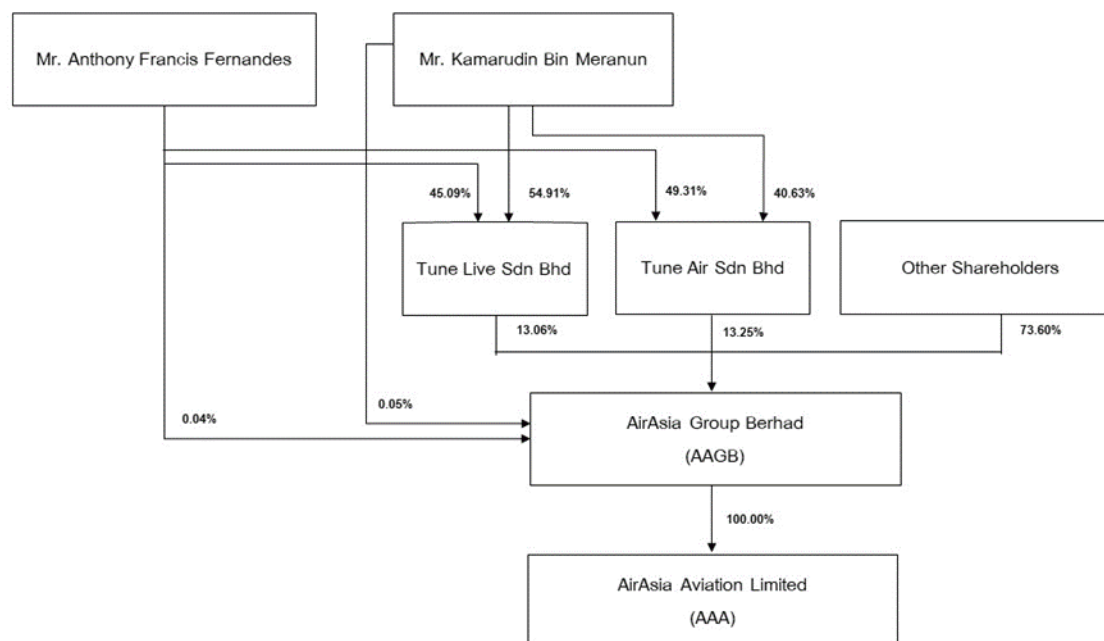
As of October 29, 2021, AAA has a registered and paid-up capital of USD 5,270,000 or equal to approximately THB 174.88 million (According to the Bank of Thailand, the weighted average interbank exchange rate as of October 29, 2021, which is THB 33.184 per USD.). The list of AAA's top 10 shareholders is as follows:

No.	Name	No. of shares	Shareholding percentage (percent)
1	AirAsia Group Berhad	5,270,000	100.00

Source: the Company

3.2 Shareholding Structure of AirAsia Group Berhad and AirAsia Aviation Limited

Shareholding structure of AirAsia Group Berhad and AirAsia Aviation Limited as of June 28, 2021 is as follows:



3.3 Board of Directors

AirAsia Group Berhad

As of December 31, 2020, the Board of Directors of AirAsia Group Berhad is as follows:

No.	Name	Position
1	Mr. Kamarudin bin Meranun	Non-Independent Executive Chairman
2	Mr. Anthony Francis Fernandes	Non-Independent Executive Director
3	Dato'Abdul Aziz @ Abdul Aziz Bin ABU Bakar	Non-Independent Non-Executive Director

No.	Name	Position
4	Dato'Mohamed Khadar Bin Merican	Independent Non-Executive Director
5	Dato'Fam Lee Ee	Senior Independent Non-Executive Director
6	Stuart L Dean	Independent Non-Executive Director

Source: www.airasia.com

AirAsia Aviation Limited

As of September 6, 2021, the Board of Directors of AirAsia Aviation Limited is as follows:

No.	Name	Position
1	Mr. Kamarudin bin Meranun	Director
2	Mr. Tharumalingam a/l Kanagalingam	Director

Source: Company

Remark: The authorized directors of AAA are Mr. Tharumalingam a/l Kanagalingam and Mr. Kamarudin Bin Meranun. Any one of the directors can singly sign to bind the company.

3.4 Senior Management Team

As of December 31, 2020, the list of senior management teams of AirAsia Group Berhad is as follows:

No.	Name	No. of shares	Nationality
1	Mr. Anthony Francis Fernandes	Non-Independent Executive Director and Chief Executive Officer Malaysian	Malaysian
2	Mr. Kamarudin bin Meranun	Non-Independent Executive Chairman	Malaysian
3	Bo Lingam	President, Airlines	Malaysian
4	Aireen Omar	President, airasia digital	Malaysian
5	Mrs. Pattra Boosarawongse	Chief Financial Officer	Thai
6	PK Medappa	Chief People & Culture Officer	British
7	Javed Malik	Chief Operations Officer	British
8	Lye Kong Wei	Chief, Data Science	Singaporean
9	Hiew Leong Wai	Head, Internal Audit	Malaysian

