

**APPENDIX XV(C) – AUDITED FINANCIAL STATEMENTS OF PAA FOR THE FYE 31 DECEMBER 2023 (cont'd)**

	Transactions		Terms and conditions
	2023	2022	
(h) Payments made on behalf of the Company			These are payments by related parties on behalf of the Company for operational expenses including but not limited to aircraft lease payments, engineering costs, marketing expenses and other group-related expenses, as well as refunds made by related parties on behalf of the Company.
<i>Entities under common control</i>	3,294,503,866	417,731,015	
(i) Key management compensation			Key management compensation covering salaries and wages and other short-term benefits are determined based on contract of employment and payable in accordance with the Company's payroll process. Key management personnel are also entitled to retirement benefits.
Salaries	56,260,751	62,596,500	
Other short-term employee benefits	18,505,517	11,700,000	
Retirement benefits	7,025,628	31,097,835	
	81,791,896	105,394,335	

As at December 31, the Company's outstanding related party balances in connection with the aforementioned transactions are as follows:

	Ref	2023	2022	Terms and conditions
Trade and other receivables				These are unsecured, unguaranteed, non-interest bearing, and collectible on demand.
<i>Entities under common control (Note 3)</i>	b	155,188,306	78,004,960	
Due from a related party				These are amounts paid by the Company in prior years on behalf of the Parent Company. These are unsecured, unguaranteed, non-interest bearing, and collectible on demand.
<i>Parent company</i>		333,786	1,334,214,149	
Trade and other payables				These are unsecured, unguaranteed, non-interest bearing, with terms of 30 to 60 days (Note 8).
<i>Entities under common control</i>	a,b, c,	6,174,105,986	5,537,098,118	
<i>Parent company</i>	d,e, f, g, h	225,310,028	910,280,255	
		6,399,416,014	6,447,378,373	In 2023, certain related parties affirmed that they will exercise restraint from calling on the net liabilities due from the Company until December 31, 2024. This restraint will however change once the Company's financial position has improved (Note 1).

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	Ref	2023	2022	Terms and conditions
Due to related parties				These are advances by related parties in prior years. These are unsecured, unguaranteed, non-interest bearing, and payable on demand.
<i>Parent company</i>		10,323,849,512	11,000,199,599	
<i>Entities under common control</i>		2,390,941,671	-	
		12,714,791,183	11,000,199,599	

*Suretyship and guarantees*

There are no collaterals held or guarantees issued by the Company with respect to related party transactions and balances. AAI continues to provide suretyship as security for the Company's credit line facility with BDO which is also secured by corporate guarantee of Capital A (Note 7).

As at December 31, 2023 and 2022, no obligations have been incurred by the aforementioned related parties in relation to this agreement.

*Service agreement*

In 2014, the Company entered into a service agreement with AA SEA for finance, accounting, people department, information and technology, sourcing and procurement and innovation, commercial and technology operation support services.

The Service Agreement is effective for a period of three (3) years and may be terminated by either party for any material breach, in the event that the Company terminates its operations, or if AA SEA is not able to provide the agreed services. As at December 31, 2022, the Company is in the process of renewing the terms of this service agreement with the related party, but intends to renew for another three (3) years. Subsequently, in 2023, the Service Agreement was extended for another period of five (5) years until December 31, 2028. Fees charged by AA SEA are based on actual cost of manpower required plus a certain mark-up. These are included in operating expenses as part of outside services account in the statement of total comprehensive income.

*Critical accounting judgment: Recoverability of amounts due from related parties*

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

The determination of ECL is initially based on the Company's historically observed default rates adjusted to forward looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed. As at December 31, 2023 and 2022, management believes that the amounts due from related parties are recoverable.

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**18 Income taxes**

There is no provision for current income tax recognized for the years ended December 31, 2023 and 2022 following the Company's gross loss and net loss positions.

The reconciliation of provision for income tax computed at the statutory income tax rate for the years ended December 31 to the income tax expense as shown in the statements of comprehensive income follows:

	2023	2022
Income tax benefit at statutory rate of 25%	(1,142,785,380)	(1,980,845,432)
Adjustments for		
Movement in unrecognized deferred income tax (DIT) assets	286,446,300	238,612,589
Tax expense from unrecognized DIT asset on NOLCO	856,376,423	1,742,247,446
Non-deductible expenses	9,336	3,651
Interest income subject to final tax	(46,679)	(18,254)
	-	-

DIT assets are determined using income tax rates in the period the temporary differences, NOLCO and MCIT are expected to be recovered or settled. Unrecognized DIT assets (liabilities), net at December 31 are as follows:

	Notes	2023	2022
NOLCO		18,103,159,600	14,677,653,907
Unrealized foreign exchange loss		2,065,452,378	2,484,282,772
Leases	15	1,213,529,585	1,611,623,892
Allowance for doubtful accounts	3	1,351,460,138	1,406,552,846
Provision for claims	8	601,539,859	392,931,941
Retirement benefit obligation	16	433,054,825	386,920,418
Provision for aircraft redelivery costs	15	1,934,182,581	193,577,159
		25,702,378,966	21,153,542,935
Tax rate		25%	25%
Unrecognized DIT assets		6,425,594,742	5,288,385,734

Movement of unrecognized DIT assets charged to other comprehensive income for the years ended December 31 and therefore not forming part of the reconciliation above follows:

	Note	2023	2022
Remeasurement gain on retirement obligation	16	22,454,862	40,245,352
Tax rate		25%	25%
Tax effect		5,613,716	10,061,338

In compliance with the Tax Reform Act (the "Act") of 1997, NOLCO for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss.

Pursuant to Section 4 of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

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Details of the Company's NOLCO at December 31 are as follows:

Year loss was incurred	Year of expiration	2023	2022
2020	2025	5,979,617,005	5,979,617,005
2021	2026	1,729,047,119	1,729,047,119
2022	2025	6,968,989,783	6,968,989,783
2023	2026	3,425,505,693	-
		18,103,159,600	14,677,653,907
Tax rate		25%	25%
Unrecognized DIT asset on NOLCO		4,525,789,900	3,669,413,477

In compliance with the Act, the Company shall pay the greater of MCIT, which is 1% of gross income as defined under the Act, and the normal income tax. Any excess of MCIT over the normal income tax shall be carried forward for the next three consecutive taxable years immediately following the period such MCIT was paid.

MCIT paid in taxable year 2019 amounting to P95,091,782 was not utilized as deduction against any resulting income tax liabilities and has expired as at December 31, 2022. Similarly, there are no resulting MCIT liabilities for the years ended December 31, 2023 and 2022 due to the Company's gross loss position.

*Critical accounting judgement: Determination of current and deferred income taxes*

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The income tax expense is determined based on assessment income and expense are taxable and deductible, respectively. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax and related liability in the period in which such determination is made.

Realization of the future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be recovered. Management has considered these factors in reaching a conclusion to not recognize any of its DIT assets in the statement of financial position.

**19 Commitments**

*Brand License Agreement*

On December 16, 2010, AirAsia Berhad ("AAB") (Licensor) and AAI (Licensee) entered into a Brand License Agreement (BLA). The BLA provides the Licensee a non-exclusive and non-assignable license to reproduce and use the AirAsia Brand: (a) in and for the purpose of Business Operations; (b) under the Permitted Name (including to adopt it as the Licensee's corporate name for the duration of the BLA); (c) in accordance with the AirAsia Branding Guidelines; and (d) in and for the purpose of Marketing Communications.

Pursuant to the BLA, the Licensee shall comply at all times with the recommendations made by the Licensor in respect of the use of the AirAsia Brand. The Licensee shall also use the AirAsia brand in accordance with all mandatory standards, specifications and operating procedures and other obligations contained in the Licensor's procedures manual, subject to applicable laws. The BLA provides that nothing in the agreement shall be construed to give control over the services and licensed flights to the Licensor. The Licensee shall have the technical and operational control of the aircraft used for the business operations and shall comply with all applicable laws governing such activity, including, as a minimum, those specified by the relevant competent authorities, and shall have the final authority concerning the operation, maintenance and safety of the aircraft and its passengers and crew.

The BOD of AAI has the power to amend and/or revise the BLA upon agreement with the Licensor under Clause 27.1 of the BLA.

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On January 1, 2013, AAB and AAI entered into an addendum to the BLA wherein AAB granted AAI a limited authority to sub-license the AirAsia Brand to the Company for a period of six (6) months effective from September 26, 2013, subject to renewal option.

