Environmental (cont'd)

Climate Strategy

Past efforts towards wildlife protection include training Allstars to recognise signs of illegal wildlife trafficking and raising awareness on conservation of endangered Malayan tigers. We look forward to exploring more opportunities to support biodiversity and wildlife conservation.

Malaysia

APE Malaysia Hoses for Wildlife

Equips Asean wildlife sanctuaries with tools created using decommissioned fire hoses to aid in rehabilitation and release programmes

Langit Collective

Trains indigenous farmers to phase out chemical fertilisers and pesticides in heirloom rice cultivation

Dusun Merdeka

Supports indigenous farmers in responsible harvesting of naturally occuring cocoa trees and replanting endemic trees in secondary forests bordering Malaysia's National Park.

Thailand

Muser Coffee Hill

Supports hill tribe farmers in converting from mono-cropping to cultivation of shade-grown coffee that requires rehabilitation of natural forest canopy for the crops to thrive

Folkcharm Travels

Enables cotton weavers to regrow local cotton plants decimated by expanding rubber plantations

Indonesia

Natural Aceh Oyster Farm

Undertakes mangrove rehabilitation and trains women farmers in alternative oyster farming methods to minimise damage to recovering post-tsunami mangrove ecosystems

Limpapeh Natural Dye Songket

Trains women weavers in replacing chemical dyes that pollute and poison rivers with natural dyes derived from local plant material

Vietnam

Sapanapro Red Dao Therapy and Spa

Trains Red Dao hill tribe herbalists in sustainable harvesting of wild shrubs

Dó Paper Revival

Develops a plant nursery and replanting programme that helps protect the Dó plant from extinction

Philippines

Tsaa Laya Premium Teas

Set up a plant nursery for organically grown local herbs

For more information on our initiatives, please visit the AirAsia Foundation site at https://www.airasiafoundation.com/

Waste Management

(GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5)

Efficient and well-planned waste management is important to avoid unnecessary waste generation and disposal in overflowing landfills which are environmental hazards. Towards this end, we are adopting a circular economy approach in our waste management encompassing the 3R principle to reuse, reduce and recycle resources responsibly.

2022 Performance Overview

124.4
tonnes of **solid hazardous waste generated**

5,427.7
litres of **liquid hazardous waste generated**

13.5%
of **non-hazardous waste recycled**

4,160kg
of **office waste recycled**

1,395
life jackets upcycled

75,974 m³
of **water consumed**

Our Management Approach
- Environmental Policy
- Sustainability Policy
- Environmental Quality Act 1974
- Solid Waste and Public Cleansing Management Act 2007

Supporting the UN SDGs

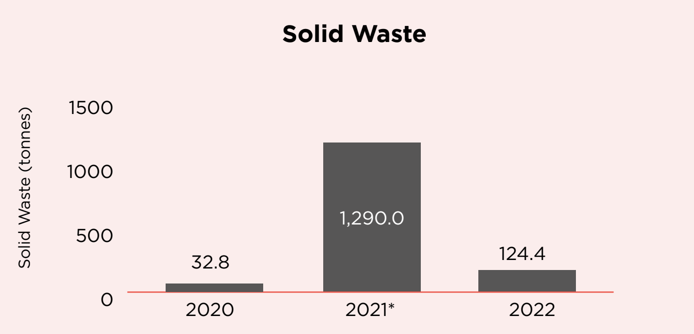
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

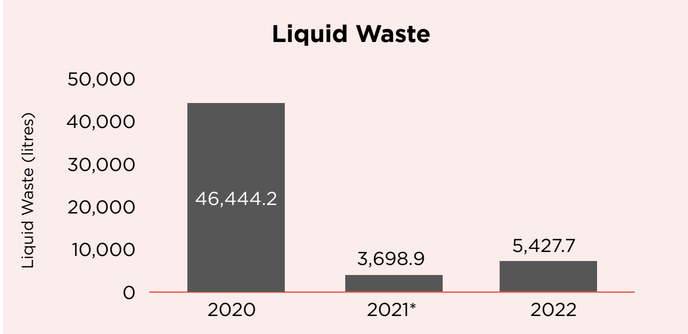
13 CLIMATE ACTION

HAZARDOUS WASTE (GRI 2-4)

Hazardous waste is harmful to the environment and must be handled and disposed of properly. Most of the hazardous waste we produce is from engineering and comprise spent oils/fluids, absorbents, containers, gloves, oil rags and filters. To manage hazardous waste, we engage licensed contractors in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 in Malaysia and relevant environmental acts and regulations in other countries where we operate.

In 2022, we generated 124.4 tonnes of solid hazardous waste compared to 1,290 tonnes in 2021. The high level of waste generated in 2021 was due to concentrated aircraft maintenance activities whereas in 2022, we shifted our focus to the reactivation of aircraft. Conversely, we generated 5,427.7 litres of liquid scheduled waste in 2022, a 46.7% increase from 2021, due to aircraft parking and storage maintenance activities which involve draining of aircraft fuel/fluid.





*Restated data to only include Malaysia operations as scheduled waste from AirAsia Indonesia and AirAsia Philippines are managed by airport authorities.

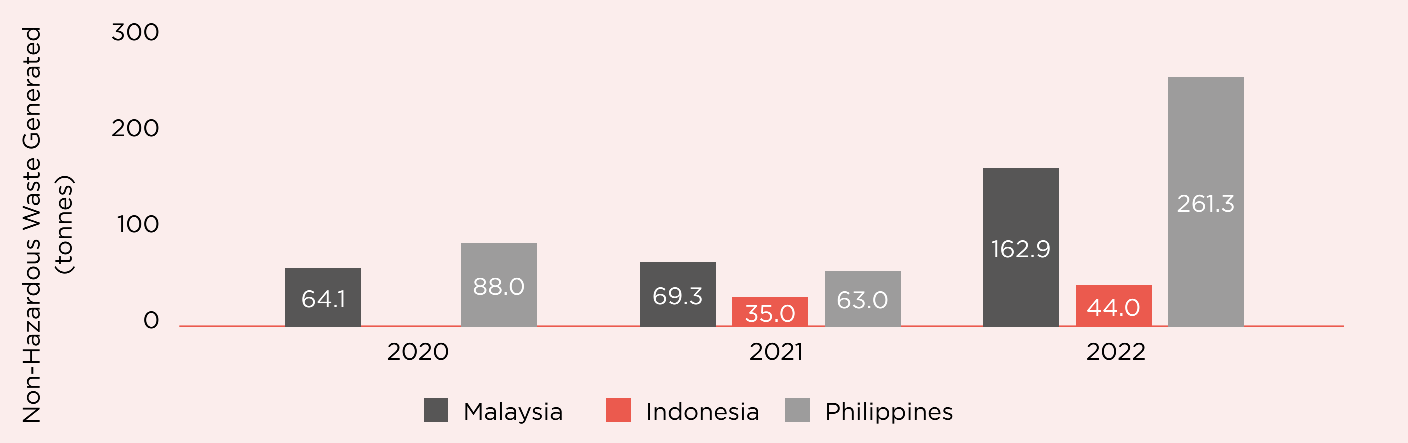
Environmental (cont'd)

Waste Management

NON-HAZARDOUS WASTE

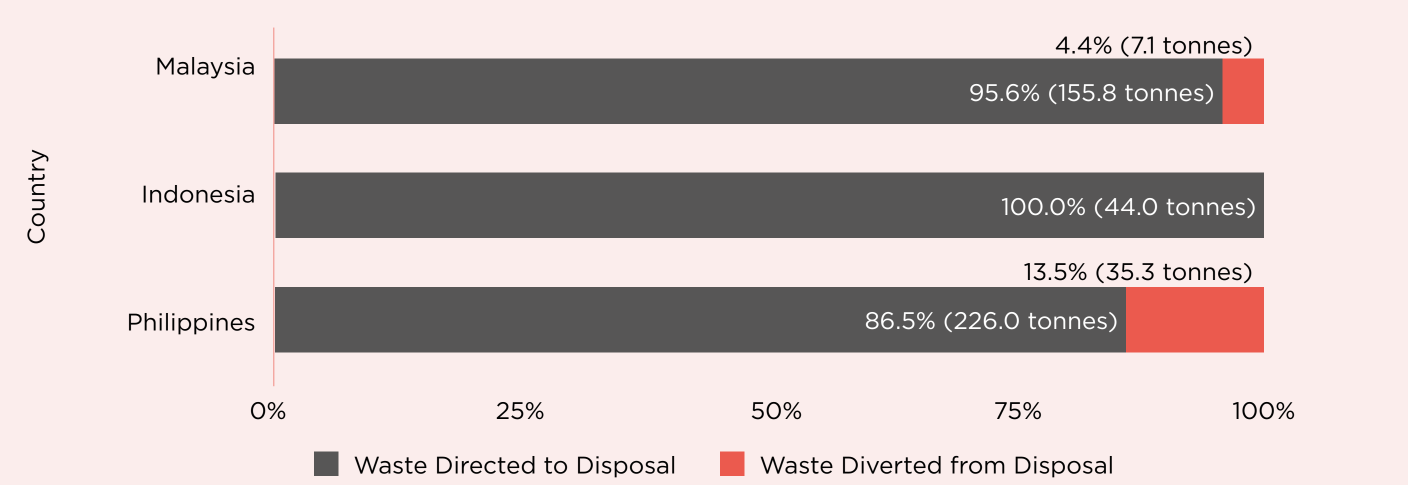
Our non-hazardous waste includes general waste produced in offices and buildings, recycled waste as well as cabin waste from our flights. We monitor the general waste produced at our office premises in Malaysia (RedQ and RedChain) and Indonesia (RedHouse). In the Philippines, recycled waste is managed by the airport authorities hence we do not have access to monitor and track the relevant data.

Total Weight of Non-Hazardous Waste Generated



Note:
1. Non-hazardous waste for AirAsia Malaysia and AirAsia Indonesia only include general waste from offices as cabin waste is managed by airport authorities.
2. For AirAsia Philippines, office waste is managed by airport authorities, hence non-hazardous waste comprises cabin waste collected.

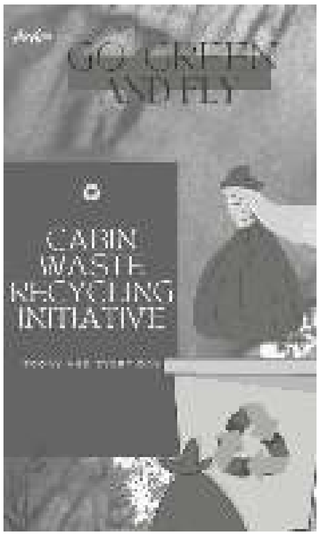
Waste Directed and Diverted from Disposal in 2022



We saw an overall increase in non-hazardous waste generation primarily due to the return of Allstars to our offices post-pandemic. In Malaysia, we recorded a total of 162.9 tonnes of non-hazardous waste, representing a two-fold increase from 2021 with 95.6% of the waste being directed to landfills and the remaining 4.4% recycled. In Indonesia, waste generation increased by 25.8% from 2021 to 44.04 tonnes in 2022 all of which was disposed of as the office did not have a waste management vendor. It is in the process of engaging a waste management vendor to improve its recycling efforts.

In the Philippines, a total of 261.3 tonnes of cabin waste was produced, more than four times the amount in 2021, with 86.5% being disposed and 13.5% diverted through recycling. This increase was due to the reopening of flight routes and increase in number of guests as pandemic restrictions were relaxed.

Cabin Waste



AirAsia currently does not collect, store or dispose of cabin waste for our Malaysia and Indonesia-based flights. Cabin waste recycling undertaken prior to the pandemic was suspended to comply with national health and sanitary regulations. With the return to normal operations, AirAsia is looking to reintroduce cabin waste recycling taking into account health and safety directives by airport authorities and national waste management regulators. Plans to resume cabin waste recycling towards end 2022 were postponed due to manpower shortages. We are reviewing our timeline in 2023 as the recovery of our airlines stabilises.

In the Philippines, AirAsia Philippines appointed Ecowaste, a Department of Environment and Natural Resources (DENR)-accredited waste contractor, to handle cabin waste in Manila. Cabin waste is segregated and sent to a material recovery facility (MRF) for further processing, while recyclable materials are sent to approved recycling centres across Manila. A total of 35.3 tonnes of recyclable cabin waste was collected in 2022, consisting of plastic, aluminium and paper waste.

Spotlight: Exploring Green Food Packaging Solutions with Santan

Santan is advancing its sustainability agenda through a five-year packaging strategy to explore the use of environmentally-friendly packaging which will not compromise the quality or consistency of its meals. Acknowledging that single-use plastics are the biggest contributor to cabin waste, our team at Santan is working closely with vendors to explore biodegradable options for inflight food packaging and cutlery, taking into account our turnaround patterns and food type.

This year, Santan replaced plastic sandwich boxes with plastic films and plastic ice cream cups with paper cups. It also searched for suppliers with suitable and affordable alternatives to replace plastic cutlery distributed inflight, trialing the use of utensils made of cornstarch and wood. The research is ongoing with continuing trials of replacements that meet cost and quality requirements.

Food Waste

AirAsia began cabin food waste tracking and monitoring in 2019. Due to the pandemic, however, its food waste data and trends were inconsistent and negligible in 2020 and 2021. With the return of travel, a total of 106,536kg of food waste was produced in 2022 versus 1,712.5kg in 2021.

Our food waste target has been reviewed and updated to set a maximum of 30% of total consumption for all AirAsia Malaysia flights. This is supported through the use of a demand planning tool powered by AI to forecast catering demand and promote pre-booked meals.

Environmental (cont'd)

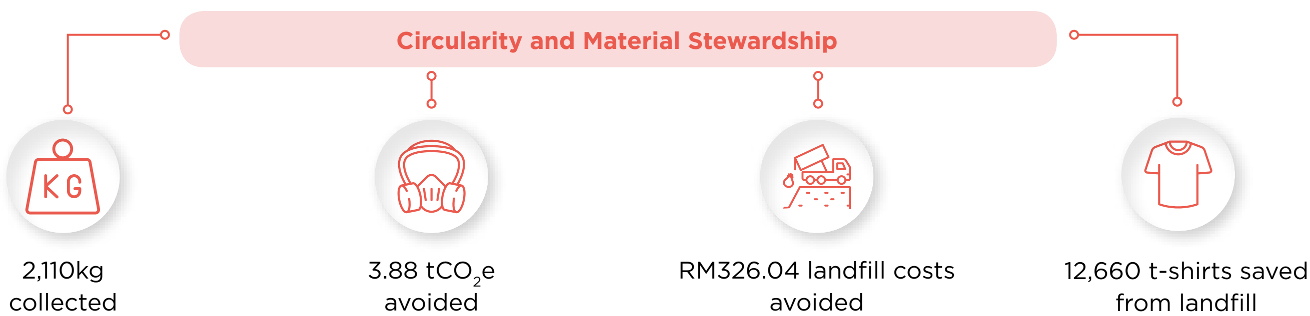
Waste Management

Used Cooking Oil

With the mass production of food for catering and restaurants, we are aware of the high volume of cooking oil that we use. In 2022 we began working with FatHopes Energy to collect, process and refine our used cooking oil to produce high-quality biodiesel. We hope to take this initiative further through centralised collection of used cooking oil from our restaurants by the third quarter of 2023.

Circularity and Material Stewardship

Further promoting circularity, we upcycle as much of our waste as possible. In 2022, we partnered with Kloth Cares, an accredited women-led social enterprise under the Ministry of Entrepreneur Development and Cooperatives (MEDAC), to recycle and repurposed 2,110kg of used uniforms and corporate merchandise into processed engineered fuel (PEF), which is an innovative way of converting waste into energy. This served to avoid the emissions of 3.9 tCO_2e.



Meanwhile, AirAsia Foundation continues to grow its life-jacket recycling project with Nazanin, a social enterprise of Afghan refugees. In 2022, 1,395 life jackets were upcycled into best-selling Soggy No-More accessories, which were sold on AirAsia Foundation's online social enterprise shop, DestinationGOOD.com and onboard AirAsia flights. The success of this initiative led to new innovations, among others, a pet safety vest collection and a limited edition Soggy No-More 10 collection to celebrate AirAsia Foundation's 10th anniversary in 2022.

Since the launch of the Soggy No-More project in 2017, AirAsia Foundation has upcycled 2,599 lifejackets, diverting approximately 519.8kg of non-biodegradable plastics from landfills while generating RM287,000 in revenue to support refugee livelihoods and AirAsia Foundation's social enterprise activities. In 2022, discussions were held with a social enterprise in Manila to produce Soggy No-More items using expired lifejackets from AirAsia Philippines.

Visit our Destination GOOD shop for more information on the life-jacket recycling project, please visit www.destinationgood.com/

Handling Aeronautical Waste

From engine parts to aircraft seats, tyres and carts, we have a diligent system to responsibly manage waste from aircraft and ADE operations. Where possible, we take a circular approach where items are repaired, repurposed and recycled rather than sent to landfills.

At ADE's RedChain Engineering Warehouse, the 3Rs principle is adopted to reduce, reuse and recycle key aircraft components. Some of the ways in which the lifespan of parts is extended are depicted below:

Aircraft Panel, Floorboards and Frames

The structural repair workshop handles the maintenance of aircraft skin, frames, panels, cargo, carbin floorboard, and engine cowlings. Any structural component that exceeds the repairable limits is scrapped and replaced as necessary. Scrapped items are collected by licensed recycling contractors.

Aircraft Tyres

The inhouse wheel workshop focuses on the maintenance of aircraft wheel hubs and tyres including the dismantling and installation, inspection and testing of tyres and wheel hubs. Worn out tyres are sent back to the manufacturer for retreading and testing as required. Once a tyre fails the test or reaches its end of life, the manufacturer repurposes it into other products.

Aircraft Seats

Our aircraft seats are made from carbon fibre, aluminium and genuine leather upholstery to ensure durability over time. The lightweight seats also help to reduce fuel consumption and lower CO_2 emissions by 200 tonnes per aircraft per year. When our aircraft seats reach their end of life, we remove usable parts for repair of other seats. Damaged parts are collected by contractors to be recycled. Where feasible, older seats are also sold to other operators to lengthen their lifespan.

Aircraft Batteries

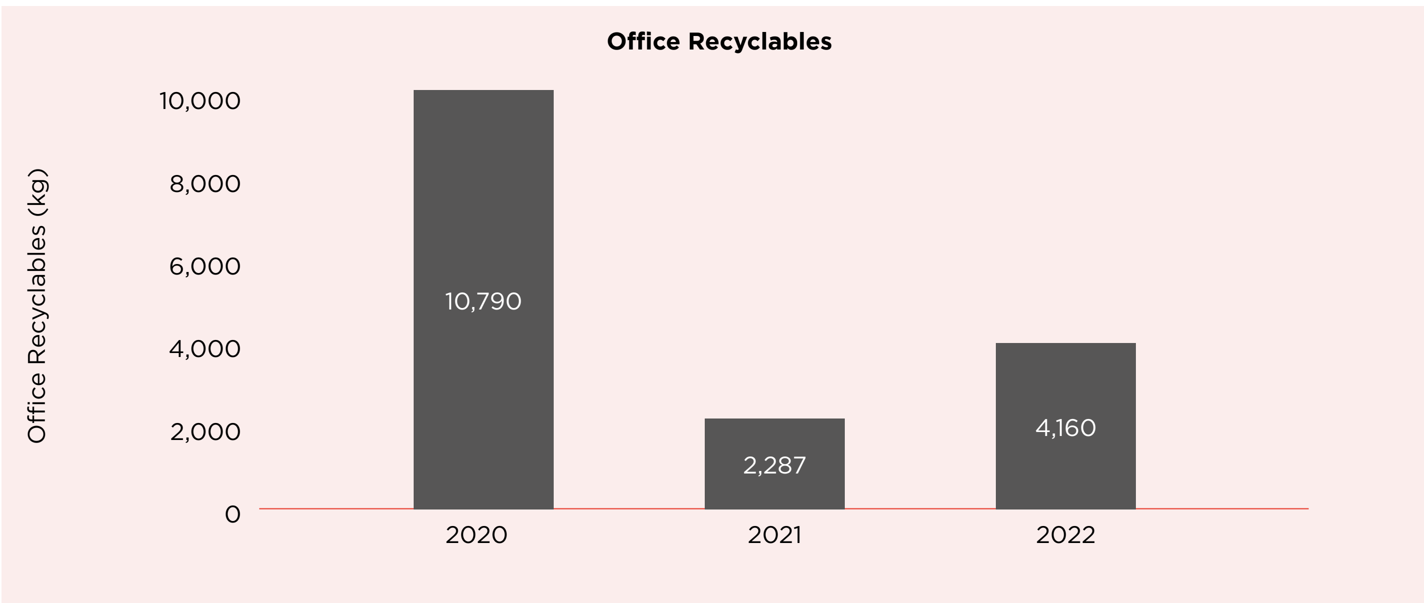
ADE's inhouse battery shop prioritises the maintenance of aircraft batteries including recharging, cleaning, testing, and servicing to extend the battery life. Batteries that have reached their end of life are collected by licensed recycling contractors.

Environmental (cont'd)

Waste Management

Office Waste

Capital A maintains effective systems to ensure the responsible disposal and recycling of waste in our offices. Recycling bins are provided for the collection of paper, plastic and aluminum items, which are subsequently recycled by appointed licensed contractors. In 2022, the volume of recyclable waste increased by 81.9% from 2,297kg in 2021 to 4,160kg.



Note: The office recyclables disclosed only apply to the RedQ in Malaysia and RedHouse in Indonesia.

Office Recyclable Waste in 2022

Plastic
85kg
(25kg in 2021)

Paper
3,687kg
(1,968kg in 2021)

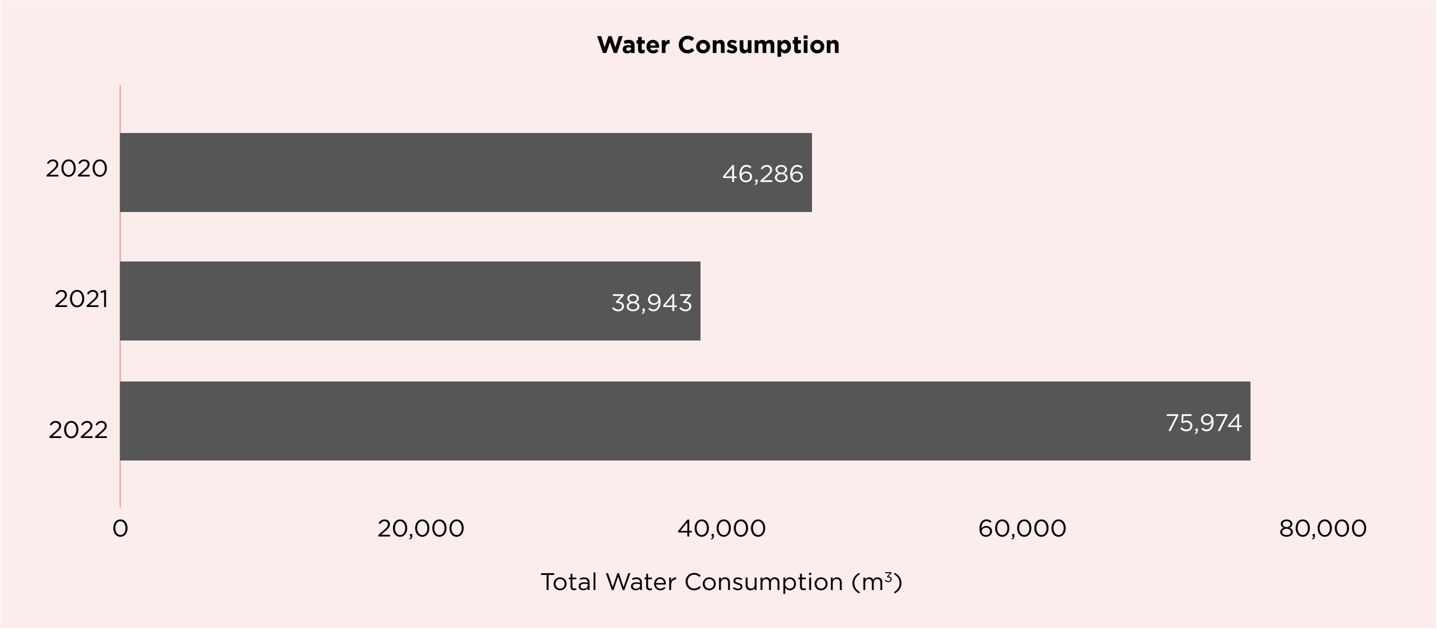
Metal
388kg
(294kg in 2021)

Total Office Waste Recyclable
4,160kg
(2,287kg in 2021)

(GRI 303-1, 303-5)

WATER CONSUMPTION

We are putting in place various initiatives to improve water consumption efficiency across our operations. Water supply for all our offices is from municipal potable water sources. As we look to improve our water efficiency, our office in Jakarta, RedHouse, will start harvesting rainwater for gardening use in the third quarter of 2023.



In 2022, we consumed 75,974 m^3 of water, marking a 95.1% increase from 2021 primarily due to the return to normal operations. Once our operations stabilise, we will look into new ways to enhance water efficiency.

Wastewater Management (GRI 303-4)

Capital A does not generate industrial effluents from our office activities, hence all waste water from sanitary and washing is discharged to government-operated centralised water treatment plants for treatment.

SOCIAL

Health and Safety

(GRI 3-3)

Safety is at the heart of everything we do and remains our top priority. We nurture a strong health and safety culture as it safeguards our assets and our people – not only Allstars but also our guests, suppliers, business partners and any person impacted by our operations. We establish appropriate structures, develop well-defined processes and provide adequate resources to ensure a robust framework that supports safe operations, which is further strengthened by Allstars playing their part in delivering our safety performance targets.

2022 Performance Overview

15,960
safety reports filed

Average **9**
safety training hours per Allstar

0
fatalities

59
work-related injuries recorded

17,158
total **safety training hours**

59
psychological counseling and **psychiatric sessions** conducted

Our Management Approach
We seek for everyone at Capital A to be conscious of safety and to practise safe behaviours all the time, guided by our:
- Safety Policy Statement
- Safety Management System (SMS) Manual
- Occupational Safety, Health and Environment (OSHE) Manual
- Emergency Response Plan (ERP)
- IATA Operational Safety Audits (IOSA)
- Flight Data Analysis (FDA) Manual
- ISO 9001:2015 Quality Management System (GOQA)
- ISO 22000:2018 Food Safety Management System
- Food Safety Information System of Malaysia (FOSIM)
- Malaysia Halal Certification
- Food Safety & Quality Policy

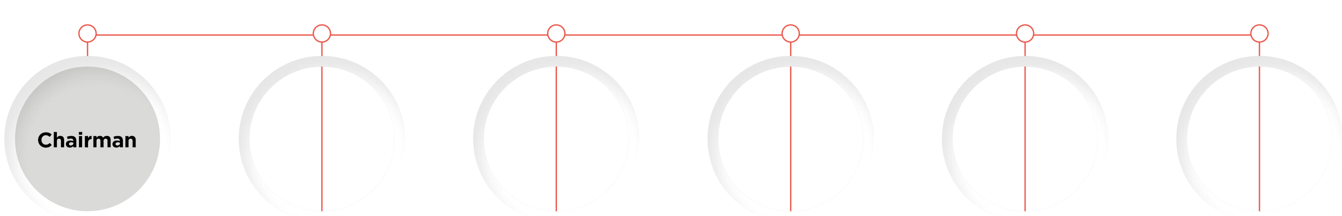
Supporting the UN SDGs

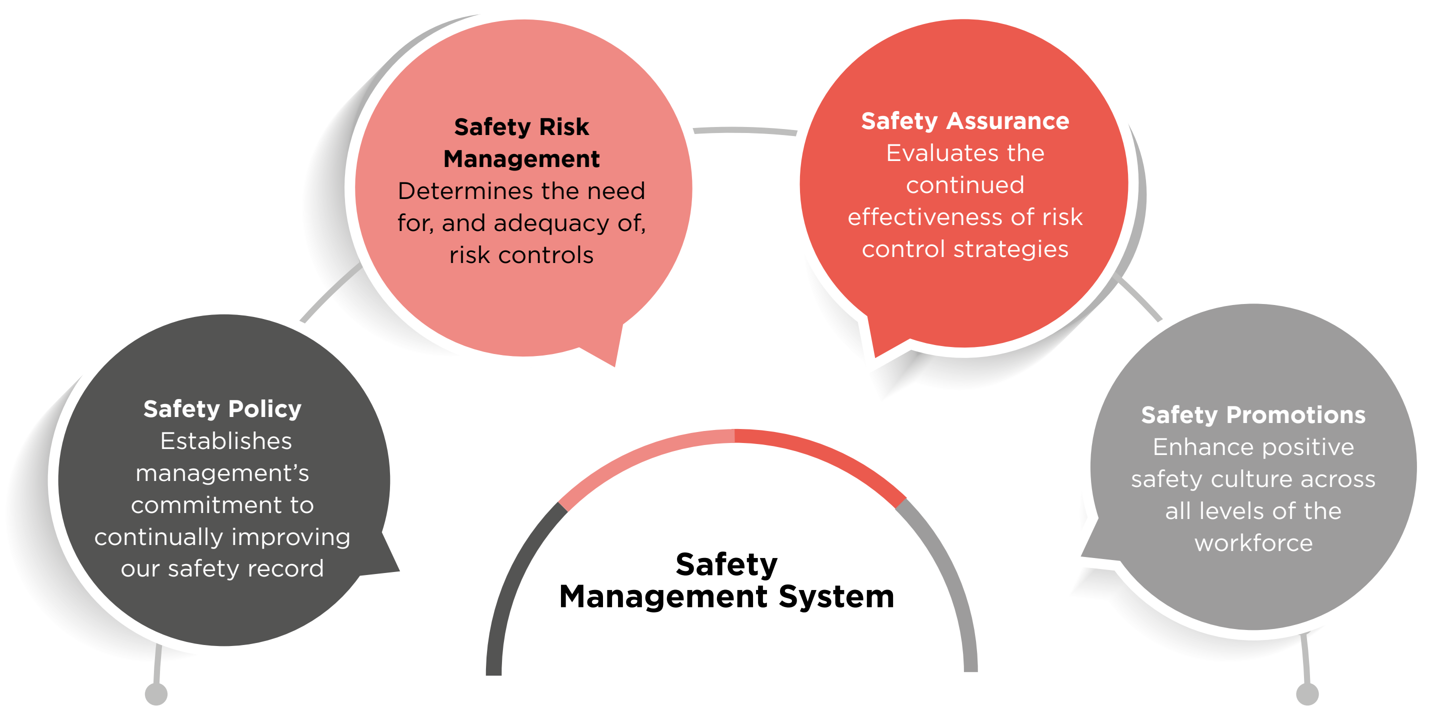
8 DECENT WORK AND ECONOMIC GROWTH

OPERATIONAL SAFETY (GRI 403-1, 403-7, 403-8)

Our robust Safety Management System (SMS) is overseen by a Safety Review Board, which comprises the Chairman, Capital A Chief Executive Officer (CEO), Board members, our Chief Safety Officer, and CEOs as well as senior management from across the Group. The SMS is supported by various policies and quality standards that together ensure we meet our robust safety targets. The Safety Review Board meets every quarter to analyse the Group's safety performance and practices, while the Group CEO (GCEO), who reports to the Board, sets the tone by reinforcing the SMS:

Safety Review Board





For more information on our Safety Policy Statement, please visit https://www.capitala.com/misc/CapitalA-Safety_Policy_Statement.pdf

All AirAsia AOCs are subject to mandatory safety audits by independent third-party verifiers to ensure the reliability and credibility of processes. AirAsia adheres to the IATA Operational Safety Audits (IOSA) Standards and Recommended Practices, widely recognised as the gold standard for airline operational safety and efficiency.

Integrating Well-being Support within the SMS (GRI 403-3)

We recognise the importance of supporting the mental and physical well-being of our aviation Allstars, especially pilots and cabin crew to minimise fatigue, stress and substance use across our operations. Controls and processes have been integrated into the SMS to identify and manage health and well-being risks.

Fatigue Risk Management

Given the critical role played by pilots, we ensure that our SMS includes aspects related to pilot's well-being. Pilot fatigue management is a key focus in initial and recurrent Crew Resource Management training. AirAsia also strictly adheres to established maximum Flight Duty Periods (FDP) and Minimum Rest Periods (MRP) to ensure pilots receive sufficient time off to rest and recuperate. These guidelines are available in our operations manual which complies with CAAM, Directorate General of Civil Aviation (DGCA) of Indonesia and Civil Aviation Authority of the Philippines (CAAP) regulations.

Systemic Substance Management Mechanism

We take cases related to alcohol consumption or substance abuse seriously as inappropriate use can adversely impact the safety and well-being of Allstars, guests and potentially the local communities where we operate. To manage this risk, we have developed a systematic drug and alcohol management programme which has been approved by CAAM. Our drug and alcohol programme consists of three components: reporting and testing, medical intervention, rehabilitation and peer support, as well as continuous education. AirAsia continues to take all the necessary measures to ensure our flight crew adhere to our policies and are made aware of the consequences of non-compliance.

Social (cont'd)

Health and Safety

Counselling

We recognise counselling as an essential support function facilitating recovery from stressful or traumatic events. For the well-being of our crew, we have partnered with Aarena Oasis for urgent counselling and 24-hour online support if our pilots experience any untoward incidents during their flight. As with all Allstars, our pilots also have access to wellness support through the Naluri health app and the Allstars Peer Support programme.

For more information on how we support our Allstars' well-being please refer to the 'Good Health and Well-being at Work' section of the 'Talent Attraction and Retention' chapter on pages 170 of this Sustainability Statement 2022.

OCCUPATIONAL HEALTH AND SAFETY

Our occupational health and safety capability is underpinned by a safety culture, safety training, as well as proper reporting channels and systems to monitor safety incidents.

Safety Reporting System (GRI 403-2, 403-4)

Safety reports serve as an information bridge for our management to better understand the issues and deficiencies at the operational level. We encourage Allstars to be vigilant about safety hazards and to report any issues observed.

Allstars can raise safety issues via the Group's internal online safety reporting system. All safety and hazard identification reports are channelled to the relevant Safety Departments, where they are categorised, assessed and routed to the appropriate subject matter expert prior to investigations. Once investigations are completed, safety actions are formulated to mitigate the issues. Throughout the process, updates are shared with the reporters.

In 2022, we saw a 27.3% increase in the number of safety reports from 11,609 in 2021 to 15,960, in tandem with the resumption of aviation activities. Nevertheless, the rate of safety reporting (per 100 flights) remained fairly constant, at a level indicating confidence in the reporting system and Allstars' willingness to communicate grassroots issues to management. Further instilling confidence in our system, each report is managed and actioned accordingly.

The safety reports function as a source for safety trend analysis. This allows for the identification of trending issues and allows management to take proactive measures to address the issues before they escalate. Over time, trends also can be analysed to understand seasonal issues, allowing for predictive measures to be taken to improve overall safety and efficiency of the airline operations.

Safety Training (GRI 403-5, 403-6)

Safety training is a standard feature to keep Allstars up to date with safety systems and procedures. As an employer, our responsibility is to provide our employees with the knowledge and skills necessary to do their jobs safely.

We acknowledge the need for different training for different job scopes and operations, hence all our operating entities are responsible for setting their own comprehensive safety training regimes for their frontliners.

In 2022, 8,298 Allstars attended a total of 17,158 hours of safety training conducted by the Safety departments across Capital A, compared to 452 Allstars in 2021. This resulted in an average of nine safety training hours per Allstar (including pilots, cabin crew, ADE, GTR and the Group). The increase in training hours is in line with Safety department's commitment to enhancing the Group's safety performance, and cultivating a positive Safety Culture within the organisation.

Safety Programme	Description	Focus group
Safety Management System	Regulatory safety training required to understand the SMS frameworks for airline Allstars	MAA, PAA, IAA, ADE
Safety Induction and Chemicals Safety Training	Training on handling hazardous chemicals and kitchen fire safety	Santan
DOE Scheduled Wastes Regulation 2005, Regulation 15 Training	Training on proper management of scheduled waste	Ground Service Equipment & ADE
CAAM - Civil Aviation Regulation 2016	Dangerous Goods Regulations and Airside driving permit	ADE, Security, Inflight & Facility
Uniform Building By-Laws 1984	Emergency evacuation drill held at RedQ	RedQ

Fire Evacuation Drill at RedQ office conducted on 15 December 2022

To ensure the safety of external stakeholders that we work with, Group Safety provided a total of 58 training hours for 295 non-Allstars, an increase of 31.8% hours YoY. Topics covered included safety induction for contractors and visitors, chemical safety awareness for cleaning staff, and buggy inspection and defensive driving techniques for our buggy and van drivers.

Meanwhile, 4,119 Allstars from our technology-based ground handling arm, Ground Team Red (GTR), attended a total of 94,064 hours of occupational health and safety training. Training topics included first aid emergency response plan, handling dangerous goods, the human factor, airside safety and operations safety (guest service, ramp and cargo). On the cargo and logistics side, Teleport conducted workplace fire inspections, ergonomics assessments and airside safety awareness training for its personnel and delivery drivers.

Spotlight: 'Safer Together, Stronger Together' at Allstars Safety Day

After a break of two years, we resumed our Allstars Safety Day roadshow themed "Safer Together, Stronger Together!" across Malaysia, Thailand, Indonesia, and the Philippines. The objective was to spread a strong message of maintaining health and safety as we gradually returned to our offices. More than 3,000 Allstars took part in activities designed to create safety awareness.

We also resumed the Safety Hero Award to recognise Allstars who have contributed to or championed workplace safety excellence. The first prize was awarded to Carolyn Lee from the Cabin Crew Department for reporting an operational incident which led to improved safety procedures.

Social (cont'd)

Health and Safety

Safety Performance (GRI 403-9, 403-10)

Group Safety monitors the health and safety performance of Capital A, reporting key indicators on a monthly basis to senior management and the Board. Over 130 key metrics are monitored, covering Aviation Operational Safety and Occupational Safety and Health Group-wide. In 2022, the Group recorded zero fatalities and 59 work-related injuries with a lost time incident rate (LTIR) of 8.4. Most of the work-related injuries were ergonomic and bodily injuries.

The table below summarises our safety performance.