Source: www.airasia.com

4. Summary of Financial Statements of AirAsia Group Berhad

4.1 Statement of Financial Position of AirAsia Group Berhad

(Unit: RM Million)

Statement of financial position (AAGB)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Assets								
Current assets								
Inventories	106.33	0.57	146.09	0.57	141.42	0.72	154.43	0.83
Receivables and prepayments	1,394.97	7.52	1,133.01	4.43	903.29	4.59	872.06	4.67
Finance lease receivables	-	-	293.57	1.15	432.67	2.20	199.73	1.07
Deposits on aircraft purchase	398.22	2.15	344.04	1.34	-	-	-	-
Derivative financial instruments	267.31	1.44	230.48	0.90	77.81	0.40	-	-
Amounts due from associates	404.14	2.18	432.71	1.69	360.39	1.83	519.81	2.78
Amounts due from related parties	124.28	0.67	107.20	0.42	107.05	0.54	70.34	0.38
Tax recoverable	13.58	0.07	17.17	0.07	3.44	0.02	4.06	0.02
Deposits, banks and cash balances	3,326.92	17.94	2,588.10	10.11	533.28	2.71	235.61	1.26
Amounts due from joint venture	6.79	0.04	-	-	-	-	-	-
Assets classified as held for sale	2,775.32	14.96	-	-	-	-	-	-
Total current assets	8,817.85	47.54	5,292.36	20.68	2,559.34	13.02	2,056.05	11.01
Non-current assets		-		-		-		-
Property, plant and equipment	2,851.92	15.37	1,201.58	4.69	1,085.64	5.52	948.51	5.08
Right of use assets	-	-	11,215.95	43.82	9,444.95	48.03	9,047.80	48.46
Finance lease receivables	-	-	927.43	3.62	505.50	2.57	417.19	2.23
Investment in associates	583.85	3.15	-	-	1.33	0.01	1.25	0.01
Investment in joint venture	282.74	1.52	703.33	2.75	482.75	2.46	457.73	2.45
Investment securities	477.86	2.58	603.22	2.36	472.72	2.40	478.81	2.56
Intangible assets	615.41	3.32	635.02	2.48	640.55	3.26	642.27	3.44
Deferred tax assets	891.45	4.81	1,130.83	4.42	774.16	3.94	764.06	4.09
Receivables and prepayments	3,067.58	16.54	3,423.98	13.38	3,106.94	15.80	3,249.04	17.40
Deposits on aircraft purchase	578.00	3.12	252.29	0.99	590.18	3.00	606.84	3.25
Derivative financial instruments	383.11	2.07	208.73	0.82	-	-	-	-
Total non-current assets	9,731.92	52.46	20,302.36	79.32	17,104.72	86.98	16,613.47	88.99
Total assets	18,549.77	100.00	25,594.72	100.00	19,664.06	100.00	18,669.52	100.00
Liabilities								
Current liabilities								
Trade and other payables	2,326.00	12.54	2,175.15	8.50	2,307.13	11.73	2,436.59	13.05
Aircraft maintenance provisions and liabilities	522.07	2.81	572.31	2.24	711.76	3.62	818.13	4.38
Sales in advance	1,128.45	6.08	1,182.16	4.62	933.38	4.75	922.25	4.94