On January 4, 2017, the Company, AAB and AAI entered into an Amendment and Extension Agreement of the BLA. Amendments to the 2010 BLA includes the following:

- The BLA was amended to include the Company as a Licensee
- Ratification of the effectivity of the BLA which was extended for another five (5)-year term from December 16, 2015 to December 15, 2020; and,
- The Company and AAI have undertaken to comply at all times, insofar as feasible and permissible under the laws of the Philippines, with the recommendations made by AAB under the BLA.

On May 2, 2019, an amendment was executed which provided for the effectivity of the BLA for five (5) years from January 2019; and automatic extension for five (5) years by mutual agreement by AAB and the Company.

Further in 2021, AAB recalibrated the BLA charge rates across the entities in using the AirAsia Brand and reduced the license fee equivalent to 0.35% (2020 - 1.75%) of revenue per annum. The Company shall also pay the Licensor additional marketing cost as may be agreed between the parties and allocated as Licensee's contribution.

In 2022, the AAB reverted the license fee rate from 0.35% to 1.75%, with retrospective effect from 2020. The Company will still be liable to settle any marketing costs that may be agreed between the parties and allocated as Licensee's contribution. In addition, AA SEA management fees will be reduced to minimal coverage as a result of this change.

In Q2 2023, pursuant to the Master Brand Licensing Agreement ("MBLA") entered into between AAB and AirAsia Aviation Group Limited ("AAGL"), AAB has granted AAGL the exclusive right to use the trade name and livery of the AirAsia Brand for AAGL's aviation related business, including the right to sub-license such right to AAGL's Affiliates, in accordance with the terms of the MBLA.

The license fee rate being charged by AAGL to PAA is 1.2% of revenue. However, AAGL granted a discount in the 2nd half of 2023 resulting to brand license fees recharges for the year ended December 31, 2023 amounting to P91.2 million (2022 - P341.1 million) (Notes 12 and 17).

## **20 Critical accounting estimates, assumptions and judgments**

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### **20.1 Critical accounting estimates and assumptions**

- Allowance for impairment loss on trade receivables (Note 3)
- Impairment of ROU assets (Note 6)
- Provisions for claims (Note 8)
- Provision for aircraft redelivery costs (Note 15)
- Incremental borrowing rate - leases (Note 15)
- Principal assumptions for estimation of retirement benefit obligation (Note 16)

**20.2 Critical judgment in applying the Company's accounting policies**

- Assessment of the Company's ability to continue as a going concern (Note 1)
- Determination of net realizable value of expendable parts, materials and supplies (Note 4)
- Recoverability of property and equipment (Note 6)
- Recoverability of amounts due from related parties (Note 17)
- Determination of current and deferred income taxes (Note 18)
- Determination of functional currency (Note 21)

**21 Financial risk and capital management**

**21.1 Financial risk factors**

The Company's principal financial instruments comprise of cash, trade and other receivables, due from a related party, refundable deposits, trade payable and other current liabilities (excluding amounts payable to government agencies, output VAT and agent deposits), lease liabilities, provision for aircraft redelivery costs and loans payable. The main purpose of these financial instruments is to finance the Company's operations.

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risks (particularly foreign exchange risk and interest rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company has no significant financial assets and liabilities exposed to other market risks such as price risk.

Financial risk management is carried out by a Company's local finance team under policies approved by the BOD and its shareholders. These policies focus on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial markets. The Company does not engage in the trading of financial assets for speculative purposes.

**21.2 Components of the Company's financial assets and liabilities**

Details of the Company's financial assets at amortized cost as at December 31 are as follows:

	Notes	2023	2022
Cash	2	66,561,623	84,042,572
Trade and other receivables	3	1,891,741,787	1,678,402,467
Due from related parties	17	333,786	1,334,214,149
Deposits	14	998,972,575	882,170,456
		2,957,609,771	3,978,829,644

Trade and other receivables as at December 31, 2023 are presented gross of allowance for impairment of receivables amounting P1,351,460,138 (2022 - P1,406,552,846) and exclude other receivables which consist mainly of advances to employees which are subject to liquidation amounting to P33,404,085 (2022 - P17,043,115) (Note 3).

Spares and maintenance deposit as at December 31, 2023 amounting to P12,447,989 (2022 - P13,030,169) is considered non-financial asset.

Details of the Company's financial liabilities at amortized costs as at December 31 are as follows:

	Notes	2023	2022
Trade and other payables	8	17,287,584,174	15,843,737,840
Due to related parties	17	12,714,791,183	11,000,199,599
Loans payable	7	930,541,708	1,047,924,325
Lease liabilities	15	17,640,197,340	17,229,747,607
Provision for aircraft redelivery costs	15	1,934,182,581	193,577,159
		50,507,296,986	45,315,186,530

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Trade and other payables presented above exclude the following non-financial liabilities as at December 31:

	Note	2023	2022
Payable to government agencies		1,348,310,102	841,217,673
Deposits from travel agents		241,270,180	197,241,418
Output VAT payable		18,144,436	79,407,205
	8	1,607,724,718	1,117,866,296

Provisions for claims as at December 31, 2023 and 2022 are considered non-financial liabilities (Note 8).

### 21.3 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy, that may represent a concentration in the Company's business, could result in losses that are different from those provided for at reporting dates.

Credit risk arises from cash deposits with banks, as well as credit exposure on trade receivables from a related party that are due on demand. The Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Provision for impairment of financial assets are determined using ECL. A credit loss is the difference between the contractual cash flows to which the Company is entitled and the cash flows expected by the Company.

The Company has the following financial assets as at December 31 where the expected credit loss model has been applied:

Class of financial assets	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
<b>2023</b>					
Cash in banks	64,439,444	-	64,439,444	Performing	12 - month ECL
Trade receivables					
Stage 1	540,281,649	-	540,281,649	Performing	Lifetime ECL
Stage 3	1,351,460,138	(1,351,460,138)	-	Credit-impaired	Full provision
Due from a related party					
Stage 1	333,786	-	333,786	Performing	12 - month ECL
Deposits	998,972,575	-	998,972,575	Performing	12 - month ECL
	2,955,487,592	(1,351,460,138)	1,604,027,454		
<b>2022</b>					
Cash in banks	81,999,916	-	81,999,916	Performing	12 - month ECL
Trade receivables					
Stage 1	271,849,621	-	271,849,621	Performing	Lifetime ECL
Stage 3	1,406,552,846	(1,406,552,846)	-	Credit-impaired	Full provision
Due from a related party					
Stage 1	1,334,214,149	-	1,334,214,149	Performing	12 - month ECL
Deposits	882,170,456	-	882,170,456	Performing	12 - month ECL
	3,976,786,988	(1,406,552,846)	2,570,234,142		

#### Credit quality of the Company's financial assets

##### a. Cash in banks

To minimize credit risk exposure from cash in banks, the Company maintains cash deposits in reputable banks. For balances with banks and financial institutions, credit risk is managed in accordance with the Company's policy. Counterparty limits are reviewed and approved by the Company's BOD and are updated when necessary. Cash are placed in various local banks that have good reputation and low probability of insolvency.

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Amounts deposited in these banks as at December 31 are as follows:

	2023	2022
Universal	34,487,938	67,322,098
Commercial	29,951,506	14,677,818
	64,439,444	81,999,916

The remaining balance of cash as presented in the statements of financial position as at December 31, 2023 amounting to P2,122,179 (2022 - P2,042,656), represent cash on hand, which is not exposed to credit risk.

*b. Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit quality of trade and other receivables are further classified and assessed by reference to historical information about each counterparty's historical default rates). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Company's historically observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Stage 1 - Customer balances without history of default and assessed to be fully recoverable.

Stage 2 - Customers with some defaults in the past. All defaults were fully recovered.

Stage 3 - Individual assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts. Loss rates applied for outstanding amounts in this stage is 100%.

*c. Due from a related party*

Due from a related party arise mainly from advances and payments made by the Company on behalf of its related party. These collectible on demand and therefore, expected credit losses are based on the assumption that repayment of balances outstanding are demanded at the reporting date.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of the related party, Company has assessed that the outstanding balances are exposed low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

*d. Deposits*

Deposits that are neither past due nor impaired consist primarily of amounts related to the Company's aircraft leases which are fully collectible at the end of the lease term.

None of the financial assets that are fully performing has been renegotiated as at December 31, 2023 and 2022.



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**21.4 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Liquidity risk management implies maintaining sufficient cash, timely collection of receivables from customers, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of its underlying business, the Company aims to maintain flexibility in funding by keeping track of daily cash sales collections and maintaining committed credit lines available with local banks. The Company also obtains funding from its shareholders as well as other third-party banking institutions, as necessary, to finance its operations and working capital requirements.