Total man-hours worked

Year	Total man-hours worked
2020	29,399,136
2021	14,224,896
2022*	22,672,724

	2020	2021	2022*
No. of fatalities	0	0	0
Recordable work-related injuries	71	36	59
Lost time injury	384	140	950
Lost time incident rate (LTIR)	2.6	2.0	8.4
Incident rate	0.001	2.1	5.4
Severity rate	7.1	6.3	41.9

*Scope: MAA, PAA, IAA, Teleport, ADE, GTR, AASEA

Note:
- Lost Time Incident Rate = total number of lost time injuries/total number of hours worked x 200,000
- Incident Rate = No. of accidents (E) X 1,000/annual average of no. of employees
- Severity Rate = Total workdays lost (C) X 1,000,000/total man-hours worked (Y)

In recognition of our efforts to enhance health and safety measures during the pandemic, we maintained our 7/7 Covid-19 Star Rating from Airline Ratings.

AirlineRatings

Safety Rating ★ ★ ★ ★ ★ ★ ★

Covid-19 Star Rating Breakdown ★ ★ ★ ★ ★ ★ ★

AirAsia was named as among the top 20 Covid-compliant airlines in 2022 by AirlineRatings.com, an international airline safety ranking organisation. We were also amongst the first to achieve the highest Covid safety ratings since 2020, for the innovations introduced to make flying safer and more hygienic than ever in the new world of air travel. AirAsia Group was, further, named one of the top 20 safest LCCs in the world.

OCCUPATIONAL SAFETY AND HEALTH AUDITS

In 2022, we conducted regular safety audits and assessments throughout the Group, including OSHA Noise Exposure Regulation 2019, ergonomic risk assessment, CAAM flight operation dangerous goods division and the MSOSH award audit.

The following audits were conducted for our entities:

ADE
Systematic Occupational Health Enhancement Level Programmes (SOHELP)

RedChain
OSH Use and Standard of Exposure to Chemicals Hazardous to Health (USECHH) Regulation 2000, CHRA

OSHA Noise Exposure Regulation 2019-Audiometric Baseline Test

Group Operational Quality Assurance

In 2016, we established our Group Operational Quality Assurance (GOQA) to ensure all our AOCs comply with applicable regulations, IOSA standards and recommended practices.

Demonstrating our world-class safety standards, prior to the pandemic all our AOCs had successfully completed the IOSA certification, meeting all its standards and recommended practices. During the two-year pandemic, some of our AOCs opted not to renew their IOSA certification, but continued to undergo annual Internal Operations Audits (IOA) conducted by our GOQA team, which carries the ISO 9001: 2015 Quality Management System certification. GOQA also performs Joint Station Compliance Audits (JCSAs) at all hubs and main bases. The number of IOAs and JCSAs carried out in 2021 and 2022 is highlighted below.

Airline (AOC)	Latest IOSA Certification Date	Remarks
MAA (AK)	28 Nov-2 Dec 2022	Renewed via on-site audit
IAA (QZ)	21 Jun 2019	The IOSA certification lapsed during the pandemic; however, IAA completed its GOQA IOA in September 2022 and targets the IOSA Renewal Audit in 2Q/3Q23
PAA (Z2)	31 May 2019	The IOSA certification lapsed during the pandemic; however, PAA completed the GOQA IOA in December 2022 and targets the OSA Renewal Audit in 3Q23

Social (cont'd)

Health and Safety

The table below depicts the total number of Assessment Audits carried out in 2022:

No. of Audits Performed	No. audits performed		Remarks
	2021	2022	
Joint Station Compliance	53	69	All planned JSCA at operational stations completed in 2022
Internal Operations	6	7	All planned Internal Operations Audits completed in 2022

Non-conformities identified during audits are recorded in the Audit Reports which are shared with the AOCs. The AOCs will then conduct root cause analysis and implement the necessary corrective/preventive actions. These are assessed and if found satisfactory, the non-conformity report (NCR) will be closed. Analysis of NCRs, including trends and common findings, are shared with AOCs' Operational Quality Assurance stakeholders via periodic forums and also during Auditor Recurrent Training sessions. With the resumption of air travel in 2022, we are scheduling IOSA Renewal Audits in 2023 and 2024.

PASSENGER SAFETY

AirAsia continues to implement various initiatives to enhance our guests' wellness as well as provide the necessary guidelines that prioritise their health and safety as we head towards endemicity.

Passenger Health and Safety Measures

In line with guidelines from local health authorities, the following measures continued to be adopted for guests' safety:

Pre-flight	During flight	Post-flight
Contactless flight check-in for guests using FACES.	Refreshing of cabin air 20-30 times an hour and use of High Efficiency Particulate Air (HEPA) filters.	Frequent aircraft disinfection following local ministry of health and World Health Organization (WHO) guidelines.
Covid-19 hygiene kit provided to cabin crew onboard.	Social distancing advised during boarding and disembarkation, with movement restrictions in the cabin. Seating will be auto-assigned by system, and one hand carry to be strictly enforced. Excess baggage to be offloaded as early as possible, and cabin crew to avoid touching guests' belongings.	Disinfection of high-touch areas performed by the next set of crew, not by the set being replaced to avoid re-contamination.
	Close contact with guests to be avoided and only the necessary Inflight service to be provided (eg handing over pre-packaged food and bottled water before or during boarding).	
	Inflight temperature screening for passengers, when required.	
	Cleaning and sanitising of lavatories a minimum of once every five entries/usage.	
	Regular emptying of lavatory waste bins and storage of waste in designated areas.	
	Reserving the last three rows of seats as quarantine area to handle possible inflight emergencies, and designating the AFT lavatory on the starboard side for exclusive use by those under quarantine.	

FOOD SAFETY

To ensure the safety of its food and passengers, Santan adheres to all health and safety regulations applicable to the food and beverage industry including the following standards and processes:

How We Ensure Food Safety

ISO 22000:2018 **Food Safety Management System**	**Food Safety Information System** of Malaysia **(FOSIM)**	Inflight Catering **Food Safety & Quality Policy**
Malaysia Halal Certification by JAKIM – **Malaysia Halal Management System 2020**	**Food safety** audit by **Santan's internal quality assurance**	**Random spot checks** and **scheduled audits** on food safety and quality
Periodic microbes, heavy metal and physical tests on water, products and environment		

Santan also reserves the right to conduct its audits of supplier facilities and environment. In 2022, it carried out 19 regular quality checks and compliance audits of suppliers and 25 compliance and performance audits at restaurants to monitor adherence to standards.

Nutrition Charter

Committed to marketing our products responsibly, Santan's marketing and advertising activities comply with applicable laws and regulations such as the Malaysian Food Act 1983. Accurate and relevant nutritional information is published in our menus so that guests with dietary restrictions are able to make informed choices.

Santan's strategy for better nutrition are:
1. Add no preservatives in food
2. Clearly display allergen declaration and nutrition facts

Social (cont'd)

Health and Safety

All our pre-packed inflight meals are labeled with nutrition facts, whereas for Santan restaurants, the aim is to provide more nutritional facts on our website and wall posters within the outlets. Meanwhile, Santan continues to explore more eco-friendly packaging, especially those made from plant-based materials, to minimise its impact on the environment while preserving food quality.

Caption: Sample label of our signature Pak Nasser's Nasi Lemak that indicates nutrition facts and dietary information.

Dishing Out Quality with Santan

It is important to us that our guests and customers receive their Santan meals in accordance with their expectations of our product taste and quality. During the year, therefore, we focused on training and food testing, as indicated below.

- Increased training frequency from three sessions a month to regular monthly training covering service, food safety and quality for restaurant crews.
- Conducted regular engagement sessions, including food sampling with AirAsia cabin crew to update them on new product offerings.
- Resumed monthly regional meal tests starting October 2022 where meals from all airlines are delivered and tested in our headquarters in Kuala Lumpur for quality control and assurance checks.

WORKPLACE SAFETY

With the gradual ease of pandemic restrictions, we continue to observe health and safety measures using various platforms. These include:

Platform	Description
Allstars Covid-19 Dashboard	Developed in 2022 for Allstars health tracking and monitoring.
Safe@Work Guide	Covers general Covid-19 knowledge, reporting process, working arrangements and resources available for working safely and staying up to date.
Safe@AirAsia Knowledge Library	An online library of all the resources Allstars need to work safely and stay up to date. The Group's Covid-19 Standards manual was also distributed to all the AOCs after Workplace was closed in June.
Covid-19 Reporting Platform	Integration of Covid reporting into RedEye, AirAsia's internally developed safety reporting system for reporting work-related accidents and incidents. This made it easier to track cases on a daily basis.

Over the past two years, we have made necessary changes to our safety practices in line with guidance and recommendations from the government. In 2022, we resumed our safety measures and continued to adjust our operations based on the evolving situation. Following the relaxation of Covid-19 restrictions, by May 2022, we phased out some of our measures, particularly in Malaysia, while maintaining core practices.

Cabin Crew Guidelines

- Covid-19 swab test for flight ops and cabin crew as per government regulations.
- RTK testing performed by operational Allstars 72 hours before reporting for duty.
- Self-sanitise regularly on the way to the office, before meeting colleagues, and upon boarding the plane.
- Limited entry to and communication with the cockpit, with cockpit accessibility only on ground, when necessary.
- Training of crew to handle inflight emergencies; to care for persons under investigation (PUIs), persons under monitoring (PUMs), suspected guests; and to handle infectious waste.
- Management of guests with Covid-like symptoms and knowledge of general principles of providing first aid during Covid-19.

Services provided inflight depended on the risk rating of each flight.

Low Risk	• Normal meal service, but no cold dishes, cold meat/fish or edible ice cubes. • Cabin crew clean and disinfect hands before and after meal preparation.
Medium Risk	• Normal meal service, but food preparation procedures are simplified. Pre-packaged food provided, no cold dishes, cold meat/fish or edible ice cubes. • Cabin crew clean and disinfect hands before and after meal preparation.
High Risk	• Cabin crew assigned to provide service in their designated areas, avoiding close contact with guests and only providing necessary inflight service. • Designated cabin crew to provide basic service for flight crew when needed. • Pre-packaged food and bottled drinks provided. No cold dishes, cold meat/fish or edible ice cubes. • Cabin crew clean and disinfect hands before and after meal preparation.

Guidelines for Allstars Protection

What Allstars Do	What Management Does
• Return to work procedures of self-assessment and self-isolation • Reporting and monitoring of confirmed & suspected cases in our Covid-19 Reporting System • Social distancing in common areas, transport, work areas and meeting rooms • Weekly Covid-19 tests • Use of FACES biometric recognition for entry into premises • Use of masks in confined spaces and where social distancing cannot be practised	• Split work arrangements • Ad-hoc tests for Allstars who develop Covid-like symptoms • Daily office sanitisation • Visitors management system according to Covid-19 Risk Rating situation (Red/Amber/Yellow) • Building Indoor Air Quality (IAQ) requirements following local regulations • Covid-19 posters and videos for Allstars' awareness • Sanitising stations at lifts, lobbies, office entrance, dining areas, gantries, etc • Covid-19 vaccination programme for Allstars as per Ministry of Health requirements

Ensuring the Well-being of Allstars

We embrace a holistic approach that takes into consideration our Allstars overall well-being, specifically their physical, mental and financial wellness. In 2022, we resumed our active calendar of in-person events to introduce Allstars to the range of support services that are available to them.

Social (cont'd)

Health and Safety

Well-being Initiatives in 2022	
World Mental Health Day Activities organised include free mental health assessments, and chats with clinical psychologists and wellness coaches. Info booths were also set up at our offices for more personal interaction.	**After-Work Wellness Activities** Popular activities include weekly bootcamps, yoga, cycle rides and boxing classes.
Financial Support Clinics Programmes organised with Credit Counselling and Debt Management Agency (AKPK) to help Allstars impacted by pay cuts/furlough to restructure their loans and hire purchases. General financial education is also available for in-person and online attendance.	**Flu Vaccination Drive** Flu vaccinations were made available at PAA's inhouse clinic year-round as part of the AOC's workplace wellness programme.
Allstar Peer Support Programme More Allstars across the Group volunteered to provide support in 10 languages through a chatbot. 52 Allstar peer supporters handled a total of 67 cases related to work, finance, health and other matters.	**Aarena Oasis** Urgent counselling and provision of psychiatric services and 24-hour support are made available through online videos/calls for individuals or groups in multiple languages. House calls are also available for Allstars based in the Klang Valley. A total of 59 psychological counselling and psychiatric sessions were conducted for Allstars who required urgent counselling and attention.

Allstar Health Coach Programme with Naluri (health app)
The Allstar Health Coach is an interactive and educational well-being programme launched in 2020 by Naluri for AirAsia. Through the Naluri health app, Allstars are able to access active digital support in the form of therapy, fitness coaching, diet and nutrition, medical and financial wellness advice.

2022 Performance Overview

500
new sign-ups for **Naluri**

2,600
Allstars taking action for their **well-being**

25
Webinars on **financial education, fitness, emotional well-being**

11
referral cases handled from our Allstar peer supporters where clinical psychologists were needed

Allstars Wellness Month
in June where we offered **free health screening** in offices

World Mental Health Day
in October where we offered **in-person therapy with clinical psychologists** in offices

Talent Attraction & Retention

(GRI 2-7, 3-3)

Our ongoing success is a reflection of our dedicated and passionate Allstars. As a people-centric company, we recognise that attracting and retaining top tier talent should be proritised in order to build a resilient and purpose-driven organisation. We support and encourage our Allstars in their personal and professional development by investing in opportunities to keep them motivated and driven.

2022 Performance Overview

>RM113.9 mil
invested in **training and development**

12.4
average **training hours** per employee

3,409
jobs created

-18.2% and **-18.48%**
mean and **median hourly gender pay gap** for the Group excluding airline staff

41.5% and **63.1%**
mean and **median hourly gender pay gap** for the Group including airline staff

33%
score for employee **NPS survey**

0
human rights violations

Our Management Approach
- Code of Conduct and Ethics
- Anti-Harassment Policy
- Employee Handbook
- Anti-Bribery and Anti-Corruption Policy
- Board Diversity Policy
- Remuneration Policy
- Learning and Development Policy

Supporting the UN SDGs

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

STRENGTHENING DIVERSITY AND INCLUSION (GRI 405-1, 405-2)

Given our foothold across Asean and beyond, Capital A employs a diverse group of Allstars who are hired and promoted based on merit and performance. We nurture an inclusive culture where everyone, irrespective of gender, nationality, race, religion, sexual orientation, age or disability, is valued and treated with respect. As a result, we have been able to benefit from the enriched perspectives this brings to the Group. We recognise that for diversity to flourish there can be no discrimination of any form, and therefore do not tolerate discriminatory behaviour at any level, as stated in our Code of Conduct and Ethics. We provide equal opportunities that foster a diverse and inclusive workplace for all.

For more information on our Code of Conduct and Ethics, visit our website: www.capitala.com/corporate_governance.html

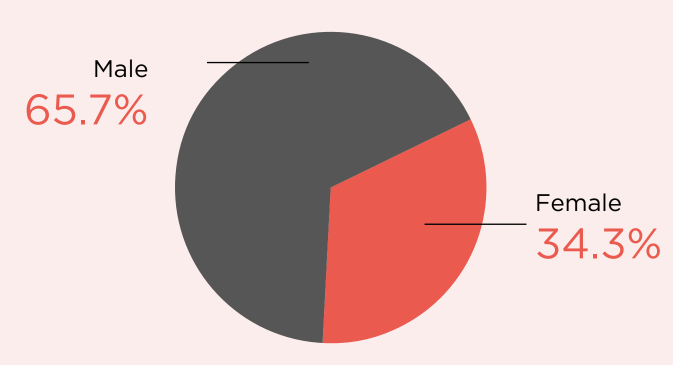
Social (cont'd)

Talent Attraction & Retention

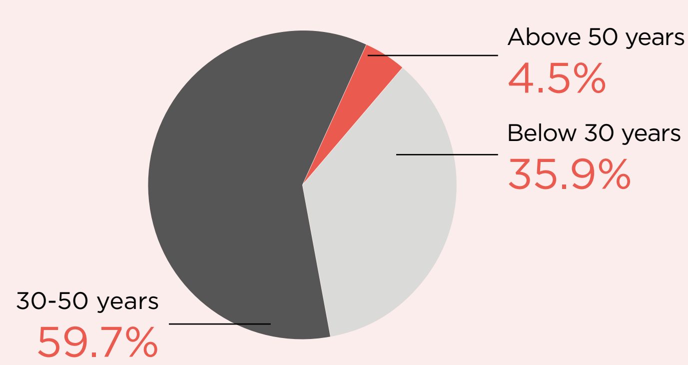
In 2022, our workforce comprised 11,662 employees, composed of 66% men and 34% women. As we recover and rebuild post-pandemic, it is our priority to rehire Allstars who were let go through no fault of their own. Our workforce diversity is summarised below:

Workforce Diversity in 2022

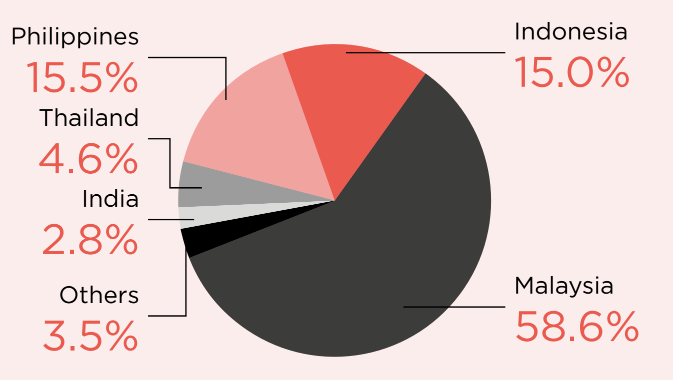
Workforce by Gender



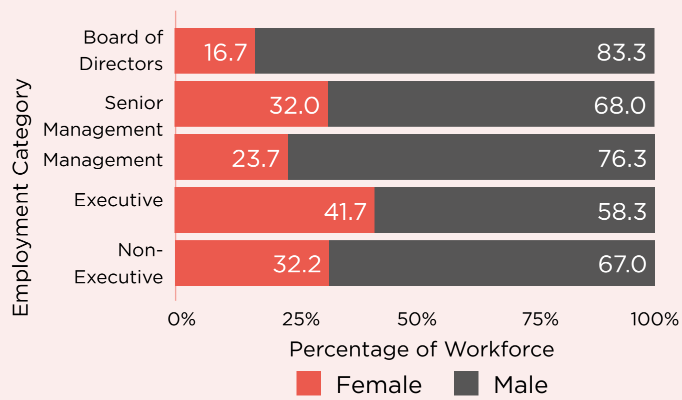
Workforce by Age Group



Workforce by Nationality



Workforce by Employment Category



For detailed information on our workforce, please see our Social Data Summary at the end of this Sustainability Statement.

Women in Leadership

Recognising the importance of having women in leadership positions, as well as a more diverse and inclusive Board, our Board, through the Nomination and Remuneration Committee (NRC), is actively seeking qualified women candidates. Candidates to be considered are nominated by reputable sources, while selection is based on their skills and experience, as well as their ability to add to greater Board diversity. A key achievement was to welcome Surina Shukri as an Independent Non-Executive Director in January 2022. As reflected in our Board Diversity Policy, a diverse and inclusive Board will give us access to a greater range of talent and their valuable experience, perspectives and skills lending us a greater competitive edge.

Across our entities, we have a strong presence of women in leadership positions as highlighted below.

Capital A	53.8%	46.2%
Teleport	26.4%	73.6%
Aviation	10.5%	89.5%
Shared Services	45.6%	54.4%
Super App	37.9%	62.1%
RedBeat Capital	45.7%	54.3%
Asia Digital Engineering	9.8%	90.2%
Others	41.7%	58.3%

We have observed positive growth in women representation at senior management, management and non-executive levels as well. Women represented 32% of our senior management in 2022 compared with 27.2% in 2021; 23.7% of management level compared with 17.3% in 2021, and 32.2% of non-executives compared with 18.7% in 2021. We will continue to identify and support the pipeline of women progressing into leadership roles.

Bloomberg Gender-Equality Index 2023

In 2022, we participated in the Bloomberg Gender Equality Index (GEI) for the first time to enhance our disclosures on gender equality, making us the first low-cost carrier in the region to do so. We received a score of 64.65, which is above the threshold and demonstrates that we are doing more than the average company to support women in our workplace. The index tracks the commitment and performance of companies in disclosing efforts towards diversity, inclusivity and equality. We were assessed based on five categories: leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and external brand.

Social (cont'd)

Talent Attraction & Retention

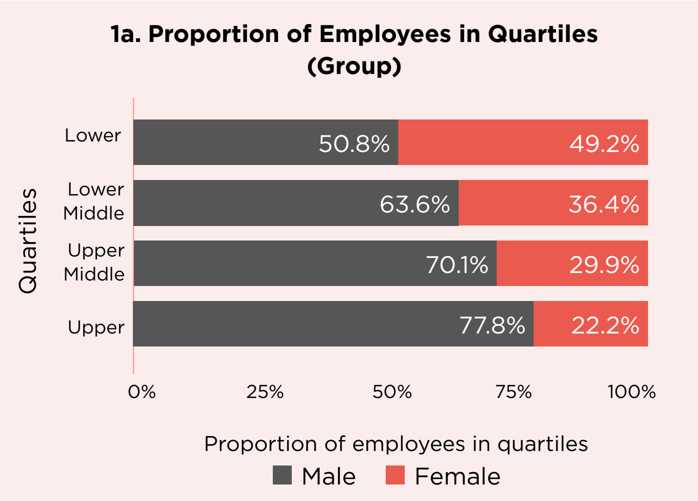
Gender Pay Gap

In our first gender pay gap disclosure published in 2021, Capital A reported no systemic gender-based bias in our pay scales. This was established through a detailed analysis of pay scales across eight job grades in all. As Capital A comprises multiple lines of businesses in different sectors, comparisons were also made within each job type since very different occupations may be assigned a common job grade.

This year, we took a different approach to reporting our pay gap disclosures using mean and median data, as well as quartile measures. Although simplified, this manner of reporting is more consistent with practices adopted by OECD countries and provides a better basis for our performance to be benchmarked against other organisations. One practice we have retained from 2021 is to report our statistics in two forms: (1) inclusive of all Allstars and (2) excluding pilots, cabin crew and aircraft engineers. This is in recognition of the fact that gender representation in these three occupations remain heavily skewed. By providing two sets of data, we are able to filter out the distorting effect of these three unique jobs to see if biases can be found in the remaining areas.

The results of our analyses are summarised in Charts 1a and 1b, and 2 below. Chart 1a and 1b show the proportion of male and female staff by quartile while Chart 2 shows the mean and median pay gap between male and female Allstars.

Chart 1: Proportion of Employees in Quartiles



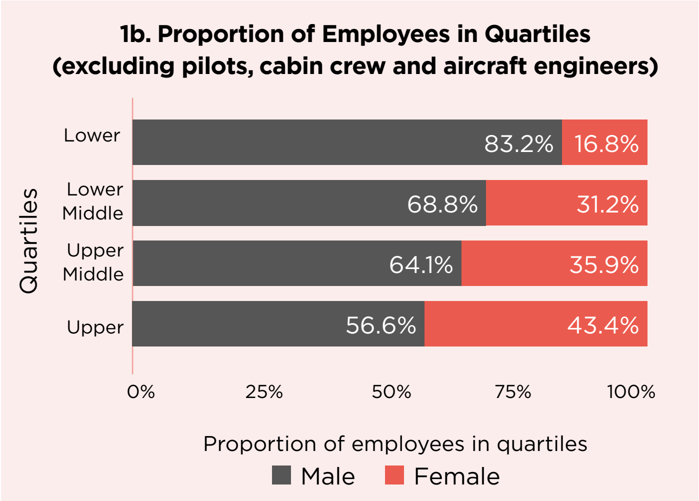
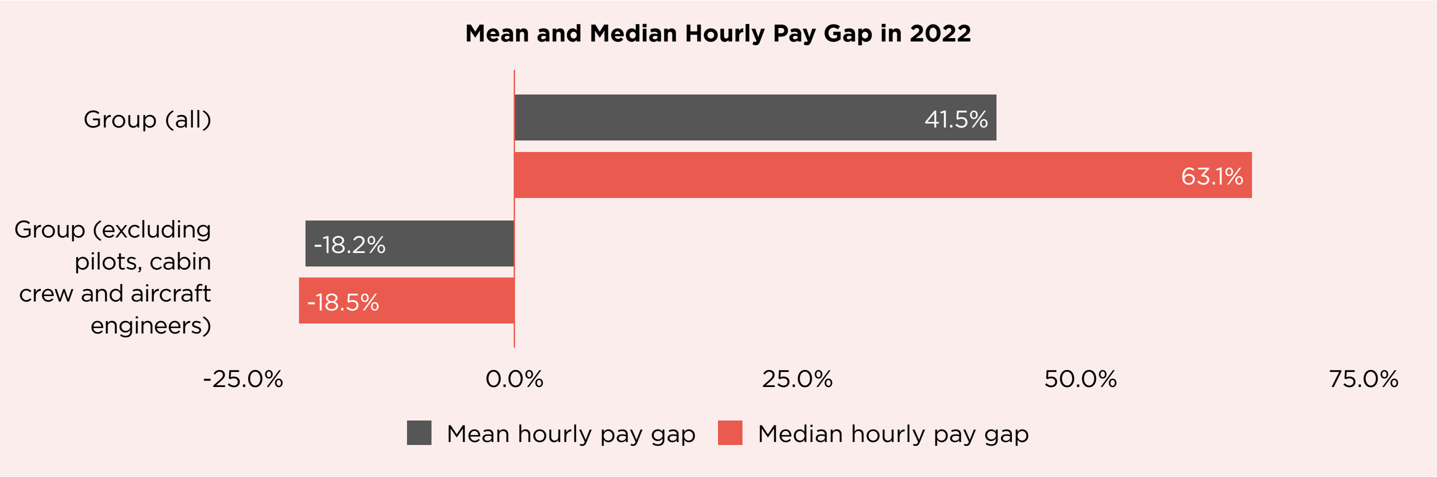


Chart 2: Mean and Median Hourly Pay Gap in 2022



Note:
A positive pay gap indicates a wage gap in favour of men, while a negative figure indicates a wage gap in favour of women.

In 2022, the mean and median pay gap data indicated that overall, male Allstars earned 41.5% and 63% more than women respectively. This is an expected outcome as the industry continues to face stark gender imbalances particularly in engineering and pilot positions that are male-dominated. Technical roles such as pilots and aircraft engineers are higher paid positions and in sizable numbers compared with other roles. When these roles were included, they inevitably pushed up the mean and median pay of male Allstars, as well as the proportionate representation of men in the Upper Middle and Upper quartiles.

This analysis is supported by our findings in Chart 1a which show that 77.8% of Allstars in the upper-most quartile were male, with many being pilots; while female Allstars represented almost half of the lower quartile (49.2%).

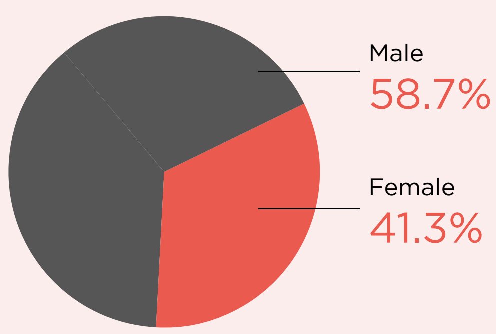
When we exclude these three job types, the data shows a mean hourly pay gap of -18.2% and median hourly pay gap of -18.5%, or a reverse result as the earlier scenario suggesting that women earned more than men in non-airline specific jobs. Chart 1b provides further explanation for this observation. Women were most strongly represented in the upper-most quartile (43.4%) while the lower quartile is dominated by male employees (83.2%) primarily due to the physical requirements of non-executive jobs such as ramp work in GTR and airasia Super App riders and drivers. This mean and median variance in favour of women (when pilots, cabin crew and engineers are excluded), therefore, can be explained by the distribution of male and female employees according to quartiles, rather than any gender-based pay biases.

We have been making significant efforts to improve our gender balance by employing and training more female pilots over the past decade than any other airline in Asean. A small win was achieved in 2022, when the number of female AirAsia pilots rose to 6.6%, an increase from 6.1% in 2021, and exceeding the global average of 5.8%. To redress the imbalance in the upper-most quartile, we will continue to attract more female pilots as well as more female engineers into our talent pool.

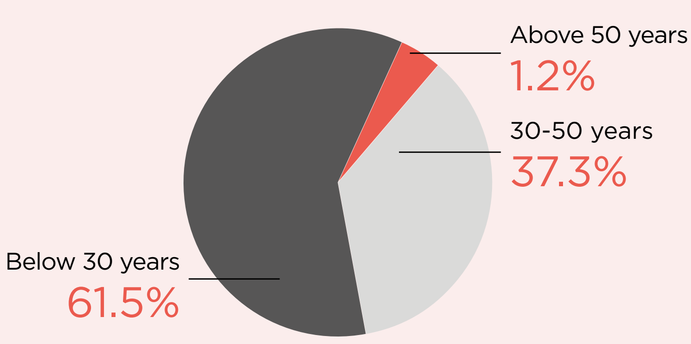
New Hires (GRI 401-1)

Our Allstars are the driving force of our organisation and as we began our recovery from the two-year pandemic, there was a need to hire bright talent to get Capital A back on track again. The year 2022, therefore, saw us create jobs for 3,409 new Allstars, over four times the number of new employees in 2021. Meanwhile, in recognition of the talent, knowledge and skills of existing Allstars, we filled 1,605 vacant roles with internal candidates whose growth we will continue to support. We were also pleased to see our attrition rate decrease from 15.4% in 2021 to 12.2% in 2022.

New Hires by Gender



New Hires by Age Group



Inducting Second Officers from cadet pilots programme

After a two-and-a-half-year hiatus due to the pandemic, AirAsia started inducting Second Officers who graduated from its cadet pilot programme to support its manpower requirements. The Second Officers will undergo ground training and a type rating course for six months before being checked out as First Officers. The aim is to induct 250 Second Officers by the end of 2023. Hiring these cadet pilots allows us to invest in local talent and realise our commitment to nurturing a more diverse workforce including 15% new female pilots.

Social (cont'd)

Talent Attraction & Retention

Human Trafficking

In response to human trafficking concerns in the region, AirAsia Foundation has facilitated classroom training for the cabin crew since 2017 and initiated an anti-trafficking e-learning module, #KnowtheSigns, for Allstars in 2020. The module has been incorporated into Capital A's onboarding programme, which all new recruits have to complete. In 2022, a total of 1,067 Allstars completed the Anti-Human Trafficking e-learning module, bringing the total number of Allstars trained to 19,669.

Grievance Mechanism

Allstars and external stakeholders can raise grievances on unethical and/or inappropriate behaviour or misconduct relating to human rights involving the Group through our whistleblowing email platform: whistleblower@airasia.com

INVESTING IN LEARNING AND DEVELOPMENT (GRI 404-1, 404-2)

We support our Allstars' proactiveness in seeking out opportunities that will contribute to their continuous learning and development to progress in their professional and personal goals. Towards this end, we invest in training and upskilling our employees with the necessary functional and technical skills and knowledge for future work. Our Learning and Development Policy highlights a strong culture of growth and commitment to developing talents who are dynamic, competitive and progressive. We conduct most of our training through airasia academy where a mix of face-to-face, virtual and blended channels is used.

>RM113.9 mil
total investment in **learning** and **development** in 2022

12.4
average **training hours** per employee

>23,300
employees participated in **training courses** on Workday in 2022

Our Key Trainings in 2022

Group-Wide
- Anti-Trafficking Training - #Know The Signs
- Anti-Harassment Policy Training
- Information Security Awareness Education
- Building Emergency Evacuation Drill
- Anti-Bribery and Anti-Corruption Training

Aviation
- Pilot Safety & Emergency Procedure Recurrent Training
- Pilot Simulator Training
- Cabin Crew Recurrent Training

airasia Super App
- Finance Training for Non-Finance Employees
- Legal Training for Non-Legal Employees
- Ecommerce Essentials

Teleport
- Bomb Threat Awareness
- Temperature Controlled Cargo Operations
- Dangerous Goods Regulations Categories 6 and 8

GTR
- Emergency Response Plan
- Dangerous Goods Training
- Scheduled Waste Management Awareness

ADE
- Warehouse management training
- Fleet technical aircraft management training
- Scheduled Waste Management Awareness

Santan
- Safety induction and Chemicals Safety Training
- Food Safety and Halal Training
- Basic Service and Legendary Service Training

BigPay
- Managing Unconscious Bias
- Managing Harassment, Bullying at the Workplace - for Managers and Leaders
- Trained respondents - Investigation of Sexual Harassment Incidents

The Centre of Excellence (COE) talent team for aviation works predominantly on soft skills development. This encompasses a wide range of skills such as leadership, teamwork, empathy and time management. All soft skills training is provided by the COE and airasia academy to ensure training is standardised and disseminated across all AOCs.

During the year, airasia academy introduced on-demand learning (ODL) for Allstars, namely online learning that they can access at their convenience, and which they can complete in their own time. In 2022, 541 Allstars signed up for various ODL training programmes receiving an average of 12.4 training hours each. We also launched soft skills training on AirAsia's learning managing system, Workday, which attracted over 23,300 Allstars. Other key developments during the year included:

- The launch of a soft skills training calendar on Workday
- Creation of training registration dashboard for heads of department and HR business partners for tracking and transparency of team involvement in training
- Creation of a forum on airasia academy for learners to raise queries

Shaping Future-Ready Leaders

Having a robust leadership and talent pipeline are essential to securing the future of Capital A. We focus on coaching, mentoring and developing identified Allstars to take on leadership roles to ensure business continuity by increasing the availability of experienced Allstars who can assume leadership roles as they become available.

This year, we launched two leadership development programmes:

New Gen Leader Development
The programme is designed for people managers moving on to become heads of department. Selected participants will be exposed to topics such as business leadership, financial literacy and emotional intelligence. In 2022, we welcomed a total of 15 new heads of department into the programme.

Leading Others
This three-month programme is designed primarily for recently promoted managers to support their journey in becoming team leaders. The focus is on the fundamentals of leadership, conducting effective conversations, the 5Cs of coaching, strategic thinking and growth mindset, design thinking, negotiation skills, and coaching and mentoring others. As part of the programme, identified leaders will check in with their support group every two weeks for further guidance and mentorship in their new roles. In 2022, a total of eight employees were selected for this programme.

On top of the New Gen Leader Development and Leading Others programmes, we plan to include two more leadership training programmes in 2023 - Leading Self and Leading Teams. These will emphasise on being a leader as an individual and within departments to ensure Allstars are equipped with the skills to work alone and as a team. The programme objectives are as follows:

Leading Team
The training course aims to equip individuals with the skills and knowledge necessary to lead and manage teams effectively, solve problems, make sound decisions, and foster a culture of innovation and growth. The course will cover several areas related to leadership and management.

Leading Self
The training course is designed to help individuals develop skills and knowledge to become more effective in managing themselves. The course covers several important topics including time management, communicating, personal brand, and importance of customer experience.

High potential Allstars are also engaged through ODL to enhance their range of skills for future leadership roles. In 2022, a total of 740 identified high potential Allstars spent 1,141.5 hours on ODL. To ensure robust succession planning, we will be assessing and identifying more high potential employees in 2023.

Social (cont'd)

Talent Attraction & Retention

Employee Appraisals (GRI 404-3)

In 2022, the Group introduced the Objectives and Key Results (OKR) framework into the performance management and appraisals for Allstars. OKR is a simple goal-setting approach to create better alignment, engagement and clarity towards achieving the Group's overall business plan. Since its introduction, the way we lead and the way we work has changed. The OKR framework helps to achieve our mission and vision, aids in Allstar engagement, and brings to the surface our top priorities. It allows performance to be more focused, creating alignment, ensuring commitment, and making goal-tracking easier as Allstars are stretched to realise their potential.

We conduct OKR reviews every quarter where Allstars will review their performance with their line managers and amend any OKR goals, if needed. In 2022, 90% of our aviation team received appraisals.

ENGAGING OUR ALLSTARS

We have always sought to create a highly engaging workplace in which Allstars exchange ideas and opinions freely, knowing that we value their input. We believe that open discourse engenders a sense of belonging which enhances work satisfaction and productivity. With the pandemic reaching an end, we were thrilled to welcome our Allstars back to in-person sharing sessions as key engagement activities took on a hybrid format – with some attending physically and others online.

We have two main platforms that foster engagement with top management, allowing for two-way dialogue and discussion on topics of concern.

Townhall with Tony
Employees are updated on business performance and strategy every quarter through direct engagement with top management. During these sessions, we encourage employees to ask questions for direct answers from Tony himself. These townhalls engage over 1,500 Allstars in-person and 2,500 Allstars online.

Leadership Forum
Capital A's quarterly leadership forum (QLF) brings together Allstars in leadership roles across the region for updates on business strategies, outlook, and key developments. In January, our first QLF discussed the Group's strategies and direction for the next five years. Our second QLF in May focused on succession planning and organisational resilience while the third and last QLF for the year in November was themed on Sustainability, taking our senior leadership through Capital A's short-, medium-, and long-term ESG goals.

Employee Engagement Survey

We conducted two employee engagement surveys involving Allstars across the Group in June and October this year, to gauge how satisfied they are at work especially as operations gradually revert to normal. We have always viewed the survey as an excellent platform to understand any issues that may exist and to manage these to create an optimally conducive work environment.

This year, we sent the online survey to 50% of Allstars at random. While the survey covered topics such as job clarity, growth and development, well-being and recognition, our focus was on overall employee satisfaction and loyalty. We measured this by asking Allstars to rate, on a scale from zero to 10, how likely they were to recommend their company as a place to work. Then we calculated an employee net promoter score (ENPS) by subtracting the percentage of detractors (responses with ratings of six or below) from the percentage of promoters (responses with ratings of nine or 10). Our target was to achieve an ENPS of 50 from a range of +100 (all responses are promoters) to -100 (all responses are detractors).

We fell far short of this in June with an ENPS of 6, but were encouraged by a pick up in the score in November where the ENPS was 33. We have been working intently on feedback provided and look forward to hitting our target in 2023. We shared results of the entire survey with management along with suggestions on how to engage employees in conversations about issues highlighted. These included the level of engagement by managers, recognition of efforts and sacrifices made during the lockdown, and the extension of care and well-being of employees during challenging times. Our focus in 2023 will be to address these issues and sustain a high-performance culture across all organisations under Capital A.