Statement of financial position (AAGB)	As of December 31, 2018	Proportion (percent)	As of December 31, 2019	Proportion (percent)	As of December 31, 2020	Proportion (percent)	As of June 30, 2021	Proportion (percent)
Amounts due to associate	32.23	0.17	151.81	0.59	35.91	0.18	41.01	0.22
Amounts due to related parties	103.08	0.56	260.35	1.02	49.92	0.25	21.40	0.11
Borrowings	423.16	2.28	342.15	1.34	1,016.31	5.17	792.86	4.25
Lease liabilities	-	-	2,271.66	8.88	3,247.14	16.51	4,372.69	23.42
Provision for taxation	4.74	0.03	52.90	0.21	25.63	0.13	25.21	0.14
Derivative financial instruments	465.28	2.51	126.98	0.50	134.66	0.68	-	-
Amounts due to a joint venture	11.03	0.06	-	-	-	-	-	-
Liabilities directly associated with the sales held for sale	1,834.33	9.89	-	-	-	-	-	-
Total current liabilities	6,850.36	36.93	7,135.47	27.88	8,461.83	43.03	9,430.14	50.51
Non-current liabilities								
Other payables	396.95	2.14	320.46	1.25	273.46	1.39	292.42	1.57
Aircraft maintenance provisions and liabilities	3,960.73	21.35	4,720.62	18.44	4,857.29	24.70	4,935.97	26.44
Deferred tax liabilities	59.91	0.32	84.28	0.33	18.13	0.09	18.13	0.10
Borrowings	781.97	4.22	86.71	0.34	272.56	1.39	321.03	1.72
Lease liabilities	-	-	10,188.14	39.81	9,188.10	46.73	8,551.71	45.81
Derivative financial instruments	199.33	1.07	73.35	0.29	64.82	0.33	47.66	0.26
Provision for retirement benefits	69.83	0.38	74.95	0.29	97.67	0.50	95.29	0.51
Amounts due to associates	45.44	0.24	-	-	-	-	-	-
Total non-current liabilities	5,514.15	29.73	15,548.51	60.75	14,772.02	75.12	14,262.22	76.39
Total liabilities	12,364.51	66.66	22,683.98	88.63	23,233.85	118.15	23,692.36	126.90
Capital and reserves								
Share capital	8,023.27	43.25	8,023.27	31.35	8,023.27	40.80	8,462.77	45.33
Merger deficit	(5,507.59)	(29.69)	(5,507.59)	(21.52)	(5,507.59)	(28.01)	(5,507.59)	(29.50)
Foreign exchange reserve	178.52	0.96	171.14	0.67	(57.38)	(0.29)	(304.78)	(1.63)
Retained earnings	5,541.71	29.87	1,664.45	6.50	(3,447.22)	(17.53)	(4,909.11)	(26.29)
Other reserves	(451.45)	(2.43)	147.07	0.57	(225.37)	(1.15)	(70.18)	(0.38)
Total shareholders' fund	7,784.45	41.97	4,498.33	17.58	(1,214.29)	(6.18)	(2,328.89)	(12.47)
Non-controlling interests	(1,599.19)	(8.62)	(1,587.59)	(6.20)	(2,355.51)	(11.98)	(2,693.95)	(14.43)
Total equity	6,185.27	33.34	2,910.74	11.37	(3,569.79)	(18.15)	(5,022.84)	(26.90)
Total liabilities and shareholders' equity	18,549.77	100.00	25,594.72	100.00	19,664.06	100.00	18,669.52	100.00

Source: www.airasia.com

Remark: The foreign exchange rate as of October 29, 2021 has an average selling rate of RM 1.00 equal to THB 8.1167, according to the Bank of Thailand.

4.2 Income Statements of AirAsia Group Berhad

(Unit: RM Million)

Statement of comprehensive income (AAGB)	12 months ending as of December 31, 2018	Proportion (percent)	12 months ending as of December 31, 2019	Proportion (percent)	12 months ending as of December 31, 2020	Proportion (percent)	6 months ending as of June 30, 2021	Proportion (percent)
Profit or loss:								
Revenue from sales and services	10,638.30	89.91	11,860.40	94.81	3,131.21	86.91	392.87	84.17
Other income	1,193.28	10.09	648.83	5.19	471.56	13.09	73.88	15.83
Total revenue	11,831.57	100.00	12,509.23	100.00	3,602.77	100.00	466.75	100.00
Operating expenses:								
- Staff costs	(1,669.92)	(14.11)	(1,876.20)	(15.00)	(1,166.18)	(32.37)	(295.52)	(63.32)
- Depreciation of property, plant and equipment	(584.75)	(4.94)	(221.50)	(1.77)	(150.92)	(4.19)	-	-
- Depreciation of right-of-use assets	-	-	(1,241.75)	(9.93)	(1,922.08)	(53.35)	-	-
- Aircraft fuel expenses	(3,908.42)	(33.03)	(4,204.77)	(33.61)	(1,962.68)	(54.48)	(143.24)	(30.69)
- Maintenance and overhaul	(938.37)	(7.93)	(1,331.26)	(10.64)	(533.75)	(14.81)	(107.12)	(22.95)
- User charges	(1,491.53)	(12.61)	(1,758.69)	(14.06)	(703.57)	(19.53)	(95.73)	(20.51)
- Other operating expenses	(863.98)	(7.30)	(1,150.49)	(9.20)	(2,585.86)	(71.77)	(77.51)	(16.61)
- Aircraft operating lease expenses	(1,155.68)	(9.77)	-	-	-	-	-	-
Share of results of associates	-	-	-	-	-	-	(25.95)	(5.56)
Airline EBITDA	1,218.94	10.30	724.58	5.79	(5,422.25)	(150.50)	(308.49)	(66.09)
AirAsia digital EBITDA								
- Teleport (Logistics)	-	-	-	-	-	-	(5.36)	(1.15)
- AirAsia super app	-	-	-	-	-	-	(63.91)	(13.69)
- BigPay Group	-	-	-	-	-	-	(38.69)	(8.29)
- Other AirAsia digital entities	-	-	-	-	-	-	(8.75)	(1.88)
Share of results of associate/ joint venture	-	-	-	-	-	-	0.83	0.18
Operating Profit	1,218.94	10.30	724.58	5.79	(5,422.25)	(150.50)	(424.38)	(90.92)
Depreciation of property, plant and equipment	-	-	-	-	-	-	(68.87)	(14.76)
Depreciation of right of use asset	-	-	-	-	-	-	(832.69)	(178.40)
Finance costs - lease liabilities	-	-	-	-	-	-	(227.91)	(48.83)
Finance income	63.33	0.54	119.99	0.96	115.94	3.22	12.96	2.78
Finance costs	(474.76)	(4.01)	(775.73)	(6.20)	(713.65)	(19.81)	(70.29)	(15.06)