The tables below analyze the Company's financial liabilities and financial assets held to manage liquidity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:

	Due and demandable	Due within one year	Within 1 to 5 years	Later than 5 years	Total
<b>2023</b>					
Trade and other payables	15,400,527,543	1,887,056,631	-	-	17,287,584,174
Due to related parties	12,714,791,183	-	-	-	12,714,791,183
Loans payable	-	317,230,128	613,311,580	-	930,541,708
Lease liabilities, gross	5,686,201,801	3,024,586,770	7,810,316,108	4,106,685,355	20,627,790,034
Provision for aircraft redelivery costs	-	39,241,325	1,038,709,932	856,231,324	1,934,182,581
Future interest payable on loans	-	69,419,760	24,361,768	-	93,781,528
	<b>33,801,520,527</b>	<b>5,337,534,614</b>	<b>9,486,699,388</b>	<b>4,962,916,679</b>	<b>53,588,671,208</b>
<b>2022</b>					
Trade and other payables	14,567,191,735	1,276,546,105	-	-	15,843,737,840
Due to related party	11,000,199,599	-	-	-	11,000,199,599
Loans payable	-	113,604,765	934,319,560	-	1,047,924,325
Lease liabilities, gross	5,081,569,311	3,497,310,709	9,316,924,920	3,565,962,184	21,461,767,124
Provision for aircraft redelivery costs	-	39,241,325	154,335,834	-	193,577,159
Future interest payable on loans	-	57,381,843	61,659,522	-	119,041,365
	<b>30,648,960,645</b>	<b>4,984,084,747</b>	<b>10,467,239,836</b>	<b>3,565,962,184</b>	<b>49,666,247,412</b>

The amounts disclosed are the contractual undiscounted cash flows. Amounts due within twelve months equal their carrying balances, as the impact of discounting is not significant.

**21.5 Market risk**

*a) Foreign currency exchange risk*

Foreign currency exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company closely monitors changes in foreign exchange rates and records any exchange gains or losses in profit or loss. Most of the Company's transactions are carried out in Philippine Peso. Exposures to currency exchange rates arise from the Company's overseas purchases, which are primarily denominated in United States (US) Dollar, Chinese Yuan (CNY) and Korean Won (KRW).

The Company manages its foreign currency exchange risk through minimizing transactions in foreign currency and maintaining sufficient cash in foreign currency to cover its maturing obligations denominated in foreign currency.

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The Company's foreign currency denominated monetary assets and liabilities as of December 31 are as follows:

	2023			2022		
	USD	CNY	KRW	USD	CNY	KRW
Cash	50,502	292,410	475,571,459	140,702	993,329	84,466,581
Trade and other receivables	22,747,669	9,607,894	2,431,061,501	23,022,139	4,326,818	2,553,036,420
Deposits	14,529,960	6,200,000	490,068,667	12,926,876	6,200,000	490,068,667
	37,328,131	15,807,894	3,396,701,627	36,089,717	11,520,147	3,127,571,668
Trade and other payables	(224,379,873)	(5,471,006)	(1,438,486,680)	(247,505,161)	(55,217,858)	(723,955,985)
Due related parties	(157,380,993)	-	-	(114,216,000)	-	-
Loans payable	(16,800,000)	-	-	(18,842,727)	-	-
Lease liabilities	(317,441,017)	-	-	(309,831,822)	-	-
Provision for aircraft redelivery costs	(34,211,269)	-	-	(3,709,496)	-	-
	(750,213,152)	(5,471,006)	(1,438,486,680)	(694,105,206)	(55,217,858)	(723,955,985)
Net foreign currency assets (liabilities)	(712,885,021)	10,336,888	1,958,214,947	(658,015,489)	(43,697,711)	2,403,615,683
Exchange rates at December 31	55.57	7.81	0.04	55.61	8.07	0.04
Philippine Peso equivalent	(39,615,020,617)	80,731,095	78,328,598	(36,592,241,343)	(352,640,528)	96,144,627

Details of foreign exchange gain (loss) charged to profit or loss for the years ended December 31 are as follows:

	Note	2023	2022
Realized foreign exchange gain		221,421,519	1,027,511,532
Unrealized foreign exchange gain (loss)		418,830,394	(2,484,282,772)
	13	640,251,913	(1,456,771,240)

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Company's loss before tax as at December 31:

Increase/decrease in foreign exchange rates	USD	CNY	KRW
<b>2023</b>			
+0.45%	(178,267,593)	373,567	352,479
-0.45%	178,267,593	(373,567)	(352,479)
<b>2022</b>			
+0.55%	(107,321,472)	38,464	(215,001)
-0.55%	107,321,472	(38,464)	215,001

The reasonable possible changes in foreign exchange rates in 2023 and 2022 used in the sensitivity analyses were determined based on average movement in the monthly exchange rates during the past 12 months from reporting dates.

*Critical accounting judgment: Determination of functional currency*

The Company's booking revenues are in various currencies. Bank loans and certain costs, including fuel, repairs and leases are incurred in US\$, while some costs and expenses (e.g., salaries and wages) are in Philippine Peso. PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the Company's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Company.

In making this judgment, the Company considers the following:

- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained

Management determined that Philippine Peso is the functional currency for the Company, after considering the criteria stated in PAS 21.

*b) Interest rate risks*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to its loans payable with floating and/or fixed rates. Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk.

As at December 31, 2023 and 2022, the Company's loans payable is subject to floating interest rate. If interest rates increase/decrease by 100 basis points (all other variables held constant), loss before income tax would have been P9.31 million higher / lower (2022 - P10.48 million higher/lower).

**21.6 Fair value estimation**

As at December 31, 2023 and 2022, the carrying amounts of the Company's cash, trade and other receivables, due from related parties, trade payables and other current liabilities and due to a related party approximate their fair values due to the short-term nature of these financial instruments. The fair value of the Company's long term financial assets and liabilities also approximate its carrying values as the nominal interest rates approximate market interest rates.

**21.7 Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital (Note 1). In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

The Company is subject to externally imposed capital requirements (Note 9).

Total capital being managed by the Company is equal to the total capital deficiency as shown in the statements of financial position excluding reserve for remeasurements on retirement benefit obligation.

**22 Summary of material accounting policy information**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**22.1 Basis of preparation**

These financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations of the Standing Interpretations Committee (SIC), International Financial Reporting Interpretations Committee (IFRIC) and Philippine Interpretations Committee (PIC), which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

These financial statements have been prepared under the historical cost basis.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 20.

## **22.2 Changes in accounting policies and disclosures**

### *(a) New and amended standards adopted by the Company*

The Company has applied the following amendments for the first time for its annual reporting period commencing January 1, 2023:

- *Amendments to PAS 1 and PFRS Practice Statement 2 - Disclosure of Accounting Policies*

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the PFRS Practice Statement 2 *Making Materiality Judgments* was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effects of adoption of amendments to PAS 1 and PFRS 2 Practice Statement 2 as at January 1, 2023 are considered in the Summary of material accounting policies (Note 22) to this financial statements.

Other amendments and improvements to the standards effective January 1, 2023 are not considered relevant to the Company.

### *(b) New and amended standards not yet adopted by the Company*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for January 1, 2024 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## **22.3 Financial assets**

### **22.3.1 Classification**

The Company classifies its financial assets in the following measurement categories: (a) financial assets at fair value (through OCI or through profit or loss); and (b) financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company did not hold financial assets at fair value (through OCI or through profit or loss) during and at the end of December 31, 2023 and 2022.

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The Company's financial assets at amortized cost include cash, trade and other receivables, due from a related party and refundable deposits (Note 21.2).

### 22.3.2 Initial recognition, measurement and derecognition

At initial recognition, the Company measures a financial asset its financial assets at amortized cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Financial assets at amortized cost are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented in other income (expenses).

### 22.3.3 Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month expected credit losses (ECL) - these are ECL that result from default events that are possible within 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL - these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

#### *(a) General approach*

The Company applies the general approach to provide for ECL on its financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

#### *(b) Measurement of ECL*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

*(c) Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable date:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

22.3.4 Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**22.4 Financial liabilities**

22.4.1 Classification

The Company classifies its financial liabilities in the following categories: (a) at amortized cost and (b) at fair value through profit or loss. Financial liabilities under category (b) comprises of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold any financial liabilities through profit or loss during and at the end of each reporting period.

The Company's other financial liabilities at amortized cost comprise of trade payables and other current liabilities (except for deposits from travel agents, amounts payable to government agencies and output VAT payable), due to related parties, loans payable, lease liabilities and provisions for aircraft redelivery costs (Note 21.2).

22.4.2 Initial recognition, measurement and derecognition

Financial liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial liabilities are initially measured at fair value, plus transaction costs incurred. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled or expires.

**22.5 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The Company has no existing offsetting arrangements as at December 31, 2023 and 2022.