New initiatives will be introduced to enhance employee engagement, including:

- Developing a common onboarding journey for all Allstars to achieve faster employee integration, higher productivity and lower turnover through better engagement.
- Improve Allstars' general knowledge about the business through better-communicated Company news while achieving cultural alignment by recognising Allstars' achievements and prioritising their well-being.
- Developing a common enterprise social network platform to enable Allstars across the Group to:
  - identify with the Allstar persona
  - engage more actively with colleagues, managers, team members, etc
  - build communities
  - disseminate information and share knowledge
  - improve workflow and productivity

Spotlight: airasia Super App first in Asia to offer full-time employment to gig riders

airasia Super App recognises the hard work put in by its gig riders to meet our customers' needs. Embracing Capital A's ethos of winning as one and making a difference, in August 2022, we became the first in Asia to provide qualified gig riders (airasia ride and airasia xpress) with full-time employment to give them a better working environment and job stability, while enhancing their income. This provides them with the full suite of employee benefits our Allstars enjoy to add value and support their livelihoods. We seek to continue to be trailblazers in going beyond and adding value for people and the communities where we operate.

Employee Benefits (GRI 401-2, 401-3)

Part of our employee value proposition are the benefits that we provide. We strive to be the preferred employer with a competitive and attractive remuneration package.

Benefit	Description
Upskilling	Provide a host of development programmes and avenues through airasia academy allowing Allstars to continuously upskill and reskill.
Career advancement	We help Allstars to identify and leverage their strengths to explore new career opportunities through our internal talent marketplace powered by an intuitive AI system. We also structure stretch assignments through AirAsia Got Talent to help Allstars navigate their careers and create greater transparency in career pathways.
Financial health	We offer financial education on Debt/Personal Financial Management/Legacy Planning with relevant providers.
Flexible working arrangements	Depending on their role, Allstars have the flexibility to decide how they work best.
Work-life support	We encourage rest and recovery through benefits such as Annual Leave.
Travel benefits	Allstars can enjoy our flights via employee e-coupons and ID90 for travel needs.
Medical/life benefits	We provide medical insurance along with an inhouse clinic, physiotherapy, and life and personal accident insurance coverage.
Family well-being	We offer paternity leave support, marriage leave, a creche and mother's room, and provide medical and bereavement support through Red Heart Fund.

Social (cont'd)

Talent Attraction & Retention

Caring for Our Allstars and their Families

We provide full-time Allstars support in their personal lives, extending to their families, through maternity leave, paternity leave and marriage leave, among others. To support our employees, we offer flexible work arrangements and provide an on-site childcare centre and mother's nursing room at RedQ.

This year we reviewed our parental leave provisions and extended it to allow more time for Allstar parents to recover and spend time with their newborns. We extended our maternity leave from 60 days to 98 days and paternity leave from three days to eight days.

In 2022, a total of 379 Allstars took parental leave, following which 75.9% of the mothers and 100% of fathers returned to work. We continue to review our benefits to support our Allstars in the best possible way.

Good Health and Well-being at Work

Our Allstars' health and well-being is our top priority, especially since the challenges of the pandemic. We provide holistic support channels and the ability to maintain a good work-life balance as we believe this is key to having well-rounded mental, emotional and physical health which, in turn, helps with stress management at work. Our employee assistance programme (EAP) offers mental health support regardless of whether the stress originates from their professional or personal life. We also offer a digital health solution Naluri that provides 24/7 access to an Allstar Health Coach in addition to interactive and educational help regarding physical or mental health online.

Within RedQ, we have made available an on-site gym, physiotherapy services, sleeping pods and various entertainment activities. To keep Allstars active, they have the choice of signing up for an after work cycling club and bootcamp training that runs every week.

Long-Term Incentive Scheme

Our Long-Term Incentive Scheme (LTIS) is an employee compensation scheme launched in 2021 as an equity-based incentive that aims to reward and retain Allstars through alignment of the Group's aspirations and goals with their individual OKRs. Given the success of the scheme since its launch, we also introduced a similar LTIS for two of our major subsidiaries.

Championing Human Rights

As per international labour laws and as highlighted in our Code of Conduct and Ethics, we do not condone any form of forced labour, including child labour. All our regional operations adhere to the local laws with regard to the minimum working age and basic minimum wage. In addition, we have strict policies on harassment, and play an active role to prevent human trafficking. There were no incidents of human rights violations in 2022.

In November 2021, we replaced our Anti Sexual Harassment Policy with a more comprehensive Anti-Harassment Policy which highlights zero tolerance for any form of harassment to support a safe and conducive workplace. In conjunction with the new policy we also established an askPAC channel to enable Allstars to connect directly with the Employee Relations team if they have any queries or complaints with regards to harassment. In June 2022, an online learning module was developed to create clarity on acceptable and unacceptable behaviours, and what Allstars can do if they encounter behaviour that is not acceptable. The module is part of the onboarding of new recruits. In 2022, 4,437 Allstars completed the e-learning module.

We also communicated our Anti-Harassment Policy to Allstars through posters around our RedQ office which highlight the different types of harassment and the reporting channels open to Allstars to file their complaints.

Spotlight: Bringing Focus to Anti-Harassment with BigPay

BigPay is drawing more focus to anti-harassment in the workplace with training on sexual harassment, bullying and unconscious bias.

30% of BigPay managers	Attended training on handling bullying and harassment cases
10% of BigPay executive committee (EXCO) members	Have handled sexual harassment cases

BigPay aims to conduct more trainings for its EXCO members to equip them with the knowledge to handle sexual harassment. At the same time, the team is working to increase Allstars' awareness of unconscious bias in order to tackle the issue. This training is still being developed and will be ready by 2023.

Social (cont'd)

Community Investment

(GRI 3-3, 413-1)

As a key player in Asean, we recognise the importance of uplifting and empowering the communities we operate in. Accordingly, we make a conscious effort to contribute to various initiatives across the five impact areas of disaster relief, healthy communities, education, environmental stewardship, and celebration.

2022 Performance Overview

>RM30,700
disbursed to support the growth and expansion of **social enterprises** in Asean through the AirAsia Foundation

>RM532,000
financial contributions for **uplifting** and **empowering communities** in Asean

628
Allstar volunteering hours

>RM347,000
cash contributions

>RM99,800
contributions in-kind (products, equipment, services)

Our Management Approach
- Sustainability Policy

Supporting the UN SDGs

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

GROWING ASEAN SOCIAL ENTERPRISE SMES

This year marks the 10th anniversary of AirAsia Foundation which was established to support the growth of social enterprises in the Asean region. Over the course of 10 years, AirAsia Foundation has provided business grants, mentorship and other platforms to help scale up innovative ventures with various impact areas such as supporting women empowerment, poverty alleviation, indigenous livelihood, youth, arts and culture, heritage and environment.

Key achievements in the past 10 years include:

- Supporting 29 social enterprises in seven countries (Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam)
- Supporting 3,233 direct beneficiaries
- Enhancing the lives of 11,597 family and community members

Community Investment

Spotlight: Supporting Safe and Secure Travel with Auntie Wanders

While the foundation had to scale back on grant-making activities during the pandemic, we continued to be active in other areas as we progressively made a comeback.

In August 2022, the foundation awarded a new grant to Auntie Wanders, a social enterprise that provides transport and companionship services to enable women, the elderly and people with special needs to travel with lady drivers. The grant supports the expansion of Auntie Wanders' elderly care services by training 30 women companions on basic life support, elderly care and communication. The project also aims to improve Auntie Wanders' marketing efforts to reach out to more customers. With the elderly care service provided by Auntie Wanders, medical tourists travelling on AirAsia would have access to mobility and proper care to get to their destination safely upon arrival.

Grant amount	RM51,051.50
Amount disbursed as of 31 December 2022	RM30,767.50
Grant progress	Training for the first batch of women companions has been completed. The second batch will complete their training in 2023.
Supporting UN SDGs	• Promotes women equal rights to economic resources by introducing new job opportunities as drivers and companions • Promotes access to mobility for women by providing safe transportation option

In supporting mentorship activities, AirAsia Foundation participated in a knowledge sharing session on how to sustain and scale a social enterprise at Goal Social 2022, an Asean community event organised by Singaporean social enterprise, Brain Juice Collective.

The Foundation also continued to grow the Destination GOOD social enterprise shop to help generate income for the enterprises supported on the platform. Through increasing brand awareness of the online platform and engaging with internal sales channels, Destination GOOD earned a sales turnover of RM128,166 from the sale of products from 31 social enterprises. This marks an increase of more than two fold from 2021 since the closure of its physical outlet during the pandemic. The product line that generated the most sales was AirAsia's Soggy No-More created in partnership with Nazanin, a social enterprise of Afghan refugees that upcycles expired AirAsia life jackets. A total of 1,395 life jackets were upcycled into new products in 2022.

AirAsia Foundation 10th Anniversary Limited Edition Crossbody bag made of upcycled cabin crew life jackets

Visit our Destination GOOD shop for more information on the social enterprises we support at www.destinationgood.com

Social (cont'd)

Community Investment

Meanwhile, BigPay continued its partnership with former AirAsia Foundation grantee Animal Projects & Environmental Education (APE Malaysia) to support activities contributing to biodiversity conservation of the Bornean rainforest. The programme committed to planting one tree on behalf of one onboarded user, for the first 1,000 users for a specific period of time. At the end of the programme, BigPay donated an additional 100 trees on top of the 1,000 committed, bringing the total number of trees planted to 1,100.

Separately, our online grocery platform, airasia grocer, partnered with Kelab Belia Prihatin (KBP) in Kota Kinabalu, Sabah, in its We-Beleaf Together initiative to create awareness on climate change, food sustainability and responsible production and consumption of fresh produce among youth. Planting activities were organised to grow Chinese mustard as well as guava and banana saplings as part of KBP's education programme for youth to learn how to cultivate edible plants. Approximately 30 members from Kelab Belia Prihatin, Universiti Malaysia Sabah, and airasia grocer volunteered in the programme that served over 11,000 children aged four to six years old.

Through our support of social enterprises, we believe we are able to better support causes that help achieve UN SDGs more sustainably. Our projects in 2022 contributed to five social causes.

Disabled Access

Refugee Livelihoods

Women Empowerment

Biodiversity Conservation

Youth Engagement

REBUILDING FOR CLIMATE RESILIENCE

We are cognisant of the negative impacts that climate change can have on the communities we serve. Over the past few years, there has been an increase in frequency of flash floods and typhoons in the region brought about by changing climate, and we do our part to extend our assistance to those affected.

In response to severe floods in several states in Malaysia at the end of December 2021, AirAsia Foundation and BigPay launched a Malaysia Flood Relief public fundraising campaign which raised a total of RM581,862 to aid in rebuilding and repairing damaged community infrastructure. A total of RM518,169 in cash donations was received in 2022 and fully disbursed to four non-profit organisations by early 2023. The Malaysia Flood Relief campaign was closed in February 2023 with a balance of RM63,692 pledged by airasia ride and airasia food not received.

Organisation	Purpose	Funds Allocated	No. of Beneficiaries
Persatuan Mesra Sabah	Constructed two suspension bridges and one concrete bridge in three villages in Sabah	RM270,000	1,720
Saora Plus	Installed four solar water purification systems and 16 sanitation facilities in four indigenous villages in Pahang	RM181,020	478
Saora Plus	Rebuilt eight homes in one indigenous village in Pahang	RM55,230	76
SEED Foundation	Replaced flood damaged office equipmant belonging to NGO that provides a community for people without permanent shelter in Kuala Lumpur.	RM10,000	2,000
IMARET	Support emergency relief efforts	RM1,919	N/A
Total		RM518,169	4,274

Caption:
1 Built solar powered water filtration system at Kampung Orang Asli Sg. Penjuring
2 Rebuilding the suspension bridge at Kampung Bintasan Darat, Sabah

In addition to the fundraising campaign by AirAsia Foundation and BigPay, IKHLAS conducted a donation drive on its webpage, ikhlas.com. A total of RM70,000 worth of basic essentials were distributed to 1,100 affected families in Sabah, Terengganu and Selangor.

In December 2022, Malaysia was hit by flash floods again in several locations. In response, we provided financial assistance from the Red Heart Fund to four Allstars in Terengganu whose houses were damaged to aid in the replacement and repair of household items.

In the Philippines, PAA started the year by continuing to support the residents in Visayas who had been affected by Typhoon Odette at the end of 2021. PAA flew a total of 85 tonnes of donated items to various provinces affected by the typhoon. The items worth over RM84,100 were donated by the Department of Social Welfare and Development and various NGOs. They included portable drinking water, food packs, fresh vegetables, clothes, medicines, water containers and generators. Subsequently, Typhoon Agaton struck in May 2022. PAA once again mobilised resources to distribute over RM8,400 worth of rice and food packs to 150 families in Capiz province.

PROVIDING ACCESSIBLE STEM EDUCATION

As a leading brand in the region, Capital A companies often receive requests from educational institutions to organise student tours at our inclusive workplace and provide internship opportunities to young graduates.

In 2022, a total of 180 students from Universiti Putra Malaya, Universiti Utara Malaysia, Epsom International School and Universitas Katolik Parahyangan of Indonesia toured AirAsia RedQ under our Culture team's Young Stars Programme to encourage young graduates to pursue careers in aviation.

In addition, airasia academy collaborated with numerous partners to make quality education accessible and affordable to students from low-income backgrounds. Through a partnership with Malaysian non-profit Yayasan Chow Kit and Jom Tuisyen, the academy provided on-demand access to K12 academic syllabus to 200 stateless students and refugees.

Another important focus of our inclusive education programme is to encourage young women to pursue careers in STEM fields. Championed by airasia academy, the #RatuTech programme invited women from low-income households to learn new technical skills (details in box). Other than the #RatuTech students, airasia academy also partnered with Yayasan Peneraju Pendidikan Bumiputera to provide a 10-day fully-funded digital reskilling course and job placement programme for 140 women from B40 communities.

Social (cont'd)

Community Investment

Spotlight: Empowering Women in Tech

#RatuTech was launched in March 2022 to provide training in tech skills to women from the B40 group. Courses provided included cloud infrastructure, software engineering, data analytics, cybersecurity and digital marketing.

In December 2022, a total of 313 participants graduated from the programme, receiving professional certification to help them secure job opportunities in the tech industry.

With overwhelmingly positive response to the programme, airasia academy will continue #RatuTech into its second year in 2023.

Supporting Communities in Need

Philippines

PAA partners with Operation Smile Philippines to raise funds for children and individuals with cleft lips and palates. It also sponsors flights for medical volunteers and the children to travel to Manila to undergo corrective procedures. In 2022, PAA raised over RM24,600 from inflight donations to fund 10 palatoplasty surgeries. To date, it has helped transform the lives of 1,200 children through this programme.

In conjunction with the National Heart and Health Month, PAA partnered with the Philippines Red Cross in a blood donation drive at the RedPoint office in Pasay City in February and July 2022 to help alleviate the shortage of blood reserves in the country. A total of 65 Allstars embraced the alwaysREDy motto and donated blood to benefit those in need. In December, PAA held a Christmas party for 100 children of Asilo de San Vicente de Paul orphanage contributing over RM7,700 and gifting three boxes of toys and treats for the children.

Indonesia

IAA's annual Ramadan giving saw Allstars donate RM1,700 to local orphanages Yayasan An Nisiniyyah, Yayasan Mi'raj Mulia, and Yayasan Jasmine Berbagi Tangerang, as well as host breakfast for 30 children at RedHouse.

AirAsia Indonesia also celebrated Indonesia's Independence Day with a clean-up at Kelan Beach in Bali where our Allstars collected approximately 120 kg of waste.

Data Summary

Economic

Incidents of Ethical Breaches

Indicators	2020	2021	2022
Number of cases reported via AskPAC	90	130	190
Number of cases reported via whistleblowing platforms	40	19	19

Bribery and Corruption Incidents

Indicators	2020	2021	2022
Number of bribery and corruption cases reported	0	0	0

Customer Satisfaction

Customer Satisfaction Score (CSAT)				
Entities		**2020**	**2021**	**2022**
Airlines		90%	67%	47%
airasia Super App	Delivery	-	25%	35%
	Hotel & SNAP	-	75%	48%
	Flight OTA	-	50%	36%
BigPay		-	88%	90.9%
airasia academy		-	90%	93%
Net Promoter Score (NPS)				
Entities		**2020**	**2021**	**2022**
Airlines		52	60	36
airasia Super App	Delivery	-	-	-22
	Hotel & SNAP	-	66	57
	Flight OTA	-	-	-

Note: Customer satisfaction rate and NPS scores for airasia Super App, BigPay and the airasia academy were only tracked from 2021 onwards.

On Time Performance and Load Factor

Indicators	2019	2020	2021	2022
Percentage of short-haul flights (<6 hours) with more than 15 minutes delay	22%	15%	20%	23%
On-time performance	78%	85%	80%	77%
Load factor for short haul (<6 hours) (%)	85%	75%	74%	84%

Data Summary (cont'd)

Economic

Number of Suppliers and Local Expenditure

Indicators	2020	2021	2022
Total number of suppliers	1,779	20,631	23,245
Total number of new suppliers	-	2,482	2,614
Total number of critical suppliers	-	233	158[1]
Total number of local suppliers[2]	1,779	895	1,326
Proportion of expenditure on local suppliers[2]	38%	38%	48%

Notes:
[1] Scope expanded to include suppliers that serve Group Procurement, ADE and Santan entities.

Environmental

Greenhouse Gas Emissions

GHG Emissions (tCO_2e)	2020	2021	2022
Scope 1 Emissions	1,260,476.73	391,324.92	1,917,390.18
Scope 2 Emissions	4,000.5	3,495.7	4,459.3
Scope 3 Emissions	N/A	N/A	410,250.65
Total GHG Emissions	**1,264,477.26**	**394,820.66**	**2,332,100.13**

Scope 1 Emissions (from flight operations only)

Indicators	2020	2021	2022
Fuel Consumption (tonnes)	397,442	123,389	604,574
Total Scope 1 Emissions (tCO_2e)	1,260,477.70	391,325.90	1,917,390.18
Carbon Intensity Ratio (gCO_2/RPK)	88	94	85.3
Carbon Intensity Ratio (gCO_2/ASK)	65.7	68.1	70.5
Specific fuel consumption (litres/100RPK)	3.7	4.0	3.4

Scope 2 Emissions

Location	2020		2021		2022	
	Emissions (tCO_2e)	Carbon Intensity (tCO_2e/m^2)	Emissions (tCO_2e)	Carbon Intensity (tCO_2e/m^2)	Emissions (tCO_2e)	Carbon Intensity (tCO_2e/m^2)
Malaysia[1] (tCO_2e)	3,162	0.075	2,777	0.063	3,452.1	0.078
Indonesia[2] (tCO_2e)	839	0.087	679	0.071	909.90	0.095
Philippines[3] (tCO_2e)	N/A[4]	N/A	40	0.012	97.30	0.030
Total (tCO_2e)	**4,001**	**0.076**	**3,495.7**	**0.046**	**4,459.3**	**0.068**

Notes:

1 Latest emission factor for Peninsular Malaysia, where AirAsia Malaysia is based, is obtained from the 2017 CDM Electricity Baseline for Malaysia, published by Malaysian Green Technology Corporation, for Malaysia's Ministry of Energy, Science, Technology, Environment and Climate Change.

2 Latest emission factor for Jakarta, where AirAsia Indonesia is based, is obtained from the Joint Crediting Mechanism, Indonesia Secretariat.

3 Latest emission factor for Luzon-Visayas Grid, where AirAsia Philippines is based, is obtained from the Philippines' Department of Energy.

4 No data was available in 2020 for the Philippines as the airline had moved to new premises and utility invoices had not been issued by the building owner.

Energy Consumption

Total Energy Consumption	2020	2021	2022
Non-renewable fuels purchased and consumed (MWh)[1]	5,295,262	1,647,153	8,040,833
Non-renewable electricity purchased (MWh)[2]	5,405	4,748	6,122
Total non-renewable energy consumption (MWh)	5,300,667	1,651,901	8,046,956

Notes:

1 Non-renewable fuels purchased and consumed include jet fuel for flight operations

2 Includes chillwater electricity consumption for the HVAC system in RedQ, our HQ in Malaysia

Data Summary (cont'd)

Environmental

Electricity Use Intensity (kWh/sqm)			
Location	**2020**	**2021**	**2022**
Malaysia	129.6	107.0	133.5
Indonesia	100.2	81.1	108.7
Philippines	N/A	20.7	50.8

Note: Includes chillwater electricity consumption for the HVAC system in RedQ, our HQ in Malaysia.

Scope 3 Emissions

Category[1]	Sources	2022
1 - Servers	Google Cloud services and GTR services	2,767.65
3 - Fuel- and Energy-Related Activities not included in scope 1 or scope 2	Jet fuel production	397,551.00
6 - Business Travel[2]	Duty travel including transportation and hotel stays	440
7 - Employee Commuting	Employee commute to RedQ and RedHouse office in Malaysia and Indonesia	3,600.00
11 - Use of sold products	airasia ride, airasia food, airasia xpress, and Teleport	5,892.00
Total		**410,250.65**

Notes:
1 The Technical Guidance for Calculating Scope 3 Emissions, published by GHG Protocol is used as the methodology to calculate Scope 3 emissions; and the emission factors are sourced from UK Government GHG Conversion Factors for Company Reporting.
2 Only business travel from non-AirAsia flights and hotel stays are considered as emissions from AirAsia flights are considered under our Scope 1 emissions.

Other Greenhouse Gases

Indicators	2020	2021	2022
NOx emissions (tonnes)[1]	725	261	1,191
NOx emissions intensity (gNOx/RPK)[1]	0.0508	0.0629	0.0544
SOx emissions (tonnes)[2]	79	29	127
Volatile Organic Compounds (VOC) emissions (kg)[2]	274,492	98,752	438,746

Notes:
1 NOx emissions and compliance data are obtained from the ICAO Emissions Bank issue 28C dated 20 July 2021. The NOx emissions value per landing and takeoff (LTO) cycle is based on the weighted average of AirAsia's fleet composition as of FY2021.
2 According to the US EPA, sulphur dioxide (SO_2) represents the highest composition of SOx emissions, hence SO_2 is considered as SOx for the purpose of calculations. SO_2 and VOC emissions data are sourced from US EPA's Generic Aircraft Type Emission Factors table.

Waste Management

Scheduled waste generated Group-wide

Type	2020	2021	2022
Solid Waste (tonnes)	32.8	1,290.0	124.4
Liquid Waste (litres)	46,444.2	3,698.9	5,427.7

Note:
Restated to only include AirAsia Malaysia as scheduled waste produced by AirAsia Indonesia and AirAsia Philippines are management by airport authorities.

Non-Hazardous Waste

Country	Indicators	2020		2021		2022	
		Value	%	Value	%	Value	%
Malaysia	Total weight of non-hazardous waste generated (tonnes)	64.1	100.0%	69.3	100.0%	162.9	100.0%
	Total weight of non-hazardous waste directed to disposal (tonnes)	53.5	83.4%	67.0	96.7%	155.8	95.6%
	Non-hazardous waste that is diverted from disposal (tonnes)	10.7	16.6%	2.3	3.3%	7.1	4.4%
Indonesia	Total weight of non-hazardous waste generated (tonnes)	-	-	35.0	100.0%	44.04	100.0%
	Total weight of non-hazardous waste directed to disposal (tonnes)	-	-	35.0	100.0%	44.04	100.0%
	Non-hazardous waste that is diverted from disposal (tonnes)	-	-	0.0	0.0%	0.0	0.0%
Philippines	Total weight of non-hazardous waste generated (tonnes)	88.0	100.0%	63.0	100.0%	261.3	100.0%
	Total weight of non-hazardous waste directed to disposal (tonnes)	81.0	92.0%	57.9	92.0%	226.0	86.5%
	Non-hazardous waste that is diverted from disposal (tonnes)	7.0	8.0%	5.1	8.0%	35.3	13.5%

Recycling

Entities	Types of Recyclables	Office Recyclable Waste (kg)			
		2019	2020	2021	2022
Malaysia (RedQ)	E-Waste	60	0	0	0
	Plastic	128	0	25	85
	Paper	25,991	10,076	1,968	3,687
	Metal	3,931	579	294	288
	Total	**30,110**	**10,655**	**2,287**	**4,060**
Indonesia (RedHouse)	E-Waste	-	-	0	0
	Plastic	79	12	0	0
	Paper	993	123	0	0
	Metal	-	-	0	100
	Total	**1,072**	**135**	**0**	**100**
Total Waste Recycled (kg)		**31,182**	**10,790**	**2,287**	**4,160**

Note: RedPoint office in the Philippines does not track its recycled waste because this is managed by the airport authorities.

Data Summary (cont'd)

Environmental

Cabin Waste

Types of Recyclables	Cabin Waste Generated (kg)		
	2020	2021*	2022
Plastic	4,383	-	19,775.5
Aluminum/Cans	694	-	4,052.0
Glass	0	-	0.0
Paper	868	-	36.0
Others	-	-	11,448.0
Metal	0	-	0.0
Total	**5,945**	**-**	**35,311.5**

Note: Cabin waste generated only applies to AirAsia Philippines as contracted cleaners and airport authorities manage cabin waste for AirAsia Malaysia and AirAsia Indonesia.

*Cabin recycled waste collection suspended in 2021 to comply with national health and sanitary regulations due to the Covid-19 pandemic.

Food Waste

AOC	Food Waste (kg)		
	2020	2021	2022
MAA	N/A*	1,630.00	96,216.5
IAA		52.25	7,067.0
PAA		30.25	3,252.5
Total		**1,713**	**106,536.0**

*Data not captured due to technical issues with the demand planning tool.

Water Consumption

Entities		Water Consumption (m^3)		
		2020	2021	2022
Malaysia	RedQ	43,668	30,302	63,497
	RedChain	N/A	1,997	858
	RedStation	N/A	1,370	6,883
Indonesia	RedHouse	2,618	2,253	3,501
Philippines	RedPoint	-	3,021	1,235
Total		**46,286**	**38,943**	**75,974**

Social

Employee Data

Indicators	2020	2021	2022
Total number of employees	18,054	14,618	11,662

Distribution of Employees by Gender

Gender	2020		2021		2022	
	Number	%	Number	%	Number	%
Female	6,515	36.1	5,037	34.5	4,005	34.3
Male	11,539	63.9	9,581	65.5	7,657	65.7

Employee Breakdown by Nationality

Indicators		2020		2021		2022	
Nationality	Gender	Number	%	Number	%	Number	%
Malaysia	Female	2,123	31.4	1,705	31.3	2,188	32.0
	Male	4,645	68.6	3,740	68.7	4,641	68.0
	Total	**6,768**	**100.0**	**5,445**	**100.0**	**6,829**	**100.0**
Indonesia	Female	574	31.8	490	30.5	577	33.0
	Male	1,232	68.2	1,116	69.5	1,169	67.0
	Total	**1,806**	**100.0**	**1,606**	**100.0**	**1,746**	**100.0**
Philippines	Female	773	39.2	548	36.7	691	38.3
	Male	1,200	60.8	944	63.3	1,112	61.7
	Total	**1,973**	**100.0**	**1,492**	**100.0**	**1,803**	**100.0**
Thailand	Female	2,631	40.4	2,076	38.1	332	61.7
	Male	3,885	59.6	3,373	61.9	206	38.3
	Total	**6,516**	**100.0**	**5,449**	**100.0**	**538**	**100.0**
India	Female	37	15.8	52	22.5	65	20.1
	Male	197	84.2	179	77.5	259	79.9
	Total	**234**	**100.0**	**231**	**100.0**	**324**	**100.0**
China	Female	153	62.7	83	61.9	59	64.8
	Male	91	37.3	51	38.1	32	35.2
	Total	**244**	**100.0**	**134**	**100.0**	**91**	**100.0**
Japan	Female	46	44.7	3	23.1	12	60.0
	Male	57	55.3	10	76.9	8	40.0
	Total	**103**	**100.0**	**13**	**100.0**	**20**	**100.0**
Others	Female	178	43.4	80	32.3	80	25.7
	Male	232	56.6	168	67.7	231	74.3
	Total	**410**	**100.0**	**248**	**100.0**	**311**	**100.0**

Data Summary (cont'd)

Social

Employee Breakdown by Age Group

Indicators		2020		2021		2022	
Age Group	Gender	Number	%	Number	%	Number	%
Below 30 years	Female	2,871	43.1	1,877	41.7	1,845	44.1
	Male	3,792	56.9	2,625	58.3	2,338	55.9
	Total	**6,663**	**100.0**	**4,502**	**100.0**	**4,183**	**100.0**
30-50 years	Female	3,592	33.5	3,108	32.6	2,106	30.3
	Male	7,144	66.5	6,413	67.4	4,852	69.7
	Total	**10,736**	**100.0**	**9,521**	**100.0**	**6,958**	**100.0**
Above 50 years	Female	52	7.9	52	8.7	53	10.2
	Male	603	92.1	543	91.3	468	89.8
	Total	**655**	**100.0**	**595**	**100.0**	**521**	**100.0**

Employee Breakdown by Employment Category

Indicators		2020		2021		2022	
Employment Category	Gender	Number	%	Number	%	Number	%
Board of Directors	Female	0	0.0	0	0.0	1	16.7
	Male	6	100.0	6	100.0	5	83.3
	Total	**6**	**100.0**	**6**	**100.0**	**6**	**100.0**
Senior Management	Female	44	25.9	43	27.2	56	32
	Male	126	74.1	115	72.8	119	68
	Total	**170**	**100.0**	**158**	**100.0**	**175**	**100.0**
Non-Senior Management	Female	375	14.9	363	17.3	722	23.7
	Male	2,141	85.1	1,739	82.7	2,328	76.3
	Total	**2,516**	**100.0**	**2,102**	**100.0**	**3,050**	**100.0**
Executive	Female	5,160	46.6	3,980	44.8	2,251	41.7
	Male	5,919	53.4	4,902	55.2	3,153	58.3
	Total	**11,079**	**100.0**	**8,882**	**100.0**	**5,404**	**100.0**
Non-Executive	Female	932	21.8	651	18.7	976	32.2
	Male	3,347	78.2	2,825	81.3	2,057	67.8
	Total	**4,279**	**100.0**	**3,476**	**100.0**	**3,033**	**100.0**

New Hires

Indicators		2020		2021		2022	
		Number	%	Number	%	Number	%
New hires by gender	Female	272	40	397	49	1,409	42
	Male	412	60	418	51	2,000	58
	Total	**803**	**100**	**815**	**100**	**3,409**	**100**
New hires by age group	<30	596	66	423	52	2,060	62
	30-50	291	32	384	47	1,226	37
	>50	20	2	8	1	41	1
	Total	**803**	**100**	**815**	**100**	**3,409**	**100**
Open positions filled by internal candidates	Headcount	281	-	364	-	1,605	-

Attrition Rate

Indicators	2020	2021	2022
Employee attrition rate (%)	24.22	15.40	12.22

Gender Pay Gap

Hourly pay difference between male and female employees

	2022			
	Group (excluding airline staff*)		Group (including airline staff*)	
Indicator	Mean hourly pay	Median hourly pay	Mean hourly pay	Median hourly pay
Male (%)	27.5	17.0	34.0	19.9
Female (%)	33.7	20.8	24.0	12.2
Pay Gap (%)	-18.20	-18.48	41.50	63.09

*Aviation staff refers to AirAsia's aviation employees including pilots, cabin crew and aircraft engineers.

Note: Result greater than 0 indicates a wage gap in favour of males, while a result less than 0 indicates a wage gap in favour of females.

Proportion of employees in quartiles

Indicator	Group (excluding airline staff)				Group (including airline staff)			
	Lower	Lower Middle	Upper Middle	Upper	Lower	Lower Middle	Upper Middle	Upper
Male (%)	83.2%	68.8%	64.1%	56.6%	50.8%	63.6%	70.1%	77.8%
Female (%)	16.8%	31.2%	35.9%	43.4%	49.2%	36.4%	29.9%	22.2%

Data Summary (cont'd)

Social

Parental Leave

Indicators	Gender	2020	2021	2022
Total number of employees who took parental leave	Female	387	204	168
	Male	284	107	211
	Total	**671**	**311**	**379**
Return rate of employees who took parental leave (%)	Female	89.4%	93.3%	75.9%
	Male	100%	100%	100%

Training

Indicators		2020	2021	2022
Amount invested in training (RM)		13.4 million	10.5 million	113.9 million
Average training hours per employee		2.3	4.0	12.4
Total training hours by gender	Female	-	-	3,300
	Male	-	-	3,400
	Total	**1,705.0**	**-**	**6,700**
Total participants by gender	Female	-	-	200
	Male	-	-	341
	Total	**751.0**	**607.0**	**541**
Average training hours by gender	Female	-	-	16.5
	Male	-	-	10.0
Total training hours by Employee Category	Senior management	-	-	0.0
	Non-Senior Management	-	-	54.1
	Executive	-	-	162.3
	Non-Executive	-	-	324.6
Average training hours by Employee Category	Senior management	-	-	0.0
	Non-Senior Management	-	-	3.6
	Executive	-	-	5.4
	Non-Executive	-	-	0.6

Safety

Indicators	2020	2021	2022*
Total man-hours worked	29,399,136	14,224,896	22,672,724
No. of fatalities	0	0	0
Recordable work-related injuries	71	36	59
Lost time injury	384	140	950
Loss time incident rate (LTIR)	2.6	2.0	8.4
Incident rate	0.001	2.1	5.4
Severity rate	7.1	6.3	41.9

*Scope: MAA, PAA, IAA, Teleport, ADE, GTR, AASEA

Notes:
- Lost Time Incident Rate = total number of lost time injuries/total number of hours worked x 200,000
- Incident Rate = No. of accidents (E) X 1,000/annual average of no. of employees;
- Severity Rate = Total workdays lost (C) X 1,000,000/total man-hours worked (Y)

Safety Training

Indicators	2021	2022
Safety Training Hours	17	111,222
Number of Participants for Safety Training	452	12,417
Average Safety Training Hours per Employee	0.04	9.0

Community Investment

Social Enterprise Support		
Social Enterprise	**Grant Amount (RM)**	**Amount Disbursed in 2022 (RM)**
Dusun Merdeka	78,320.00	-
Natural Aceh	47,784.00	-
Malaysian Association for the Blind (MAB)	63,000.00	-
Auntie Wanders Enterprise	51,051.50	30,767.50
Total	**240,155.50**	**30,767.50**

Contributions to the Community

Indicators	2021	2022
Cash contribution (RM)	139,996	347,046
Employee volunteerism during paid working hours (RM)	346,159	6,084
Contributions in kind (RM)	25,851	99,892
Management overheads (RM)	166,050	79,035
Number of volunteering hours	N/A	628

Corporate Governance Overview Statement (GRI 2-21)

The Board of Directors (Board or Directors) of Capital A Berhad (Capital A or the Company) presents this Corporate Governance (CG) Overview Statement (CG Overview Statement) to provide its shareholders and investors with an overview of the CG practices of the Company under the leadership of the Board for the financial year ended 2022 (the Financial Year). This CG Overview Statement is prepared in compliance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia)[1] and takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2021 (MCCG). It is to be read together with the Corporate Governance Report (CG Report) of the Company, which is available on the Company's corporate website at *https://capitala.airasia.com/home_ir.html*

The Board of Capital A is committed towards ensuring good CG standards are applied across Capital A's group of companies (the Group). Save as disclosed otherwise, the Board takes guidance and considers it has complied with the statutory requirements, principles and best practices inclusive of the corporate governance principles, and recommendations set out in the MCCG issued by the Securities Commission Malaysia, the MMLR of Bursa Malaysia and the Companies Act, 2016 during the Financial Year.

In building a sustainable ASEAN airline and technology-based Group focused on travel, lifestyle, logistics and financial services through an all-in-one ASEAN super app, the Board is mindful of its accountability towards its shareholders and various stakeholders. The Board and senior management are committed towards providing effective leadership, promoting uncompromising ethical standards and ensuring excellence in CG standards and practices throughout the Company. The application of each recommended Practice as set out in the MCCG, and explanations on deviations from the MCCG, are disclosed in the Company's CG Report. The Company would continuously strive to enhance its overall CG practices to reflect changing conditions and emerging sound principles, as appropriate.

The Board presents this statement to provide a quick insight into the overall CG practices of Capital A, under the leadership of the Board, with reference to the following principles as set out in the MCCG –

(a) Board Leadership and Effectiveness;
(b) Effective Audit and Risk Management; and
(c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Principle A: Board Leadership and Effectiveness

1. Board Responsibilities

The Board is responsible for governing and guiding the overall management of the Group and retains full and effective control over the affairs of the Group. It reviews the Group's policies and strategies, enforces standards of accountability, actively oversees the conduct, management and business affairs of Capital A and monitors the senior management's performance. The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustains long-term shareholder value while safeguarding the interests of all its stakeholders. It works closely with the senior management to ensure that the operations of the Company are conducted prudently within the framework of relevant laws and regulations.

Directors have independent access to the advice and dedicated support of the Company Secretary (who is legally qualified to act as company secretary under the Companies Act, 2016) to ensure effective functioning of the Board. The Directors may seek advice from senior management on issues pertaining to their respective jurisdiction, as well as independent professional advice in discharging their duties.

The Board recognises that having clearly defined roles and responsibilities of the Board and senior management is important to strike a reasonable balance between the strategy foundation and policy-making, and the conformance roles of executive supervision and accountability.

Delegation of the Board's authority to senior management for the day-to-day management and operations of the business is subject to defined limits of authority of the Group and monitoring by the Board. The Board has reserved matters as set out in the Board Charter available at the Company's corporate website at *https://capitala.airasia.com/misc/capitala_Board-Charter.pdf*

[1] *Compliance with paragraphs 15.08A(3) and 15.25 as well as Practice Note 9 of MMLR on the preparation of Nomination Committee statement and Disclosure of CG related Information.*

The positions of the Chairman and the Chief Executive Officer of the Company (CEO) are held by different individuals. There is a clear separation of the roles and responsibilities between the Chairman and CEO as described in the Board Charter.

To assist the Board in discharging its duties and enhancing its business and corporate efficiency, the Board has in place a governance framework for the Group. Specific powers of the Board are delegated to the relevant committees and the CEO, as depicted on page 189 to 190 of the Annual Report 2022.

BOARD OF DIRECTORS

Led by the Chairman, the Board sets the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met.

Key responsibilities of the Board include, but are not limited to, the following:

- Defining the Company's strategic direction, financial policy, risk appetite, sustainability initiatives and performance as well as systems of internal control and risk management.
- Providing thought leadership in fine-tuning corporate strategies and overseeing the effective execution of business strategies.
- Overseeing the management of the affairs of Capital A towards enhancing business prosperity and corporate accountability.
- Championing good governance and ethical practices that accord with applicable laws.
- Promoting sustainability practice in the Group.

BOARD COMMITTEES

The Board retains full and effective control over the Company's affairs and provides strategic leadership through its Committees. Presently, the Board is supported by four (4) Committees with delegated responsibilities to oversee the Company's affairs in accordance with their respective Terms of Reference (TOR).