Statement of comprehensive income (AAGB)	12 months ending as of December 31, 2018	Proportion (percent)	12 months ending as of December 31, 2019	Proportion (percent)	12 months ending as of December 31, 2020	Proportion (percent)	6 months ending as of June 30, 2021	Proportion (percent)
Net operating Profit	807.51	6.83	68.83	0.55	(6,019.96)	(167.09)	(1,611.19)	(345.19)
Foreign exchange loss	126.83	1.07	105.97	0.85	444.76	12.35	(97.84)	(20.96)
Fair value gain/(loss) on derivatives	(200.17)	(1.69)	(247.59)	(1.98)	(141.95)	(3.94)	16.51	3.54
Gain on disposal of investment in an associate	181.91	1.54	-	-	152.91	4.24	-	-
Fair value of retained interest in a previous associate	-	-	-	-	76.46	2.12	-	-
Impairment of investment in a joint venture	(5.60)	(0.05)	-	-	(0.69)	(0.02)	-	-
Impairment of investment of other investment	(5.44)	(0.05)	-	-	-	-	-	-
Gain on disposal of investment in an associate	534.71	4.52	-	-	-	-	-	-
Share of results of joint ventures	11.08	0.09	-	-	-	-	-	-
Share of results of associates	(115.61)	(0.98)	(448.87)	(3.59)	(62.82)	(1.74)	-	-
(Loss)/Gain before taxation	1,335.23	11.29	(521.66)	(4.17)	(5,551.30)	(154.08)	(1,692.52)	(362.62)
Taxation								
- Current taxation	(38.97)	(0.33)	(34.82)	(0.28)	(17.80)	(0.49)	(3.27)	(0.70)
- Deferred taxation	399.13	3.37	273.25	2.18	(318.83)	(8.85)	-	-
Net loss/(profit) for the financial year	1,695.39	14.33	(283.22)	(2.26)	(5,887.93)	(163.43)	(1,695.79)	(363.32)
Net loss/(profit) for the financial year attributable to:								
- Owners of the company	1,967.01	16.63	(315.81)	(2.52)	(5,111.67)	(141.88)	(1,347.48)	(288.70)
- Non-controlling interests	(271.61)	(2.30)	32.58	0.26	(776.26)	(21.55)	(348.31)	(74.62)

Source: www.airasia.com

Remark: The foreign exchange rate as of October 29, 2021 has an average selling rate of RM 1.00 equal to THB 8.1167, according to the Bank of Thailand.

4.3 Statements of Cash Flow of AirAsia Group Berhad

(Unit: RM Million)

Cash flow statement (AAGB)	12 months ended as of December 31, 2018	12 months ended as of December 31, 2019	12 months ended as of December 31, 2020	6 months ended as of June 30, 2021
Net cash (used in)/generated from operating activities	353.08	2,522.82	(2,168.25)	(450.25)
Net cash from investing activities	9,049.30	4,721.85	489.32	81.73
Net cash used in financing activities	(8,086.67)	(8,086.91)	(412.48)	68.42
Net increase (decrease) for the financial year	1,315.72	(842.25)	(2,091.42)	(300.10)
Currency translation differences	109.72	41.51	65.04	533.28
Cash and cash equivalents at beginning of the financial year	1,867.58	3,293.01	2,492.28	2.44
Cash and cash equivalents at end of the financial year	3,293.01	2,492.28	465.90	235.61

Source: www.airasia.com

Remark: The foreign exchange rate as of October 29, 2021 has an average selling rate of RM 1.00 equal to THB 8.1167, according to the Bank of Thailand.

4.4 Important Financial Ratios of AirAsia Group Berhad

		2018	2019	2020	Quarter 2 2021
Liquidity Ratio					
Current Ratio	times	1.3	0.7	0.3	0.2
Quick Ratio	times	1.3	0.7	0.3	0.2
Cash Ratio	times	0.1	0.4	(0.3)	N/A
Account Receivable Turnover Ratio	times	8.5	9.9	3.5	N/A
Average Payment Period	days	43.0	36.9	103.1	N/A
Profitability Ratio					
EBIT Margin	percent	6.8	0.6	(167.1)	(345.2)
Net Profit (Loss) Margin	percent	14.3	(2.3)	(163.4)	(363.3)
Return on Equity	percent	21.8	(6.3)	N/A	N/A
Efficiency Ratio					
Return on Assets	percent	9.1	(1.1)	(29.9)	N/A
Financial Policy Ratio					
Debt to Equity Ratio	times	1.6	5.0	(19.1)	(10.2)

5. Summary of Operating Results and Operations of AirAsia Group Berhad

5.1 Income Statements

2018

From the results of 2018, the company has total revenue of RM 11,831.57 million, divided into revenue from sales and services of RM 10,638.30 million and other income of RM 1,193.28 million. Total revenue increased from 2017 by RM 1,322.55 million or 12.58 percent from an increase in revenue.