## **22.6 Expendable parts, materials and supplies**

Expendable parts, materials and supplies which are essentially the Company's inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of inventories comprises of all costs of purchases and other costs incurred in bringing it to their present location and condition attributable to purchase of these inventories. Cost of these inventories is further reduced by provision for inventory obsolescence, if any.

Expendable parts, materials and supplies are derecognized in the statement of financial position when consumed or written-off. When inventories are consumed, the carrying amount of these expendable parts, materials and supplies is recognized as an expense.

## **22.7 Prepaid taxes**

Prepaid taxes are stated at face value less provision for impairment, if any.

A provision for unrecoverable prepaid taxes is established when there is objective evidence that the Company will not be able to recover the claims. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within general and administrative expenses.

Prepaid taxes is derecognized when actually collected, applied against taxes due or disallowed by tax authority.

## **22.8 Property and equipment**

Property and equipment are carried at cost less accumulated depreciation and amortization and impairment, if any.

Depreciation and amortization is calculated using the straight-line method to allocate the cost of each asset, less its residual value, over its estimated useful lives, as follows:

	Number of years
Motor vehicles	5
Office furniture and fixtures	5
Aircraft support machinery and equipment	5 to 10

Leasehold improvements are amortized over the lease period or useful lives of 10 years, whichever is shorter.

## **22.9 Aircraft redelivery costs**

Provision for aircraft redelivery costs arising from the Company's obligation, under its operating lease contracts, to bear certain costs of restoration, among others, at the time of the scheduled redelivery of the aircraft. A corresponding asset is recognized as part of property and equipment. Redelivery costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and is recognized in the statement of comprehensive income under "Interest expense" account. The estimated future costs of redelivery are reviewed annually and adjusted prospectively.

Changes in the estimated future costs or in the discount rate applied are added or deducted from the cost of the asset. The amount deducted from the cost of the asset shall not exceed its carrying amount.

If the decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

## **22.10 Impairment of non-financial assets**

Non-financial assets, such as property and equipment (including the right-of-use assets) and prepayments, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **22.11 Borrowings and borrowing costs**

### **22.11.1 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statements of total comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowings are derecognized when the obligation is settled, paid or discharged.

### **22.11.1 Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to operations in the year in which these are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, development, improvement and construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are recorded as property and equipment, as applicable. All other borrowing costs are expensed in the period they occur.

As at December 31, 2023 and 2022, there are no borrowing costs directly attributable to the construction of a qualifying asset.

## **22.12 Leases - Company as lessee**

The Company recognizes right-of-use assets and corresponding lease liabilities at the date at which the leased asset is available for use.

### **(a) Measurement of right-of-use assets**

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are classified in the statement of financial position as part of property and equipment.



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**APPENDIX XV(C) – AUDITED FINANCIAL STATEMENTS OF PAA FOR THE FYE 31 DECEMBER 2023 (cont'd)**

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Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Number of years
Passenger aircraft	4 to 12
Engines	5
Office	3

*(b) Measurement of lease liabilities*

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*(c) Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets consist mainly for bus rental and office space, which are recognized as expense on a straight-line basis over the lease term.

## **22.13 Equity**

### *Share capital*

The Company's share capital consists of common shares and preferred shares. Capital stock is measured at par value. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of any tax effects.

Preferred shares that are not redeemable or are redeemable at the option of the Company and where payment of dividends is discretionary are classified as equity.

#### *Deficit*

Deficit represents accumulated losses of the Company less dividends declared if any, and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retrospectively. The Company is in a deficit position as at December 31, 2023 and 2022. Hence, there are no declarable dividends.

#### **22.14 Revenue**

The Company is in the business of providing air transportation services. Revenue from contracts with passengers and cargo customers, and any related revenue from services incidental to the transportation of passengers, is recognized when carriage is provided or when the passenger is lifted in exchange for an amount that reflects the consideration to which the Company expects to be entitled to. The specific recognition criteria for each type of revenue are as follows:

##### *Passenger, cargo and other revenues*

Passenger, cargo and other revenues (e.g., baggage fees, rebooking fees and other auxiliary income) are recognized over time when the services are rendered (i.e., when the passenger or cargo is lifted), and when applicable, are stated net of discounts. Collections for which services have not been rendered are recognized as contract liability (referred to herein as 'Unearned revenue'). Unearned revenue from passenger ticket are recognized as revenue once the service has been rendered based on the terms and conditions of the ticket.

##### *Sales of in-flight meals and merchandise*

Other revenues pertaining to sale of in-flight meals and merchandises are recognized at the point in time when control of the asset is transferred to the customer, generally on the delivery and acceptance by the customers of the goods.

#### **22.15 Other income**

##### *Interest income*

Interest income is recognized on a time-proportion basis using the effective interest method when it is determined that such income will accrue to the Company.

##### *Other income*

All other income is recognized when earned or when the right to receive payment is established.

#### **22.16 Contract balances**

##### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

##### *Contract liabilities (or unearned revenues)*

A contract liability (presented as unearned revenues in the statement of financial position) is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Contract liabilities mainly consists of unearned revenues arising from collections of passenger ticket sales prior to actual flight dates. These are recognized as revenue when the booked commercial flights have flown and conditions of the ticket sale have been fulfilled.

### **22.17 Costs and expenses**

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. These are presented in the statement of total comprehensive income according to function of such costs and expenses.

#### *Cost of services*

Cost of services represents costs incurred in relation to Company's inflight services. These costs include fuel, staff costs for its flight and ground crews, depreciation of aircraft fleet and ground handling related costs.

#### *Operating expenses*

Costs of day-to-day operations are generally expensed when incurred.

### **22.18 Employee benefits**

#### *Short-term benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured using their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

#### *Retirement benefit obligation*

The Company recognized retirement benefit obligation computed based on a defined benefit pension plan. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term Philippine treasury bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement obligation.

In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on the PHP BVAL Reference Rates adjusted based on the average durations of the benchmark government bonds as at the valuation date, considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Defined benefit cost is comprised of the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. Current and past service costs are recognized immediately in profit or loss.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account remeasurement gains (losses) on retirement plans are not reclassified to statement of income in subsequent periods.

Curtailment gain or loss resulting from the reduction in number of employees covered by the plan are recognized immediately in profit or loss.

#### *Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **22.19 Current and deferred income tax**

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the uncertainty.

Deferred tax assets are recognized only if it is possible that future taxable amounts will be available to utilize those temporary differences and carry-forward of unused tax losses (net operating loss carryover or NOLCO). No DIT assets were recognized for temporary differences as management believes that it will not be able to generate sufficient taxable profit to allow for the benefits of the DIT assets to be utilized in the near future. The Company reassesses at each reporting date the need to recognize a previously unrecognized DIT asset.

#### **22.20 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized from the statement of financial position.

**APPENDIX XV(C) – AUDITED FINANCIAL STATEMENTS OF PAA FOR THE FYE 31 DECEMBER 2023 (cont'd)**

**22.21 Subsequent events**

Any post year-end event up to the date of the approval of the financial statements that provides additional information about the Company's position at reporting date (adjusting event) is reflected in the financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the financial statements.

**23 Supplementary information required by the Bureau of Internal Revenue (BIR)**

Based on the duly filed returns, below is the additional information required by RR No. 15-2010:

*(i) Output VAT*

Output VAT declared for the year ended December 31, 2023 and the gross revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Sales/receipts		
Subject to 12% VAT	6,324,002,578	758,880,309
Sales to government	7,212,816	865,537
Subject to zero-rated VAT	13,757,309	-
Total	6,344,972,703	759,745,846
Applied input VAT		(492,626,620)
Payments		(248,974,790)
Net output VAT payable		18,144,436

Receipts from the transport of passengers and cargoes to and from places within the Philippines are subject to 12% VAT. Gross receipts from international operations are either exempt or zero-rated. Transport from the Philippines to foreign countries are zero-rated while inbound transport is VAT exempt.

The gross revenues on sale of services are based on gross receipts of the Company while gross revenues presented in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

*(ii) Input VAT*

Movements in input VAT for the year ended December 31, 2023 are as follows:

Beginning balance	-
Add: Current year's domestic purchases/payments for:	
Goods	339,859,325
Services	130,230,603
Importation of goods other than capital goods	22,202,219
Total	492,292,147
Claim for tax credit/tax refund and other adjustments	334,473
Application against output VAT	492,626,620
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**APPENDIX XV(C) – AUDITED FINANCIAL STATEMENTS OF PAA FOR THE FYE 31 DECEMBER 2023 (cont'd)**

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(iii) *Documentary stamp tax (DST)*

For the year ended December 31, 2023, the Company paid DST amounting to P1,111,883 in relation to insurance premiums and DST fee charges of banks.