Audit Committee (AC)

The AC assists the Board in fulfilling its oversight functions in relation to internal controls and financial reporting of the Company. The AC provides the Board with assurance on the quality and reliability of the financial information reported by the Company. The AC also assists the Board in promoting efficiency and good governance practices to ensure the safeguarding of Capital A and its Group's financial position.

Risk Management and Sustainability Committee (RMSC)

The RMSC oversees the risk management activities and sustainability initiatives of the Company and the Group. It supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk and sustainability exposure of the Group. The RMSC also provides direction and advise on listing of key sustainability indices that enhance investor valuation of the Company.

Safety Review Board (SRB)

The SRB provides oversight over the effective and efficient implementation of the Group's Safety Policy within the overall Group Safety Management System.

The SRB also reviews regulations, standards and latest best practices to ensure best-in-class safety standards across the Group.

Corporate Governance Overview Statement (cont'd)

BOARD COMMITTEES (cont'd)

Nomination and Remuneration Committee (NRC)

The NRC assists the Board in discharging its responsibilities in the determination of the remuneration and compensation of the Directors and senior management of the Company. It recommends to the Board the remuneration policy for the Non-Executive Directors and senior management of the Company.

The NRC also reviews the Chairman's and CEO's performance and recommends the rating thereof to the Board for its approval.

The NRC is also responsible for assessing the performance of the Board and committees, as well as making recommendations on the nomination policy, succession planning framework, talent management, training programmes and any related matters for the Directors and senior management.

CHAIRMAN

The Chairman leads the Board in the effective discharge of its role. The Chairman also monitors the workings of the Board and the conduct of Board meetings to ensure all relevant issues for the effective running of Capital A's business are on the meeting agenda.

The Chairman ensures that quality information to facilitate decision-making is delivered to Board members on a timely basis. The Chairman encourages all Directors to play an active role in Board activities, including leading Board meetings and discussions, and allowing dissenting views to be freely expressed.

The Chairman manages the interface between the Board and the Management and ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole. The Chairman also chairs the general meetings of shareholders of Capital A.

CHIEF EXECUTIVE OFFICER

The CEO leads the senior management team which assists him in the management and business operations of the Company and the Group.

He provides direction for managing strategic business development as well as high value and high impact investments within the Group in accordance with the business plans and within the budgets approved by the Board. He also focuses on talent and succession for the senior management team to ensure optimal performance, and ensures that a strong, positive and unique culture exists and becomes a strategic advantage for the Group.

SENIOR MANAGEMENT

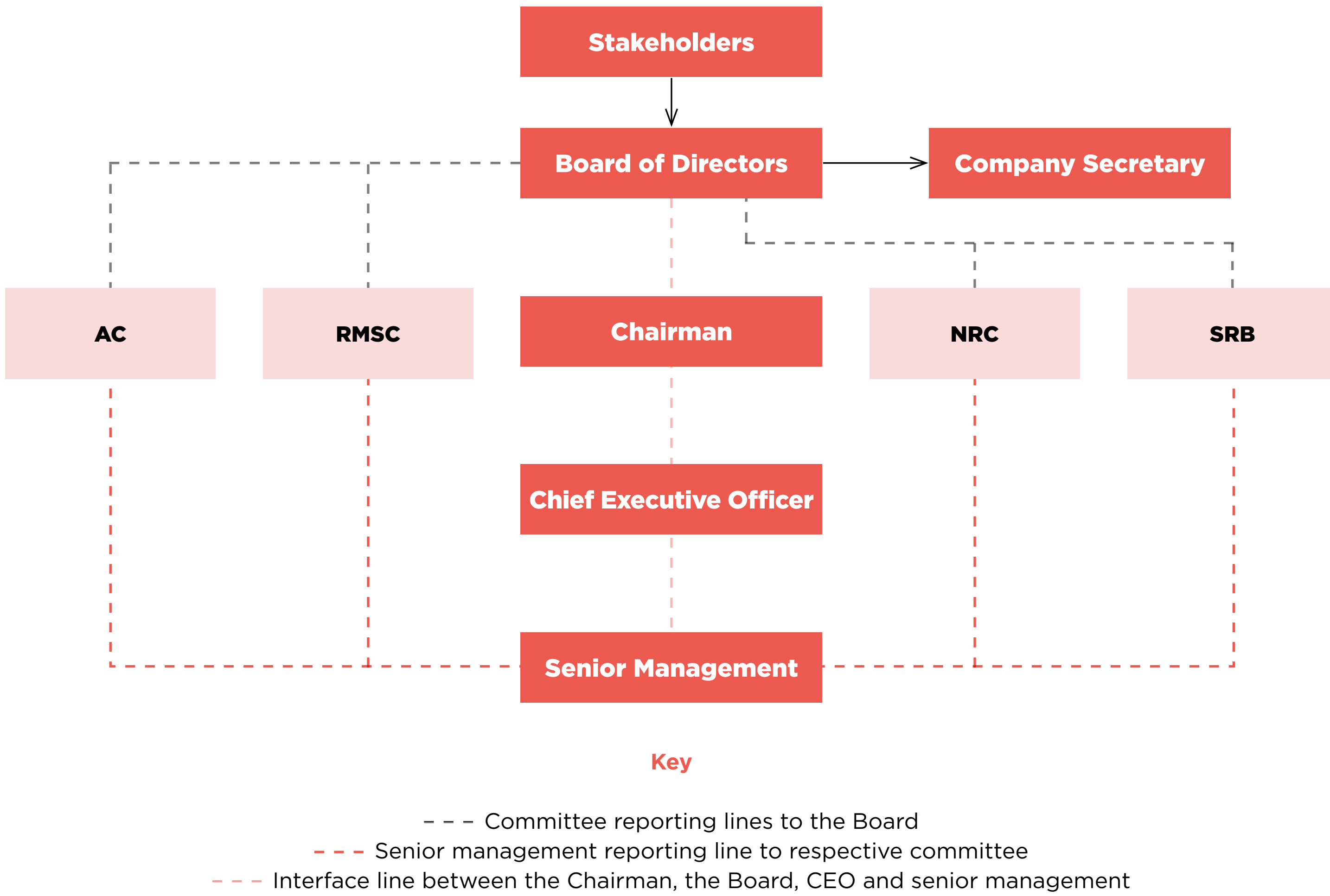
The Board is assisted by the senior management of the Company which comprises senior employees holding the positions of CEO, President (Aviation), President (Commercial), President (Ventures), Chief Financial Officer, Executive Director of Asia Aviation Capital Limited and CEO of AirAsia Shared Services (AA SEA).

Led by the CEO, the senior management is responsible for managing the Company's business and implementing the Board's strategies, policies and decisions. The relevant members of the senior management are also invited to attend Board and/or committee meetings to advise and provide clarification on items in the agenda as and when required.

COMPANY SECRETARY

The Board is regularly updated by the Company Secretary on changes in the relevant statutory and regulatory requirements, particularly in areas relating to the duties and disclosure obligations of the Directors. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Committees and senior management.

CORPORATE GOVERNANCE FRAMEWORK



2. Board Composition

The size, balance and composition of the Board support its role of driving the long-term direction and strategy of the Company. A key function of the Board is to create value for shareholders and track the progress of each milestone to ensure it meets the Company's business objectives. The Board also ensures that Capital A upholds a high level of corporate governance while meeting its other obligations to shareholders and other stakeholders.

The Company has implemented procedures for the nomination and election of the Directors via the NRC. The NRC assesses candidates against the leadership skills, gender, digital savviness, entrepreneurial mindset, knowledge and experience required by Capital A. The Company recognises the benefits of having a diverse Board.

In line with its Board Diversity Policy, selection of candidates to join the Board is in part dependent on the pool of candidates with the necessary skills, knowledge and experience. The NRC will review the nominees for directorship and membership of committees by going through their profiles and interviewing the nominees, following which the NRC will submit its recommendations to the Board.

The profile of each Director can be found on pages 33 to 35 of this Annual Report.

Capital A's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, ethnicity, age and other attributes of the Directors. The Board had a composition of 50% independent and non-executive directors during the Financial Year.

Corporate Governance Overview Statement (cont'd)

The NRC and the Board have been actively seeking to fill the vacant position(s) with suitably qualified candidate(s) during the Financial Year, but the focus had shifted to broader concerns, as there were other pressing issues that had hit the airline industry. The COVID-19 pandemic has had a significant impact on the aviation industry due to travel restrictions and a slump in demand among travellers. Nevertheless, the NRC and the Board had not stopped the search process and the Company had on 31 January 2022 appointed an independent non-executive woman director who is a suitably qualified candidate with the appropriate knowledge and experience required by Capital A.

The Board has in place a policy which limits the tenure of Independent Non-Executive Directors to nine (9) years in line with the MCCG. An Independent Director may remain in that capacity after serving a cumulative term of nine (9) years, provided that the Board recommends this upon concrete justification and after seeking its shareholders' approval at a general meeting. Following the release of the MCCG, Capital A has adopted the two-tier voting process in its Constitution for retention of any Independent Directors who have served for twelve (12) years or more in that capacity.

The Constitution of Capital A provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting (AGM) of the Company. Concisely, each Director must retire from office once every three (3) years and is eligible to offer him/herself for re-election or re-appointment. The Constitution of Capital A also provides that a Director who is appointed during the year will be subject to re-election at the next AGM following his/her appointment.

The names of the Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM.

3. Our Board and its committees

For the Board to function effectively and efficiently and give the right level of attention and consideration to relevant matters, the committees assist the Board in fulfilling its oversight functions. The committees' agenda and schedule of items to be discussed at their meetings are prepared in accordance with the terms of reference of each committee and take account other topical and ad-hoc matters. All committees operate within their clearly defined terms of reference whereupon the Board receives reports of their proceedings and deliberations with their recommendations. In addition to the vertical lines of reporting, the committees communicate and work together as and where required.

At the committees' meetings, items are discussed and deliberated, and, as appropriate, endorsed or recommended to the Board for approval. Following the committees' meetings, the Chairman of each committee provides the Board with a summary of the main discussion points, and the minutes of the committees' meetings are presented to the Board for notation. Hence, the non-committee members are kept up to date with the work undertaken by each committee. The ultimate responsibility for decision making lies with the Board.

The members of the Board and committees have discharged their functions and responsibilities effectively in 2022 through their attendance at the meetings of the Company as set out in the table below:

		Board Attendance For 2022	Committees' Attendance For 2022			
Director	**Designation**	**BOARD**	**AC**	**NRC**	**RMSC**	**SRB**
Datuk Kamarudin bin Meranun	*Non-Independent Executive Chairman*	6/7				
Tan Sri Anthony Francis Fernandes	*Non-Independent Executive Director and Chief Executive Officer*	6/7				
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	*Non-Independent Non-Executive Director*	7/7	9/9	7/7	4/4	

Director	Designation	Board Attendance For 2022	Committees' Attendance For 2022			
		BOARD	AC	NRC	RMSC	SRB
Dato' Fam Lee Ee	*Senior Independent Non-Executive Director*	7/7	9/9	7/7	1/1*	4/4
Dato' Mohamed Khadar bin Merican	*Independent Non-Executive Director*	7/7	9/9		4/4	4/4
Surina Binti Shukri *(appointed w.e.f. 31 January 2022)*	*Independent Non-Executive Director*	7/7		7/7	3/3*	

Notes:
* . Number of meetings attended during his/her tenure as a member of the RMSC in the Financial Year.

Chairman
Non-member

During the Financial Year, the Board met seven (7) times inclusive of special Board meetings. The Directors attended almost all the Board meetings held during the Financial Year, where applicable, and have complied with the MMLR of Bursa Malaysia in terms of meeting attendance. This reflects the Board members' commitment and dedication in fulfilling their duties and responsibilities. The committees will continue to assist the Board of Capital A in discharging its duties in the next financial year.

4. Board Effectiveness Evaluation (GRI 2-18)

The Board, through its NRC, conducts the annual assessment on effectiveness of the Board, the committees, the individual Directors and committee members of the Company. During the Financial Year, the NRC conducted a digital performance evaluation of the Board and committees, reviewed the summary results thereof and recommended the proposed improvement(s) to the Board for approval. Each Director undertook an evaluation of the Board in terms of Board mix and composition, quality of information and decision making, boardroom activities, Board's relationship with the management, and Environment, Social and Governance (ESG). The NRC was satisfied that all the Directors have devoted sufficient time to discharge their responsibilities during the Financial Year.

The NRC was generally satisfied that the committees comprised the right composition of members and provided useful recommendations in assisting the Board in its decision-making. Consequently, the conduct of Board meetings was more efficient and effective. The members of the committees have sufficient and relevant expertise in fulfilling their roles. The NRC also reviewed the confirmation of the Independent Directors Self-Assessment in accordance with the requirement under the MMLR of Bursa Malaysia.

Once every three (3) years, an external consultant would be engaged to facilitate the NRC in providing an objective and candid evaluation. The NRC has discussed and considered several proposals on the appointment of an independent external consultant to conduct the annual Board Effectiveness Evaluation (BEE) on the performance of the Board, its committees, the individual Directors and the committee members of the Company.

However, in view of the shift of focus to more pressing matters, this exercise has been postponed possibly to the next financial year. The BEE would assess the performance and effectiveness of the Board and committees, as well as that of individual directors. It would also comprise an assessment of the independence of the Independent Directors of Capital A.

Corporate Governance Overview Statement (cont'd)

5. Professional Development of Directors

In compliance with Paragraph 15.08 of the MMLR of Bursa Malaysia, the Directors recognise the importance and value of continuous professional development to keep abreast with the changes in the aviation and digital industries, as well as new statutory and regulatory requirements.

During the Financial Year, the Directors attended and participated in training programmes, conferences and seminars that covered the areas of corporate governance, finance, global business developments and relevant industry updates, which enable them to discharge their duties effectively.

The details of training programmes, conferences and seminars attended by the Directors during the Financial Year are outlined below:

Name	Programmes
Datuk Kamarudin bin Meranun	• Capital A Quarterly Leadership Forum on 21 January 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 • Capital A Quarterly Leadership Forum on 27 May 2022 • Capital A Quarterly Leadership Forum on 1 December 2022
Tan Sri Anthony Francis Fernandes	• VISA Asia Pacific Senior Client Council 2022 (Virtual) on 20 January 2022 • Capital A Quarterly Leadership Forum on 21 January 2022 • Mandiri Investment Forum on 8 February 2022 • Asia Business Council 2022 (Virtual) on 24 March 2022 • YPO Singapore Keynote on 29 April 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 • Capital A Quarterly Leadership Forum on 27 May 2022 • CNBC Evolve Global Summit Kuala Lumpur on 6 July 2022 • Conversation with Tony Fernandes 'Business in post pandemic' in Seoul, Korea on 21 September 2022
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	• TCFD Climate Disclosure Training Programme on 2 March 2022 and 9 March 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 • Sustainability Reporting – changes in the Listing Requirements on 25 November 2022 • Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022

Name	Programmes
Dato' Fam Lee Ee	• Bursa Malaysia - TCFD Climate Disclosure Training Programme on 2 March 2022 and 9 March 2022 • Malaysia-China (Guangxi) Investment Forum & The 10th Anniversary of the Establishment of China-Malaysia "Two Countries, Twin Parks": Sharing Opportunities of the RCEP Implementation, Forging Cross-Border Industrial Chains organized by MITI on 26 April 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 • World Digital Economy & Technology Summit 2022 organized by KSI on 1 July 2022 • Malaysia-China 48th Anniversary Diplomatic Relations conference & dinner organized by MCBC on 12 July 2022 • "Cyber Security: What Directors need to know" webinar organized by MSWG on 14 July 2022 • Economic Dialogue between MOF & Chinese Industrial Leaders organized by The Federation of Hokkien Association on 26 July 2022 • ICAO Conference in Montreal, Canada on 27 September 2022 to 5 October 2022 • MSWG WEBINAR ON "Fraud Prevention and Detection" on 8 November 2022 • Survey on Directors & Senior Management Remuneration Practice conducted by Bursa Malaysia in collaboration with ICDM • Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022
Dato' Mohamed Khadar bin Merican	• BNM-FIDE Forum MyFintech Week Masterclasses on 27 January 2022 • Market Risk Management – Banking Sector organised by Iclif Executive Education Centre, Asia School of Business on 17 February 2022 • TCFD Climate Disclosure Training Programme on 2 March 2022 and 9 March 2022 • Internal briefing: ALMT and GM business organised by BNP Paribas on 10 March 2022 • Internal training: AML/CFT for Board of Directors on 5 April 2022 • Sustainability and International Trade for Export- Oriented Companies organised by Iclif Executive Education Centre, Asia School of Business in collaboration with MIT Sloan on 20 April 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 • Internal briefing: ESG organised by BNP Paribas on 23 August 2022 • Sustainability Future Forum 2022 organised by BNP Paribas on 18 October 2022 • Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022 • Invitation to the Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees on 26 December 2022

Corporate Governance Overview Statement (cont'd)

Name	Programmes
Surina Binti Shukri *(Appointed w.e.f. 31 January 2022)*	• ICDM Talk: How Boards Should Think About Talent on 19 May 2022 • Bursa Mandatory Accreditation Program (MAP) on 23-25 May 2022 • Bringing Digitalisation to the Boardroom; Corporate Board Leadership Symposium by Malaysian Institute of Accountants (Speaker) on 24 May 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A on 26 May 2022 and 26 August 2022 • ATX Conference/Blockchain Fest Singapore on 1 June 2022 • FIDE Core Program Module A on 13 -16 June 2022 • SIDC: Preserving the Climate through Sustainable Business and Living (Virtual) on June 22 • World Women's Economic & Business Summit by KSI Strategic Institute for Asia Pacific on 14 July 2022 • Mastercard: What it Means to Lead (Speaker) on 26 July 2022 • ICDM: Board Strategy & Risk Management Oversight on 27-28 July 2022 • FIDE Capital Markets Directors Program on 22-25 August 2022 • Wild Digital SEA Conference on 6-8 September • ICDM: Creating a Resilient Organization: Crisis & Incident Readiness on 8 September 2022 • CIMB The Cooler Earth Sustainability Summit 2022 on 20-23 September 2022 • IIC-SIDC Corporate Governance Conference on 23 September 2022 • Khazanah Megatrends Forum 2022 on 3-4 Oct 2023 • Fintech Connect Singapore Conference (Speaker) on 13 October 13 2022 • Youth Economic Forum 2022 (Speaker) on 22 October 2022 • ICDM: The Role of the Risk Management Committee in Managing Risk on 1 November 2022 • FIDE Forum: The Emerging Trends, Threats and Risks to The Financial Services Industry on 24 November 2022 • Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022

6. Remuneration (GRI 2-21)

The following table shows the remuneration details of the Directors of Capital A during the Financial Year:

Director	Fees	Other Fees	Salaries	Bonuses	Total	Meeting, travelling and other allowances~
Datuk Kamarudin bin Meranun	-	-	7,325,349.12	0	7,325,349.12	0.00
Tan Sri Anthony Francis Fernandes	-	-	7,233,000.25	0	7,233,000.25	120,584.60
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	262,500.00^	***55,000.00 **35,000.00 *60,000.00	-	0	412,500.00	76,000.00
Dato' Fam Lee Ee	262,500.00^	**55,000.00 *60,000.00 *^55,000.00 ***5,833.33	-	0	438,333.33	80,000.00
Dato' Mohamed Khadar bin Merican	262,500.00^	*75,000.00 *^35,000.00 ***35,000.00	-	0	407,500.00	68,000.00
Surina binti Shukri *(Appointed w.e.f. 31 January 2022)*	241,330.65^	**32,177.45 ***29,270.87	-	0	302,778.97	34,000.00

^ *From 17 June 2022 to 31 December 2022 pro-rated based on the basic Board fee of RM262,500 each per annum approved at the Fifth AGM.* #
* *AC fee per annum as approved at the Fifth AGM.* #
** *NRC fee per annum as approved at the Fifth AGM.* #
*** *RMSC fee per annum as approved at the Fifth AGM.* #
*^ *SRB fee per annum as approved at the Fifth AGM.* #
~ *The meeting allowance shall be RM2,000 per meeting.*
# *The Notice of AGM 2022 informed that the Non-Executive Directors of the Company had voluntarily offered to receive a 50% reduction in their fees for the period from 1 May 2020 up to the date of the AGM in 2022 and would continue with such reduction, on the remuneration structure, which was approved at the Fifth AGM until such time that the Company's financial performance improves significantly, or up to the next AGM of the Company, whichever comes earlier. This reduction has been applied to the Board and committee fees.*

7. Limits of Authority

Capital A has a Limits of Authority (LOA) policy in place, which defines the decision-making limits of each level of management within the Group. The LOA clearly outlines matters over which the Board reserves authority, in line with the Board Charter, and those delegated to the senior management. These limits cover, amongst others, authority over payments, investments, capital and revenue expenditure, budget approvals and contract commitments, as well as authority over non-financial matters.

The LOA provides a framework of authority and accountability within Capital A and facilitates decision-making at the appropriate level in the organisation's hierarchy. The latest LOA of Capital A was approved by the Board on 8 September 2021, and the LOA for the Group was subsequently updated by the senior management and approved by the Board on 29 December 2021.

Corporate Governance Overview Statement (cont'd)

8. Review and adopting a strategic plan

The Board and AC reviews the operational and financial performance of Capital A as well as its subsidiaries, joint ventures and associates under the Group on a quarterly basis. Detailed reports on the airline and non-airline investee companies within the Group are tabled for review and deliberation. The Board will assess their performance against budget and the corresponding quarter of the preceding year.

Furthermore, the Group's budget and strategy meeting is led by the CEO of Capital A to chart the direction for the current and near-term period ahead. The CEO updates the Board quarterly on progress made in relation to the Group's business plans, including changes and new initiatives, if any.

During the Financial Year, the Group formed an Executive Action Group (EAG) comprising the leadership teams and next tier leaders from the various line of business within the Group. The EAG meets regularly to discuss the increasing business and organisational imperatives in ensuring deeper and more cross functional engagement in the strategic and operational agenda of the Group.

Led by the CEO and President (Commercial) of Capital A, the Group also organised Quarterly Leadership Forums (QLF) during the Financial Year. The QLF is established to enhance communication (information exchange and the understanding thereof), learning (building leadership, technical and functional capabilities that are linked to real time experience and future orientated innovation), as well as to further encourage collaboration across the Group.

9. Remuneration and Succession Planning

The Company places a strong emphasis on the development and growth of its staff, fondly known as Allstars. This is evidenced by Capital A's continuous commitment in grooming successors across the Group, in the spirit of One AirAsia. There is a Group Talent Policy and Succession Planning Framework in place to identify and build a robust Group talent pipeline. Talent reviews are conducted with senior management to calibrate and map talent needs across the Group's different locations and identify future leaders.

The Group Talent function oversees structured talent entry and development initiatives, including leadership development programmes, coaching, cross-functional and cross-country assignments.

Principle B: Effective Audit and Risk Management

1. Audit Committee

The AC comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. It is chaired by Dato' Mohamed Khadar bin Merican, who is an Independent Non-Executive Director and not the Chairman of the Board. The Company has a policy which requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. During the Financial Year, no member of the AC was a former key audit partner.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by factors as prescribed under Paragraph 15.21 of the MMLR of Bursa Malaysia as well as Capital A's External Auditor Independence Policy.

The composition of the AC is reviewed annually to ensure that the Chairman and members of the AC are financially literate and can carry out their duties in accordance with the terms of reference of the AC. The AC members are expected to continuously update their knowledge and enhance their skills.

Based on the performance evaluation of the AC for the Financial Year, the Board is satisfied that the Chairman and members of the AC have discharged their responsibilities effectively.

The AC's report is set out on pages 202 to 206 of the Annual Report 2022.

2. Risk Management, Sustainability and Internal Control Framework

Based on the performance evaluation of the RMSC for the Financial Year, the Board is satisfied that the Chairman and members of the RMC have discharged their responsibilities effectively. The roles and responsibilities of the RMSC were enhanced to include the oversight of sustainability initiatives and performance of the Group as resolved by the Board.

The RMSC of the Company comprises three (3) Non-Executive Directors with a majority of Independent Directors. It is chaired by Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar, who is a Non-Independent Non-Executive Director of the Company.

The RMSC enables the Board to undertake and evaluate key areas of risk exposures and sustainability performance. Some of the primary responsibilities of the RMSC are as follows:

<u>Risk Management:</u>

(a) To oversee and recommend the Enterprise Risk Management (ERM) strategies, frameworks and policies of the Group;

(b) To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks;

(c) To implement and monitor a Business Continuity Plan with procedures and systems to restore critical business functions in the event of unplanned disaster; and

(d) To develop and inculcate a risk awareness culture within the Group.

<u>Sustainability:</u>

(a) To review and recommend appropriate sustainability strategies, policies, principles and practices which are applicable to the Company;

(b) To provide oversight and assess the Company's sustainability strategies, policies, principles and practices aligning it to the commitment of the Company towards sustainability;

(c) To provide direction and advice on listing on key sustainability indices that enhance investor valuation of the Company; and

(d) Oversee any concerns/allegations raised by stakeholders that involve the public sentiments and government regulations.

The Company has also established a structured process for risk management and reporting within the ERM Framework as follows:

(a) The first line of defence is provided by senior management and business units, which are accountable for identifying and evaluating risks under their respective areas of responsibilities;

(b) The second line of defence is provided by the RMD and RMC which are responsible for facilitating and monitoring the risk management process and reporting; and

(c) The third line of defence is provided by the Group Internal Audit Department which provides assurance on the effectiveness of the ERM framework.

In fulfilling its responsibilities in risk management and sustainability, the RMSC is assisted by the Risk Management Department (RMD) and Group Sustainability Department (GSD), respectively.

A management level risk committee (MRC) was established in 2019 to increase participation by senior management in risk management processes. The MRC is tasked to review the key risks of Capital A prior to submission to the RMSC every quarter.

Corporate Governance Overview Statement (cont'd)

Similarly, sustainability concerns are driven by a Sustainability Working Group (SWG) comprising Heads of Departments responsible for the year's sustainability targets. The SWG is chaired by the Head of Group Sustainability who reports the company's progress to the RMSC on a quarterly basis.

The Statement on Risk Management and Internal Control is set out on pages 207 to 212 of the Annual Report 2022, and the Sustainability Report is set out on pages 88 to 187 of the Annual Report 2022.

3. Capital A's Anti-Bribery and Anti-Corruption Policy (ABAC Policy) and Whistleblowing Channel

In carrying out its governance oversight, the Board has also emphasised the importance of embracing integrity and ethical values across the organisation. In this regard, various departments within the organisation are assessed for risks related to corruption. Risk control, due diligence and anti-bribery and anti-corruption controls are carried out on these departments to reduce, mitigate and prevent potential risks.

To improve the overall organisational effectiveness and uphold the integrity of the Company, the Company has a whistleblowing programme which acts as a formal communication channel, via its corporate website at *https://capitala.airasia.com/whistleblowing_channel.html*, where all stakeholders can communicate their concerns in cases where the Company's business conduct is deemed to be contrary to its common values.

4. Directors' Fit and Proper Policy

In line with the recent amendment(s) to the MMLR of Bursa Malaysia, the Board had on 26 August 2022 adopted a Directors' Fit and Proper Policy. The said policy addresses board quality and integrity by setting out the attributes and criteria for the appointment and re-election of Directors for Capital A and its subsidiaries. A copy of the Directors' Fit and Proper Policy is made available on the Company's corporate website at *https://www.capitala.com/misc/CapitalA-Directors_Fit_and_Proper_Policy.pdf*

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. Effective Communication with Shareholders and Investors

Capital A is committed to communicating openly, regularly and effectively with shareholders and investors through platforms such as the corporate section of its website, the Annual Report, Financial Announcements and Key Operating Statistics and Announcements through Bursa Malaysia and AGMs. The Investor Relations' page of the website is updated regularly to provide stakeholders with all relevant information on Capital A to enable them to make informed decisions.

Capital A has a dedicated Investor Relations team which supports the senior management in their active participation in investor relation activities, including road shows, conferences and quarterly investor briefings with financial analysts, institutional investors and fund managers.

Capital A continues to fulfil its disclosure obligations as per Bursa Malaysia's Corporate Governance Guidelines. All disclosures of material corporate information are disseminated in an accurate, clear and timely manner *via* Bursa Malaysia announcements.

2. Conduct of General Meetings

Given the size and geographical diversity of the Group's shareholders, the AGM is another important forum for interaction with this group of stakeholders. All shareholders will be notified of the AGM and provided with a digital copy of the Annual Report at least 28 days before the meeting. The Company also calls for an Extraordinary General Meeting (EGM) for its shareholders to consider specific corporate proposal(s) as and when required.

In view of the COVID-19 pandemic, the Fifth AGM of Capital A was conducted as a virtual meeting through live streaming from the Broadcast Venue and online remote voting from an online meeting platform located in Malaysia provided by Tricor Investor & Issuing House Services Sdn. Bhd. (Tricor). All members of the Board joined the Fifth AGM from the broadcast venue to respond to questions posted by the shareholders or proxies via the remote participation and voting (RPV) facilities provided by Tricor.

The voting process at the Fourth and Fifth AGMs which were held virtually in 2021 and 2022 respectively were conducted by online remote voting *via* the RPV facilities, and the results of the votes were scrutinised by an independent scrutineer. The EGM held by the Company in 2022 was also held fully virtually from an online meeting platform in Malaysia, and the voting process was conducted *via* the RPV facilities. The Company will continue to leverage technology and tools to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at its AGMs.

This CG Overview Statement was approved by the Board of Directors of Capital A on 25 April 2023.

Audit Committee Report

This report outlines the activities of the Audit Committee (the AC) of Capital A Berhad (Capital A) for the financial year ended 31 December 2022 (the Financial Year).

This Report has been reviewed by the AC and approved by the Board of Directors (the Board) of Capital A on 25 April 2023, for inclusion in this Annual Report.

The AC assists the Board in fulfilling its duties with respect to its oversight responsibilities over the Capital A Group (the Group). The AC is committed to its role of ensuring the integrity of the financial reporting process; external and internal audit processes and compliance with legal and regulatory matters; evaluating overall adequacy and effectiveness of the systems of internal controls; and the review of related party transactions and other matters that may be specifically delegated to the AC by the Board. The AC's responsibility for the internal audit of the Group is fulfilled through reviews of the quarterly and other reports of the Group Internal Audit Department (GIAD).

COMPOSITION OF THE AUDIT COMMITTEE

The AC has been established by the Board and comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Members of the AC elect among themselves an Independent Director, who is not the Chairman of the Board of Capital A, as Chairman of the AC. The Terms of Reference of the AC are approved by the Board and complies with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The composition of the AC complies with the requirements of paragraph 15.09(1)(c) of the MMLR and is set out in Capital A's Corporate Governance Overview Statement (CGOS) on page 198 of this Annual Report. Members of the AC are subject to annual evaluations, and its composition is reviewed annually by the Board.

TRAINING

The training attended by the members of the AC during the financial year is set out in the CGOS on page 194 to 196 of this Annual Report.

ATTENDANCE OF MEETINGS

A total of seven (7) meetings were held during the Financial Year. Members of the AC, together with details of their attendance at the AC meetings held during the year, are set out in the CGOS on page 192 to 193 of this Annual Report.

The AC meets on a scheduled basis during a financial year, and as and when required. The AC is assisted by an independent GIAD in carrying out its functions.

The Chief Executive Officer (CEO) of Capital A, President (Aviation), President (Commercial), President (Investment and Ventures), Chief Financial Officer (CFO), Head of Group Internal Audit and Chief Legal Officer of Capital A and Head of Group Risk Management are invited to attend meetings to assist the AC in deliberations as and when necessary.

SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

The AC's duties and responsibilities are set out in its Terms of Reference, which is available on the Group's corporate website at *https://www.capitala.com/misc/Terms_of_Reference-Capital_A_Audit_Committee_approved_on_29Nov22.pdf*

In discharging its duties and responsibilities, the AC is guided by the AC Terms of Reference, which was approved by the Board and is aligned to the provisions of the MMLR of Bursa Malaysia, Malaysian Code on Corporate Governance (MCCG), Corporate Governance Guide: Executive Summary, and IIAM AC Charter model.

During the Financial Year, the AC carried out the following activities in the discharge of its roles and responsibilities:

INTERNAL AUDIT

- Mandated the GIAD to report directly to the AC.
- Reviewed the adequacy of the Internal Audit Charter (IAC).
- Approved the IAC, which defines the purpose, authority, scope and responsibility of the Internal Audit function within the Group.
- Reviewed the scope, functions, budget, competency and resources of the GIAD, and that it had the necessary independence and authority to carry out its work professionally and with impartiality and proficiency.
- Reviewed and approved the Internal Audit plan and Internal Audit budget for the Group.
- Reviewed Internal Audit Reports of Capital A and its affiliates, and monitored that appropriate and prompt remedial actions were taken by the Management on lapses in controls or procedures identified by the GIAD.
- Monitored that all agreed action plans by the GIAD were implemented in a timely manner.
- Reviewed the performance of the GIAD, including the internal assessment of the internal audit function.
- Undertook the performance appraisal of the Head of Group Internal Audit.
- Approved the appointment or termination of senior staff of the GIAD.
- Noted the resignations of GIAD staff, together with the reasons for their resignations.
- Reviewed reports on ad-hoc investigations performed by the GIAD and monitored that appropriate actions were taken in relation to those investigations.
- Reviewed the results of the external assessment performed on the internal audit function.

EXTERNAL AUDIT

- Considered and recommended the appointment of the External Auditors and their audit fees.
- Monitored the External Auditor's performance and reviewed their independence and objectivity.
- Discussed with the External Auditor, before the audit commenced, the audit plan, which included the scope, methodology and timing of the audit, as well as the areas of audit emphasis for the year under review.
- Discussed the coordination with other external auditors in the Group.
- Reviewed major findings raised by the External Auditors and Management's responses, and monitored that all recommendations arising from the audit were properly implemented, including the status of the previous audit recommendations.
- Discussed matters arising from the interim and final audits with a view to further improve controls in the Group.
- Met with the External Auditors without the presence of the Management.
- Provided a line of communication between the Board and the External Auditors.
- Ensured that there is coordination between both Internal and External Auditors.
- Reviewed the extent of assistance and co-operation extended by the Group's employees to the External Auditors and ensured that all information required by the External Auditors were made available to them.
- Reviewed and monitored the provision of non-audit services by the External Auditors to ensure that these services do not compromise the independence of the External Auditors.
- Obtained from the Group's External Auditors a formal written statement delineating all relationships between the External Auditors and the Group, as required by International Standard on Auditing 260, modified as appropriate based on the Malaysian guidelines for auditor's independence, and obtained confirmation from them that they are, and have been, independent throughout the conduct of the audit engagement.
- Updated continuously by the External Auditors on changes in the Malaysian Financial Reporting Standards as well as the International Financial Reporting Standards to ensure that the Group is ready for implementation and to understand the implication, if any, on the Group's Financial Statements.

FINANCIAL REPORTING AND BURSA MALAYSIA ANNOUNCEMENTS

- Reviewed and recommended the quarterly and annual management accounts of the Group and Capital A for approval of the Board.
- Reviewed and recommended the Annual Financial Statements to Bursa Malaysia for the Group and Capital A for approval of the Board.
- Reviewed and recommended the Quarterly Financial Statements to Bursa Malaysia for the Group and Capital A for approval of the Board.

Audit Committee Report (cont'd)

For purposes of the above, the AC considered changes in accounting policies and practices and the implementation of such changes, compliance with accounting standards and other legal and regulatory requirements, significant and unusual events, significant adjustments arising from the audit process, material litigation, the going concern assumption and where applicable, review and ensure corporate disclosure policies and procedures of the Group (as they pertain to accounting, audit and financial matters) complied with the disclosure requirements of Bursa Malaysia.

RELATED PARTY TRANSACTIONS

- Reviewed related party transactions and conflicts of interest situations to ensure that such transactions were undertaken on an arm's length basis and were in the best interest of the Group and Capital A and where appropriate, recommended to the Board for approval.
- Reviewed the process used to procure shareholders' mandate for recurrent related party transactions.

INVESTIGATIONS

- Considered major findings of internal investigations and Management's response.
- Reviewed Capital A's procedures for detecting fraud and whistleblowing.

INTERNAL CONTROLS

- By way of discussions with key Senior Management and through the review of the process undertaken by the GIAD and the External Auditors, evaluated the overall adequacy and effectiveness of:
  > the system of internal controls, including controls within information technology;
  > the Group's finance, accounting and audit organisations and personnel; and
  > the Group's policies and compliance procedures with respect to business practices.
- Reviewed the establishment of policies and procedures relating to Anti-Bribery and Anti-Corruption (ABAC) to prevent the offences under the Malaysian Anti-Corruption Commission (MACC) Act 2009 and such other applicable anti-bribery and anti-corruption laws in jurisdictions where the Group operates.
- Regular reviews were conducted to assess the performance, efficiency and effectiveness of the ABAC Policies.
- Reviewed the employee code of business practice, vendor code of business practice, the whistleblowing policy and the outcome of any cases investigated.

ANNUAL REPORT

- Further information on the summary of the AC activities in discharging its functions and duties for the Financial Year and how it has met its responsibilities are provided in the Corporate Governance (CG) Report in accordance with Practice 8.5 of the MCCG.
- The AC has reviewed the Statement of Risk Management and Internal Control and the CGOS prior to their inclusion in the Group's Annual Report.

ANNUAL REVIEW OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- Reviewed and assessed the adequacy of the Terms of Reference of the AC annually, and where necessary, obtained the assistance of the Management, Group's External Auditors and external legal counsel, and recommended changes to the Board for approval.

INTERNAL AUDIT FUNCTION

The Group has a well-established in-house GIAD to assist the AC in carrying out its functions. The GIAD maintains its independence through reporting directly to the AC. The GIAD plans and provides supervision on internal audit services across all subsidiaries and associated companies in the Group, including the various Airline Operating Companies (AOCs). The internal audit teams in the respective AOCs have a reporting line to the Head of Group Internal Audit. The GIAD reviews and compiles their reports in the form of a Group Internal Audit Report to be submitted and presented to the AC for its review and deliberation.

The GIAD is guided by its IAC that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department and is aligned with the International Professional Practice Framework (IPPF) on Internal Auditing issued by the Institute of Internal Auditors. The Head of Group Internal Audit reports functionally to the AC and administratively to the GCFO of Capital A.