The total operating expenses in 2018 amounted to RM 10,612.64 million, an increase of RM 2,264.39 million from 2017, or an increase of 27.12 percent.

Net profit for the year 2018 amounted to RM 1,695.39 million, an increase from 2017 of RM 124.02 or 7.89 percent.

2019

From the results of 2019, the company has total revenue of RM 12,509.23 million, divided into revenue from sales and services of RM 11,860.40 million and other income of RM 648.83 million. Total revenue increased from 2018 by RM 677.66 million or 5.73 percent from an increase in revenue.

The total operating expenses in 2019 amounted to RM 11,784.65 million, an increase of RM 1,172.02 million from 2018, or an increase of 11.04 percent.

Net profit for the year 2019 amounted to RM 283.22 million, a decrease from 2018 of RM 1,978.62 or 116.71 percent.

2020

From the results of 2020, the company has total revenue of RM 3,602.77 million, divided into revenue from sales and services of RM 3,131.21 million and other income of RM 471.56 million. Total revenue decreased from 2019 by RM 8,906.46 million or 71.20 percent from an increase in revenue.

The total operating expenses in 2020 amounted to RM 9,025.03 million, a decrease of RM 2,759.62 million from 2019, or a decrease of 23.42 percent.

Net profit for the year 2020 amounted to RM 5,887.93 million, a decrease from 2019 of RM 5,604.71 or 1,978.90 percent.

Quarter 2 2021

Based on the operating results for the first 6 months of 2021, the company reported total revenue of RM 466.75 million, divided into revenue from sales and services of RM 39.87 million and other income of RM 73.88 million. Total revenue declined from the first 6 months of 2020 by RM 1,857.74 million or 79.92 percent, mainly due to a decrease in revenue from sales and services.

Operating expenses in the first 6 months of 2021 amounted to RM 891.13 million, a decrease of RM 2,116.58 million from the first 6 months of 2020, or a decrease of 79.92 percent, due to the reduction of all expenses.

Net loss for the first 6 months of 2021 was RM 1695.79 million, a decrease of RM 417.01 million from the first 6 months of 2020, or a decrease of 19.74 percent.

5.2 Statement of Financial Position

5.2.1 **Assets**

2018

As of December 31, 2018, the company had total assets of RM 18,549.77 million, a decrease of RM 3,124.31 million, or a decrease of 14.41 percent from as of December 31, 2017, mainly due to the reduction of the land, building and equipment.

2019

As of December 31, 2019, the company had total assets of RM 25,594.72 million, an increase of RM 744.95 million, or 37.98 percent from as of December 31, 2018, mainly due to the increase of right-of-use assets and finance lease receivables.

2020

As of December 31, 2020, the company had total assets of RM 19,664.06 million, a decrease of RM 5,930.66 million, or a decrease of 23.17 percent from as of December 31, 2019, mainly due to the reduction of deposits, cash and bank balances and right of use assets.

Quarter 2 2021

As of June 30, 2021, the company had total assets of RM 18,669.52 million, a decrease of RM 944.54 million, or 5.06 percent from as of December 31, 2020, mainly due to the reduction of deposits, cash and bank balances and right of use assets.

5.2.2 **Liabilities**

2018

As of December 31, 2018, the company had total liabilities of RM 12,364.51 million, a decrease of RM 2,599.49 million, or a decrease of 17.37 percent as of December 31, 2017, mainly due to the decrease of long-term loans.

2019

As of December 31, 2019, the company had total liabilities of RM 22,683.98 million, an increase of RM 10,319.47 million, or an increase of 83.46 percent from as of December 31, 2018, mainly due to the increase in lease liabilities.

2020

As of December 31, 2020, the company had total liabilities of RM 23,233.85 million, an increase of RM 549.87 million, or 2.42 percent increase from as of December 31, 2019.

Quarter 2 2021

As of June 30, 2021, the company had total liabilities of RM 23,692.36 million, an increase of RM 458.51 million, or 1.97 percent from as of December 31, 2020, mainly due to the increase in lease liabilities.

5.2.3 Shareholders' Equity

2018

As of December 31, 2018, the company had shareholders' equity of RM 6,185.27 million, of which the shareholders' equity consists of paid-up capital and retained earnings.

As of December 31, 2018, the company's shareholders' equity decreased from the end of 2017 by RM 524.82 million, or a decrease of 7.82 percent.

2019

As of December 31, 2019, the company had shareholders' equity of RM 2,910.74 million, of which the shareholders' equity consists of paid-up capital and retained earnings.

As of December 31, 2019, the company's shareholders' equity decreased from the end of 2018 by RM 3,274.53 million, or a decrease of 52.94 percent, due to the loss from operations during the year.

2020

As of December 31, 2020, the company had shareholders' equity of RM (3,569.79) million, of which the shareholders' equity consists of paid-up capital and retained earnings.