(iv) *Other taxes and licenses*

All other local and national taxes paid and accrued for the year ended December 31, 2023 consist of:

Permits and license fees	4,150,345
Local business	500
	<hr/> 4,150,845 <hr/>

(v) *Withholding taxes*

Withholding taxes on compensation paid for the year ended December 31, 2023 amounted to P19,883,913.

(vi) *Tax assessments*

On July 21, 2021, the Company has received a Final Assessment Notice (FAN) from the BIR for the tax investigation covering all taxes of the taxable year 2017. The FAN is currently under protest and has not yet been settled as of reporting date.

On December 12, 2022, the Company has received a FAN from the BIR for the tax investigation covering all taxes of the taxable year 2016. The FAN is currently under protest and has not yet been settled as of reporting date.

On October 31, 2023, the Company has been issued Final Decision on Disputed Assessment by the BIR covering the taxable year 2018. Deficiency taxes amounting to P48,786,615 was fully paid on December 15, 2023. Consequently, on January 18, 2024, the Company received the Termination Letter from the BIR for the closure of the tax investigation for the taxable year 2018.

On October 16, 2023, the Company has received a FAN from the BIR for the VAT investigation for the taxable year 2019. The FAN is currently under protest and has not yet been settled as of reporting date.

(vii) *Tax cases*

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2023.

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. They confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

The statements and information relating to the Vendor, Target Companies and Subscriber contained in this Circular have been obtained from and confirmed by the respective parties and the sole responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular and our Board accepts no further or other responsibility in respect of such information.

**2. CONSENTS AND CONFLICT OF INTEREST****2.1 Interpac**

Interpac, being the Principal Adviser for the Proposals and Proposed Granting of Subscription Options and the Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they are included in this Circular.

Interpac is not aware of any conflict of interest which exists or is likely to exist in relation to its roles as the Principal Adviser for the Proposals and Proposed Granting of Subscription Options and the Placement Agent for the Proposed Private Placement.

**2.2 WYNCORP**

WYNCORP, being the Independent Adviser for the Proposed Acquisitions and the expert which expressed an opinion on the fairness of the AAAGL Purchase Consideration for the Proposed AAAGL Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IAL as set out in Part B of this Circular, the expert's report on the fairness of the AAAGL Purchase Consideration as set out in Appendix VII of this Circular and all references thereto in the form and context in which they are included in this Circular.

WYNCORP is not aware of any conflict of interest which exists or is likely to exist in relation to its roles as the Independent Adviser for the Proposed Acquisitions and the expert which expressed an opinion on the fairness of the AAAGL Purchase Consideration for the Proposed AAAGL Acquisition.

**2.3 Deloitte**

Deloitte, being the independent valuer for the valuation of the entire AAAGL Equity Interest and AAB Equity Interest, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Valuer's Letters as set out in Appendix VI of this Circular and all references thereto in the form and context in which they are included in this Circular.

For information purposes, Deloitte was jointly appointed by our Company and Capital A for the valuation of the entire AAAGL Equity Interest and AAB Equity Interest. Notwithstanding that, Deloitte is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent valuer for the valuation of the entire AAAGL Equity Interest and AAB Equity Interest.

**2.4 SMITH ZANDER**

SMITH ZANDER, being the independent market researcher which prepared the IMR Report on the aviation industry in Asia Pacific and Malaysia, has given and has not subsequently withdrawn its written consent to the inclusion of its name, extracts of the IMR Report as set out in Section 9.1, Part A of this Circular and all references thereto in the form and context in which they are included in this Circular.

SMITH ZANDER is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher which prepared the IMR Report on the aviation industry in Asia Pacific and Malaysia.

**2.5 Ernst & Young PLT**

Ernst & Young PLT, being the reporting accountants which expressed an opinion on the compilation of the pro forma consolidated statement of financial position of our Group as at 31 December 2023, accountants' report of AAAGL and accountants' report of AAB, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its opinion on the compilation of the pro forma consolidated statement of financial position of our Group as at 31 December 2023, accountants' report of AAAGL and accountants' report of AAB as set out in Appendix VIII of this Circular, Appendix IX of this Circular and Appendix X of this Circular respectively and all references thereto in the form and context in which they are included in this Circular.

For information purposes, Ernst & Young PLT acts as the external auditors and reporting accountants of our Company and Capital A. Notwithstanding that, Ernst & Young PLT is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the reporting accountants which expressed an opinion on the compilation of the pro forma consolidated statement of financial position of our Group as at 31 December 2023, accountants' report of AAAGL and accountants' report of AAB.

**2.6 Mah-Kamariyah & Philip Koh**

Mah-Kamariyah & Philip Koh, being the Malaysian legal counsel for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the expert's report on policies on foreign investments, taxation and repatriation of profits under the relevant laws of Labuan and Malaysia as set out in Appendix XIII(A) of this Circular as well as the legal opinion on ownership of title to the securities or assets and the enforceability of agreements, representations and undertakings given by foreign counter-parties and other relevant legal matters under the relevant laws of Labuan and Malaysia as set out in Appendix XIV(A) of this Circular and all references thereto in the form and context in which they are included in this Circular.

Mah-Kamariyah & Philip Koh is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Malaysian legal counsel for the Proposals.

**2.7 Chandler MHM Limited**

Chandler MHM Limited, being the Thai legal counsel for the Proposed AAAGL Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the expert's report on policies on foreign investments, taxation and repatriation of profits under the relevant laws of Thailand as set out in Appendix XIII(B) of this Circular as well as the legal opinion on ownership of title to the securities or assets and the enforceability of agreements, representations and undertakings given by foreign counter-parties and other relevant legal matters under the relevant laws of Thailand as set out in Appendix XIV(B) of this Circular and all references thereto in the form and context in which they are included in this Circular.

Chandler MHM Limited is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Thai legal counsel for the Proposed AAAGL Acquisition.



**2.8 Ocampo & Suralvo Law Offices**

Ocampo & Suralvo Law Offices, being the Philippine legal counsel for the Proposed AAAGL Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the expert's report on policies on foreign investments, taxation and repatriation of profits under the relevant laws of the Philippines as set out in Appendix XIII(C) of this Circular as well as the legal opinion on ownership of title to the securities or assets and the enforceability of agreements, representations and undertakings given by foreign counter-parties and other relevant legal matters under the relevant laws of the Philippines as set out in Appendix XIV(C) of this Circular and all references thereto in the form and context in which they are included in this Circular.

Ocampo & Suralvo Law Offices is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Philippine legal counsel for the Proposed AAAGL Acquisition.

**2.9 Hanafiah Ponggawa & Partners**

Hanafiah Ponggawa & Partners, being the Indonesian legal counsel for the Proposed AAAGL Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the expert's report on policies on foreign investments, taxation and repatriation of profits under the relevant laws of Indonesia as set out in Appendix XIII(D) of this Circular as well as the legal opinion on ownership of title to the securities or assets and the enforceability of agreements, representations and undertakings given by foreign counter-parties and other relevant legal matters under the relevant laws of Indonesia as set out in Appendix XIV(D) of this Circular and all references thereto in the form and context in which they are included in this Circular.

Hanafiah Ponggawa & Partners is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Indonesian legal counsel for the Proposed AAAGL Acquisition.

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**3. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of our Shares transacted for the 12 months preceding the date of this Circular and the last transacted market price of our Shares on the last trading day immediately before the announcement of the Proposals and proposed granting of Subscription Options and as at the LPD are as follows:-

	<b>High RM</b>	<b>Low RM</b>
<b>2023</b>		
September	2.58	2.13
October	2.48	1.79
November	2.42	1.89
December	2.06	1.85
<b>2024</b>		
January	2.06	1.66
February	1.87	1.63
March	1.64	1.28
April	1.55	1.14
May	1.71	1.46
June	1.56	1.46
July	1.62	1.43
August	1.49	1.25
Last transacted market price of our Shares on 24 April 2024, being the last trading day immediately before the announcement of the Proposals and proposed granting of Subscription Options on 25 April 2024 (RM)	1.24	
Last transacted market price of our Shares as at the LPD (RM)	1.31	

(Source: Bloomberg)

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

**4.1 Material commitments**

Save for capital commitments in respect of aircraft purchase as disclosed below, as at the LPD, there are no material commitments incurred or known to be incurred by our Company and our subsidiaries that have not been provided for in the financial statements and which, upon becoming enforceable, may have a material impact on our profits or NA:-

<b>Commitments</b>	<b>Amount (RM'000)</b>
Property, plant and equipment - Approved and contracted for	4,082,392

#### **4.2 Contingent liabilities**

As at the LPD, save as disclosed below, there are no contingent liabilities incurred or known to be incurred by our Company and our subsidiaries which, upon becoming enforceable, may have a material impact on our profits or NA:-

##### IAAX's tax liability

During the 18-month FPE 31 December 2022, IAAX (a joint venture of our Company) received a Tax Underpayment Assessment Letter from the Indonesia Tax Office, demanding a payment of IDR686.85 billion for tax underpayment in the fiscal year 2017. The tax audits for the fiscal years 2018 and 2019 were completed during the FYE 31 December 2023 and the Indonesia Tax Office raised an additional assessment of IDR796.59 billion.