The principal responsibility of the GIAD is to undertake regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that the systems continue to operate efficiently and effectively. The GIAD adopts a risk-based audit methodology with reference to the five elements of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) i.e. control environment, risk assessment, control activity, information and communication as well as monitoring, to develop its audit plans by determining the priorities of the internal audit activities, consistent with the strategies of the Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities, and material internal controls, including compliance with Capital A's policies, procedures and regulatory responsibilities.

The audits cover the review of the adequacy of risk management, the strength and effectiveness of the internal controls, compliance to both internal and statutory requirements, governance and management efficiency, among others. The audit reports, which provide the results of audits conducted, are submitted to the AC for review. Key control issues and agreed action plans are highlighted to enable the AC to execute its oversight function. The agreed action plans are also forwarded to the Management for their attention and further action. The Management is responsible for the implementation of corrective actions within the required time frame.

On 18 January 2023, GIAD confirmed its organisational independence to the AC, where the Head of Group Internal Audit and all the internal auditors had signed the Annual Code of Ethics and Conflict of Interest Declaration for the Financial Year that they were and had been independent, objective and in compliance with the Code of Ethics and Conflict of Interest as per IPPF in carrying out their duties for the Financial Year.

The AC reviews and approves the human resource requirements of GIAD and IADs in other AOCs to ensure the function is adequately resourced with competent and proficient internal auditors.

The total costs incurred by GIAD in discharging its functions and responsibilities during the Financial Year amounted to RM1,963,812 compared to RM2,309,051 in the financial year ended 31 December 2021.

Further information on the resources and the name and qualification of the Head of Group Internal Audit are provided in the CG Report in accordance with Practice 10.2 of the MCCG.

INTERNAL AUDIT ACTIVITIES DURING THE FINANCIAL YEAR

The GIAD implements a risk-based methodology in establishing its strategic and annual audit plan, which determines the areas or units to be audited. During the Financial Year, the AC reviewed, challenged and approved the audit plans for the GIAD and the respective IADs. In doing so, the AC ensured, among others, consistency in the audit methodology deployed, as well as robustness in the audit planning process.

The GIAD continues its commitment to equip our internal auditors with adequate knowledge and proficiency. About RM5,912 was spent on training in the areas of auditing skills, technical skills and personal development; inhouse, online and external training during the Financial Year. As at 31 December 2022, the average training days attended by each staff are six (6) days.

Audit Committee Report (cont'd)

Further information on the resources, objectivity and independence of the Head of Group Internal Audit and internal auditors are provided in the Corporate Governance Report in accordance with Practice 10.2 of the MCCG.

During the Financial Year, audit reviews were conducted based on the internal audit plan approved by the AC. The GIAD and IADs in other AOCs completed and reported on 69 audit assignments, including ad-hoc requests, which were requested by the Board, AC or Senior Management, and those which arose from reports pursuant to the Group's Whistleblowing Policy. The audits conducted covered a wide range of areas, which included key areas such as contract management process and system, marketing, communications, facilities management, corporate safety, aircraft engineering process and system, CEO office, government relations, cabin crew, flight operations, duty travels and claims, cargo customer's selection process, ICT desktop management, key systems such as Order Management System (OMS), Navitaire, Warehouse Management System (WMS) and Superapp's software development methodology.

The Head of Group Internal Audit together with the respective team leaders attended the AC meetings to brief the AC on audit results and significant matters raised in the detailed GIAD report, including findings provided by the respective IADs.

Internal audit reports detailing audit findings are provided to Management who responds to the actions to be taken. Weekly follow up is done to monitor the progress of corrective actions until these are completed and closed off. The IADs submit audit reports to the AC every quarter on the status of audit plans, audit findings, and actions taken by Management on such findings. The IADs' reports and follow up actions are also presented to the relevant board committee and CEOs of the AOCs and other Line of Businesses (LOBs).

GIAD DIGITALISATION AND DATA INITIATIVES

GIAD embraced digitalisation, in line with the Group strategy to drive continuous improvement through automation. Starting 3Q 2022, GIAD developed dashboards to support continuous auditing of stations, which is expected to be completed by 2Q 2023. Finally, GIAD introduced the usage of data analytics on engagements to increase the levels of assurance and enhance efficiency of the audit processes.

Statement on Risk Management & Internal Control

Capital A Berhad is committed to maintaining a sound system of risk management and internal control. This Statement of Risk Management and Internal Control for the financial year ended 2022 (Financial Year) is made by the Board of Directors (the Board) in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) and guided by the Malaysian Code on Corporate Governance (as at 28 April 2021) and the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

GOVERNANCE

Board of Directors

The Board is committed to and responsible for implementing and maintaining a robust risk management and internal control environment. The Board acknowledges that the risk management and internal control systems are designed to manage and minimise risks as it may not be possible to totally eliminate the occurrence of unforeseeable circumstances or losses.

Risk Management and Sustainability Committee (RMSC)

The Board has delegated the governance of Group Risk to the RMSC. The RMSC comprises three (3) Non-Executive Directors with a majority of Independent Directors.

The RMSC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMSC are as follows:

- To oversee and recommend the Enterprise Risk Management (ERM) strategies, frameworks and policies of the Group.
- To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks.
- To implement and monitor a Business Continuity Plan (BCP) with procedures and systems to restore critical business functions in the event of unplanned disaster.
- To develop and inculcate a risk awareness culture within the Group.
- In fulfilling its responsibilities in risk management, the RMSC is assisted by Group Risk.

Management

The Management team is responsible for ensuring that policies and procedures on risk management and internal control are effectively implemented. The Management team is accountable for identifying and evaluating risks as well as achieving business goals and objectives within the risk appetite parameters approved by the Board.

Group Risk

Group Risk develops risk policies, sets minimum standards, provides guidance on risk related matters, coordinates risk management activities with other departments, as well as monitors the Group's risks. Group Risk's principal roles and responsibilities are as follows:

- Review and update risk management methodologies, specifically those related to identification, measuring, controlling, monitoring and reporting of risks.
- Provide risk management training and workshops.
- Review risk profiles and mitigation plans of departments.
- Identify and inform the RMSC and Management of critical risks faced by the Group.
- Monitor action plans for managing critical risks.

Audit Committee

The Audit Committee (AC) monitors the adequacy and effectiveness of the system of internal controls through a review of the results of work performed by GIAD and External Auditors and discussions with Senior Management.

The AC, established by the Board in the year 2018, comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC Report is disclosed on pages 202 to 206 of this Annual Report.

The duties and responsibilities of the AC are set out in its Terms of Reference which is available on the Group's corporate website at *https://www.capitala.com/misc/Terms_of_Reference-Capital_A_Audit_Committee_approved_on_29Nov22.pdf*.

Statement on Risk Management & Internal Control (cont'd)

Group Internal Audit Department (GIAD)

The GIAD reviews the Group's systems of internal controls and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by Management through the execution of audit engagements. GIAD adopts a risk-based approach in determining the auditable areas and frequency of audits of the Group. The annual audit plan for the Group is reviewed and approved by the AC. GIAD is guided by its Internal Audit Charter that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department. For any significant gaps identified in the governance processes, risk management processes and controls during the engagements, GIAD provides recommendations to Management to improve their design and effectiveness of controls, where applicable. The GIAD's functions are disclosed in the AC Report on pages 205 to 206 of this Annual Report.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

The ERM framework, which is embedded in the ERM policy, supports the Group in making risk-informed decisions by standardising the process of identifying, evaluating and managing risks faced by the Group.

The ERM framework entails the following key features:

- Roles and responsibilities of the Risk Management and Sustainability Committee (RMSC), Management, Group Risk and all employees
- Guidance on Risk Management processes and tools
- Guidance on Business Continuity Management

The Group has established a structured process and lines of defence for risk management within the ERM framework as follows:

1st Line of Defence	The first Line of Defence (i.e. capital L & D) for all 3 boxes is provided by Management and departments that are accountable for identifying and evaluating risks under their respective areas of responsibilities.
2nd Line of Defence	The second Line of Defence is provided by Group Risk and the RMSC that are responsible for facilitating, implementing and monitoring risk management processes including reporting risk management processes and reporting.
3rd Line of Defence	The third Line of Defence is provided by the GIAD that provides assurance on the effectiveness of the ERM framework.

A key component of the ERM framework is Business Continuity Management and the Group has established business continuity plans that enables it to respond effectively in the event of a crisis and to prevent significant disruption to operations.

KEY RISKS AND MITIGATION

Risk Management Initiatives In 2022

During the Financial Year, Group Risk focused on strengthening the effectiveness of risk management structure across the Group, increasing management participation in risk oversight, providing continuous risk management knowledge sharing, and completing targeted business impact analyses and recovery plan testing. This is facilitated by the Group's web-based RedRadar Risk Management System of the RedRadar Risk Management System and Compliance Risk Dashboard that provides a systematic approach in managing risks across the Group.

A key initiative was identification and deliberation of emerging risks at RMSC and Board's of other related entities. This facilitated increased participation by Management in the effectiveness of risk management at the Group management processes.

Group Risk continued to support the Crisis Management Teams across the Group to respond to business continuity events and conducted BCP exercises for key systems, functions and stations to minimise operational disruptions in the event of a crisis across the Group. The Group's key risks and mitigating actions are as follows:

RISK	MITIGATION
A. STRATEGIC	
Political and Environment Uncertainty Political instability, market downturn, natural disasters, health epidemic and any other events that are outside of the Group's control in geographical areas where the Group operates that could affect its business operations.	The Group mitigates this risk by having regular monitoring of information relating to those areas that can impact its business operations. This pertinent information is considered in reducing the impact by adjusting the asset allocations, capacity management and promotions. The Group has also established Crisis Management Teams that will respond and adequately manage the impact of a crisis on its business operations.
Competition Intense competition in the marketplace arising from new players, expansion of competitors' networks and fare wars.	The Group mitigates this risk by strengthening its route network, expanding into greenfield markets which attract "first entrant" incentives such as airport charges and by offering competitive fare adjustments.
Reputation and Branding Reputational damage that arises through adverse media publicity and social networks which are caused by consumer grievances or any specific campaigns that bring about any negative sentiments against the Group.	The Group mitigates this risk by having an active social media monitoring team who monitor on a real-time basis and respond immediately to any adverse media publicity or consumer grievances. Further to that, a media monitoring service is utilised to monitor and notify the Group of any targeted media coverage that could create reputational threats.
B. OPERATIONAL	
System Outages Outages of mission critical systems which are required for the continuity of operations.	The Group mitigates this risk by developing, implementing and testing the specific backup and failover systems to reduce system outages. The Group has also put in place alternative sites that exist in the different geographical areas in the event these mission critical systems fail at any one location. A BCP with the relevant Crisis Management Plan has also been put into place.
Value Chain Disruption A failure in the airport systems that support aircraft refuelling, baggage handling, immigration, customs and quarantine processes which may lead to significant delays and business operational disruptions.	The Group mitigates this risk by constant monitoring and communicating with the airport authorities so that any potential service disruptions can be prevented. The Group does periodic testing at these different airports and hubs through its Business Continuity Management Plan to ensure that there are minimal disruptions.

Statement on Risk Management & Internal Control (cont'd)

RISK	MITIGATION
B. OPERATIONAL (cont'd)	
Cyber Threats These arise from different information system channels that bring about threats such as ransomware, phishing, data leakage, hacking and inside threats. These threats can cause significant damage and losses to the Group.	The Group mitigates these risks by having a dedicated information security team that focuses on detecting, containing and remediating these cyber threats. The Group adopts a robust information security system that revolves around the ISO/IEC 27001 process and methodology to secure the information systems. Regular security assessments, penetration tests and source code reviews are performed on the systems to ensure cyber resilience.
Safety Threats As the airline operations normalise post pandemic, flight resumption directly increases exposure to operational hazards.	Threats and hazards are identified through the Safety Management System, which are mitigated with Root Cause Analysis. The Safety Review Board (SRB) further monitors to ensure strict safety targets are met through compliance with safety and quality standards. The Safety department captures data regularly for safety risk analysis and improvement via digital tools. Operations and aircrafts are subject to routine mandatory Safety audits and checks. For the current year, the Group has completed all IATA Operational Safety Audits with the relevant certifications for Malaysia, Thailand, Indonesia and Philippines.
C. FINANCIAL	
Pandemic Covid-19 The aviation industry has been the hardest hit due to the closure of geographical borders. This industry relies heavily on passenger volumes and travel restrictions have caused flight cancellations. This significant drop in due to lower traffic level has created operating cash flow challenges and operating losses which can lead to financial distress.	The Group mitigates this risk by effective cost reduction and avoidance exercise. Further the Group had also sought innovative revenue generation alternatives (such as sales of multiple services via superapp), seeking third-party investors for their subsidiary businesses and formulated regularisation plans such as restructuring of the leases, sale & lease backs, negotiating concessions with vendors, amongst other measures.
Fuel Price Fluctuations in fuel prices would have a significant impact on profitability. Fuel is a key cost component for the business operations.	The Group mitigates this risk by actively monitoring and managing its exposure to fuel price volatility through various strategies, e.g. fuel surcharges. Group Treasury has a team that monitors and effectively manages this risk. This is further facilitated by cargo service expansion which enables cost spread.
Foreign Currency Translations Unexpected depreciation of the Malaysian Ringgit could have a significant impact on the cost of financing and business operations. This holds particularly true of the exchange rate with the US Dollar.	The Group mitigates this risk by actively monitoring and managing its exposure to foreign currency volatility through natural hedging strategies. Group Treasury has a team that closely monitors these fluctuations.

RISK	MITIGATION
D. COMPLIANCE	
Non-Compliance to Regulatory Requirements Non-Compliance and breach of local laws, regulations, industry guidelines, and consumer authority requirements of multiple jurisdictions could lead to license and operational revocations.	The Group has a Compliance function that has developed a compliance master repository that monitors compliance requirements. This risk is further addressed by maintaining high level engagement with the regulators of each jurisdiction so that all regulatory requirements are adhered to consistently. The Group monitors all local regulatory landscapes for new or amended regulations that affect the Group.
Data Security and Privacy Violation of data privacy laws and regulations that could cause potential litigation and loss of customer confidence due to data breach.	The Group has a dedicated information security team that focuses on detecting, containing and remediating cyber threats. The Group has adopted a robust information security system that revolves around the ISO/IEC 27001 process and methodology to secure all our systems. Regular security assessments, penetration tests and source code reviews are performed on these systems to ensure cyber resilience.
Anti-Bribery and Anti-Corruption Regulatory Requirements The Act by the Malaysian Anti-Corruption Commission (MACC) was enacted in 2008 and then amended in 2018. This amendment incorporated Section 17A that puts all Management and the Board of Directors to be held accountable and responsible for any act of bribery or corruption with the organisation in any jurisdiction that it has business operations.	The Group mitigates this risk by adopting and implementing a strict policy of "Zero Tolerance" on any act of bribery and corruption. This policy has been disseminated to all internal personnel and to external parties that conduct business transactions with the Group. All internal personnel need to acknowledge their awareness of this policy.

INTERNAL CONTROL

The Key Internal Control Structure in place to assist the Board to maintain a proper internal control system are:

- The Board of Capital A has established four (4) committees, namely the AC, RMSC, Nomination and Remuneration Committee (NRC) and Safety Review Board (SRB) to assist in executing its governance responsibilities. Further information on the various Committees of the Board is provided in the Corporate Governance Overview Statement from 189 to 190 of this Annual Report.
- Regular management and operations meetings are conducted by Senior Management of various Lines of Business within the Group.
- The authority delineates authorisation limits for various levels of management and matters reserved for collective decision by the Board to ensure proper identification of accountabilities and segregation of duties.
- Internal policies, procedures and processes are documented, periodically reviewed and readily made available to employees across the Group.
- A detailed budgeting process has been established. In addition, the Group has a reporting system on actual performance against the approved budgets, which requires explanations for significant variances and plans by Management to address such variances.
- The Safety Department with the oversight of the SRB and Group Safety provides strategic high-level decisions and guidance to ensure the risks of aviation and operational activities are reduced and controlled to a safe and efficient level. Full compliance with regular health and safety audits, as well as IATA Operational Safety Audit (IOSA) certification ensures effective safety risk management in the Group.

Statement on Risk Management & Internal Control (cont'd)

- People and Culture policies and procedures are in place that govern recruitment, appointment, performance management, compensation and reward mechanisms as well as policies and procedures that govern discipline, termination and dismissal of employees and ensures compliance of the same with all applicable laws and regulations.
- The Group maintains adequate insurance and physical safeguards on assets to ensure these are sufficiently covered against any incident that could result in material losses.
- Information and Data Security systems, policies, standards, procedures, guidelines, organisation structures and processes have been established to ensure confidentiality, integrity and availability of information.
- The Group has a Code of Conduct (the Code) that sets out the standards and ethics that they are expected to adhere to. The Code also sets out the circumstances in which an employee, officer or director would be deemed to have breached the Code, after due inquiry, and disciplinary actions that can be taken against them if proven guilty.
- The Whistle-Blowing Policy provides a platform for employees and third parties to report instances of unethical behaviour, actual or suspected fraud or dishonesty, or a violation of the Code in a safe and confidential manner through the 'Ethics Line'. The Group expects its employees to act in the Group's best interest and maintain high principles and ethical values. The Group will not tolerate any irresponsible or unethical behaviour that would jeopardise its good standing and reputation.

CONCLUSION

Adequacy and Effectiveness of the Group's Risk Management and Internal Control Systems

The Board has received assurance from the Chief Executive Officer (CEO), Presidents and Group Chief Financial Officer (GCFO) of Capital A that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. For areas which require improvement, action plans are being developed with implementation dates being monitored by the respective Heads of Department. The Board also receives quarterly updates on key risk and internal control matters through its Board Committees. Based on assurance received from Management and updates from the Board Committees, the Board is of the view that the Group's risk management and internal control systems were operating adequately and effectively during the financial year under review up to the date of approval of this statement.

The disclosure in this statement does not include the risk management and internal control practices of Capital A's material joint ventures.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is in accordance with the resolution of the Board of Directors of the Group on 25 April 2023.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) for the financial year ended 31 December 2022 (Financial Year) for Capital A Berhad (Capital A or the Company):-

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

RENOUNCEABLE RIGHTS ISSUE OF REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES (RCUIDS)

On 12 July 2021, the Company announced that it proposed to undertake a Renounceable Rights Issue of RCUIDS of up to RM1,024,058,370 in nominal value of a 7-year RCUIDS of RM0.75 on the basis of 2 RCUIDS with 1 free detachable warrant (Warrant) for every 6 ordinary shares in the Company (Rights Issue). The above proposal was approved by the shareholders of the Company at an Extraordinary General Meeting held on 11 November 2021.

Based on the nominal value of the RCUIDS of RM0.75 each, the Rights Issue resulted in the issuance of 1,299,350,959 RCUIDS together with 649,675,479 Warrants.

On 31 December 2021, the Company announced that the Rights Issue had been completed following the listing and quotation of 1,299,350,959 RCUIDS with nominal value of RM974,513,219.25 and 649,675,479 Warrants on the Main Market of Bursa Malaysia.

As of 31 December 2022, the Company had fully utilised the total gross proceeds of RM974.5 million, the details of which are disclosed in the following table:

Proposed utilisation of proceeds	Proposed Utilisation RM'000	Actual Raised RM'000	Balance RM'000	Expected timeframe for utilisation (from the date of listing of RCUIDS and Warrants)
Fuel hedging settlement	226.7	226.7	0	Fully utilised
Aircraft lease and maintenance payments	202.8	202.8	0	Fully utilised
AirAsia Digital Sdn. Bhd. business units	73.7	73.7	0	Fully utilised
General working capital expenses	451.0	451.0	0	Fully utilised
Estimated expenses for the Rights Issue	20.3	20.3	0	Fully utilised
Total	974.5	974.5	0	

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by Capital A and its subsidiaries involving directors' and major shareholders' interests still subsisting at the end of the Financial Year.

Additional Compliance Information (cont'd)

3. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees of Capital A and its Group as below are also disclosed in the Audited Financial Statements set out under Note 6 to the Financial Statements on page 281 of this Annual Report:-

Audit Fees	Company RM'000	Group RM'000
Audit fees paid to the External Auditors for the Financial Year	317	3,241

Non-Audit Fees	Company RM'000	Group RM'000
Non-audit fees paid to the External Auditors for the Financial Year in connection with advisory related work	Nil	Nil

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Fifth Annual General Meeting of Capital A held on 16 June 2022 (5th AGM), Capital A had obtained a mandate from its shareholders for Capital A and/or its subsidiaries to enter into recurrent related party transactions (RRPTs) of a revenue or trading nature.

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Malaysia, details of the recurrent related party transactions of a revenue or trading nature entered into during the Financial Year are as follows:

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
REVENUE/INCOME				
1.	AAX	Provision of the rights to operate scheduled air services under the trade name and livery of AAB.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM 0
2.	AAX	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
3.	AAX	Provision of operational services by AirAsia (Guangzhou) to AAX in China.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	CNY 118,845 (RM 81,673)
4.	AAX	Sale of loyalty points from BIGLIFE, which operate and manages a loyalty program branded as the airasia rewards Programme.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
5.	TAAX	Provision of the rights to operate scheduled air services under the trade name and livery of AAB.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
6.	TAAX	Provision of operational services by AirAsia (Guangzhou) to TAAX in China.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	CNY 800,028 (RM 531,013)

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
7.	TAAX	Sale of loyalty points from BIGLIFE, which operate and manages a loyalty program branded as the airasia rewards Programme	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM687
8.	TIMB	Provision of travel insurance by TIMB to AAB's customers for journeys originated from Malaysia, resulting in sales commission received by AAB.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM6,498,374
9.	TPGB	Provision of the right to access AAB's customer database for TPGB to conduct marketing on TPGB's and/or third-party insurance products and the provision of management services by TPGB to Capital A Group's travel insurance business.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM 7,342
10.	TPGB	TPGB's subscription to advertising services in Rokki's portal.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
11.	Tune Talk	Provision of advertisement services on Capital A's Wifi portal.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
12.	Tune Talk	Provision of services for sales of travellers' sim cards. This will be part of the advertisement services on Capital A's Wifi portal stated in item number 13 below.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
13.	Notel Management	Provision of advertisement services on Capital A's Wifi portal.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
14.	AAX	Provision of the following shared services by AirAsia SEA to AAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services (d) Refunds, and (e) Customer Support	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
15.	Epsom	Service Agreements for AirAsia.Com to provide services related to managing digital media activities for Epsom.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM53,763

Additional Compliance Information (cont'd)

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
16.	TAAX	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
17.	TAAX	Provision of the following shared services by AirAsia SEA TH/IHQ and AirAsia Sea to TAAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; (d) Customer support; and (e) Refund services	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM1,826,787
18.	TAAX	Information Technology System and Security Services provided by AAB to TAAX.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
19.	TPGB	Service Agreements between AirAsia.Com and TPGB to provide services related to managing digital media activities to TPGB.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM 380,589
20.	Tune Talk	Service Agreements between AirAsia.Com and Tune Talk to provide services related to managing digital media activities to Tune Talk.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
21.	ECML Hotels	Service Agreements between AirAsia.Com and ECML Hotels to provide services related to managing digital media activities to ECML Hotels.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM110,066.44
22.	IKHLAS	Commercial Agreement between AirAsia.Com and IKHLAS for the purpose of charging IKHLAS for using the AirAsia SuperApp.	**Interested Directors and Major Shareholders** Datuk Kamarudin(2)	NIL
23.	TPG	Distribution Agreement between AirAsia.Com and TPG for the management of insurance business. This includes the Agency Agreement between AirAsia.Com and TIMB, a subsidiary of TPG, to appoint AirAsia.Com as a registered corporate agent of TIMB to transact insurance business on airasia.com website and mobile application on behalf of TIMB in exchange for commission.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
24.	TPT	Media Services Agreement between AirAsia.Com and TPT for the management of digital media activities.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM 19,341
25.	TPR	Service Agreement between AirAsia SEA and TPR for AirAsia SEA to provide refund service on insurance premium for the guests of AirAsia.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM72
26.	TAAX	Provision of platform services by AirAsia.Com: Online distribution of TAAX flight inventory via the airasia.com domain or airasia Superapp mobile app owned/ operated by AirAsia.com	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
27.	AAX	Provision of platform services by AirAsia.Com: Online distribution of AAX flight inventory via the airasia.com domain or airasia Superapp mobile app owned/ operated by AirAsia.com	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM6,863,687
28.	AAX	Provision of the following shared services by AirAsia SEA and AirAsia SEA TH/IHQ to AAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) Refunds; (e) Customer Support; (f) Facilities; (g) Procurement; (h) Network management center, safety, operational quality assurance and ground operations; (i) Airline strategy, fleet, network, scheduling and regulatory affairs; (j) Airport partnerships and incentives; (k) Information security; and (l) Supply chain	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM4,383, 408

Additional Compliance Information (cont'd)

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
29.	TAAX	Provision of the following shared services by AirAsia SEA and AirAsia SEA TH/IHQ to TAAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) Refunds; (e) Customer Support; (f) Facilities; (g) Procurement; (h) Network management center, safety, operational quality assurance and ground operations; (i) Airline strategy, fleet, network, scheduling and regulatory affairs; (j) Airport partnerships and incentives; (k) Information security; and (l) Supply chain	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM 907,929
EXPENSES				
30.	AAX	Redemption of loyalty points when Big members use the loyalty points accumulated under the airasia rewards Programme operated and managed by BIGLIFE for AAX's flights and other ancillary products and services.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
31.	AAX	Provision of ground handling services at Taoyuan International Airport.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL
32.	AAX	Purchase of AAX's cargo transportation capacity by Teleport on routes operated by AAX.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	USD 67,589,690 (RM 197,005,415)
33.	TAAX	Purchase of TAAX's cargo transportation capacity by Teleport on routes operated by TAAX.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	USD 9,431,013 (RM 7,848,951)
34.	TAAX	Redemption of loyalty points when Big members use the loyalty points accumulated under the airasia rewards Program operated and managed by BIGLIFE for TAAX's flights and other ancillary products and services.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual Value (as at 31 Dec 2022)
35.	Notel Management	The contract for this RRPT(s) was signed between Notel Management and AirAsia SEA for the provision of hotel services to Capital A Group and/or its affiliates and/or its guests at corporate rates provided by Notel Management as hotel operator that manages hotels on behalf of the following entities that directly invoices the respective entities of Capital A Group: 1. OHG Services; and 2. ECML Hotels.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM2,990,426
36.	TPGB	To participate in the BIG Loyalty Program as a merchant partner to purchase BIG Points from BIGLIFE for the purposes of awarding it to TPGB's subscribers.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	RM 24,534
37.	Tune Talk	Subscription to Sim Card by Rokki.	**Interested Directors and Major Shareholders** Tan Sri Tony Fernandes(1) Datuk Kamarudin(2)	NIL

The shareholdings of the interested Directors and interested Major Shareholders in the Company as of 31 December 2022 were as follows:

	Direct		Indirect	
	No. of Shares	**%**	**No. of Shares**	**%**
Interested Directors				
Tan Sri Tony Fernandes	1,600,000(1)	0.04	1,025,485,082(3)	24.64
Datuk Kamarudin	2,000,000(2)	0.05	1,025,485,082(3)	24.64
Dato' Khadar Merican	100,000(6)	0.00	-	-
Interested Major Shareholders				
Tune Air Sdn. Bhd.	516,485,082(4)	12.41	-	-
Tune Live Sdn. Bhd.	509,000,000(5)	12.23		

Notes:

1 *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tan Sri Tony.*
2 *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Datuk Kamarudin.*
3 *Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Tune Live Sdn. Bhd and Tune Air Sdn. Bhd.*
4 *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Air Sdn. Bhd.*
5 *Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Live Sdn. Bhd.*
6 *Shares held under Alliancegroup Nominees (Tempatan) Sdn. Bhd. for Dato' Khadar Merican*

Additional Compliance Information (cont'd)

	Direct	Indirect
	No. of RCUIDS	No. of RCUIDS
Interested Directors		
Tan Sri Tony Fernandes	-	343,028,359[#]
Datuk Kamarudin	-	343,028,359[#]
Dato' Khadar Merican	250,000[(1)]	-

Notes:

[#] *Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.*
[(1)] *Shares held under Alliancegroup Nominees (Tempatan) Sdn. Bhd. for Dato' Khadar Merican*

	Direct	Indirect
	No. of Warrants	No. of Warrants
Interested Directors		
Tan Sri Tony Fernandes	-	171,514,179[#]
Datuk Kamarudin	-	171,514,179[#]
Dato' Khadar Merican	-	-

[#] *Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.*

Please refer to the note(s) in Section 2.3 of the Circular/Statement to shareholders dated 28 April 2023 on the directorships and shareholdings of the interested Directors and interested Major Shareholders in the transacting parties.

5. EMPLOYEES SHARE OPTION SCHEME (ESOS)

The Company had established a long-term incentive scheme of up to 10% of the total number of issued shares of the Company on a fully diluted basis (excluding treasury shares, if any) for eligible employees and directors (Eligible Employees) of Capital A and its subsidiaries (excluding dormant subsidiaries) (Group) at any point of time throughout the duration of the ESOS. The ESOS was approved by the shareholders of the Company at the Extraordinary General Meeting held on 21 June 2021 and came into effect on 3 August 2021, and it was the only share scheme of the Company in existence during the Financial Year. The details of the ESOS are as follows:

(A) The total number of options granted, exercised and outstanding under the ESOS during the Financial Year is set out in the table below:

Description	Number of Options	
	All Eligible Employees of the Group	Executive Directors and Chief Executive of the Company
No. of options granted	N/A	N/A
No. of options exercised	N/A	N/A
No. of options outstanding	89,500,000 / 22.32%	36,500,000 / 9.1%

(B) No options were granted to the Executive Directors of the Company under the ESOS since its commencement on 3 August 2021 up to 31 December 2022. Percentages of options applicable in regard to options or shares granted to the senior management of the Company under the ESOS are set out below:

Senior management of the Company	Percentage	
	During the Financial Year	Since commencement of the ESOS on 3 August 2021 up to 31 December 2022
Aggregate maximum allocation	N/A	N/A
Actual options granted	0	11.67%

(C) The Non-Executive Directors of the Company are not eligible to participate in the ESOS. As such, no options were granted to the Non-Executive Directors of the Company under the ESOS from its commencement on 3 August 2021 up to 31 December 2022.

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are described in Note 12 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit net of tax	(3,304,169)	1,991
(Loss)/profit net of tax attributable to:		
Owners of the Company	(2,626,381)	1,991
Non-controlling interests	(677,788)	-
	(3,304,169)	1,991

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, with exception to the socioeconomic effects of the COVID-19 pandemic which impacted the financial circumstances of the Group and of the Company, the results of the operations of the Group and of the Company during the financial year were otherwise not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of prior year. The directors do not recommend the payment of any dividend in respect of the current financial year.

SHARE CAPITAL

During the financial year, the issued and paid up share capital of the Company was increased from RM8,457,172,000 to RM8,654,977,000 via the conversion of 263,740,000 Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") into ordinary shares issued at RM0.75 per share. The new ordinary shares rank pari passu with the then existing shares of the company.

RCUIDS AND WARRANTS

Number of RCUIDS convertible into ordinary shares of the Company as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Units of RCUIDS
1 August 2027	0.75	1,035,610,619

RCUIDS AND WARRANTS (CONT'D.)

Salient terms of the RCUIDS are disclosed in Note 28 to the financial statements.

Number of warrants with options to subscribe for ordinary shares of the Company as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Units of warrants
31 December 2028	1.00	649,675,479

Salient terms of the warrants are disclosed in Note 34 to the financial statements.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Kamarudin bin Meranun*
Tan Sri Anthony Francis Fernandes*
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Dato' Mohamed Khadar bin Merican
Dato' Fam Lee Ee
Surina Binti Shukri (Appointed on 31 January 2022)

* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Aaron Gomez
Adam Nicholas James Rhodes
Agnes Maranan
Aireen Omar
Ams Cosec Services Sdn.Bhd.
Anajuk Chareonwongsak
Anita Ler
Anthony Chai Kwok Seng
Arifin Eko Prasetyo
Augustus Ralph Marshall
Bawornpak Siripanich
Benyamin Bin Ismail
Carlo Emmanuel M/ Locsin
Chan Ka Yan Karen
Chandran s/o Urath Sankaran Nair
Cheah Yoke Yin
Chi Cheng Bock
Christie Dana G Tan
Colin Melville Kennedy Currie
Craig Charles Kostelic
Craig Matthews
Dato' Hisham Bin Othman
Dato' Sreesanthan A/L Eliathamby
Dato' Sri Mohd Khairi bin Mat Jahya
Datuk Captain Chester Voo Chee Soon
Desiree Maxino Bandal
Devender Bhola
Dinesh Kumar M K R Nambiar
Dr. Chang Soonyoung
Ernest D. Bernal
Farhan Firdaus Bin Zainul Kamar
Francis Anthony
Francisco Edralin Lim
Frederich M. Arejola
Goh Hui Loon
Hanim Hamzah
Harbick Stephen Paul
Hee Joon Kim
Ibnu Tryono
Ikhlas Bin Kamarudin
Irwan Eka Sudarman
Jasmindar Kaur A/P Sarban Singh
Joanna Binti Ibrahim
John Cheing Wai Choy @ Cheing Wai Choy
John Paul V. De Leon
Joseph Omar A. Castillo
Jusuf Saherman
Karena Fernandes
Kartina Binti Mohd Tahir
Keith Lingam a/l Mahalingam
Kenneth Leong Yu Ming
Kerry Cheng Davis
Khoo Gaik Bee
Lalitha Sivanaser
Lam Lo Sho Rose
Lee Teck Loong
Leo Francis F. Abot
Leon Ruben
Leong Shir Mein
Lim Hock Thye
Lim Serh Ghee
Ling Liong Tien
Loh Jin Yong
Lui Yew Lee Dennis Paul
Magandra Dass Haridas
Mahesh Kumar a/l Jaya Kumar
Mahisa Adhitya Rachman
Manolito Alvarez Manolo
Mark Xavier D. Oyales
Mihai-Gabriel Simionescu
Mitherpal Singh Sidhu
Mohd Arfasya bin Dahalan
Muhammad Hafiz Bin Khairudin
Nadda Baranasiri
Nadia Manzoor
Natacha Sabrina Kong Hung Cheong
Natasha binti Kamaluddin
Nguyen Thi Bich Lien
Nipun Anand

Directors' Report (cont'd)

DIRECTORS (CONT'D.)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are: (cont'd.)

Noor Azita Abul'as binti Mohammed Nazrene
Nuttawut Phowborom
Olivier Petra
Omar Salim-Dhanani
Ong Chun Eng
Pablo Sanz Salcedo
Patria Bayuaji
Pattra Boosarawongse
Phairat Pornpathananangoon
Priyanka Jain
Racquel Victoria D. Tenorio
Raden Achmad Sadikin
Rahul Agarwal
Rajiv S/O Ramanathan
Ras Adiba Binti Mohd Radzi
Rashed Mahmud
Reza Viryawan
Riad Asmat
Ricardo P. Isla
Richard Montgomery Beattie
Roisin Dixon
Ronald D. Policarpio
Rozman Bin Omar
Rudy Efendi Daulay
Sabam Hutajulu
Sami Joseph El Hadery
Santisuk Klongchaiya
Seah Kok Khong
Severino Miguel. B Sanchez
Shyamshankar Krishnamurthy
Sim Siew Shan
Sio Wun Lao
Sirot Setabandhu
Subashini a/p Silvadas @ Silvadar
Suvabha Charoenying
Tan Sri Jamaludin Bin Ibrahim
Tanarat Wachirakul
Tassapon Bijleveld
Teh Mun Hui
Teoh Hooi Ling
Thandalam Veeravalli Thirumala
Tharumalingam A/L Kanagalingam
Tommy Lo Seen Chong
Tran Thi My Hanh
V Loganathan S/O Velaitham
Veerayooth Bodharamik
Veranita Yosephine Sinaga
Vichate Tantivanich
Wang Wenju
Wee Choo Peng
Wong Ying Chong
Woo Wai Han
Wuri Septiawan
Yacoob Bin Ahmed Piperdi
Ybhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria
Yon See Ting
Yuthaphong Ma

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2022, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 5(b) and Note 5(c) to the financial statements.

The directors and officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM20,000,000 against any legal liability, if incurred by the directors and officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiaries.

DIRECTORS' INTERESTS

	Number of ordinary shares			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Direct interests in the Company				
Datuk Kamarudin bin Meranun[2]	2,000,000	-	-	2,000,000
Tan Sri Anthony Francis Fernandes[2]	1,600,000	-	-	1,600,000
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	989,500	-	989,500	-
Dato' Mohamed Khadar bin Merican	250,000	-	150,000	100,000

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Indirect interests in the Company				
Tan Sri Anthony Francis Fernandes[1]	1,025,485,082	-	-	1,025,485,082
Datuk Kamarudin bin Meranun[1]	1,025,485,082	-	-	1,025,485,082

	Number of redeemable convertible unsecured islamic debt securities ("RCUIDS")			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Direct interests				
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	329,833	-	329,833	-
Dato' Mohamed Khadar bin Merican	100,000	150,000	-	250,000
Indirect interests^				
Tan Sri Anthony Francis Fernandes[1]	343,028,359	-	-	343,028,359
Datuk Kamarudin bin Meranun[1]	343,028,359	-	-	343,028,359

	Number of Warrants			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Direct interests				
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	164,916	-	164,916	-
Dato' Mohamed Khadar bin Merican	50,000	-	50,000	-
Indirect interests^				
Tan Sri Anthony Francis Fernandes[1]	171,514,179	-	-	171,514,179
Datuk Kamarudin bin Meranun[1]	171,514,179	-	-	171,514,179

[1] *By virtue of their interests in shares of more than 20% in the substantial shareholders of the Company, Tune Air Sdn. Bhd.[2] ("TASB") and Tune Live Sdn. Bhd. ("TLSB"), Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun are deemed to have interests in the Company to the extent of TASB's and TLSB's interests therein, in accordance with Section 8 of the Companies Act 2016*

[2] *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for TASB*

^ *Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.*

Other than as disclosed above, none of the other directors in office at the end of the financial year held any interest in shares or debentures of the Company and its related corporations during the financial year.

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Long Term Incentive Scheme ("LTIS") which is governed by LTIS By-Laws and RCUIDS with free detachable warrants.

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D.)

LTIS

At an Extraordinary General Meeting held on 21 June 2021, the Company's shareholders approved the establishment of LTIS which comprise the Employee Share Option Scheme ("ESOS") and Share Grant Scheme. On 3 August 2021, the Company granted 159,400,000 ESOS to selected certain eligible employees and directors of the Group. The salient features and other details of the ESOS and Share Grant Scheme are disclosed in Note 32 to the financial statements.