As of December 31, 2020, the company's shareholders' equity decreased by RM 6,480.53 million, or a decrease of 222.64 percent, due to the operating loss during the year.

Quarter 2 2021

As of June 30, 2021, the company had shareholders' equity of (RM 5,022.84) million, of which the shareholders' equity consists of paid-up capital and retained earnings.

As of December 31, 2020, the company's shareholders' equity decreased by RM 1,453.05 million, or a decrease of 40.70 percent, due to the operating loss during the year.

5.3 Important Financial Ratios

2018

In 2018, the Company had current ratio of 1.3 times, with quick ratio of 1.3 times. Gross profit margin was 6.8 percent. Net profit (loss) margin was 14.3 percent, and debt to equity ratio was 1.6 percent

2019

In 2019, the Company had current ratio of 0.7, decreased by 0.6 times from 2018. Quick ratio was 0.7 times, increased by 0.6 times from 2018. Gross profit margin was 0.6, decreased by 6.2 percent from 2018. Net

profit (loss) margin was (2.3) percent, decreased by 16.6 percent from 2018, and debt to equity ratio was 5.0, increased by 3.4 percent from 2018.

2020

In 2020, the Company had current ratio of 0.3, decreased by 0.4 times from 2019. Quick ratio was 0.3 times, decreased by 0.4 times from 2019. Gross profit margin was (167.1), decreased by 167.7 percent from 2019. Net profit (loss) margin was (163.4) percent, decreased by 161.1 percent from 2019, and debt to equity ratio was (19.1), increased by 24.1 percent from 2019.

Quarter 2 2021

As of June 30, 2021, the Company had current ratio of 0.2, decreased by 0.1 times from the end of 2020. Quick ratio was 0.2 times, decreased by 0.1 times from the end of 2020. Gross profit margin was (345.2), decreased by 178.1 percent from the end of 2020. Net profit (loss) margin was (363.3) percent, decreased by 199.9 percent from the end of 2020, and debt to equity ratio was (10.2), increased by 8.9 percent from the end of 2020.

6. Summary of Financial Statements of AirAsia Aviation Limited

6.1 Statement of Financial Position of AirAsia Aviation Limited

(Unit: USD Million)

Statement of Financial Position (AAA)	As of December 2018	Proportion (percent)	As of December 2019	Proportion (percent)
Assets				
Current assets				
Amount owing by an associate	-	-	1.50	0.42
Amount owing by related parties	3.33	1.15	2.47	0.69
Cast at banks	1.02	0.35	1.38	0.39
Total current assets	4.35	1.50	5.35	1.50
Non-current assets		-		-
Investment in subsidiaries	2.42	0.84	1.00	0.28
Investment in associates	282.61	97.66	350.05	98.22
Total non-current assets	285.03	98.50	351.05	98.50
Total assets	289.38	100.00	356.40	100.00
Liabilities				
Current liabilities				
Other payables and accruals	0.01	0.00	0.00	0.00
Amount owing to holding company	-	-	67.76	19.01
Total current liabilities	0.01	0.00	67.76	19.01
Total liabilities	0.01	0.00	67.76	19.01

Statement of Financial Position (AAA)	As of December 2018	Proportion (percent)	As of December 2019	Proportion (percent)
Equity				
Share capital	5.27	1.82	5.27	1.48
Retained profits	284.10	98.18	283.37	79.51
Equity attributable to owner of the company	289.37	100.00	288.64	80.99
Total equity and liabilities	289.38	100.00	356.40	100.00

Source: Company

Remark: The foreign exchange rates as of October 29, 2021, the interbank weighted average exchange rate of USD 1.00 is equal to THB 33.184, according to the Bank of Thailand.

6.2 Statement of Comprehensive Income of AirAsia Aviation Limited

(Unit: USD Million)

Statement of comprehensive income (AAA)	12 months ending as of December 31, 2018	Proportion (percent)	12 months ending as of December 31, 2019	Proportion (percent)
Profit or loss:				
Revenue	41.60	99.79	0.89	35.89
Interest income	0.09	0.21	1.58	64.11
Total revenue	41.68	100.00	2.47	100.00
Waiver of amount owing to a related company	145.92	350.08	-	-
Unrealized foreign exchange gain	11.73	28.14	0.06	2.26
Bad debts written off	-	-	(1.43)	(57.79)
Investment written off	-	-	(0.00)	(0.05)
Loss on disposal of a subsidiary	-	-	(1.42)	(57.61)
Realized foreign exchange (loss)/gain	0.01	0.03	(0.15)	(6.04)
Staff costs	-	-	-	-
Other expenses	(0.03)	(0.07)	(0.26)	(10.58)
Profit (loss) before taxation	199.31	478.18	(0.74)	(29.81)
Income tax expense	-	-	-	-
Total comprehensive (expense)/income for the financial year	199.31	478.18	(0.74)	(29.81)

Source: Company

Remark: The foreign exchange rates as of October 29, 2021, the interbank weighted average exchange rate of USD 1.00 is equal to THB 33.184, according to the Bank of Thailand.