IAAX has disputed the tax assessments by the Indonesia Tax Office and has submitted objection letters and appeal letters to the Indonesia Tax Office. The Indonesia Tax Office has rejected the appeal by IAAX and the case has been brought to court. In the event the dispute is ruled in favour of the Indonesia Tax Office, it is unlikely that IAAX will be able to pay the additional tax. Per Indonesian tax regulations, tax collection actions target "tax bearers" of corporate taxpayers, including shareholders. Consequently, our Company, as IAAX's shareholder, could be liable for the tax payable by IAAX for the amount of IDR726.89 billion (equivalent to approximately RM202.80 million\*), based on its 49% equity interest in IAAX.

Our Directors, based on legal opinion provided by external lawyer, believe that it is not probable that our Company will incur expenses related to IAAX's tax liability due to the lack of legal mechanism in Indonesia to effect the reciprocal arrangement with partner countries for cross-border tax collection assistance. Additionally, cross-border tax collection is not permissible if the tax is in dispute. IAAX has contested the tax claim and the case is currently pending hearing in Indonesia.

##### Note:-

\* Based on Bank Negara Malaysia's closing middle exchange rate of IDR100 : RM0.0279 as at the LPD.

#### **5. MATERIAL CONTRACTS**

Save for the agreements in relation to the Proposed Internal Reorganisation (as defined in Section 1, Part A of this Circular), Proposed Acquisitions and proposed granting of Subscription Options as well as those disclosed below, our Company and our subsidiaries have not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this Circular:-

- (i) share subscription agreement dated 22 May 2023 entered into between AAX and AHAM Asset Management Berhad for the subscription of 12,909,033 Shares for a cash consideration of RM20,009,001.15, which was completed on 15 June 2023;
- (ii) share subscription agreement dated 22 May 2023 entered into between AAX and AILMAN Asset Management Sdn Bhd for the subscription of 3,220,000 Shares for a cash consideration of RM4,991,000.00, which was completed on 15 June 2023; and
- (iii) share subscription agreement dated 22 May 2023 entered into between AAX and Lavin Group Sdn Bhd for the subscription of 16,129,033 Shares for a cash consideration of RM25,000,001.15, which was completed on 15 June 2023.

**6. MATERIAL LITIGATION**

As at the LPD, our Company and our subsidiaries are not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Company and our subsidiaries or any facts which are likely to give rise to any proceedings which may materially and adversely affect our business or financial position.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of our Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia during normal business hours on Mondays to Fridays (except public holidays) from the date of this Circular until the date of the EGM:-

- (i) Constitution of AAX and the Target Companies;
- (ii) Letter of Undertaking referred to in Section 4.11, Part A of this Circular;
- (iii) audited consolidated financial statements of our Company for the 18-month FPE 31 December 2022 and FYE 31 December 2023 as well as unaudited consolidated financial statements of our Company for the 6-month FPE 30 June 2024;
- (iv) audited financial statements of the Target Companies for the FYE 31 December 2022 and FYE 31 December 2023 as well as unaudited consolidated financial statements of the Target Companies for the 6-month FPE 30 June 2024;
- (v) SSPAs;
- (vi) Subscription Option Agreement;
- (vii) Valuer's Letters as set out in Appendix VI of this Circular;
- (viii) IMR Report;
- (ix) expert's report on the fairness of the AAAGL Purchase Consideration as set out in Appendix VII of this Circular;
- (x) pro forma consolidated statement of financial position of our Group as at 31 December 2023 together with the reporting accountants' report as set out in Appendix VIII of this Circular;
- (xi) accountants' report of AAAGL as set out in Appendix IX of this Circular;
- (xii) accountants' report of AAB as set out in Appendix X of this Circular;
- (xiii) directors' report on AAAGL as set out in Appendix XI of this Circular;
- (xiv) directors' report on AAB as set out in Appendix XII of this Circular;
- (xv) expert's report on policies on foreign investments, taxation and repatriation of profits under the relevant laws of Labuan, Malaysia, Thailand, the Philippines and Indonesia as set out in Appendix XIII of this Circular;

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**APPENDIX XVI – FURTHER INFORMATION (cont'd)**

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- (xvi) legal opinion on ownership of title to the securities or assets and the enforceability of agreements, representations and undertakings given by foreign counter-parties and other relevant legal matters under the relevant laws of Labuan, Malaysia, Thailand, the Philippines and Indonesia as set out in Appendix XIV of this Circular;
- (xvii) letters of consent and conflict of interest referred to in Section 2 of this Appendix XVI;
- (xviii) material contracts referred to in Section 7 of Appendix IV of this Circular, Section 7 of Appendix V of this Circular and Section 5 of this Appendix XVI;
- (xix) relevant cause papers for the material litigation referred to in Section 8 of Appendix V of this Circular; and
- (xx) draft Deed Poll.

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**AIRASIA X BERHAD**

(Registration No. 200601014410 (734161-K))

(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“EGM”) of AirAsia X Berhad (“AAX” or the “Company”) will be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn Bhd (“TIIH”) via its TIIH Online website at <https://tiih.online>, from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia on Wednesday, 16 October 2024 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:-

**ORDINARY RESOLUTION 1**

**PROPOSED ISSUANCE OF UP TO 223,536,401 FREE WARRANTS IN AAX (“WARRANTS”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 ORDINARY SHARES IN AAX (“SHARES”) HELD BY THE SHAREHOLDERS OF AAX ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“WARRANTS ENTITLEMENT DATE”) (“PROPOSED ISSUANCE OF FREE WARRANTS”)**

**“THAT** subject to the passing of the Ordinary Resolution 3 and Ordinary Resolution 4 as well as the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained (if required), the Board of Directors of the Company (“Board”) be and is hereby authorised to allot and issue up to 223,536,401 free Warrants in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants (“Deed Poll”) by way of an issuance of free Warrants to all entitled shareholders of the Company whose names are registered in the Record of Depositors of the Company as at the close of business on the Warrants Entitlement Date on the basis of 1 free Warrant for every 2 Shares held on the Warrants Entitlement Date;

**THAT** the Board be and is hereby authorised to determine the exercise price of the Warrants at a later date based on the 5-day volume-weighted average market price of the Shares up to and including the last trading day prior to the price-fixing date of the Warrants;

**THAT** the Board be and is hereby authorised to allot and issue such appropriate number of additional Warrants as may be required or permitted to be allotted and issued as consequences of any adjustments under the provisions in the Deed Poll (“Additional Warrants”) and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions in the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities or parties (where required);

**THAT** the Board be and is hereby authorised to allot and issue new Shares pursuant to the exercise of the Warrants by the holders of the Warrants in accordance with the Deed Poll, including such appropriate number of new Shares pursuant to the exercise of the Additional Warrants;

**THAT** the new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants shall, upon allotment, issuance and payment of the exercise price of the Warrants and Additional Warrants, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the new Shares pursuant to the exercise of the Warrants and Additional Warrants;

**THAT** the Board be and is hereby authorised to disregard and/or deal with any fractional entitlements for the Warrants that may arise from the Proposed Issuance of Free Warrants, if any, in such manner as the Board shall in its absolute discretion deems fit and expedient in the best interests of the Company;

**THAT** the proceeds from the exercise of the Warrants shall be used in the manner and for the purposes as set out in Section 2.6, Part A of the circular to the shareholders of the Company dated 24 September 2024 (“**Circular**”) and the Board be and is hereby authorised with full power to vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interests of the Company, subject to the approval of the relevant authorities (where required);

**THAT** the Warrants, Additional Warrants and the new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants shall be listed on the Main Market of Bursa Securities;

**THAT** the Board be and is hereby authorised to enter into and execute the Deed Poll with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendments to the exercise price and/or number of Warrants as may be required or permitted to be revised as consequences of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Board deems fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

**THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Issuance of Free Warrants in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Issuance of Free Warrants;

**AND THAT** this Ordinary Resolution 1 constitutes a specific approval for the allotment and issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Warrants and Additional Warrants to be issued pursuant to or in connection with the Proposed Issuance of Free Warrants and the new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants have been duly allotted and issued in accordance with the terms of the Proposed Issuance of Free Warrants."