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Number of options
31 August 2024	0.7425	126,200,000

Details of ESOS are disclosed in Note 32 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are aware of the COVID-19 pandemic, which may have an impact on certain values attributed to current assets and valuation methods adopted by the Group and the Company.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) with exception of the socioeconomic effects of the COVID-19 pandemic which impacted the financial circumstances of the Group and of the Company, the results of the Group and of the Company during the financial year were otherwise not substantially affected by any item, transaction or event of a material and unusual nature.

(g) Note 41 to the financial statements discussed management's steps to address the current impact of the COVID-19 pandemic. The Board of Directors is confident that based on the working capital management and funding plans, the Group will be in good stead to weather the current challenging environment.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 43 to the financial statements.

AUDITORS

Auditors' remuneration are disclosed in Note 6 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2023.

Datuk Kamarudin bin Meranun **Tan Sri Anthony Francis Fernandes**

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Kamarudin bin Meranun and Tan Sri Anthony Francis Fernandes, being two of the Directors of Capital A Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 237 to 359 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2023.

Datuk Kamarudin bin Meranun

Tan Sri Anthony Francis Fernandes

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Sri Anthony Francis Fernandes, being the Director primarily responsible for the financial management of Capital A Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 237 to 359 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named Tan Sri Anthony Francis Fernandes
at Kuala Lumpur in Malaysia
on 28 April 2023

Tan Sri Anthony Francis Fernandes

Before me,

Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report
to the members of Capital A Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Capital A Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 237 to 359.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report (cont'd)
to the members of Capital A Berhad (Incorporated in Malaysia)

Key Audit Matters (cont'd.)

Going Concern Assessment

The Group reported a loss for the year of RM3,304 million whilst the Company reported a profit for the year of RM2 million, for the financial year ended 31 December 2022. The Group and the Company reported net operating cash outflows of RM282 million and RM495 million respectively. As at 31 December 2022, the Group's current liabilities exceeded its current assets by RM8,509 million. In addition, as at 31 December 2022, the Group reported a negative shareholders' funds of RM5,725 million.

Management has prepared a cash flow forecast as part of the assessment on whether the Group and the Company will be able to continue as a going concern. The going concern assessment was highly subjective as it is largely based on expectations of, and estimates made by the Directors. Critical to the going concern assessment are the Directors' expectations of continuous support from the Group's aircraft lessors, and the Directors' estimates of revenue forecast and major operating costs (such as fuel costs and wages) as well as the impact from foreign exchange rates. Accordingly, we identified going concern assessment as an area requiring audit focus.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- We had discussions with the Directors to understand their business plans to respond to the evolving business environment;
- We evaluated the estimates made by the Directors in respect of the revenue forecasts against the historical trend, latest quoted prevailing prices and available capacity;
- We evaluated the estimates made by the Directors in respect of major operating costs such as fuel costs and wages against the Group's business plans, historical results and external data on the expectation of future prices;
- We evaluated the estimates made by the Directors in respect of foreign exchange rates against external data on the expectation of future foreign exchange rates;
- We evaluated the Directors' expectation of continuous support from the Group's lessors by assessing the past conduct of the Group's lessors in allowing payment flexibilities and reviewing payment deferral letters from certain lessors; and
- We evaluated the adequacy of the disclosures on this matter

Impairment assessment of non-financial assets

(a) Impairment assessment of right-of-use assets ("ROU") and property, plant and equipment ("PPE")

Refer to Note 3.1, Note 11 and Note 29 to the financial statements.

At 31 December 2022, the carrying amount of ROU and PPE of the Group are RM10,182 million and RM883 million respectively.

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired or reversal of impairment may be required. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

The Directors have prepared a set of cash flow projections to evaluate the recoverable amounts of ROU and PPE. The estimates and assumptions used in the cash flow projections which form the basis of the recoverable amounts attributable to the cash generating units ("CGUs") require significant judgement. These judgements require estimates to be made over areas including those relating to future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates. As a result, the Group recognised a reversal of impairment on ROU of RM552 million during the financial year.

Key Audit Matters (cont'd.)

Impairment assessment of non-financial assets (cont'd.)

(a) Impairment assessment of right-of-use assets ("ROU") and property, plant and equipment ("PPE") (cont'd.)

Due to the significant amount of reversal and high degress of estimation and judgement involved, this is a key area of focus for our audit.

(b) Impairment assessment of intangible assets

Refer to Note 3.5 and Note 16 to the financial statements.

As at 31 December 2022, the Group's intangible assets included an aggregate goodwill of RM273 million relating to several subsidiaries, namely, PT Indonesia AirAsia ("IAA") and Velox Technology (Thailand) Company Limited ("Velox"). Intangible assets also included landing rights of IAA and Philippines AirAsia Inc. of RM444 million.

The Group is required to perform annual impairment test of CGUs to which intangible assets have been allocated. The Group estimated the recoverable amount of its CGUs based on the value-in-use ("VIU") model. Estimating the VIU of CGUs involves estimating the future cash inflows and outflows that will be derived from the CGUs, and discounting them at an appropriate rate. Arising from the impairment review, the Group impaired goodwill of RM83 million relating to Velox and Delivereat.

We focused on the impairment assessment of the intangible assets due to the magnitude of the balance and the subjectivity involved. Specifically, we focused on the assumptions applied in respect of revenue growth, cost escalation rates, terminal value and discount rates.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- Held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs. These estimates include those relating, future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates, discount rates and terminal value, as applicable;
- Assessed the key assumptions on which the cash flow projections are based, including, and where relevant, comparing them against financial and non-financial historical trends, and external data, as applicable.
- Assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs;
- Involved our internal specialists to assess the appropriateness of the discount rates applied in the respective discounted cash flow projections; and
- Evaluated the adequacy of the Group's disclosures of key assumptions used in estimations.

Recognition of revenue from passenger seat sales and sales in advance

Refer to Note 4(a) to the financial statements for revenue and statement of financial position for sales in advance.

Independent Auditors' Report (cont'd)
to the members of Capital A Berhad (Incorporated in Malaysia)

Key Audit Matters (cont'd.)

Recognition of revenue from passenger seat sales and sales in advance (cont'd.)

For the financial year ended 31 December 2022, revenue from passenger seat sales accounted for 72% of the Group's total revenue, as compared to 39% for the financial year ended 31 December 2021. The Group relies on an integrated information technology system, which includes the flight reservation system, to process large volumes of data comprising low-value transactions from passenger seat sales. The flight reservation system is managed by a third party vendor.

The accounting for revenue from passenger seat sales is susceptible to management override through the posting of manual journal entries either in the underlying ledgers or as a consolidation journal.

Due to these factors, there is an increased risk of material misstatement arising from the timing and amount of revenue recognised from passenger seat sales. As a result, revenue recognition has been identified as an area of audit focus.

- Obtained an understanding and assessed the Group's information technology systems and key controls that affect the recording of revenue from passenger seat sales. As the flight reservation system is managed by a third-party vendor, we obtained and assessed the external expert's report on the operating effectiveness of the key controls over the system;
- Involved our information technology specialists to test the effectiveness of the automated controls of the key modules of the information technology system;
- Tested the non-automated controls in place to ensure the completeness and accuracy of revenue recognised, including timely updating of approved changes to base fares and ancillary fares;
- Conducted data analytics to reconcile the revenue recognised in respect of passenger seat sales and the amount of sales in advance to payments received from passengers;
- Corroborated the occurrence of revenue by tracing samples of revenue recognised to settlement reports from financial institutions;
- Tested the reconciliation of data between the flight reservation system and the general ledger to ensure the completeness of revenue; and
- Performed procedures to verify that revenue from passenger seat sales is recorded in the appropriate accounting period.

Aircraft maintenance provisions and liabilities

Refer to Note 3.4 and Note 27 to the financial statements.

As at 31 December 2022, the Group's aircraft maintenance provisions and liabilities amounted to RM6,138 million.

The Group operates aircraft that are either owned or held under operating lease arrangements. For the aircraft held under operating lease arrangements, the Group is contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term in certain pre-agreed conditions. Therefore, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognises a provision for these costs at each reporting date.

Key Audit Matters (cont'd.)

Aircraft maintenance provisions and liabilities (cont'd.)

Given the nature of provisions, they are inherently more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are determined by management's judgement, supplemented by experience from similar transactions. Due to the significant magnitude of the provision and the significant judgement involved in estimating the cost to be incurred and timing of cash outflows, we consider this to be an area of audit focus.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- reviewed a sample of the lease agreements to determine the Group's contractual obligations in respect of aircraft maintenance;
- evaluated the significant assumptions on cost to be incurred and applied by the Group in estimating the aircraft maintenance provision costs by comparing these assumptions to past industry experience, actual billings or quotations by supplier and supplemented by expectations of the future economic conditions; and
- performed arithmetic testing on the accuracy of the computation of the aircraft maintenance provisions as at the reporting date.

Cybersecurity

Refer to Note 43(iii) the financial statements.

On 12 November 2022, the Group discovered a cybersecurity breach incident whereby certain of their non-critical servers were compromised and encrypted by a ransomware. A third-party consultant was engaged by the Group to assess the nature and extent of the cybersecurity breach.

As the Group relies on its integrated information technology system to process data from its operations, there may be a risk that the cybersecurity breach incident could have affected the data used in the preparation of the financial statements. Accordingly, we have identified this as an area of audit focus.

In addressing this area of audit focus, our audit procedures included, amongst others:

- Obtained an understanding of the nature and extent of the cybersecurity incident and assessed its impact to the Group's financial reporting systems;
- Evaluated competence, capabilities and objectivity of the third-party consultant. We also assessed the procedures and findings by the third-party consultant and conducted interviews with the third-party consultant. We have included our internal specialist team in this assessment;
- Assessed procedures performed by management in their evaluation of the impact of the cybersecurity breach to those systems whose data were used in the preparation of the Group's financial statements;
- Performed additional audit procedures to assess the completeness and accuracy of data on suspected compromised systems; These procedures include among others, the following:
    - Performed data analytics on revenue, receivables and cash to identify any unusual transactions;
    - Tested additional samples of the hours flown from the manually kept flight log to the data recorded in the system; and
    - Matched samples of the source data in the employee files to the payroll summary report;

Independent Auditors' Report (cont'd)
to the members of Capital A Berhad (Incorporated in Malaysia)

Key Audit Matters (cont'd.)

Cybersecurity (cont'd.)

- Assessed the third-party consultant's recommendations and measures put in place to mitigate this risk; and

- Evaluated the appropriateness of related disclosures made in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the 2022 annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (cont'd)
to the members of Capital A Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Low Khung Leong
No. 02697/01/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2023

Income Statements
For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000
Revenue	4(a)	6,437,068	1,682,896	-	-
Other income	4(b)	154,264	264,994	976	92
Operating expenses					
- Staff costs	5(a)	(1,229,655)	(795,638)	(26,515)	(35,847)
- Depreciation of property, plant and equipment	11	(132,042)	(164,685)	-	-
- Depreciation of right-of-use assets	29	(1,309,533)	(1,655,887)	-	-
- Aircraft fuel expenses	7(a)	(2,956,244)	(393,941)	-	-
- Maintenance and overhaul	7(b)	(846,840)	(480,619)	-	-
- User charges	7(c)	(1,229,008)	(760,537)	-	-
- Other operating expenses	6	(281,819)	(542,192)	(28,095)	(22,946)
Operating loss		(1,393,809)	(2,845,609)	(53,634)	(58,701)
Finance income	8(a)	40,305	35,314	84,396	40
Finance costs	8(b)	(1,004,922)	(679,807)	(61,881)	(1)
Net operating loss		(2,358,426)	(3,490,102)	(31,119)	(58,662)
Foreign exchange (loss)/gain	8(c)	(644,860)	(71,084)	33,110	(5,186)
Net fair value gain on derivatives	8(d)	45,021	31,377	-	-
Share of results of joint ventures		(658)	(453)	-	-
Share of results of associates		(344,735)	(44,774)	-	-
(Loss)/profit before taxation		(3,303,658)	(3,575,036)	1,991	(63,848)
Taxation					
- Current taxation	9	(15,575)	(4,974)	-	150
- Deferred taxation	9	15,064	(140,765)	-	-
		(511)	(145,739)	-	150
Net (loss)/profit for the financial year		(3,304,169)	(3,720,775)	1,991	(63,698)
Net loss for the financial year attributable to:					
- Owners of the Company		(2,626,381)	(2,991,075)		
- Non-controlling interests		(677,788)	(729,700)		
		(3,304,169)	(3,720,775)		
Loss per share attributable to owners of the Company (sen)					
- Basic	10	(64.8)	(79.0)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income
For the financial year ended 31 December 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Net (loss)/profit for the financial year		(3,304,169)	(3,720,775)	1,991	(63,698)
Other comprehensive (loss)/income					
Items that may be subsequently reclassified to profit or loss					
Cash flow hedges		-	42,009	-	-
Foreign currency translation differences		(34,869)	(61,061)	-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(34,869)	(19,052)	-	-
Items that will not be subsequently reclassified to profit or loss					
Remeasurement gain on employee benefits liability, net of tax		6,842	12,776	-	-
Net movement on investment securities	15	(15,759)	102,805	-	109,114
Net other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods		(8,917)	115,581	-	109,114
Other comprehensive (loss)/income for the financial year, net of tax		(43,786)	96,529	-	109,114
Total comprehensive (loss)/income for the financial year		(3,347,955)	(3,624,246)	1,991	45,416
Total comprehensive loss attributable to:					
- Owners of the Company		(2,670,167)	(2,911,298)		
- Non-controlling interests		(677,788)	(712,948)		
		(3,347,955)	(3,624,246)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
As at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000
Non-current assets			
Property, plant and equipment	11	882,893	933,474
Right-of-use assets	29	10,182,126	9,750,711
Finance lease receivables	29	260,820	266,233
Investment in a joint venture	13	220	878
Investment in associates	14	924,312	438,004
Investment securities	15	114,534	243,323
Intangible assets	16	748,350	833,450
Deferred tax assets	17	739,238	738,760
Receivables and prepayments	18	3,564,648	3,599,414
Deposits on aircraft purchase	19	576,034	610,489
Derivative financial instruments	20	165,397	165,397
		18,158,572	17,580,133
Current assets			
Inventories	21	204,459	153,600
Receivables and prepayments	18	650,972	608,405
Finance lease receivables	29	114,975	224,144
Amounts due from associates	23	166,437	67,285
Amounts due from related parties	24	154,921	134,153
Tax recoverable		7,208	5,408
Deposits, cash and bank balances	25	469,985	1,256,753
		1,768,957	2,449,748
Less: Current liabilities			
Trade and other payables	26	2,878,562	2,308,897
Aircraft maintenance provisions and liabilities	27	599,895	976,633
Sales in advance	2.23.1	1,428,011	930,510
Amounts due to associates	23	266,126	43,297
Amounts due to related parties	24	230,291	129,717
Borrowings	28	530,958	887,228
Lease liabilities	29	4,340,844	3,905,769
Tax payables		3,336	21,873
		10,278,023	9,203,924
Net current liabilities		(8,509,066)	(6,754,176)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position (cont'd)
As at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000
Non-current liabilities			
Other payables	26	280,801	292,691
Aircraft maintenance provisions and liabilities	27	5,538,224	4,860,637
Deferred tax liabilities	17	154,905	169,477
Borrowings	28	2,405,756	1,422,661
Lease liabilities	29	10,717,036	10,389,525
Derivative financial instruments	20	-	32,785
Provision for retirement benefits	30	69,742	81,084
		19,166,464	17,248,860
		(9,516,958)	(6,422,903)
Capital and reserves			
Share capital	31	8,654,977	8,457,172
Merger deficit	33	(5,507,594)	(5,507,594)
Foreign exchange reserve		(153,308)	(118,439)
Accumulated losses		(8,923,188)	(6,374,760)
Reserves	34(b)	204,020	161,321
Total shareholders' deficit		(5,725,093)	(3,382,300)
Non-controlling interests	12	(3,791,865)	(3,040,603)
Total deficit		(9,516,958)	(6,422,903)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Company 2022 RM'000	2021 RM'000
Non-current assets			
Investment in subsidiaries	12	8,558,045	8,544,641
Derivative financial instruments	20	165,397	165,397
		8,723,442	8,710,038
Current assets			
Receivables and prepayments	18	304	80
Amount due from subsidiaries	22	1,454,450	1,091,879
Amounts due from associates	23	10,722	10,260
Amounts due from related parties	24	1,373	1,150
Tax recoverable		150	150
Deposits, cash and bank balances	25	1,255	561,887
		1,468,254	1,665,406
Less: Current liabilities			
Trade and other payables	26	2,943	7,666
Amounts due to subsidiaries	22	18,508	213,099
Amounts due to related parties	24	202	-
		21,653	220,765
Net current assets		1,446,601	1,444,641
Non-current liabilities			
Deferred tax liabilities	17	32,892	32,892
Borrowings	28	655,499	822,437
		688,391	855,329
		9,481,652	9,299,350
Capital and reserves			
Share capital	31	8,654,977	8,457,172
Retained earnings	34(a)	571,029	569,038
Reserves	34(b)	255,646	273,140
Total equity		9,481,652	9,299,350

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2022

		Attributable to owners of the Company										
		Non-distributable										
	Number of shares '000	Share capital RM'000 (Note 31)	Merger deficit RM'000 (Note 33)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 34(b))	RCUIDS reserves RM'000 (Note 34(b))	Warrants reserves RM'000 (Note 34(b))	Other reserves RM'000 (Note 34(b))	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022	3,898,053	8,457,172	(5,507,594)	(118,439)	5,968	154,360	112,736	(111,743)	(6,374,760)	(3,382,300)	(3,040,603)	(6,422,903)
Net loss for the financial year	-	-	-	-	-	-	-	-	(2,626,381)	(2,626,381)	(677,788)	(3,304,169)
Other comprehensive loss	-	-	-	(34,869)	-	-	-	(8,917)	-	(43,786)	-	(43,786)
Total comprehensive loss	-	-	-	(34,869)	-	-	-	(8,917)	(2,626,381)	(2,670,167)	(677,788)	(3,347,955)
Issuance of shares	263,740	197,805	-	-	-	-	-	-	-	197,805	-	197,805
Conversion of RCUIDS into ordinary share	-	-	-	-	-	(27,529)	-	-	-	(27,529)	-	(27,529)
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	77,953	77,953	(73,474)	4,479
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	68,499	-	68,499	-	68,499
Share-based payments	-	-	-	-	10,646	-	-	-	-	10,646	-	10,646
At 31 December 2022	4,161,793	8,654,977	(5,507,594)	(153,308)	16,614	126,831	112,736	(52,161)	(8,923,188)	(5,725,093)	(3,791,865)	(9,516,958)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Number of shares '000	Share capital RM'000 (Note 31)	Merger deficit RM'000 (Note 33)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 34(b))	RCUIDS reserves RM'000 (Note 34(b))	Warrants reserves RM'000 (Note 34(b))	Other reserves RM'000 (Note 34(b))	Retained earnings/ Non-Distributable accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company											
		Non-distributable							Distributable			
At 1 January 2021	3,341,974	8,023,268	(5,507,594)	(57,378)	-	-	-	(225,368)	(3,447,215)	(1,214,287)	(2,355,507)	(3,569,794)
Net loss for the financial year	-	-	-	-	-	-	-	-	(2,991,075)	(2,991,075)	(729,700)	(3,720,775)
Other comprehensive (loss)/income	-	-	-	(61,061)	-	-	-	140,838	-	79,777	16,752	96,529
Total comprehensive (loss)/income	-	-	-	(61,061)	-	-	-	140,838	(2,991,075)	(2,911,298)	(712,948)	(3,624,246)
Issuance of shares	556,079	433,904	-	-	-	-	-		-	433,904	-	433,904
Issuance of RCUIDS	-	-	-	-	-	154,360	112,736	-	-	267,096	-	267,096
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	145,008	145,008	22,199	167,207
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	(108,691)	(108,691)	5,653	(103,038)
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	-	-	-	-	-	(27,213)	27,213	-	-	-
Share-based payments	-	-	-	-	5,968	-	-	-	-	5,968	-	5,968
At 31 December 2021	3,898,053	8,457,172	(5,507,594)	(118,439)	5,968	154,360	112,736	(111,743)	(6,374,760)	(3,382,300)	(3,040,603)	(6,422,903)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity
For the financial year ended 31 December 2022

		Non-distributable					Distributable	
	Number of shares '000	Share capital RM'000 (Note 31)	Share option reserves RM'000 (Note 34(b))	RCUIDS reserves RM'000 (Note 34(b))	Warrants reserves RM'000 (Note 34(b))	Fair value reserve RM'000 (Note 34(b))	Retained earnings RM'000 (Note 34(a))	Total equity RM'000
At 1 January 2022	3,898,053	8,457,172	6,044	154,360	112,736	-	569,038	9,299,350
Total comprehensive income	-	-	-	-	-	-	1,991	1,991
Issuance of shares	263,740	197,805	-	-	-	-	-	197,805
Conversion of RCUIDS into ordinary share	-	-	-	(27,529)	-	-	-	(27,529)
Share-based payments	-	-	10,035	-	-	-	-	10,035
At 31 December 2022	4,161,793	8,654,977	16,079	126,831	112,736	-	571,029	9,481,652
At 1 January 2021	3,341,974	8,023,268	-	-	-	(81,901)	605,523	8,546,890
Net loss for the financial year	-	-	-	-	-	-	(63,698)	(63,698)
Other comprehensive income	-	-	-	-	-	109,114	-	109,114
Total comprehensive income/(loss)	-	-	-	-	-	109,114	(63,698)	45,416
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	-	-	-	(27,213)	27,213	-
Issuance of shares	556,079	433,904	-	-	-	-	-	433,904
Issuance of RCUIDS	-	-	-	154,360	112,736	-	-	267,096
Share-based payments	-	-	6,044	-	-	-	-	6,044
At 31 December 2021	3,898,053	8,457,172	6,044	154,360	112,736	-	569,038	9,299,350

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows
For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Loss before taxation		(3,303,658)	(3,575,036)	1,991	(63,848)
Adjustments for:					
Property, plant and equipment					
- Depreciation	11	132,042	164,685	-	-
- Gain on disposals	4(b)	(7,339)	(32,921)	-	-
- Write off	11	140	313	-	-
- Impairment	11	(17,185)	-	-	-
Right-of-use assets					
- Depreciation	29	1,309,533	1,655,887	-	-
- Adjustment	29	11,469	-	-	-
Loss on recognition of finance lease receivables	29	-	41,187	-	-
Amortisation of intangible assets	16	7,618	975	-	-
Fair value changes in investment securities	15	37,624	-	-	-
Impairment/(reversal of impairment) on					
- trade and other receivables	6	83,654	3,081	-	-
- amounts due from associates	6	-	(4,898)	-	(269)
- amounts due from related parties	6	-	14,293	-	637
- right-of-use assets	6	(552,290)	-	-	-
- finance lease receivables	29	(98,923)	2,856	-	-
- intangible assets	16	82,720	5,094	-	-
Share-based payments	32	10,646	5,968	221	38
Share of results of					
- joint ventures		658	453	-	-
- associates		344,735	44,774	-	-
Provision/(reversal) for retirement benefits		4,653	(3,429)	-	-
Aircraft maintenance provisions	27	300,849	237,397	-	-
Net fair value gain on derivatives	8(d)	-	(31,377)	-	-
Gain on termination of hedging contract	8(d)	(45,021)	-	-	-
Operating loss carried forward		(1,698,075)	(1,470,698)	2,212	(63,442)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities (cont'd.)					
Operating loss brought forward		(1,698,075)	(1,470,698)	2,212	(63,442)
Net unrealised foreign exchange loss/(gain)	8(c)	545,316	49,996	(56,783)	7,184
Interest expense	8(b)	299,770	179,763	61,881	1
Interest expense - Lease liabilities	8(b)	705,152	500,044	-	-
Interest income	8(a)	(22,241)	(19,171)	(84,396)	(40)
Interest income - Finance lease receivables	8(a)	(18,064)	(16,143)	-	-
		(188,142)	(776,209)	(77,086)	(56,297)
Changes in working capital:					
Inventories		(50,859)	(12,179)	-	-
Receivables and prepayments		(738,963)	11,352	3,789	(21)
Payables and provisions		261,126	(154,047)	(4,944)	471
Sales in advance		497,501	(2,897)	-	-
Amounts due from/to subsidiaries, associates, joint venture and related parties		215,139	356,595	(416,920)	(908,788)
Cash generated from/(used in) operations		(4,198)	(577,385)	(495,161)	(964,635)
Interest paid		(233,082)	(93,917)	-	-
Interest received		2,053	1,456	-	-
Taxes paid		(35,898)	(4,580)	-	(1,627)
Retirement benefits paid		(11,017)	(3,273)	-	-
Net cash (used in)/generated from operating activities		(282,142)	(677,699)	(495,161)	(966,262)
Cash flows from investing activities					
Property, plant and equipment					
- Additions		(89,333)	(47,804)	-	-
- Proceeds from disposals		7,765	81,209	-	-
Addition in right-of-use asset		(1,357)	-	-	-
Addition in intangible assets	16	-	(2,327)	-	-
Net cash from investing activities carried forward		(82,925)	31,078	-	-
Proceeds from disposal of:					
- a subsidiary	12	-	-	4,410	-
- an investment security	15	83,040	239,979	-	239,979
- a derivative		12,236	-	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities (cont'd.)					
Net changes:					
- Deposits pledged as securities and restricted cash		(11,318)	(11,440)	-	-
- Deposits with licensed banks with maturity period of more than 3 months		(43,087)	(9)	-	-
- Investment securities		-	49,587	-	-
Acquisition of:					
- subsidiaries net of cash acquired	12	-	(22,598)	-	-
Additional subscription of shares in					
- subsidiaries	12	-	-	(8,000)	(322)
- an associate	14	(177,280)	-	-	-
- other investment	15	(4,410)	-	-	-
Receipt of finance lease receivables		13,283	102,440	-	-
Net cash (used in)/generated from investing activities		(210,461)	389,037	(3,590)	239,657
Cash flows from financing activities					
Proceeds from issuance of shares		-	336,464	-	336,464
Proceeds from issuance of RCUIDS		-	974,513	-	974,513
Proceeds from borrowings		1,167,698	771,334	-	-
Repayment of borrowings		(309,485)	(565,102)	(61,881)	-
Payment of lease liabilities		(1,171,914)	(423,777)	-	-
Transaction costs on issuance of shares and RCUIDS		-	(23,084)	-	(23,084)
Net cash (used in)/generated from financing activities		(313,701)	1,070,348	(61,881)	1,287,893
Net (decrease)/increase for the financial year		(806,304)	781,686	(560,632)	561,288
Currency translation differences		(34,869)	(69,660)	-	(260)
Cash and cash equivalents at beginning of the financial year		1,177,931	465,905	561,887	859
Cash and cash equivalents at end of the financial year		336,758	1,177,931	1,255	561,887

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash and cash equivalents at end of the financial year		336,758	1,177,931	1,255	561,887
Add:					
Deposits pledged as securities and restricted cash		120,832	77,745	-	-
Deposits with licensed banks with maturity period of more than 3 months		12,395	1,077	-	-
Deposits, cash and bank balances at the end of the financial year	25	469,985	1,256,753	1,255	561,887

The deposits and restricted cash amounting to RM120.8 million (2021: RM77.7 million) are pledged as securities for banking facilities granted to the Group.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2022

1. GENERAL INFORMATION

Capital A Berhad ("CAB" or "the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad.

The address of the registered office and the principal place of business of the Company is as follows:

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

The principal activity of the Company is that of investment holding company. The principal activities of the subsidiaries are described in Note 12. There were no significant changes in the nature of these activities during the financial year.

On 27 January 2022, the shareholders of the Company approved the change of name from AirAsia Group Berhad to Capital A Berhad.

The financial statements were authorised for issue by the board of directors in accordance with resolution of the directors on 28 April 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The Group and the Company reported loss for the year of RM3,304 million and profit for the year of RM2 million respectively for the financial year ended 31 December 2022, as well as net operating cash outflow of RM282 million and RM495 million respectively. As at 31 December 2022, the Group's current liabilities exceeded the current assets by RM8,509 million. In addition, as at 31 December 2022, the Group reported negative shareholders' funds of RM5,725 million.

These conditions may affect the ability of the Group to meet its financial obligations as and when they fall due. The Group has undertaken several actions to mitigate this risk as disclosed in Note 41.

This is based on the Directors' cash flow projections with major assumptions being the Directors' expectations of the recovery in passenger numbers arising from the resumption of domestic and international travel, the volatility of major operating costs and the continuous support of the Group's aircraft lessors. Whilst the successful renegotiation of terms with major lessors, as further disclosed in Note 41, have significantly improved the cost and cash flow management of the Group, the Group requires the continuous support from its lessors to allow flexibility in terms of payments of lease rentals until such time the Group reaches a tenable level of operations. To this end, the lessors have been very supportive of the Group since the onset of the COVID-19 pandemic. The Directors believe that the Group will continue to receive support from its lessors.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (cont'd.)

Based on the cash flow forecast which incorporates the actions taken to date in response to the negative effects of COVID-19 and the expectations of continuous support from the aircraft lessors, the Directors concluded that there is no material uncertainty on the Group's and the Company's ability to continue as going concerns. The Directors have accordingly prepared the financial statements of the Group and the Company on a going concern basis.

2.2 Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2022:

Amendments to MFRS 116: Property, Plant and Equipment:
- Property, Plant and Equipment - Proceeds before intended use

Amendments to MFRS 137: Onerous Contracts
- Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020
- Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards
  - Subsidiary of a First-time Adopter
- Amendments to MFRS 9: Financial Instruments
  - Fees in the '10 Percent' Test for Derecognition of Financial Liabilities
- Amendments to MFRS 141: Agriculture
  - Taxation in Fair Value Measurements

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework

Amendments to MFRS 137: Onerous Contracts
- Costs of Fulfilling a Contract

Amendment to MFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2022 (effective 1 April 2022)

The application of these amended MFRSs has had no impact on the disclosures and the amounts recognised in the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

2.4.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.1 Subsidiaries (cont'd.)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and

(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.2 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.4.3 Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in a joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised. Where an entity loses joint control over a joint venture but retains significant influence, the Group does not remeasure its continued ownership interest at fair value.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted using the equity method of accounting together with any long-term interests that, in substance, form part of the Group's net investment in the associate. In this regard, a receivable for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the Group's investment in that associate.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.4 Associates (cont'd.)

This does not include receivables for which adequate collateral exists. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.4.5 Reverse acquisition of an asset or a group of assets that does not constitute a business

At the time of reverse acquisition, the Group considers whether each reverse acquisition represents the reverse acquisition of a business or the reverse acquisition of an asset. Where the assets acquired and liabilities assumed do not constitute a business as defined under MFRS 3, the transaction is accounted as an asset acquisition.

In such cases, the Group identifies and recognises the individual identifiable assets acquired (including intangible assets) and liabilities assumed. The cost of acquisition is allocated to the individual identifiable assets and liabilities based upon their relative fair value at the date of purchase, and no goodwill or deferred tax is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

2.4.5 Reverse acquisition of an asset or a group of assets that does not constitute a business (cont'd.)

The legal subsidiary is regarded as the accounting acquirer while the legal parent is regarded as the accounting acquiree. The accounting acquirer is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the accounting acquiree using the accounting principles of MFRS 2. The fair value of issued equity shares is determined based on the market value of the accounting acquiree which is represented by the quoted and trade price of its shares right before the reverse acquisition. The difference between the purchase consideration and the fair value of identifiable assets acquired and liabilities assumed will be recognised in the income statement as acquisition cost arising from the reverse acquisition.

2.4.6 Internal reorganisation

Acquisition of entities under an internal reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

(a) The results of entities are presented as if the internal reorganisation occurred from the beginning of the earliest period presented in the financial statements;

(b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the internal reorganisation that would otherwise be done under the acquisition method; and

(c) No new goodwill is recognised as a result of the internal reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve or deficit.

2.5 Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.20 on borrowing costs).

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated. Significant parts of other item of property, plant and equipment are depreciated separately over their estimated useful lives in accordance with the principle in MFRS 116 'Property, Plant and Equipment'. Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Property, plant and equipment (cont'd.)

Aircraft	
- engines, airframes and spare engines excluding service potential	25 years
- service potential of engines	8 years
- service potential of airframes	13 years
- service potential of spare engines	11 years
Aircraft spares	10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Buildings	28.75 years
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years
Office renovation	5 years
Simulator equipment	25 years
Operating plant and ground equipment	5 years
In-flight equipment	5 years
Training equipment	5 years

Service potential of 8 years represents the period over which the expected cost of the first major aircraft engine overhaul is depreciated. Subsequent to the engine overhaul, the actual cost incurred is capitalised and depreciated over the subsequent 8 years.

Service potential of 13 years for airframes represents the period over which the expected cost of the first major airframe check is depreciated. Subsequent to the airframe check, the actual cost incurred is capitalised and depreciated over the subsequent 13 years.

Assets not yet in operation are stated at cost and are not depreciated until the assets are ready for their intended use. Useful lives of assets are reviewed and adjusted if appropriate, at the balance sheet date.

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates are adjusted accordingly on a prospective basis. For the current financial year ended 31 December 2022, the estimated residual value for aircraft airframes and engines excluding service potential is 10% of their cost (2021: 10% of their cost).

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of its engines and airframes. This cost, which can equate to a substantial element of the total aircraft cost, is amortised over the shorter of the period to the next checks or the remaining life of the aircraft.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.8 on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Property, plant and equipment (cont'd.)

Deposits on aircraft purchase are recognised as deposits and subsequently included as part of the cost of the aircraft and are depreciated from the date that aircraft is ready for its intended use.

2.6 Intangible assets

2.6.1 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6.2 Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Intangible assets (cont'd.)

2.6.2 Other intangible assets (cont'd.)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Research and development – internally developed software

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and,
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life which is between 3 - 7 years.

(ii) Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by the Group's airline operating centres and are recorded at cost less any accumulated impairment losses. Landing rights are allocated to CGUs and are not amortised as they are considered to have an indefinite useful life and are tested annually for impairment.

2.7 Investments in subsidiaries, joint venture and associates

In the Company's separate financial statements, investments in subsidiaries is stated at cost less accumulated impairment losses.

Amounts due from associates of which the Company does not expect repayment in the foreseeable future are treated as part of the parent's net investment in associates. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see Note 2.8). On disposal of investments in subsidiaries, joint venture and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or as and when events or circumstances occur indicating that an impairment may exist. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.9 Maintenance and overhaul

Owned aircraft

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned aircraft is described in accounting policy Note 2.5 on property, plant and equipment.

Leased aircraft

Where the Group has a commitment to maintain aircraft held under operating leases, provision is made during the lease term for the rectification obligations contained within the lease agreements. The provisions are based on estimated future costs of major maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the financial year.

2.10 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

i) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Leases (cont'd.)

Group as a lessee (cont'd.)

i) ROU assets (cont'd.)

Aircraft and spare engines	2 - 19 years
Land and building	2 - 20 years

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

The ROU assets are also subject to impairment. Refer to the accounting policies in Note 2.8 impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease modifications that are not accounted for as separate leases are accounted as adjustments to the carrying value of the lease liability with a corresponding impact to the related right-of-use asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Leases (cont'd.)

Group as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

i) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 'Financial Instruments' (refer to Note 2.12.4) on impairment of financial assets. In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

ii) Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

The Group as an intermediate lessor accounts for the sublease as follows:

- If the sublease is classified as an operating lease, the original lessee continues to account for the lease liability and ROU asset on the head lease.
- If the sublease is classified as a finance lease, the original lessee derecognises the ROU asset on the head lease at the sublease commencement date and continues to account for the original lease liability. The original lessee, as the sublessor, recognises a net investment in the sublease and evaluates it for impairment.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Leases (cont'd.)

Sale and leaseback transactions

Sale and leaseback transactions are tested under MFRS 15 Revenue from Contracts with Customers at the date of the transaction to assess whether the transaction qualifies as a sale. If the transfer of the asset is a sale, the seller-lessee will:

- Derecognise the underlying asset; and
- Recognise the gain or loss, if any, that relates to the rights transferred to the buyer-lessor and adjusted for off-market terms.

If the transaction does not qualify as sale under MFRS 15, a financial liability equal to the sale value is recognised in the financial statements.

2.11 Inventories

Inventories which comprise consumables used internally for repairs and maintenance are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less all applicable variable selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

2.12 Financial assets

2.12.1 Classification

The Group and the Company classify their financial assets in the following categories; fair value through profit or loss, fair value through other comprehensive income and amortised cost.

Financial assets at fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described below are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument (see Note 2.15)). On initial recognition, the Group and the Company may irrevocably designate a financial asset which may otherwise have met requirements of amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

2.12.1 Classification (cont'd.)

The Group and the Company classify their financial assets in the following categories; fair value through profit or loss, fair value through other comprehensive income and amortised cost. (cont'd.)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity securities which are not held for trading but more for strategic investments or debt securities where contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. The classification as financial assets at fair value through other comprehensive income is an irrevocable election made on initial recognition.

Amortised costs

Financial assets classified as amortised costs are assets with contractual cash flows and contractual terms to give rise to the cashflows that are solely payments of principal and interest on principal outstanding. They were included in current assets, except for maturities greater than 12 months after the end of the reporting period. These were classified as non-current assets. The Group's financial assets at amortised costs comprise 'receivables', 'amounts due from associates and related parties', 'deposits on aircraft purchase' and 'deposits, cash and bank balances' in the statements of financial position.

2.12.2 Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

2.12.3 Subsequent measurement - gains and losses

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets.

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised costs using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

2.12.3 Subsequent measurement - gains and losses (cont'd.)

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets. (cont'd.)

(ii) Fair value through other comprehensive income

(a) Debt instruments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt instruments, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is not designated as at fair value through profit or loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Equity investment

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit or loss

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (Note 2.12.4).

2.12.4 Subsequent measurement - impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

2.12.4 Subsequent measurement - impairment of financial assets (cont'd.)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider 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 Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine 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.

2.13 Financial liabilities

2.13.1 Classification and measurement

The Group classifies its financial liabilities in the following category: other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

The Group does not hold any financial liabilities carried at fair value through profit or loss (except for derivative financial instruments). See accounting policy Note 2.15 on derivative financial instruments and hedging activities.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Financial liabilities (cont'd.)

2.13.1 Classification and measurement (cont'd.)

Other financial liabilities are non-derivative financial liabilities. Other financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these liabilities are recognised in the income statements.