6.3 Statement of Cash Flows of AirAsia Aviation Limited

(Unit: USD Million)

Cash flow statement (AAA)	12 months ending as of December 31, 2018	12 months ending as of December 31, 2019
Net cash (used in)/generated from operating activities	46,048.78	471.51
Net cash from investing activities	(50,769.47)	(67,931.29)
Net cash used in financing activities	(25,350.00)	67,762.46
Net increase (decrease) for the financial year	(30,070.68)	302.69
Currency translation differences	41.12	55.88
Cash and cash equivalents at beginning of the financial year	31,048.48	1,018.91
Cash and cash equivalents at end of the financial year	1,018.91	1,377.47

Source: Company

Remark: The foreign exchange rates as of October 29, 2021, the interbank weighted average exchange rate of USD 1.00 is equal to THB 33.184, according to the Bank of Thailand.

6.4 Important Financial Ratios of AirAsia Aviation Limited

		2018	2019
Liquidity Ratio			
Current Ratio	times	43,582.9	5.2
Cash Ratio	times	7,041,098.5	7.0
Profitability Ratio			
Gross Profit Margin	percent	478.2	(29.8)
Net Profit (Loss) Margin	percent	478.2	(29.8)
Return on Equity	percent	68.9	(0.3)
Efficiency Ratio			
Return on Assets	percent	68.9	(0.2)
Asset Turnover Ratio	times	0.1	0.0
Financial Policy Ratio			
Debt to Equity Ratio	times	0.0	0.2

7. Summary of Operating Results and Operations of AirAsia Aviation Limited

7.1 Statement of Financial Position

From the results of 2018, the company had total revenue of USD 199.31 million, divided into dividend income of USD 41.60 million and interest income of USD 0.09 million.

From the results of 2019, the company had total revenue of USD 2.47 million, divided into dividend income of USD 0.89 million and interest income of USD 1.58 million. Total revenue decreased from 2018 by USD 39.21 million, or a decrease of 94.08 percent. As in 2019, AAA mainly had a decline in revenue from sales and service.

Net loss for 2019 was USD 0.74 million, net profit (loss) decreased from 2018 by USD 200.05 million, or a decrease of 100.37 percent. In 2008, the company recognized revenue from exemption from amounts owed to a

related company of USD 145.92 million. In 2019, dividend income was decreased by 97.87 percent compared to 2018.

7.2 Statement of Financial Position

7.2.1 Assets

As of December 31, 2018, the company had total assets of USD 289.38 million.

As of December 31, 2019, the company had total assets of USD 356.40 million, an increase of USD 67.02 million, or an increase of 23.16 percent from as of December 31, 2018, mainly due to the increase in investment in subsidiaries.

7.2.2 Liabilities

As of December 31, 2018, the company had total liabilities of USD 6.54 million.

As of December 31, 2019, the company had total liabilities of USD 67.76 million, an increase of USD 67.76 million, or an increase of 1,036,061.48 percent from as of December 31, 2018, mainly due to the increase in the amount owing to holding company.

7.2.3 Shareholders' Equity

As of December 31, 2018, the company has shareholders' equity of USD 289.37 million, with shareholders' equity consisting of paid-up capital and retained earnings.

As of December 31, 2019, the company has shareholders' equity of USD 288.64 million, with shareholders' equity consisting of paid-up capital and retained earnings.

As of December 31, 2019, the company's shareholders' equity decreased from the end of 2018 by USD 0.74 million or 0.25 percent, decreasing due to operating losses during the year.

7.2.4 Important Financial Ratios

2018

In 2018, the Company had current ratio of 43,582.9 times, with quick ratio of 7,041,098.5 times. Gross profit margin was 478.2 percent. Net profit (loss) margin was 478.2 percent. Return on equity was 68.9 percent. Return on assets was 68.9 percent. Asset turnover ratio was 0.1 times, and debt to equity ratio was 0.0 times.

2019

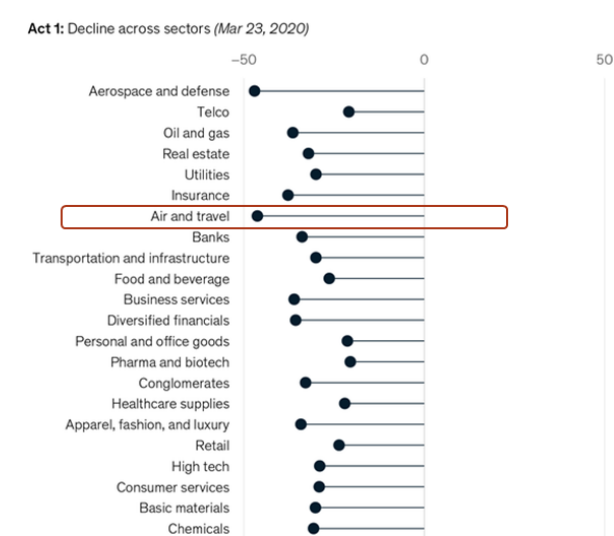
In 2018, the Company had current ratio of 5.2 times, decreased by 43,577.7 times from 2018, with quick ratio of 7.0 times, decreased by 7,041,091.5 times from 2018. Gross profit margin was (29.8) percent, decreased by 508 percent from 2018. Net profit (loss) margin was (29.8) percent, decreased by 508 percent from 2018. Return