## **ORDINARY RESOLUTION 2**

### **PROPOSED PRIVATE PLACEMENT OF NEW SHARES TO INDEPENDENT THIRD PARTY INVESTORS TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED LATER TO RAISE GROSS PROCEEDS OF RM1,000.00 MILLION (“PROPOSED PRIVATE PLACEMENT”)**

“**THAT** subject to the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained (if required), the Board be and is hereby authorised to allot and issue up to 1,000,000,000 Shares by way of private placement (“**Placement Shares**”) to independent third party investors to be identified later in 1 or multiple tranches at an issue price for each tranche to be determined at later date(s) by the Board (“**Price-Fixing Date(s)**”) to raise gross proceeds of up to RM1,000.00 million upon such terms and conditions as set out in the Circular;

**THAT** the Board be and is hereby authorised to determine the issue price for each tranche of the Placement Shares at the Price-Fixing Date(s) based on a discount of not more than 15% to the 5-day volume-weighted average market price of the Shares up to and including the last trading day prior to the Price-Fixing Date(s) and in any event, the minimum issue price of the Placement Shares shall be RM1.00 per Placement Share;

**THAT** the Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares;

**THAT** the proceeds from the Proposed Private Placement shall be used in the manner and for the purposes as set out in Section 3.7, Part A of the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interests of the Company, subject to the approval of the relevant authorities (where required);

**THAT** the Placement Shares shall be listed on the Main Market of Bursa Securities;

**THAT** pursuant to Section 85(1) of the Companies Act, 2016 (“**Act**”) read together with Clause 16 of the Constitution of the Company, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons for the time being holding shares in proportion as nearly as the circumstances admit, to the number of existing shares or securities to which they are entitled and accordingly, should this resolution for the allotment and issuance of the Placement Shares be passed by shareholders of the Company, this resolution shall have the effect of the shareholders agreeing to waive the statutory pre-emptive rights in respect of the Placement Shares to be allotted and issued by the Company to independent third party investors to be identified later pursuant to the Proposed Private Placement, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect;

**THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Private Placement in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Private Placement;

**AND THAT** this Ordinary Resolution 2 constitutes a specific approval for the allotment and issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have been duly allotted and issued in accordance with the terms of the Proposed Private Placement.”

### **ORDINARY RESOLUTION 3**

#### **PROPOSED ACQUISITION BY THE COMPANY OF 100% EQUITY INTEREST IN AIRASIA AVIATION GROUP LIMITED HELD BY CAPITAL A BERHAD FOR A PURCHASE CONSIDERATION OF RM3,000.00 MILLION TO BE SATISFIED ENTIRELY VIA THE ALLOTMENT AND ISSUANCE OF 2,307,692,307 NEW SHARES AT AN ISSUE PRICE OF RM1.30 EACH (“PROPOSED AAAGL ACQUISITION”)**

“**THAT** subject to the passing of the Ordinary Resolution 2, the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional share sale and purchase agreement dated 25 April 2024 entered into between Capital A Berhad and AirAsia Group Berhad (formerly known as AirAsia Aviation Group Sdn Bhd) (“**AAG**”), the supplemental agreement dated 26 July 2024 entered into between Capital A Berhad, AAG and the Company and the second supplemental agreement dated 4 September 2024 entered into between Capital A Berhad and the Company for the Proposed AAAGL Acquisition (collectively, the “**AAAGL SSPA**”) being satisfied, fulfilled and/or waived, approval be and is hereby given to the Company to acquire 100% equity interest in AirAsia Aviation Group Limited for a purchase consideration of RM3,000.00 million to be satisfied entirely via the allotment and issuance of 2,307,692,307 new Shares (“**Consideration Shares**”) at an issue price of RM1.30 each, in accordance with the terms and conditions of the AAAGL SSPA;

**THAT** the Board be and is hereby authorised to allot and issue 2,307,692,307 Consideration Shares at an issue price of RM1.30 each to Capital A Berhad and/or its shareholders to satisfy the purchase consideration for the Proposed AAAGL Acquisition in accordance with the terms and conditions of the AAAGL SSPA;



**THAT** the Consideration Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued Shares, save and except that the holder of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares;

**THAT** the Consideration Shares shall be listed on the Main Market of Bursa Securities;

**THAT** pursuant to Section 85(1) of the Act read together with Clause 16 of the Constitution of the Company, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons for the time being holding shares in proportion as nearly as the circumstances admit, to the number of existing shares or securities to which they are entitled and accordingly, should this resolution for the allotment and issuance of the Consideration Shares be passed by shareholders of the Company, this resolution shall have the effect of the shareholders agreeing to waive the statutory pre-emptive rights in respect of the Consideration Shares to be allotted and issued by the Company to Capital A Berhad and/or its shareholders pursuant to the Proposed AAAGL Acquisition, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect;

**THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed AAAGL Acquisition in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed AAAGL Acquisition;

**AND THAT** this Ordinary Resolution 3 constitutes a specific approval for the allotment and issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Consideration Shares to be issued pursuant to or in connection with the Proposed AAAGL Acquisition have been duly allotted and issued in accordance with the terms and conditions of the Proposed AAAGL Acquisition.”

#### **ORDINARY RESOLUTION 4**

**PROPOSED ACQUISITION BY THE COMPANY OF 100% EQUITY INTEREST IN AIRASIA BERHAD HELD BY CAPITAL A BERHAD FOR A PURCHASE CONSIDERATION OF RM3,800.00 MILLION TO BE SATISFIED ENTIRELY VIA THE ASSUMPTION BY AAX OF AN AMOUNT OF RM3,800.00 MILLION OWING BY CAPITAL A BERHAD TO AIRASIA BERHAD (“PROPOSED AAB ACQUISITION”)**

“**THAT** subject to the passing of the Ordinary Resolution 2, the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional share sale and purchase agreement dated 25 April 2024 entered into between Capital A Berhad and AAG, the supplemental agreement dated 26 July 2024 entered into between Capital A Berhad, AAG and the Company and the second supplemental agreement dated 4 September 2024 entered into between Capital A Berhad and the Company for the Proposed AAB Acquisition (collectively, the “**AAB SSPA**”) being satisfied, fulfilled and/or waived, approval be and is hereby given to the Company to acquire 100% equity interest in AirAsia Berhad for a purchase consideration of RM3,800.00 million to be satisfied entirely via the assumption by the Company of an amount of RM3,800.00 million owing by Capital A Berhad to AirAsia Berhad, in accordance with the terms and conditions of the AAB SSPA;

**AND THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed AAB Acquisition in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed AAB Acquisition.”

## **ORDINARY RESOLUTION 5**

**PROPOSED GRANTING TO GARYNMA INVESTMENTS PTE LTD (“GARYNMA” OR THE “SUBSCRIBER”) THE RIGHTS TO SUBSCRIBE FOR SUCH NUMBER OF NEW SHARES (“SUBSCRIPTION OPTIONS”) REPRESENTING, IN AGGREGATE, 12% OF THE TOTAL ISSUED SHARES IN AAX IMMEDIATELY AFTER THE COMPLETION OF THE PROPOSED AAAGL ACQUISITION AND PROPOSED AAB ACQUISITION (EXCLUDING TREASURY SHARES, IF ANY) VIA 3 SUBSCRIPTION OPTIONS OF 4% EACH (“PROPOSED GRANTING OF SUBSCRIPTION OPTIONS”)**

**“THAT** subject to the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional subscription option agreement dated 26 July 2024 entered into between Garynma and the Company for the Proposed Granting of Subscription Options (“**Subscription Option Agreement**”) being satisfied, fulfilled and/or waived, approval be and is hereby given to the Company to undertake the Proposed Granting of Subscription Options in accordance with the terms and conditions of the Subscription Option Agreement;

**THAT** the Board be and is hereby authorised to grant the 3 Subscription Options of 4% each to Garynma immediately after the completion of the Proposed AAAGL Acquisition and Proposed AAB Acquisition in accordance with the terms and conditions of the Subscription Option Agreement;

**THAT** each Subscription Option granted may be individually accepted in full or in part by the Subscriber at any point of time during a period of 24 months from the date of granting of the Subscription Option. Upon acceptance of a Subscription Option by the Subscriber, the Subscription Option may be exercised by the Subscriber at any point of time during a period of 48 months from the date of granting of the Subscription Option (“**Subscription Option Period**”) to subscribe, in full or in part, for new Shares. Any Subscription Options not accepted or not exercised by the Subscriber within the stipulated period shall lapse and cease to be valid for any purpose;