The Group's other financial liabilities comprise payables (including intercompanies and related parties' balances), borrowings and lease liabilities in the statement of financial position. Financial liabilities are classified as current liabilities; except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current liabilities.

Financial liabilities are derecognised when the liability is either discharged, cancelled, expired or has been restructured with substantially different terms.

2.13.2 Derecognition

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

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.15 Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.12. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Derivatives and hedge accounting (cont'd.)

(a) There is 'an economic relationship' between the hedged item and the hedging instrument.

(b) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

(c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measured.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'net fair value gains on derivatives' (Note 8(d)).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'net fair value losses on derivatives' (Note 8(d)).

2.16 Cash and cash equivalents

For the purpose of the statements of cash flow, cash and cash equivalents comprise cash on hand, bank balances, demand deposits and other short term, highly liquid investments with original maturities of three months or less, less bank overdrafts. Deposits held as pledged securities for banking facilities granted to the Group are not included as cash and cash equivalents.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group and the Company expect a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense in profit or loss.

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed in the notes to consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements.

2.18 Share capital

2.18.1 Classification

Ordinary shares with discretionary dividends are classified as equity.

2.18.2 Share issue costs

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18.3 Dividends distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

2.19 Redeemable Convertible Unsecured Islamic Debt Securities

Redeemable convertible unsecured islamic debt securities ("RCUIDS") issued by the Company are separated into liability and equity components.

On issuance of the RCUIDS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. The amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the RCUIDS, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.20 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statements.

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

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Current and deferred income tax (cont'd.)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits including unused investment tax allowance can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures or associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

2.22.1 Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the employees of the Group.

2.22.2 Defined contribution retirement plan

The Group's contributions to the Employees' Provident Fund are charged to income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.22.3 Defined benefit plan

The Group operates defined benefit pension plans in Indonesia and Philippines, which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Employee benefits (cont'd.)

2.22.3 Defined benefit plan (cont'd.)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'staff costs' in the income statements:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

2.22.4 Share-based payments

Employees of the Company and certain subsidiary companies of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options at the date of grant. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserves over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's and the Group's best estimate of the number of share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for share options that do not ultimately vest because market performance and/or service conditions have not been met. The proceeds received net of any directly attributable transaction costs and the employee share option reserve relating to the vested options are transferred to share capital when the share options are exercised.

2.23 Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with MFRS 15, an entity satisfies the performance at a point in time.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Revenue and other income (cont'd.)

2.23.1 Passenger revenue

Passenger revenue relates to scheduled passenger flight and charter flight income and is recorded net of discounts and includes the related ancillary revenue (including airport and insurance surcharges, administrative fees, baggage fee, assigned seat, cancellation, documentation and other fees, and on-board sale of meals and merchandise). The Group initially recognises all ticket sales as 'sales in advance' which is presented as current liabilities in line with the initial application of MFRS 15. Passenger revenue is recorded when the air transportation service is provided (i.e. recognised at a point in time).

2.23.2 Aircraft operating leases

Revenue from aircraft operating leases is recorded on a straight-line basis over the term of the lease.

2.23.3 Freight services

Freight revenue is a distinct performance obligation and recognised upon the completion of services rendered net of discounts.

2.23.4 Rental income and brand license

Rental income and brand license fees are recognised on an accrual basis.

2.23.5 Interest income

Interest income is recognised using the effective interest method.

2.23.6 Sale of loyalty points

The Group operates a frequent flyer programme where members accumulate points for purchases made which entitle them to discounts on future purchases. Revenue from the award points is recognised as deferred revenue (included in trade and other payables) upon issuing the points, and recognised upon redemption of loyalty points by members. The amount of revenue recognised is computed based on the number of points redeemed and the redemption value of each point which is calculated on a weighted average basis. Award points issued before 1 June 2019 will expire by 36 months upon date of issuance and points issued after 1 June 2019 will expire 24 months upon date of issuance. Revenue associated with the sale of points to merchant partners under the customer loyalty programme is recognised when the obligation is completed.

Included in trade and other payables is the deferred breakage. Breakage represents the estimated loyalty points that are not expected to be redeemed by members. The amount of revenue recognised related to deferred breakage is based on the number of loyalty points redeemed in a period in relation to the total number expected to be redeemed, which factors in the Group estimate for the breakage. Breakage is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns, as adjusted for changes to any terms and conditions that may affect members' redemption practices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Foreign currencies

2.24.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

2.24.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses arising from operations, borrowings (after effects of effective hedges) and amount due from associates and joint ventures are presented in aggregate after net operating profit in the income statements.

Changes in the fair value of monetary securities denominated in foreign currency classified as investment securities are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as investment securities, are included in other comprehensive income.

2.24.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Foreign currencies (cont'd.)

2.24.3 Group companies (cont'd.)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.25 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.26 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less, when appropriate, cumulative amortisation recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.28 Maintenance reserve funds

Maintenance reserve funds relate to payments made by the lessee for maintenance activities undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve funds. At the expiry of the lease term, excess maintenance reserve is recognised in the profit and loss account.

2.29 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.30 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.30 Fair value measurement (cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii) Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are explained below.

3.1 Impairment assessment of property, plant and equipment and right-of-use assets

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. This requires an estimation of the value in use of the airline cash generating units.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.1 Impairment assessment of property, plant and equipment and right-of-use assets (cont'd.)

There is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of expected recovery. As a result, the estimates and assumptions used in the cash flow projections which form the basis of the recoverable amounts attributable to the CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to the timing of recovery of the COVID-19 pandemic, future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates.

Further details of the carrying value, the key assumptions applied in the impairment assessment of property, plant and equipment and right-of-use assets are disclosed in Notes 11 and 29.

3.2 Impairment assessment of financial assets

The Group applies the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance ("ECL") for all receivables (including intercompanies and related parties' balances).

The Group assesses the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition. The impairment allowances for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates specific to the debtors at the end of each reporting period.

3.3 Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of regulatory approvals for prospective routes, aircraft delivery, fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on expected future performance and taxable profits which have been adjusted for non-recurring circumstances and a reasonable growth rate.

Key assumptions and estimates concerning the future used to estimate the future taxable profits have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

3.4 Provision for aircraft maintenance and overhaul costs

The Group operates aircraft which are either owned or held under operating lease arrangement. In respect of the aircraft held under operating lease arrangements, the Group is contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

A provision by its nature is more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are determined by the judgement of the management, supplemented by experience from similar transactions. Any revision in assumptions and estimations that causes a material effect to the provision would be adjusted prospectively in the financial statements.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.5 Impairment assessment of intangible assets

Goodwill, landing rights and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash generating units to which goodwill and landing rights are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill and landing rights are given in Note 16.

Key assumptions and estimates concerning the future used to compute the value in use of assets have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

3.6 Impairment assessment of interests in subsidiaries, associates and joint ventures

The Group's and the Company's interests in subsidiaries, associates and joint ventures are tested for impairment by comparing the carrying amounts with the value in use. Estimating the value in use requires the Group and the Company to make an estimate of the expected future cash flows from the operation of the subsidiaries, the associates and the joint ventures, and to apply a suitable discount rate and growth rate in order to calculate the present value of those cash flows.

Key assumptions and estimates concerning the future used to compute the value in use of assets have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

4. REVENUE AND OTHER INCOME

(a) Revenue

	Group		Company	
	2022 RM'000	2021 RM'000 Restated*	2022 RM'000	2021 RM'000
Aviation				
- passenger seat sales	4,662,953	655,823	-	-
- other passenger revenue	897,198	252,840	-	-
- other aviation revenue	4,516	2,145	-	-
Logistics and freight services ("Teleport")	469,067	551,231	-	-
Online travel and e-commerce platform ("airasia Super App")	238,577	123,664	-	-
Financial and other related services ("BigPay")	31,975	21,615	-	-
Others	132,782	75,578	-	-
	6,437,068	1,682,896	-	-

Other passenger revenue includes ancillary income such as baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise.

* Amounts generated from aircraft operating lease has been reclassified to other income to match current year classifications. Further information has been disclosed in Note 45.

4. REVENUE AND OTHER INCOME (CONT'D.)

(a) Revenue (cont'd.)

Revenue by reportable geographical segment is as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Malaysia	4,077,726	840,132	-	-
Philippines	835,522	195,957	-	-
Indonesia	1,172,428	212,333	-	-
Others	351,392	434,474	-	-
	6,437,068	1,682,896	-	-

(b) Other income

	Group 2022 RM'000	Group 2021 RM'000 Restated*	Company 2022 RM'000	Company 2021 RM'000
Gain on disposal of property, plant and equipment	7,339	32,921	-	-
Fees charged to related parties providing commercial air transport services	9,568	-	-	-
Aircraft operating lease income				
- Thai AirAsia Co. Ltd	24,109	124,989		
- Third-parties	39,523	28,301		
Others	73,725	78,783	976	92
	154,264	264,994	976	92

Other income ("others") includes commission income and advertising income.

* Amounts generated from aircraft operating lease has been reclassified to other income to match current year classifications. Further information has been disclosed in Note 45.

5. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) Staff costs

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Salaries, bonus, allowances and other employee benefits	1,108,200	723,878	23,699	31,998
Defined contribution retirement plan	100,915	59,520	2,595	3,811
Defined benefit plan	9,894	6,272	-	-
Share based payments	10,646	5,968	221	38
	1,229,655	795,638	26,515	35,847

Included in staff costs are Executive Directors' remuneration for the Group and the Company as disclosed in the Note 5(b) below.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

5. STAFF COSTS AND DIRECTORS' REMUNERATION (CONT'D.)

(b) Directors' remuneration

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
- salaries, bonus, allowances and other employee benefits	14,679	29,124	14,679	29,124
- defined contribution plan	1,761	3,495	1,761	3,495
	16,440	32,619	16,440	32,619
Non-Executive Directors				
- fees	1,819	967	1,819	700
	18,259	33,586	18,259	33,319

The remuneration payable to the Directors of the Company is analysed as follows:

	Executive		Non-executive	
	2022	2021	2022	2021
Range of remuneration (RM)				
0 to 50,000	-	-	-	-
150,001 to 200,000	-	-	-	1
200,001 to 250,000	-	-	-	1
250,001 to 300,000	-	-	-	2
301,000 to 350,000	-	-	1	-
400,001 to 450,000	-	-	-	-
450,001 to 500,000	-	-	2	-
500,001 to 550,000	-	-	1	-
4,950,001 to 5,000,000	-	-	-	-
5,400,001 to 5,450,000	-	-	-	-
5,500,001 to 15,550,000	2	-	-	-
15,550,001 to 15,600,000	-	-	-	-
15,700,001 to 15,750,000	-	1	-	-
15,850,001 to 15,900,000	-	-	-	-
16,850,001 to 16,900,000	-	1	-	-
18,950,001 to 19,000,000	-	-	-	-
19,350,001 to 19,400,000	-	-	-	-

5. **STAFF COSTS AND DIRECTORS' REMUNERATION (CONT'D.)**

(c) Key Management Personnel

Key management personnel are categorised as senior management officers of the Group and the Company.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus, allowances and other employee benefits	21,398	34,376	21,398	29,124
Defined contribution plan	2,144	4,036	2,144	3,495
	23,542	38,412	23,542	32,619

Included in the key management compensation is Executive Directors' remuneration for the financial year 2022 (2021: 2 Executive Directors') which is approved by the Nomination and Remuneration Committee.

6. **OTHER OPERATING EXPENSES**

The following items have been charged/(credited) in arriving at other operating expenses:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Impairment losses on:				
- Intangible assets (Note 16)	82,720	5,094	-	-
- Trade and other receivables (Note 18)	83,654	3,081	-	-
- Amount due from associates (Note 23)	-	15	-	-
- Amount due from related parties (Note 24)	-	14,293	-	637
- Finance lease receivables (Note 29)	-	2,856	-	-
Reversal of impairment of:				
- Amount due from associates (Note 23)	-	(4,898)	-	(269)
- Finance lease receivables (Note 29)	(98,923)	-	-	-
- Property, plant and equipment (Note 11)	(17,185)	-	-	-
- Right-of-use assets (Note 29)	(552,290)	-	-	-
Fair value changes in investment in securities (Note 15)	37,624	-	-	-
Rental of buildings	26,994	10,914	79	-
Intangible assets				
- Amortisation expense (Note 16)	7,618	975	-	-
Auditors' remuneration				
- audit fees	3,241	2,648	317	200
- non-audit fees	-	90	-	-
Rental of equipment	928	278	2	-
Advertising costs	68,294	15,928	5	133

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

7. AIRCRAFT FUEL EXPENSES, MAINTENANCE AND OVERHAUL AND USER CHARGES

(a) Aircraft fuel expenses

Aircraft fuel expenses includes fuel used by aircraft and fuel swap gain/loss. In the previous financial year, the Group suffered fuel swap losses of RM30 million.

(b) Maintenance and overhaul

Maintenance and overhaul include maintenance related works on aircraft, the related consumables and aircraft maintenance provision.

(c) User charges

User charges include airport related charges, ground operational charges, aircraft insurance cost and inflight related expenses.

8. FINANCE INCOME/(COSTS), FOREIGN EXCHANGE (LOSSES)/GAINS AND NET FAIR VALUE GAINS ON DERIVATIVES

(a) Finance income

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- deposits, cash and bank balances with licensed banks	2,053	1,169	66	24
- amounts due from associates	9,074	12,851	-	-
- finance lease receivables	18,064	16,143	-	-
- amounts due from subsidiaries	-	-	83,942	
Impact of discounting effect on financial instruments	10,434	4,760	-	-
Others	680	391	388	16
	40,305	35,314	84,396	40

8. FINANCE INCOME/(COSTS), FOREIGN EXCHANGE (LOSSES)/GAINS AND NET FAIR VALUE GAINS ON DERIVATIVES (CONT'D.)

(b) Finance costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- bank borrowings	(210,224)	(101,584)		-
- lease liabilities	(705,152)	(500,044)	-	-
- provision of retirement benefits	(4,809)	(5,350)		
Impact of discounting effect on financial instruments	-	(70,101)	-	-
RCUIDS profit payment	(61,879)	-	(61,879)	-
Others	(22,858)	(2,728)	(2)	(1)
	(1,004,922)	(679,807)	(61,881)	(1)

(c) Foreign exchange (losses)/gains

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Realised	(99,544)	(21,088)	(23,673)	1,998
Unrealised	(545,316)	(49,996)	56,783	(7,184)
	(644,860)	(71,084)	33,110	(5,186)

(d) Net fair value gains on derivatives

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair value gain from interest rate hedging contracts	-	31,377	-	-
Gain on termination of hedging contracts	45,021	-	-	-

Fair value change of derivatives consists of fair value changes due to movement in mark-to-market ("MTM") position on outstanding hedging contracts that did not qualify for hedge accounting.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

9. TAXATION

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current taxation				
- Malaysian tax	12,224	4,143	-	(150)
- foreign tax	3,351	831	-	-
Deferred taxation (Note 17)	(15,064)	140,765	-	-
	511	145,739	-	(150)
Current taxation				
- current financial year	13,751	1,884	-	-
- underprovision of income tax in respect of previous years	1,824	3,090	-	(150)
	15,575	4,974	-	(150)
Deferred taxation				
- origination and reversal of temporary differences	(7,369)	97,007	-	-
- (over)/underprovision of deferred tax in respect of previous years	(7,695)	43,758	-	-
	(15,064)	140,765	-	-
	511	145,739	-	(150)

The explanation of the relationship between taxation and loss before taxation is as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(Loss)/profit before taxation	(3,303,658)	(3,575,036)	1,991	(63,848)
Tax calculated at Malaysian tax rate of 24% (2021: 24%)	(792,878)	(858,009)	478	(15,324)
Tax effects of:				
- expenses not deductible for tax purposes	853,321	327,107	-	16,197
- income not subject to tax	(30,423)	(8,706)	(478)	(873)
- associates' results reported net of tax	(82,736)	(10,746)	-	-
- joint venture's result reported net of tax	(158)	(109)	-	-
- under/(over)provision of income tax in respect of previous years	1,824	3,090	-	(150)
- deferred tax assets not recognised	59,256	649,354	-	-
- (over)/underprovision of deferred tax in respect of previous years	(7,695)	43,758	-	-
Taxation	511	145,739	-	(150)

10. LOSS PER SHARE

Basic loss per share

The basic earnings per share for the financial year is calculated by dividing the Group's profit attributable to owners of the Company, divided by the weighted average number of shares, calculated as follows:

	Group 2022	Group 2021
Net loss for the financial year attributable to owners of the Company (RM'000)	(2,626,381)	(2,991,075)
Weighted average number of ordinary shares in issue ('000)	4,053,123	3,785,670
Basic loss per share (sen)	(64.8)	(79.0)

Diluted loss per share

There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT

	At 1 January 2022 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Reclassification RM'000	Depreciation charge RM'000	Reversal of impairment loss RM'000 (Note 6(a))	Exchange differences RM'000	At 31 December 2022 RM'000
Group									
Carrying amount									
Aircraft engines, airframes and service potential	214,575	-	-	-	-	(29,683)	-	12,556	197,448
Aircraft spares	147,032	21,927	-	-	-	(25,359)	17,185	(35,553)	125,232
Aircraft fixtures and fittings	7,031	4	-	-	-	(6,877)	-	(158)	-
Freehold land	49,432	-	-	-	-	-	-	(1,754)	47,678
Buildings	289,567	1,849	-	-	126	(16,464)	-	(3,394)	271,684
Motor vehicles	5,258	483	-	-	-	(2,357)	-	(537)	2,847
Office equipment, furniture and fittings	46,730	18,896	(72)	(140)	-	(37,034)	-	7,309	35,689
Office renovation	13,947	7,344	(344)	-	60	(8,314)	-	(841)	11,852
Simulator equipment	225	-	-	-	-	(9)	-	(86)	130
Operating plant and ground equipment	12,354	16,742	(10)	-	2	(5,536)	-	(60)	23,492
In-flight equipment	798	123	-	-	-	(409)	-	(127)	385
Training equipment	1	-	-	-	-	-	-	-	1
Work in progress[1]	146,524	21,965	-	-	(188)	-	-	(1,846)	166,455
	933,474	89,333	(426)	(140)	-	(132,042)	17,185	(24,491)	882,893

[1] Work in progress completed during the financial year were reclassified to respective asset classes.

11. **PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Group (cont'd.)				
At 31 December 2022				
Aircraft engines, airframes and service potential	442,661	(236,381)	(8,832)	197,448
Aircraft spares	251,399	(117,027)	(9,140)	125,232
Aircraft fixtures and fittings	145,624	(137,111)	(8,513)	-
Freehold land	47,678	-	-	47,678
Buildings	330,046	(58,362)	-	271,684
Motor vehicles	24,654	(21,807)	-	2,847
Office equipment, furniture and fittings	295,344	(234,715)	(29,940)	35,689
Office renovation	69,897	(58,045)	-	11,852
Simulator equipment	237	(107)	-	130
Operating plant and ground equipment	47,886	(24,394)	-	23,492
In-flight equipment	4,952	(4,567)	-	385
Training equipment	5,210	(5,209)	-	1
Work in progress	166,455	-	-	166,455
	1,832,043	(897,725)	(51,425)	882,893

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

11. **PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

	At 1 January 2021	Additions[2]	Acquisition of subsidiaries	Disposals	Write off	Reclassification[1]	Depreciation charge	Exchange differences	At 31 December 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group (cont'd.)									
Carrying amount									
Aircraft engines, airframes and service potential	244,887	13,750	-	(33,331)	-	-	(33,473)	22,742	214,575
Aircraft spares	173,195	7,824	-	(2)	-	-	(38,094)	4,109	147,032
Aircraft fixtures and fittings	45,802	121	-	(8,689)	-	-	(16,425)	(13,778)	7,031
Freehold land	50,659	-	-	-	-	-	-	(1,227)	49,432
Buildings	300,563	2,450	-	(1,633)	-	39	(11,674)	(178)	289,567
Motor vehicles	7,883	851	-	(95)	-	-	(2,997)	(384)	5,258
Office equipment, furniture and fittings	76,129	16,618	1,107	(883)	(66)	-	(45,750)	(425)	46,730
Office renovation	22,505	865	1,326	(3,341)	(228)	-	(9,896)	2,716	13,947
Simulator equipment	264	-	-	-	-	-	(39)	-	225
Operating plant and ground equipment	15,751	5,296	-	(314)	-	-	(5,875)	(2,504)	12,354
In-flight equipment	1,260	-	-	-	-	-	(462)	-	798
Training equipment	1	-	-	-	-	-	-	-	1
Work in progress[1]	146,740	29	-	-	(19)	(39)	-	(187)	146,524
	1,085,639	47,804	2,433	(48,288)	(313)	-	(164,685)	10,884	933,474

1 Work in progress completed during the financial year were reclassified to respective asset classes.

2 Included in additions during the year are engines that were released from lien from a maintenance engine service provider and accordingly recognised as assets based on the residual value of the aircraft engine measured at estimated cost less its depreciation.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Group (cont'd.)				
At 31 December 2021				
Aircraft engines, airframes and service potential	436,708	(213,301)	(8,832)	214,575
Aircraft spares	292,831	(119,474)	(26,325)	147,032
Aircraft fixtures and fittings	145,989	(130,445)	(8,513)	7,031
Freehold land	49,432	-	-	49,432
Buildings	332,142	(42,575)	-	289,567
Motor vehicles	25,533	(20,275)	-	5,258
Office equipment, furniture and fittings	280,850	(209,180)	(24,940)	46,730
Office renovation	67,099	(53,152)	-	13,947
Simulator equipment	323	(98)	-	225
Operating plant and ground equipment	39,996	(27,642)	-	12,354
In-flight equipment	5,082	(4,284)	-	798
Training equipment	5,210	(5,209)	-	1
Work in progress	146,524	-	-	146,524
	1,827,719	(825,635)	(68,610)	933,474

Included in property, plant and equipment of the Group are:

	Group 2022 RM'000	Group 2021 RM'000
Aircraft pledged as security for borrowings	4,420	97,524
Freehold land and building pledged as security for borrowings	137,462	145,905
Total property, plant and equipment pledged as security for borrowings	141,882	243,429

The beneficial ownership and operational control of aircraft pledged as security for borrowings rests with the Group when the aircraft is delivered to the Group.

Where the legal title to the aircraft is held by financiers during delivery, the legal title will be transferred to the Group only upon settlement of the respective facilities.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted investments, at cost		
At 1 January	8,544,641	8,295,541
Additions during the year (a)	8,000	243,094
Derecognition	(4,410)	-
Deemed investment (b)	9,814	6,006
At 31 December	8,558,045	8,544,641

As at 31 December 2022, shares in subsidiaries with a carrying amount of RM9.9 million are pledged as a security for borrowings secured.

Additional investments during the financial year ended 31 December 2022

(a) During the year, the Company acquired AirAsia SEA Sdn Bhd ("AASEA") from AirAsia Group Aviation Limited ("AAAGL") for a total consideration amounting to RM8,000,000 in exchange for 8,000,000 ordinary shares of RM1 per share.

(b) The Company issued ESOS as disclosed in Note 32 to the employees of the Company and its subsidiaries. The ESOS issued to the employees of the subsidiaries is a deemed investment in these subsidiaries which had paid the employees in lieu of their services in shares of the Company.

Additional investments in prior year

(a) In the previous year, the Company acquired Santan Restaurant Sdn Bhd ("STR") from Santan Food Sdn Bhd ("STF") for a total consideration amounting to RM322,000 in exchange for 3,000,002 ordinary shares of RM1 per share.

(b) In the previous financial year, the Company capitalised RM242.8 million due from Asia Digital Engineering Sdn Bhd ("ADE") in return for 242.8 million ordinary shares of RM1 per share issued by ADE to the Company.

(c) In the previous financial year, the Company incorporated AirAsia Consulting Sdn Bhd ("ACS") with 1 ordinary share of RM1 per share.

(d) In the previous financial year, the Company incorporated AirAsia Data Holdings Inc ("ADH") with 2 ordinary shares at USD100 (equivalent to RM418) per share.

Disposal of investments during the financial year ended 31 December 2022

(a) During the year, the Company disposed AirAsia (Guangzhou) Aviation Services Limited Company ("AGZ") to AAAGL for a total consideration amounting to RM4,410,000 in exchange for 1,000 ordinary shares of RM1 per share.

(b) During the year, the Company disposed AirAsia Consulting Sdn Bhd ("ACS") to AAAGL for a total consideration amounting to RM2 in exchange for 1 ordinary share of RM1 per share.

(c) During the financial year, the Company disposed 100 shares in AirAsia Europe Limited to AAAGL, a subsidiary of the Company for a total consideration amounting to Great Britain Pounds ("GBP") 100 in exchange for 1 ordinary share of GBP1 per share.

(d) On 11 January 2022, AAAGL, a subsidiary of the Company disposed of 320,625,000 shares of PT AirAsia Indonesia TBK ("AAID") at IDR 3,526,875,000 (equivalent to RM1 million), which is equivalent 3% of total share capital of AAID. The consideration for the sale was partly received in cash of IDR 455,287,500 (equivalent to RM0.1 million) with the remainder as a receivable.

12. **INVESTMENT IN SUBSIDIARIES (CONT'D.)**

Disposal of investments during the financial year ended 31 December 2022 (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Directly held by the Company				
AirAsia Berhad ("AAB")	Malaysia	100	100	Commercial air transport services
AirAsia Digital Sdn Bhd ("AAD")	Malaysia	100	100	Investment holding
AirAsia SEA Ltd+	Thailand	100	100	Management services
AAAGL	Malaysia	100	100	Investment holding
AGZ	China	-*	100	Aviation and commercial services
ADE	Malaysia	100	100	Providing engineering services
ACS	Malaysia	-*	100	Providing consulting services
ADH	British Virgin Islands	100	100	Investment holding
STR	Malaysia	100	100	Food and beverages
AirAsia Europe Ltd (formerly known as Santan Restaurant Ltd)	United Kingdom	-*	100	Food and beverages
AASEA	Malaysia	100*	-	Provision of shared services and outsourcing for its affiliates
Held by AAB				
AirAsia Aviation Management Services Sdn Bhd (formerly known as AirAsia Go Holiday Sdn Bhd)	Malaysia	100	100	Tour operating business
AirAsia (Mauritius) Limited[f]	Mauritius	100	100	Providing aircraft leasing facilities to Thai AirAsia Co. Ltd
AirAsia Corporate Services Limited[f]	Malaysia	100	100	Facilitate business transactions for AirAsia Group with non-resident goods and service providers
AirAsia Drone Sdn Bhd	Malaysia	100	100	Providing training and drone services
AASEA	Malaysia	-*	100	Provision of shared services and outsourcing for its affiliates
Asia Aviation Capital Limited ("AAC")	Malaysia	100	100	Providing aircraft leasing facilities
MadCience Consulting Sdn Bhd	Malaysia	-	100	Liquidated on 29 June 2022
AirAsia Technology Centre India Private Limited ("AATCIPL")	India	-*	100	Consultancy and services in the areas of information, technology design, development and implementation

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

12. **INVESTMENT IN SUBSIDIARIES (CONT'D.)**

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AAD				
Big Pay Pte Ltd ("BPPL")[+]	Singapore	99.56	99.56	Investment holding
RedTix Sdn Bhd ("RedTix")[f]	Malaysia	75	75	Event ticketing business
RedBeat Ventures Inc	United States	100	100	Dormant
RedBeat Capital 1, LLC	United States	100	100	Dormant
Teleport Everywhere Pte Ltd ("TES")	Singapore	92.66	92.66	Investment holding
AirAsia Technology Centre Singapore Pte Ltd[+]	Singapore	100	100	Research and experimental development on IT, development of software for cybersecurity
RedBeat Capital Fund 1, LP	United States	100	100	Dormant
RedBeat Academy Sdn Bhd ("RBA")	Malaysia	100	100	Providing training
Red Aviation Services Sdn Bhd (formerly known as BigPay Holdings Sdn Bhd)	Malaysia	100	100	Investment holding
Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd)	Malaysia	-*	100	Brand management
AirAsia SuperApp Sdn Bhd	Malaysia	96.19	96.19	Investment holding
Ikhlas Com Travel Sdn Bhd	Malaysia	60	60	Trading of Muslim-centric products and services
Held by AAAGL				
AirAsia Inc ("PAA")[f]	Philippines	40	40	Commercial air transport services
PT AirAsia Indonesia TBK ("AAID")[+^]	Indonesia	46.25	49.30	Investment holding
AGZ	China	100*	-	Aviation and commercial services
ACS	Malaysia	100*	-	Providing consulting services
AirAsia Europe Ltd (formerly known as Santan Restaurant Ltd)	United Kingdom	100*	-	Food and beverages
Held by PAA				
Philippines AirAsia Inc ("PAAI")[f]	Philippines	39.50	39.50	Commercial air transport services
Asiawide Airways Inc[f]	Philippines	40	40	Dormant
Held by AAID				
PT Indonesia AirAsia ("IAA")[+]	Indonesia	47.43	49.10	Commercial air transport services
Held by IAA				
PT Garda Tawang Reksa Indonesia ("GTRI")[f]	Indonesia	31.80	32.90	Provision of airport related services

12. **INVESTMENT IN SUBSIDIARIES (CONT'D.)**

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by SuperApp				
AirAsia Com Travel Sdn Bhd ("AA.Com")	Malaysia	96.19*	96.19	Tour and travel services
AirAsia Duty Free Sdn Bhd	Malaysia	96.19*	96.19	Inflight shop
AirAsia Ride Sdn Bhd	Malaysia	96.19*	96.19	E-hailing services
STF	Malaysia	96.19*	96.19	Dormant
BIGLIFE Sdn Bhd ("BIG")	Malaysia	96.19*	96.19	Financial services and managing customer loyalty points
Velox Technology (Thailand) Company Limited ("Velox")+	Thailand	96.19	96.19	Provision of mobile application services
AATCIPL	India	96.19*	-	Consultancy and services in the areas of information, technology design, development and implementation
Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd)	Malaysia	96.19*	-	Brand management
AirAsia SuperApp LLC	Korea	96.19	-	Provision of tourism information
Held by STF				
Santan Kitchen Sdn Bhd	Malaysia	96.19	96.19	Provision of inflight meal products
Ourfarm Asia Sdn Bhd ("Ourfarm")	Malaysia	96.19	96.19	Wholesale of meat, fish, fruits, vegetables, flowers and plants
Held by AAC				
Asia Aviation Capital Pte. Ltd. ("AACPL")+	Singapore	100	100	Providing supporting services to air transport
Rouge Aircraft 1 Limited	Labuan	100	100	Providing supporting services to air transport
Held by AACPL				
Asia Aviation Capital Ireland Limited ("AACIL")+	Ireland	100	100	Providing supporting services to air transport
AAC3 Pte Ltd ("AAC3")+	Singapore	100	100	Dormant
AAC4 Pte Ltd ("AAC4")+	Singapore	100	100	Dormant

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For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AACIL				
Clifden Aviation 1 Limited ("CA1")	Ireland	100	100	Process of dissolution
Clifden Aviation 2 Limited ("CA2")	Ireland	100	100	Process of dissolution
Clifden Aviation 3 Limited ("CA3")	Ireland	100	100	Process of dissolution
Clifden Aviation 4 Limited ("CA4")	Ireland	100	100	Process of dissolution
Held by BIG				
BIGLIFE Digital Singapore Pte Ltd[f]	Singapore	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE (Thailand) Co Ltd	Thailand	47.13	47.13	Marketing and distribution of loyalty programme
PT BIGLIFE Digital Indonesia	Indonesia	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Hong Kong Co Ltd[f]	Hong Kong	96.19	96.19	Dormant
BIGLIFE Loyalty India Pvt Ltd	India	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Guangzhou Co Ltd[f]	China	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Philippines Inc[f]	Philippines	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Digital Sdn Bhd	Malaysia	96.19	96.19	Dormant
BIGLIFE Japan Co., Ltd[f]	Japan	-	96.19	Marketing and distribution of loyalty programme
BIGLIFE Vietnam Co Ltd[f]	Vietnam	96.19	96.19	Marketing and distribution of loyalty programme
Held by BPPL				
BigPay Malaysia Sdn Bhd ("BigPay")	Malaysia	99.56	99.56	Provision of financial and other related services
BigPay Singapore Pte Ltd[+]	Singapore	99.56	99.56	Provision of financial services including but not limited to e-money products
BigPay (Thailand) Ltd[+]	Thailand	99.56	99.56	Provision of financial and other related services
BigPay Later Sdn Bhd	Malaysia	99.56	99.56	Provision of other financial service activities
BPB Technologies Sdn Bhd	Malaysia	99.56	99.56	Technology and platform service activities
BigPay Capital Sdn Bhd	Malaysia	99.56	99.56	Investment holding

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by Redtix				
Rokki Media Holdings Sdn Bhd	Malaysia	75	75	Dormant
Held by TES				
Teleport Commerce Malaysia Sdn Bhd ("TCM")	Malaysia	92.66	92.66	Logistics business
Teleport Commerce In Private Limited	India	62.08	62.08	Logistics business
PT Teleportasi Bisnis Indonesia	Indonesia	62.08	62.08	Logistics business
Freightchains Technologies Pte Ltd+	Singapore	83.39	74.13	Research and development arm of TCM
Delivereat Sdn Bhd ("DeliverEat")	Malaysia	92.66	92.66	Online food ordering and delivery services
Teleport Holdings Sdn Bhd	Malaysia	92.66	92.66	Investment management, cargo, logistics and delivery services
Held by TCM				
Teleport Platform Sdn Bhd ("TPSB")	Malaysia	92.66	92.66	Facilitation of logistics and payment services for cross border e-commerce
Held by TPSB				
Teleport Platforms Pte Ltd+	Singapore	92.66	92.66	Online retail sales
Held by AA.Com				
Rokki Sdn Bhd ("Rokki")	Malaysia	96.19	96.19	Trading of multimedia content and equipment
PT AirAsia SuperApp Indonesia (formerly known as PT AirAsia Com Indonesia)	Indonesia	96.19	96.19	Tour and travel services
AA Com Travel Philippines Inc	Philippines	96.19	96.19	Tour and travel services
AirAsia Com Travel (Thailand) Ltd	Thailand	96.19	96.19	Tour and travel services
AirAsia Ride Pte Ltd (formerly known as AirAsia Com (Singapore) Pte Ltd)	Singapore	96.19	96.19	Tour and travel services
AACOM Australia Pty Ltd	Australia	96.19	96.19	Tour and travel services
AirAsia Com (Hong Kong) Ltd	Hong Kong	96.19	96.19	Tour and travel services

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AA.Com (cont'd.)				
AirAsia Com (Vietnam) Company Ltd	Vietnam	96.19	-	Tour and travel services
AirAsia SuperApp Taiwan Ltd	Taiwan	96.19	-	Tour and travel services
Held by AirAsia Com (Hong Kong) Ltd				
AirAsia Com Guangzhou Co. Ltd	China	96.19	96.19	Tour and travel services

+ Audited by a member of Ernst & Young Global.
f Audited by a firm other than Ernst & Young.
^ Listed on the Indonesia Stock Exchange.
* Transferred within the Group.

Incorporation of subsidiaries

During the financial year, the Group incorporated the following subsidiaries with a total paid up ordinary share capital of RM873,705:

	2022 RM
AirAsia Com (Vietnam) Company Ltd	403,420
AirAsia SuperApp LLC	324,840
AirAsia Superapp Taiwan Limited	145,445
	873,705

In the prior year, the Group incorporated the following subsidiaries for a total paid up ordinary share capital of RM600,839:

	2021 RM
AirAsia Consulting Sdn Bhd	1
AirAsia Data Holdings Inc	834
AAD Data Sdn Bhd	2
AirAsia Ride Sdn Bhd	100,000
BPB Technologies Sdn Bhd	1
BigPay Capital Sdn Bhd	500,000
Teleport Holdings Sdn Bhd	1
	600,839

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Acquisition of subsidiaries in prior financial year

(a) On 7 July 2021, the Company announced that its subsidiaries, SuperApp and AAD will acquire 100% equity interest in Velox and Velox Fintech Co. Ltd for a purchase consideration of USD40 million (equivalent to RM167 million) and USD10 million (equivalent to RM42 million) respectively. The above shall be satisfied by issuance of 3.81% and 0.95% respectively of shares in SuperApp. On 27 July 2021, the acquisition of Velox had been completed. The acquisition resulted in a goodwill of RM160.7 million and subsequently an amount of RM51.0 million was impaired in the current financial year.

On 7 October 2021, AAD terminated the proposed acquisition of Velox Fintech Co. Ltd.

(b) On 18 August 2021, TES, a subsidiary of AAD signed an agreement to acquire 100% of the equity interest in DeliverEat, a local Malaysia food delivery platform, valued at RM40.9 million. The said acquisition was completed on 4 November 2021. A goodwill of RM31.7 million was recognised and subsequently was fully impaired in current financial year.

Details of the assets, liabilities and net cashflow arising from the acquisitions are as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Assets		
Property, plant and equipment (Note 11)	2,433	2,433
Intangible assets (Note 16)	5,714	5,714
Cash and bank balances	27,154	27,154
Receivables and prepayments	8,823	8,823
Total assets	44,124	44,124
Liabilities		
Payables	4,196	4,196
Sales in advance	31	31
	4,227	4,227
Fair value of net identifiable assets		39,897
Goodwill on acquisition (Note 16)		191,207
Purchase consideration transferred		231,104

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Acquisition of subsidiaries in prior financial year (cont'd.)

	Group RM'000
Purchase consideration	
Shares of subsidiaries issued, at fair value	181,352
Cash paid	49,752
Total consideration	231,104
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiaries	27,154
Cash paid	(49,752)
Net cash flow on acquisition	(22,598)

Accretion of additional interest in a subsidiary in prior financial year

On 21 June 2021, the Company acquired the remaining 20% equity interest in BIG from Aimia Holdings UK II Limited for RM103 million (approximately USD25 million) satisfied by the issuance of 85,864,583 ordinary shares in the Company allotted at an issue price of RM1.20 per share. Following the acquisition, BIG became a wholly owned subsidiary of the Group. The effect of the acquisition is reflected in the statement of changes in equity.

	Group RM'000
Non-controlling interest measured at cost	5,653
Purchase consideration satisfied via issuance of shares of the Company	103,038
Loss on accretion of interest in a subsidiary recognised statement of changes in equity	108,691

Dilution of interest in subsidiaries in prior financial year

(a) On 26 July 2021, the Company alloted additional shares of 1,200,000 to Ikhlas Kamarudin as partial settlement of its investment in mobile applications and website development costs in Ikhlas Com Travel Sdn Bhd of RM1.2 million. Arising from the allotment of shares, the Company diluted its shareholding from 100% to 60%. The effect of the dilution of RM1.2 million is as disclosed in the statement of changes in equity.