on equity was (0.3) percent, decreased by 69.1 percent from 2018. Return on assets was (0.2) percent, decreased by 69.1 percent from 2018. Asset turnover ratio was 0.0 times, decreased by 0.1 times from 2018, and debt to equity ratio was 0.2 times, increased by 92.1 percent from 2018.

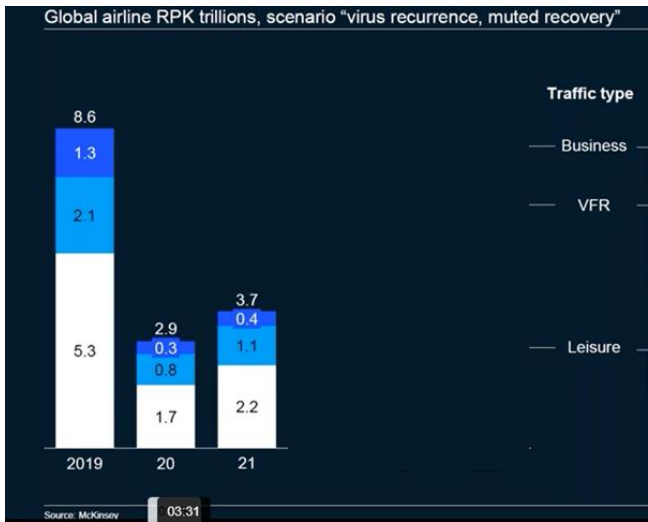
8. Major Factors and Influences that May Affect the Operating Results or Financial Position in the Future

8.1 COVID-19 Situation and the Global Aviation Industry

Due to the COVID-19 situation in 2020, the aviation industry is one of the most affected businesses (From the figure of the average return on shareholders by industry since February 2020), the return on equity in the aviation business decreased by approximately 50 percent. However, if considering the quantitative impact, it can be explained that the rate of Revenue Passenger kilometer ("RPK") of aviation business has decreased significantly, with the current business RPK back to the same RPK in 1999 or about 12 years ago (Source: Mckinsey & Co.). World and Thailand's aviation has been severely affected. In Thailand, 2 major airlines, NOK and THAI, filed a petition with the Central Bankruptcy Court for temporary protection to continue doing business in May and July 2020 respectively.



The average return on shareholders by industry since February 2020
Source: Mckinsey & Co.



The rate of Revenue Passenger kilometer (RPK)
Source: Mckinsey & Co.

The impact of COVID on the airline industry is unprecedented

Global airline RPKs, 1970-2020, trillions

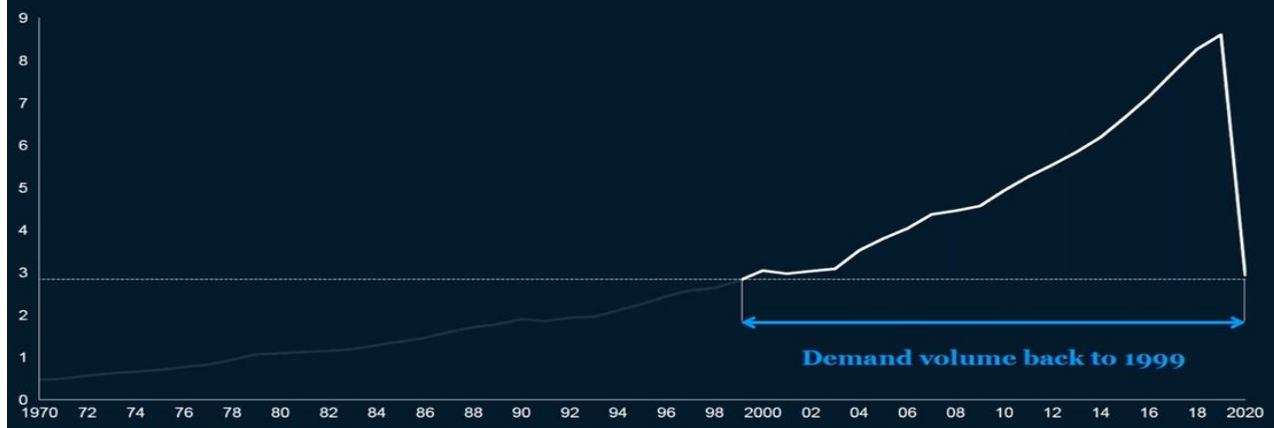


Figure of the impact of COVID-19 on the aviation industry

Source: Mckinsey & Co.