**THAT** the Board be and is hereby authorised to allot and issue new Shares pursuant to the exercise of the Subscription Option(s) by the Subscriber (“**Subscription Shares**”) in accordance with the terms and conditions of the Subscription Option Agreement;

**THAT** the issue price of the Subscription Shares comprised in each Subscription Option shall be the closing market price of the Shares as at the last trading day prior to acceptance by the Subscriber of the grant of the relevant Subscription Option;

**THAT** the Subscription Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holder of the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Subscription Shares;

**THAT** the proceeds from the issuance of the Subscription Shares shall be used in the manner and for the purposes as set out in Section 7.6, Part A of the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interests of the Company, subject to the approval of the relevant authorities (where required);

**THAT** the Subscription Shares shall be listed on the Main Market of Bursa Securities;

**THAT** the Board be and is hereby authorised to assent to any modifications and/or amendments to the issue price and/or number of Subscription Shares comprised in each Subscription Option as may be required or permitted to be revised as consequences of any adjustments under the provisions of the Subscription Option Agreement;

**THAT** pursuant to Section 85(1) of the Act read together with Clause 16 of the Constitution of the Company, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons for the time being holding shares in proportion as nearly as the circumstances admit, to the number of existing shares or securities to which they are entitled and accordingly, should this resolution for the allotment and issuance of the Subscription Shares be passed by shareholders of the Company, this resolution shall have the effect of the shareholders agreeing to waive the statutory pre-emptive rights in respect of the Subscription Shares to be allotted and issued by the Company to the Subscriber pursuant to the Proposed Granting of Subscription Options, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect;

**THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Granting of Subscription Options in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Granting of Subscription Options;

**AND THAT** this Ordinary Resolution 5 constitutes a specific approval for the allotment and issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Subscription Shares to be issued pursuant to or in connection with the Proposed Granting of Subscription Options have been duly allotted and issued in accordance with the terms of the Proposed Granting of Subscription Options.”

### **SPECIAL RESOLUTION**

#### **PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF AAX TO RM100.00 MILLION PURSUANT TO SECTION 116 OF THE ACT (“PROPOSED SHARE CAPITAL REDUCTION”)**

“**THAT** subject to the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained (if required), the Board be and is hereby authorised to reduce the issued share capital of the Company to RM100.00 million pursuant to Section 116 of the Act. The credit arising from the Proposed Share Capital Reduction will be used to eliminate the accumulated losses of AAX’s group of companies and any balance credit after elimination of the accumulated losses will be credited to a reserve account which serves as additional credit buffer to set off any future losses, if allowed or for such other purposes as may be allowed under the relevant applicable laws, the Main Market Listing Requirements of Bursa Securities as well as the Constitution of the Company but excluding the diminution of liability in respect of unpaid share capital or payment to any shareholders of the Company of any paid-up share capital;

**AND THAT** the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Capital Reduction in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Share Capital Reduction.”

By Order of the Board  
**AIRASIA X BERHAD**

**THIN PUI LENG** (LS0009933)  
(SSM PC No. 202208000271)

Company Secretary  
Selangor Darul Ehsan  
24 September 2024

#### Virtual EGM

1. The EGM of the Company will be held as a virtual meeting via live streaming and online remote voting using the RPV provided by TIIH via its **TIIH Online website at <https://tiih.online>**. This is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the **Administrative Details** which are available at the Company's website at [www.airasiac.com/aqm\\_egm.html](http://www.airasiac.com/aqm_egm.html).
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM, instead are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the RPV provided by TIIH.

#### Notes:-

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Company's Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the EGM.
2. A member must be registered in the **Record of Depositors at 5.00 p.m. on 8 October 2024 ("General Meeting Record of Depositors")** in order to attend and vote at the EGM. A depositor shall not be regarded as a member entitled to attend the EGM and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the EGM.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Act) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia.
  - (ii) By electronic means  
The Form of Proxy can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of Form of Proxy via TIIH Online.
7. Please ensure **ALL** the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
8. Last date and time for lodging the Form of Proxy is **Monday, 14 October 2024 at 10.00 a.m.**
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL / DULY CERTIFIED** certificate of appointment of authorised representative at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

- (ii) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
- (a) *at least two (2) authorised officers, of whom one shall be a director; or*
  - (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

11. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of EGM will be put to vote by way of poll.*

**Personal Data Privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees and undertakes that the member shall indemnify the Company and/or to keep the Company fully indemnified and save the Company harmless against all and/or any actions, demands, claims, losses, costs, proceedings and damages (including all legal fees and costs) which the Company may suffer or incur in any manner howsoever arising from or as a result of the member's breach of the aforementioned warranty.*

**Explanatory Note:**

*Pursuant to Section 85(1) of the Act read together with Clause 16 of the Constitution of the Company, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("**Pre-emptive Rights**").*

*By voting in favour of the proposed Ordinary Resolutions 2, 3 and 5, you will also approve the disapplication of the Pre-emptive Rights under Section 85(1) of the Act read together with Clause 16 of the Constitution of the Company and such approval is tantamount to the member agreeing to waive your Pre-emptive Rights in respect of new Shares to be allotted and issued by the Company pursuant to the Proposed Private Placement, Proposed AAAGL Acquisition and Proposed Granting of Subscription Options respectively.*

*The details of the Proposed Private Placement, Proposed AAAGL Acquisition and Proposed Granting of Subscription Options are set out in the Circular, which is available on the websites of the Company and Bursa Malaysia Berhad.*



**AIRASIA X BERHAD**  
 (Registration No. 200601014410 (734161-K))  
 (Incorporated in Malaysia)  
 (the "Company")

**FORM OF PROXY**

\*I/We, \_\_\_\_\_, NRIC No./ Passport No. / Company No.  
 (FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

\_\_\_\_\_ of \_\_\_\_\_  
 (FULL ADDRESS)

Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

being a member of the Company, hereby appoint \_\_\_\_\_,  
 (FULL NAME IN BLOCK LETTERS)

NRIC No. / Passport No. \_\_\_\_\_ of \_\_\_\_\_  
 (FULL ADDRESS)

\_\_\_\_\_ Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

or failing him/her, \_\_\_\_\_, NRIC No. / Passport No. \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
 (FULL ADDRESS)

Telephone Number \_\_\_\_\_ Email Address \_\_\_\_\_

\*or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote in my/our name and on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIH") via its TIH Online website at <https://tiih.online>, from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia on Wednesday, 16 October 2024 at 10.00 a.m. or at any adjournment thereof, and to vote as indicated below:-

Resolution	Agenda	FOR	AGAINST
Ordinary Resolution 1	Proposed Issuance of Free Warrants		
Ordinary Resolution 2	Proposed Private Placement		
Ordinary Resolution 3	Proposed AAAGL Acquisition		
Ordinary Resolution 4	Proposed AAB Acquisition		
Ordinary Resolution 5	Proposed Granting of Subscription Options		
Special Resolution	Proposed Share Capital Reduction		

(Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting, as he/she thinks fit.)

\*Delete the words "or failing him/her, the Chairman of the Meeting" if not applicable.

No. of shares held:			
CDS Account No:			
The proportion of my/our holding to be represented by my/our proxies are as follows:		<b>No. of shares</b>	<b>Percentage</b>
	First Proxy		
	Second Proxy		
Date:			

\_\_\_\_\_  
 Signature(s) / Common Seal of Member(s)



#### Virtual EGM

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2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM, instead are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the RPV provided by TIIH.

#### Notes:-

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Company's Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the EGM.
2. A member must be registered in the **Record of Depositors at 5.00 p.m. on 8 October 2024** ("**General Meeting Record of Depositors**") in order to attend and vote at the EGM. A depositor shall not be regarded as a member entitled to attend the EGM and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the EGM.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia.
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This Form of Proxy can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of Form of Proxy via TIIH Online.
7. Please ensure **ALL** the particulars as required in this Form of Proxy are completed, signed and dated accordingly.
8. Last date and time for lodging this Form of Proxy is **Monday, 14 October 2024 at 10.00 a.m.**
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

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- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of EGM will be put to vote by way of poll.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees and undertakes that the member shall indemnify the Company and/or to keep the Company fully indemnified and save the Company harmless against all and/or any actions, demands, claims, losses, costs, proceedings and damages (including all legal fees and costs) which the Company may suffer or incur in any manner howsoever arising from or as a result of the member's breach of the aforementioned warranty.





Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Company Secretary  
**AIRASIA X BERHAD**  
(Registration No. 200601014410 (734161-K))

RedQ, Jalan Pekeliling 5  
Lapangan Terbang Antarabangsa Kuala Lumpur  
64000 KLIA  
Selangor Darul Ehsan  
Malaysia

1st fold here