(b) Pursuant to the Group's acquisition of Velox in the previous financial year, the Group's interest in the SuperApp diluted from 100% to 96% and the financial effects of this transaction amounting to RM145 million is credit to the accumulated losses as diclosed in the consolidated statement of changes in equity.

The effect of dilution of interest in these subsidiaries is disclosed in the statement of changes in equity.

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Dilution of interest in subsidiaries in prior financial year (cont'd.)

Material partly-owned subsidiaries (cont'd.)

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %
PT Indonesia AirAsia ("IAA")	Indonesia	47.43	49.10
Philippines Airasia Inc. ("PAA")	Philippines	40.00	40.00

	Group 2022 RM'000	2021 RM'000
Accumulated balances of material non-controlling interests:		
IAA	(1,384,050)	(1,494,015)
PAA	(2,226,942)	(2,215,947)
Other individually immaterial subsidiaries	(180,873)	669,359
	(3,791,865)	(3,040,603)

	Group 2022 RM'000	2021 RM'000
Loss allocated to material non-controlling interests:		
IAA	(256,534)	(344,971)
PAA	(349,719)	(328,360)
Other individually immaterial subsidiaries	(71,535)	(56,369)
	(677,788)	(729,700)

	Group 2022 RM'000	2021 RM'000
Total comprehensive loss attributable to NCI income for the financial year		
IAA	(256,534)	(346,101)
PAA	(349,719)	(338,723)
Other individually immaterial subsidiaries	(71,535)	(28,124)
	(677,788)	(712,948)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Material partly-owned subsidiaries (cont'd.)

Summarised income statements as at 31 December are as follows:

	2022		2021	
	IAA	PAA	IAA	PAA
	RM'000	RM'000	RM'000	RM'000
Revenue	1,138,141	827,520	181,476	176,024
Depreciation and amortisation	(188,126)	(191,038)	(294,173)	(245,893)
Interest income	230	6	34	9
Interest expense	(97,235)	(89,848)	(76,129)	(51,318)
Loss before taxation	(487,986)	(582,865)	(559,884)	(547,267)
Tax expense	-	-	(117,859)	-
Net loss for the financial year	(487,986)	(582,865)	(677,743)	(547,267)
Other comprehensive loss	-	-	(2,219)	(17,272)
Total comprehensive loss	(487,986)	(582,865)	(679,962)	(564,539)
Attributable to non-controlling interests	(256,534)	(349,719)	(346,101)	(338,723)

	2022		2021	
	IAA	PAA	IAA	PAA
	RM'000	RM'000	RM'000	RM'000
Non-current assets	1,409,615	709,801	1,458,047	721,811
Current assets	116,294	357,236	48,434	217,288
Non-current liabilities	(1,992,676)	(1,021,560)	(1,097,859)	(706,530)
Current liabilities	(1,458,377)	(3,100,251)	(1,931,484)	(2,805,644)
Net liabilities	(1,925,144)	(3,054,775)	(1,522,862)	(2,573,075)

	2022		2021	
	IAA	PAA	IAA	PAA
	RM'000	RM'000	RM'000	RM'000
Operating	142,011	190,370	9,186	504,576
Investing	(5,971)	198,369	(2,777)	(11,044)
Financing	(131,256)	(164,861)	(4,503)	(418,022)
Net increase cash and cash equivalents	4,784	223,878	1,906	75,510

13. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unquoted investments, at cost	2,025	2,025	-	-
Share of post-acquisition loss	(1,805)	(1,147)	-	-
	220	878	-	-

The joint venture listed below has share capital consisting solely of ordinary shares, which are indirectly held by the Group:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by AA.Com				
RRSB[f]	Malaysia	50	50	Music-based entertainment

[f] Audited by a firm other than Ernst & Young.

The joint venture is not material to the Group. Accordingly, the disclosure requirements of MFRS 12, Disclosure of interests in Other Entities, are not presented.

14. INVESTMENT IN ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Quoted investment				
Additions during the financial year	174,597	-	-	-
Reclass from prepayment	585,264	-	-	-
Reclass from unquoted investment	106,929	-	-	-
	866,790	-	-	-
Unquoted investments				
As at 1 January	1,087,889	1,087,889	-	-
Reclassified to quoted investment	(106,929)	-	-	-
Additions during the financial year	2,683	-	-	-
	983,643	1,087,889	-	-
Total investments	1,850,433	1,087,889	-	-
Share of post-acquisition loss	(866,849)	(522,114)	-	-
Share of post-acquisition reserves	-	(68,499)	-	-
Impairment losses	(59,272)	(59,272)	-	-
As at 31 December	924,312	438,004	-	-

Notes to the Financial Statements (cont'd)
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14. INVESTMENT IN ASSOCIATES (CONT'D.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Share of fair value of investments in associates for which there is published price share	1,788,771	-	-	-

The fair value of the quoted investment in associate is categorised under Level 1 of the fair value hierarchy.

Acquisition of associate during the financial year ended 31 December 2022

(a) As part of restructuring plan for AirAsia Aviation Public Limited ("AAV") and Thai AirAsia Co. Ltd ("TAA"), AAAGL subscribed right issues of 773,473,814 shares of AAV during the current financial year at the price of THB 1.75 per share.

Pursuant to the restructuring of TAA, it resulted in the Group's investment to be in its holding company AAV. The completion of the restructuring was interconditional upon AAV raising rights issue and purchasing the remainder of TAA shares that they did not already own and the restructuring was completed during the current financial year. Accordingly, RM585 million is reclassified from non-current prepayment to an investment in associate.

(b) On 31 March 2022, Teleport Commerce Thailand Co. Ltd, a subsidiary of Teleport Everywhere Pte Ltd has acquired shares of Triple I Logistics PCL at the cost of RM2,683,170.

The details of the associates are as follows:

Name of entity	Principal place of business/country of incorporation	Group's effective equity interest		Principal activities
		2022	2021	
		%	%	
Held by AAB				
AirAsia Philippines Inc	Philippines	39.9	39.9	Dormant
Ground Team Red Holdings Sdn Bhd ("GTRH")[f]	Malaysia	50	50	Investment holding
Held by AAAGL				
Asia Aviation Public Limited ("AAV")[+]	Philippines	43	-	Investment holding
Thai AirAsia Co. Ltd ("TAA")[+]	Thailand	-	45	Commercial air transport services
AirAsia Japan Co., Ltd ("AAJ")[+^]	Japan	66.9[#]	66.9[#]	Under bankruptcy
Held by GTRH				
Ground Team Red Sdn Bhd ("GTR")[f]	Malaysia	49	49	Ground handling services

14. INVESTMENT IN ASSOCIATES (CONT'D.)

The details of the associates are as follows: (cont'd.)

Name of entity	Principal place of business/country of incorporation	Group's effective equity interest 2022 %	Group's effective equity interest 2021 %	Principal activities
Held by GTRH (cont'd.)				
GTRSG Pte Ltd ("GTRSG")[f]	Singapore	40	40	Ground handling services
Held by AAV				
Thai AirAsia Co. Ltd ("TAA")[+]	Thailand	43	-	Commercial air transport services
Held by TES				
Teleport (Thailand) Co. Ltd	Thailand	45.4	45.4	Logistics business
Teleport Commerce Philippines, Inc	Philippines	37.1	37.1	Logistics business
Held by TPSB				
Teleport Commerce (Thailand) Co. Ltd	Thailand	45.4	45.4	Online retail sales

\+ Audited by a member of Ernst & Young Global.
f Audited by a firm other than Ernst & Young.
^ These investees are deemed to be the associates of the Group as the Group has significant influence and not control over the relevant activities.
\# Equity interest of 66.91% comprise both voting and non-voting shares in AAJ. AAAGL holds 33% of the voting shares and 67% of the non-voting shares.

All of the investment in associates are accounted for using the equity method.

All of the associates have the same reporting period as the Group except for GTRH which is 31 March. For the purpose of applying the equity method of accounting for associates, the last audited financial statements available and the management financial statements as at end of the accounting period of the associate were used.

There are no contingent liabilities relating to the Group's interest in the associates.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

14. INVESTMENT IN ASSOCIATES (CONT'D.)

Material associates

The directors consider AAV and GTRH as material associates to the Group. AAV's wholly owned subsidiary, TAA is an operator of commercial air transport services based in Thailand. This associate company is a strategic investment of the Company and form an essential part of the Company's growth strategy. TAA provides access to a wider geographical market and network coverage in the provision of air transport services across the Association of Southeast Asian Nations ("ASEAN") region. GTRH has investments in GTR and SGSS which provide ground handling services in Malaysia and Singapore respectively.

Summarised financial information for associates

The tables below provide summarised financial information for AAV and GTRH that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of AAV and GTRH and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statements of financial position

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	836,063	875,951	7,585,964	-	-	5,315,013
Current assets	3	3	668,179	-	-	377,676
Non-current liabilities	-	-	(4,445,470)	-	-	(4,564,294)
Current liabilities	(1,267)	(1,228)	(2,793,657)	-	-	(2,498,761)

Summarised statements of comprehensive income

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	2,300,406	-	-	563,845
Net loss for the financial year	(39,927)	(88,280)	(1,033,111)	-	-	(1,474,275)
Other comprehensive income	-	-	29,694	-	-	53,342
Total comprehensive loss	(39,927)	(88,280)	(1,003,417)	-	-	(1,420,933)

14. INVESTMENT IN ASSOCIATES (CONT'D.)

Reconciliations of summarised financial information:

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening net assets at 1 January	874,726	1,081,550	2,105,114	-	-	-
Impairment loss	-	(118,544)	-	-	-	-
Loss for the financial year	(39,927)	(88,280)	(1,033,111)	-	-	(1,474,275)
Other comprehensive income	-	-	29,694	-	-	53,342
Foreign exchange differences	(4)	-	27,667	-	-	-
Issuance of new shares	-	-	382,812	-	-	-
Decrease of non controlling interest	-	-	(497,163)	-	-	-
Cumulative share of unrecognised losses	-	-	-	-	-	1,420,933
Closing net assets at 31 December	834,795	874,726	1,015,013	-	-	-

	GTRH		AAV		TAA	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group's interest in associates	50%	50%	43%	43%	45%	45%
Interest in associates	417,397	437,363	436,456	-	-	-
Carrying value at 31 December	417,397	437,363	436,456	-	-	-

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Group	
	2022	2021
	RM'000	RM'000
Aggregate carrying amount of individually immaterial associates	1,822	641
Total comprehensive loss	(1,502)	(634)

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

15. INVESTMENT SECURITIES

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Listed equity securities					
At 1 January		80,706	220,054	-	132,614
Fair value (loss)/gain - recognised in other comprehensive income		(15,759)	100,631	-	107,365
Disposal during the year	(ii)	-	(239,979)	-	(239,979)
At 31 December		64,947	80,706	-	-
Unlisted equity securities					
At 1 January		118,976	159,437	-	42,677
Additions during the year		4,410	-	-	-
Disposal during the year	(i)	(83,040)	(44,426)	-	(44,426)
Fair value gain - recognised in other comprehensive income		-	2,174	-	1,749
Exchange differences		3,224	1,791	-	-
At 31 December		43,570	118,976	-	-
Unquoted debt securities					
At 1 January		43,641	93,228	-	-
Additions during the year		-	3	-	-
Redemption during the year		-	(49,590)	-	-
Fair value changes during the year (Note 6)		(37,624)	-	-	-
At 31 December		6,017	43,641	-	-
Total		114,534	243,323	-	-

Financial assets at fair value through other comprehensive income comprise investments in equity securities of listed and non-listed companies which were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. The Group holds non-controlling equity interests of up to 14% each in 2 (2021: 2) listed equity securities. In addition, the Group also holds non-controlling equity interest of 2% in an unlisted equity security.

(i) During the financial year, the Company disposed its investment in an unlisted equity securities at fair value. No gain or loss on the disposal as the Company has marked the interest in the investment to its fair value.

(ii) In the previous financial year, on 5 August 2021, the Company completed its divestment of 3,333,333 common shares, representing 10.94% of the outstanding shareholding of Fly Leasing to Carlyle Aviation Elevate Ltd for USD56.8 million (equivalent to RM240 million).

16. INTANGIBLE ASSETS

	Goodwill RM'000	Landing rights RM'000	Developed software RM'000	Total RM'000
Group				
Cost				
At 1 January 2022	360,034	443,900	37,538	841,472
Exchange differences	1,246	-	3,992	5,238
At 31 December 2022	361,280	443,900	41,530	846,710
Accumulated amortisation				
At 1 January 2022	-	-	(2,928)	(2,928)
Amortisation expense	-	-	(7,618)	(7,618)
At 31 December 2022	-	-	(10,546)	(10,546)
Accumulated impairment				
At 1 January 2022	(5,094)	-	-	(5,094)
Impairment loss (Note 6)	(82,720)	-	-	(82,720)
At 31 December 2022	(87,814)	-	-	(87,814)
Carrying amount as at 31 December 2022	273,466	443,900	30,984	748,350
Group				
Cost				
At 1 January 2021	168,827	443,900	29,779	642,506
Additions	-	-	2,327	2,327
Acquisition of a subsidiary	191,207	-	5,714	196,921
Exchange differences	-	-	(282)	(282)
At 31 December 2021	360,034	443,900	37,538	841,472
Accumulated amortisation				
At 1 January 2021	-	-	(1,953)	(1,953)
Amortisation expense	-	-	(975)	(975)
At 31 December 2021	-	-	(2,928)	(2,928)
Accumulated impairment				
At 1 January 2021	-	-	-	-
Impairment loss (Note 6)	(5,094)	-	-	(5,094)
At 31 December 2021	(5,094)	-	-	(5,094)
Carrying amount as at 31 December 2021	354,940	443,900	34,610	833,450

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

16. INTANGIBLE ASSETS (CONT'D.)

Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by IAA and PAA. As explained in Note 2.6.2(ii), the useful life of these landing rights is estimated to be indefinite.

Impairment testing for goodwill and landing rights

The carrying amounts of goodwill and landing rights allocated to the Group's cash generating units ("CGUs") are as follows:

	Goodwill		Landing rights	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CGU				
BIG	102,926	102,926	-	-
IAA	38,394	38,394	374,600	374,600
PAA	-	-	69,300	69,300
AAAGL	7,334	7,334	-	-
BigPay	5,275	5,275	-	-
AA.Com	9,804	9,804	-	-
Velox	109,733	160,733	-	-
DeliverEat	-	31,720	-	-
Exchange differences	-	(1,246)	-	-
	273,466	354,940	443,900	443,900

During the financial year, the Group fully impaired the carrying amount of goodwill in relation to DeliverEat of RM31.7 million and partially impaired the carrying amount of goodwill in Velox of RM51.0 million. In prior financial year, the Group fully impaired the carrying amount of goodwill in relation to Rokki.

The recoverable amounts of the CGUs have been measured based on their value in use which is based on calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Growth rates		Discount rates	
	2022	2021	2022	2021
CGU				
BIG	0%	0%	18%	20%
IAA	0%	0%	20%	15%
PAA	0%	2%	19%	11%
Velox	2%	2%	15%	25%
DeliverEat	2%	5%	15%	12%

16. **INTANGIBLE ASSETS (CONT'D.)**

Impairment testing for goodwill and landing rights (cont'd.)

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates: The forecasted growth rate is based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGU.

Discount rates: Discount rate reflects management's estimate of the risks specific to this entity. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital.

The recoverable amount of the IAA CGU is within level 3 of the fair value hierarchy. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement:

Description	Unobservable inputs*	Inputs	Relationship of unobservable inputs to fair value
IAA	Discount rate	20%	Increased discount rate of 1% would decrease fair value by RM98,000,000
BIG	Discount rate	18%	Increased discount rate of 1% would decrease fair value by RM9,000,000
Velox	Discount rate	15%	Increased discount rate of 1% would decrease fair value by RM13,000,000
	Long-term growth rate per annum	2%	Decreased long-term growth rate by 1% would decrease the fair value by RM9,000,000

* There were no significant inter-relationships between unobservable inputs that materially affect the fair value.

Based on the assessments performed, there is impairment of goodwill but no impairment of landing rights attributable to the CGUs. The management believes that no reasonably possible change in the key assumptions disclosed above used to determine the CGUs' recoverable amounts, including goodwill, would cause its carrying amounts to materially exceed its recoverable amounts.

The calculation of recoverable amounts of the CGUs which have been measured based on their value in use as described above has been made based on conditions existing at 31 December 2022. There is a significant risk that the assumptions on revenue per passenger, load factor, discount rates and growth rate applied in the goodwill impairment assessment would need to be revised, depending on industry developments which may result in a material adjustment to the carrying amounts of the goodwill.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

17. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2022	2021
	RM'000	RM'000
At beginning of year	569,283	756,023
Effects of changes in accounting policies		
Recognised in profit or loss (Note 9)	15,064	(140,765)
Recognised in other comprehensive income	(14)	(11,955)
Issuance of RCUIDS (Note 28)	-	(32,892)
Exchange differences	-	(1,128)
At end of year	584,333	569,283
Presented after appropriate offsetting as follows:		
Deferred tax assets	739,238	738,760
Deferred tax liabilities	(154,905)	(169,477)
	584,333	569,283

	Company	
	2022	2021
	RM'000	RM'000
At beginning of year	(32,892)	-
Issuance of RCUIDS (Note 28)	-	(32,892)
At end of year	(32,892)	(32,892)
Deferred tax liability	(32,892)	(32,892)

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The movements in the deferred tax assets and liabilities of the Group during the financial year are as follows:

Deferred tax assets of the Group:

	Unabsorbed investment tax allowances RM'000	Unabsorbed capital allowances RM'000	Sales in advance RM'000	Derivatives RM'000	Unutilised tax losses RM'000	Provision for retirement benefits RM'000	Others RM'000	Total RM'000
At 1 January 2022	625,529	73,587	137,155	12,648	59,288	9,899	(15,980)	902,126
Recognised in profit or loss	(209,006)	(73,587)	58,088	(12,648)	(59,288)	(1,120)	163,637	(133,924)
Recognised in other comprehensive income	-	-	-	-	-	(14)	-	(14)
Exchange differences	-	-	-	-	-	(256)	-	(256)
At 31 December 2022	416,523	-	195,243	-	-	8,509	147,657	767,932
At 1 January 2021	625,529	69,011	137,155	24,656	137,905	13,652	16,290	1,024,198
Recognised in profit or loss	-	4,576	-	-	(78,617)	(3,806)	(31,142)	(108,989)
Recognised in other comprehensive income	-	-	-	(12,008)	-	53	-	(11,955)
Exchange differences	-	-	-	-	-	-	(1,128)	(1,128)
At 31 December 2021	625,529	73,587	137,155	12,648	59,288	9,899	(15,980)	902,126

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements in the deferred tax assets and liabilities of the Group during the financial year are as follows: (cont'd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Fair value on intangible assets RM'000	Payables RM'000	Others RM'000	Total RM'000
At 1 January 2022	(57,723)	(114,440)	(123,882)	(36,798)	(332,843)
Recognised in profit or loss	14,392	5,538	123,882	5,176	148,988
Exchange differences	320	-	-	(64)	256
At 31 December 2022	(43,011)	(108,902)	-	(31,686)	(183,599)
At 1 January 2021	(25,947)	(114,440)	(123,882)	(3,906)	(268,175)
Recognised in profit or loss	(31,776)	-	-	-	(31,776)
Issuance of RCUIDS	-	-	-	(32,892)	(32,892)
At 31 December 2021	(57,723)	(114,440)	(123,882)	(36,798)	(332,843)

Deferred tax has not been recognised for the following items:

	Group 2022 RM'000	Group 2021 RM'000
Provisions and others	599,644	455,502
Unabsorbed capital allowances	-	86,183
Unutilised tax losses	3,561,818	2,941,721
Unutilised investment tax allowances	4,297,883	4,729,037
	8,459,345	8,212,443

The recognised deferred tax assets are able to be utilised against future taxable profits of the subsidiaries. The deferred tax assets in respect of the above items, which have not been recognised, arose from subsidiaries, as it is expected that it will not be utilised against future taxable profits.

As disclosed in Note 3.3 in respect of critical accounting estimates and judgments, the deferred tax assets are recognised on the basis of the Group's previous history of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on expected future performance and taxable profits which have been adjusted for non-recurring circumstances and a reasonable growth rate.

18. RECEIVABLES AND PREPAYMENTS

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Non-current:					
Other receivables	(a)	340,687	340,687	-	-
Less: Allowance for impairment		(340,687)	(340,687)	-	-
		-	-	-	-
Prepayments	(b)	2,853,422	3,185,181	-	-
Deposits	(c)	711,226	414,233	-	-
		3,564,648	3,599,414	-	-

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current:					
Trade receivables		541,619	431,269	-	-
Less: Allowance for impairment		(207,386)	(123,598)	-	-
		334,233	307,671	-	-
Other receivables		168,386	134,780	294	-
Less: Allowance for impairment		(3,705)	(3,839)	-	-
		164,681	130,941	294	-
Prepayments	(b)	142,218	54,541	10	80
Deposits	(c)	9,840	115,252	-	-
		650,972	608,405	304	80

(a) Included in non-current other receivables is a receivable of IDR1,187 billion (equivalent to RM340.7 million) arising from the disposal of a perpetual capital security which has been fully impaired in prior years.

(b) Prepayments include advances for purchases of fuel and prepaid engine maintenance to the service provider.

(c) Deposits of the Group at the balance sheet date are with a number of external parties for which there is no expectation of default. The deposits include amount set aside for aircraft maintenance of major components amounting to RM286 million (2021: RM198 million).

Credit terms of trade receivables range from 30 to 60 days (2021: 30 to 60 days).

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

18. RECEIVABLES AND PREPAYMENTS (CONT'D.)

Movements on the allowance for impairment of other receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	344,526	344,420	-	-
Net (reversal)/impairment (Note 6)	(134)	106	-	-
At 31 December	344,392	344,526	-	-

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current	193,417	77,914	-	-
1 to 90 days	57,502	33,760	-	-
91 to 120 days	7,884	3,124	-	-
121 to 180 days	697	5,716	-	-
181 to 365 days	3,265	14,575	-	-
Over 365 days	71,468	172,582	-	-
	140,816	229,757	-	-
Impaired	207,386	123,598	-	-
	541,619	431,269	-	-

Credit terms of trade receivables range from 30 to 60 days (2021: 30 to 60 days).

(a) Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired of RM193.4 million (2021: RM77.9 million) are substantially due from companies with good collection track records with the Group.

(b) Trade receivables that are past due but not impaired

Trade receivables for the Group of RM141 million (2021: RM230 million) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

(c) Trade receivables that are impaired

Movements on the allowance for impairment of trade receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	123,598	120,623	-	-
Impairment (Note 6)	83,788	2,975	-	-
At 31 December	207,386	123,598	-	-

18. RECEIVABLES AND PREPAYMENTS (CONT'D.)

The individually impaired trade receivables are mainly related to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The currency profile of receivables and deposits (excluding prepayments) is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	200,168	237,448	294	-
US Dollar	781,379	546,254	-	-
Others	238,433	184,395	-	-
	1,219,980	968,097	294	-

19. DEPOSITS ON AIRCRAFT PURCHASE

Deposits on aircraft purchases represent refundable deposits paid for aircraft to be delivered to the Group. These deposits are denominated in US Dollars.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Non-current				
Interest rate swaps - held for trading	-	-	-	(32,785)
RCUIDS - early redemption option	165,397	-	165,397	-
Total	165,397	-	165,397	(32,785)

	Company	
	2022	2021
	RM'000	RM'000
Non-current asset		
RCUIDS - early redemption option	165,397	165,397

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting.

Notes to the Financial Statements (cont'd)
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20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

The Group recognised a loss of RM88.9 million in the previous financial year arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rate, changes in yield curve and changes in market price of fuel. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 39(e).

	Group			
	2022		2021	
	Notional amount RM'000	Fair value RM'000	Notional amount RM'000	Fair value RM'000
Interest rate swaps	-	-	688,280	(32,785)

(i) Interest rate contracts

In the previous financial year, the notional principal amounts of the outstanding interest rate contracts as at the reporting date was RM688 million.

(ii) RCUIDS

The RCUIDS issued by the Group as disclosed in Note 28 below allows for an option of refinancing the debt at a price of 105% of the principal which will provide future savings to the Group.

21. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
At cost		
Consumables, in-flight merchandise and others	204,459	153,600

During the year, the amount of the inventories recognised in operating expenses of the Group was RM127 million (2021: RM22 million).

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Amount due from subsidiaries		
- current	1,454,450	1,091,879
Amounts due to subsidiaries		
- current	(18,508)	(213,099)

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D.)

The details of the receivables and payables from/(to) subsidiaries are as follows:

	Company	
	2022	2021
	RM'000	RM'000
Receivables:		
- AAAGL	648,146	617,948
- AAD	519,590	458,326
- AAB	149,866	-
- AACOM	95,343	16
- Others	41,505	15,589
	1,454,450	1,091,879
Payables:		
- AAB	-	(201,956)
- AASEA	(15,942)	-
- Others	(2,566)	(11,143)
	(18,508)	(213,099)

The currency profile of amounts due from/(to) subsidiaries are as follows:

	2022 RM'000	2021 RM'000
Due from		
Ringgit Malaysia	830,562	496,228
US Dollar	623,656	595,651
Japanese Yen	232	-
	1,454,450	1,091,879
Due to		
Ringgit Malaysia	(16,009)	(201,958)
US Dollar	(455)	(9,140)
Thai Baht	(2,044)	(2,001)
	(18,508)	(213,099)

Notes to the Financial Statements (cont'd)
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23. AMOUNTS DUE FROM/(TO) ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amounts due from associates	215,519	317,534	10,722	213,543
Less: Allowance for impairment	(49,082)	(250,249)	-	(203,283)
	166,437	67,285	10,722	10,260
Amounts due to associates				
- current	(266,126)	(43,297)	-	-

The amounts due from/(to) associates are trade balances and are unsecured, interest free and repayable on demand except loan to an associate of RM10 million for 3 years at an interest of 5%, repayable in 8 quarterly installments commencing April 2022.

(i) Financial assets that are neither past due nor impaired

Amounts due from associates that are neither past due nor impaired of the Group amounted to RM49 million (2021: RM30 million).

(ii) Financial assets that are past due and not impaired

Amounts due from associates that are past due and not impaired of the Group amounted to RM118 million (2021: RM37 million).

(iii) Financial assets that are impaired

Amounts due from associates that are past due and impaired amounted to RM49 million (2021: RM250 million).

Movements on allowance for impairment of amounts due from associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	250,249	264,071	203,283	213,710
Allowance for impairment (Note 6)	-	15	-	-
Reversal (Note 6)	-	(4,898)	-	(269)
Write off	(203,749)	-	(194,543)	-
Exchange differences	2,582	(8,939)	(8,740)	(10,158)
At 31 December	49,082	250,249	-	203,283

23. AMOUNTS DUE FROM/(TO) ASSOCIATES (CONT'D.)

The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from associates mentioned above.

The details of the receivables from associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Receivables:				
- TAA	113,030	44,773	10,722	10,260
- Others	53,407	22,512	-	-
	166,437	67,285	10,722	10,260

The details of the payables to associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Payables:				
- TAA	(257,923)	(35,499)	-	-
- AAJ	-	(744)	-	-
- GTR	(8,109)	(6,589)	-	-
- Others	(94)	(465)	-	-
	(266,126)	(43,297)	-	-

The currency profile of the amounts due from/(to) associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Due from				
US Dollar	98,950	45,418	10,468	10,260
Ringgit Malaysia	37,997	7,117	-	-
Others	29,490	14,750	254	-
	166,437	67,285	10,722	10,260
Due to				
US Dollar	(229,078)	(36,243)	-	-
Ringgit Malaysia	(10,453)	(7,054)	-	-
Others	(26,595)	-	-	-
	(266,126)	(43,297)	-	-

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amounts due from related parties	416,829	703,663	1,373	1,787
Less: Allowance for impairment	(261,908)	(569,510)	-	(637)
	154,921	134,153	1,373	1,150
Amounts due to related parties				
- current	(230,291)	(129,717)	(202)	-

The amounts due from/(to) related parties are trade balances and are unsecured, interest free and repayable on demand. The carrying amounts of amounts due from related parties approximate their fair values.

The amounts due from related parties that are assessed as not recoverable had been impaired accordingly.

Movements on allowance for impairment of amounts due from related parties are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	569,510	643,321	637	-
Allowance for impairment (Note 6)	-	14,293	-	637
Write off	(313,173)	(89,128)	(637)	-
Exchange differences	5,571	1,024	-	-
At 31 December	261,908	569,510	-	637

The details of the receivables and payables due from/(to) related parties (net of impairment) are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Receivables:				
- AirAsia X Berhad	15,904	18,262	241	18
- PT Indonesia AirAsia Extra	103,278	101,898	-	-
- AAI*	3,792	10,085	1,132	1,132
- Thai AirAsia X Co. Ltd	27,298	3,882	-	
- Others	4,649	26	-	-
	154,921	134,153	1,373	1,150

24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

The details of the receivables and payables due from/(to) related parties (net of impairment) are as follows: (cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Payables:				
- AirAsia X Berhad	(134,906)	(9,516)	-	-
- Thai AirAsia X Co. Ltd	(60,345)	(944)	(202)	-
- PT Indonesia AirAsia Extra	(29,211)	(118,056)	-	-
- AAI*	(929)	(844)	-	-
- Others	(4,900)	(357)	-	-
	(230,291)	(129,717)	(202)	-

* AAI was a related party until it was disposed off in December 2022. As such, it is continued to be disclosed under related party balances at the reporting date.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Due from				
Ringgit Malaysia	14,663	18,281	289	18
US Dollar	134,823	115,872	1,084	1,132
Others	5,435	-	-	-
	154,921	134,153	1,373	1,150
Due to				
Ringgit Malaysia	(83,442)	-	-	-
Indonesian Rupiah	(31,579)	(125,103)	-	-
US Dollar	(98,416)	(4,614)	(202)	-
Others	(16,854)	-	-	-
	(230,291)	(129,717)	(202)	-

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

25. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	15,580	9,344	100	100
Cash and bank balances	454,405	1,247,409	1,155	561,787
Deposits, cash and bank balances	469,985	1,256,753	1,255	561,887
Deposits with licensed banks with maturity period of more than 3 months	(12,395)	(1,077)	-	-
Deposits pledged as securities and restricted cash	(120,832)	(77,745)	-	-
Cash and cash equivalents	336,758	1,177,931	1,255	561,887

The currency profile of deposits, cash and bank balances are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	263,632	1,198,396	1,218	561,814
US Dollar	96,035	23,290	21	57
Chinese Renminbi	20,511	5,840	-	-
Others	89,807	29,227	16	16
	469,985	1,256,753	1,255	561,887

Short-term deposits are made for varying period of twelve months (2021: varying periods of twelve months) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The weighted average effective annual interest rates of deposits at the balance sheet dates are as follows:

	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
Deposits with licensed banks	2.93	1.83	-	-

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Other payables	280,801	292,691	-	-

26. TRADE AND OTHER PAYABLES (CONT'D.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade payables	1,242,877	1,306,412	805	146
Accrual for fuel	126,971	77,236	-	-
Other payables and accruals	1,508,714	925,249	2,138	7,520
	2,878,562	2,308,897	2,943	7,666
Total trade and other payables	3,159,363	2,601,588	2,943	7,666

The current other payables and accruals include accruals for operational expenses and passenger service charge payable to airport authorities.

The currency profile of trade and other payables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,427,454	819,583	2,739	7,300
US Dollar	1,061,584	797,871	283	166
Others	670,325	984,134	-	200
	3,159,363	2,601,588	3,022	7,666

27. AIRCRAFT MAINTENANCE PROVISIONS AND LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
Aircraft maintenance provisions (i)	4,148,800	3,982,214
Aircraft maintenance reserve fund (ii)	1,989,319	1,855,056
	6,138,119	5,837,270

	Group	
	2022	2021
	RM'000	RM'000
Disclosed as		
Non-current	5,538,224	4,860,637
Current	599,895	976,633
	6,138,119	5,837,270

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

27. AIRCRAFT MAINTENANCE PROVISIONS AND LIABILITIES (CONT'D.)

(i) Aircraft maintenance provisions relate to aircraft held under operating lease arrangements whereby, the Group is contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

The movements in the aircraft maintenance provisions of the Group during the financial year are as follows:

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	3,982,214	3,744,817
Arose during the year	211,571	357,734
Utilised	(44,985)	(120,337)
At 31 December	4,148,800	3,982,214

(ii) Aircraft maintenance reserve funds relate to payments made by the lessee for maintenance activities to be undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve funds. At the expiry of the lease term, any excess maintenance reserve is recognised in the profit and loss account.

28. BORROWINGS

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current					
Term loans	(i)	233,564	332,262	-	-
Revolving credit	(i)	31,760	85,010	-	-
Swap creditors loan and deferral		-	219,896	-	-
Convertible loan note	(ii)	265,634	250,060	-	-
		530,958	887,228	-	-
Non-current					
Term loans	(i)	1,302,468	600,224	-	-
Other facilities	(iii)	447,789	-	-	-
RCUIDS	(iv)	655,499	822,437	655,499	822,437
		2,405,756	1,422,661	655,499	822,437
Total borrowings		2,936,714	2,309,889	655,499	822,437

28. BORROWINGS (CONT'D.)

(i) Term loans and revolving credits

During the financial year, a subsidiary of the Group obtained a term loan facility amounting to USD75 million (equivalent to RM331 million) from a non-financial institution.

In the previous financial year, a subsidiary of the Group obtained a working capital loan from a non-financial institution amounting to USD150 million (equivalent to RM623 million) of which the loan has been fully drawn as at 31 December 2022. The working capital loan has a bullet repayment due 60 months after the first drawdown and interests are payable quarterly.

(ii) Convertible loan note

In the previous financial year, a subsidiary of the Group secured an investment of up to USD100 million (equivalent to RM415 million) convertible notes at a coupon rate of 6% per annum from SK Group, a South Korean conglomerate. The convertible loan notes will be converted into preference shares in a subsidiary within one year upon approval obtained from regulators.

(iii) Other facilities

During the financial year, a subsidiary of the Company secured a Predelivery Payment ("PDP") financing at a net borrowing amount of USD102.5 million (equivalent to RM448 million) from a non-financial institution.

(iv) RCUIDS

In the previous financial year, the Company completed the renounceable rights issue ("Rights Issue") of RM974,513,219 in nominal value of 7-year redeemable convertible unsecured islamic debt securities ("RCUIDS") at nominal value of RM0.75 each based on the Shariah principal of Murabahah (via "Tawarruq Arrangement") comprising 1,299,350,959 RCUIDS together with 649,675,479 free detachable warrants ("Warrants") on the basis of 2 RCUIDS with 1 warrant for every 6 ordinary shares in the Company following the listing and quotation on the Main Market of Bursa Securities. The Rights Issue is constituted by a trust deed dated 18 November 2021.

The salient features of the RCUIDS are as follows:

(a) The profit rate for the RCUIDS is 8% per annum, computed based on the nominal value of the outstanding RCUIDS and payable quarterly in arrears;

(b) The RCUIDS shall be convertible into new ordinary shares of the Company by surrendering for cancellation RM0.75 nominal value of one RCUIDS for one new ordinary share of the Company at any time on and after 31 December 2021 ("Issue Date") up to 31 December 2028 ("Maturity Date");

(c) The new ordinary shares to be issued upon conversion of the RCUIDS shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which the entitlement date precedes the allotment date of the new ordinary shares allotted pursuant to the conversion of the RCUIDS;

(d) The Company shall redeem annually 25% of the outstanding RCUIDS, which have not been converted or redeemed, commencing on the 4th anniversary from the Issue Date and annually thereafter until the 7th anniversary:

(e) The Company may make an early redemption of the outstanding RCUIDS in whole on the 4th anniversary of the Issue Date. The redemption amount shall be based on 105% of the nominal value of the RCUIDS (excluding the relevant annual redemption amount on the 4th anniversary of the Issue Date).

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

28. BORROWINGS (CONT'D.)

(iv) RCUIDS (cont'd.)

The salient features of the RCUIDS are as follows: (cont'd.)

The liability component of the RCUIDS is recognised in the statements of financial position as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
At 1 January	822,437	-
Interest amount	61,879	-
Payment of interest	(61,879)	-
Conversion of RCUIDS	(166,938)	-
Proceeds from issuance of RCUIDS and free warrant	-	974,513
Amount classified as equity:		
RCUIDS reserves (Note 34)	-	(154,360)
Warrant reserves (Note 34)	-	(112,736)
Amount classified as deferred tax liabilities (Note 17)	-	(32,892)
Amount classified as derivative financial assets (Note 20)	-	165,397
Transaction costs	-	(17,485)
At 31 December	655,499	822,437

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Weighted average interest rate				
Term loans	8.43	6.26	-	-
Revolving credit	5.25	5.92	-	-
Swap creditors loan	-	5.39	-	-
Convertible loan note	6.00	6.00	-	-
RCUIDS	8.00	8.00	8.00	8.00

The borrowings are repayable as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Not later than 1 year	530,958	887,228	-	-
Later than 1 year and not later than 5 years	1,419,988	963,986	655,499	822,437
Later than 5 years	985,768	458,675	-	-
	2,936,714	2,309,889	655,499	822,437

28. BORROWINGS (CONT'D.)

(iv) RCUIDS (cont'd.)

The currency profile of borrowings is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	901,794	1,063,082	655,499	822,437
US Dollar	1,735,146	1,120,232	-	-
Philippine Peso	83,096	79,763	-	-
Thai Baht	172,776	-	-	-
Indonesia Rupiah	43,902	46,812	-	-
	2,936,714	2,309,889	655,499	822,437

Total borrowings as at reporting date consist of the following banking facilities:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate borrowings	2,242,774	2,130,121	655,499	822,437
Floating rate borrowings	693,940	179,768	-	-
	2,936,714	2,309,889	655,499	822,437

The carrying amounts and fair values of the fixed rate borrowings are as follows:

	Group			
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loans	1,289,881	1,617,174	752,718	790,308
Revolving credit	31,760	31,760	85,010	85,010
Swap creditors loan	-	-	219,896	219,896
Convertible loan note	265,634	265,634	250,060	250,060
RCUIDS	655,499	699,037	822,437	822,437
	2,242,774	2,613,605	2,130,121	2,167,711

	Company			
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
RCUIDS	655,499	699,037	822,437	822,437

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

28. BORROWINGS (CONT'D.)

(iv) RCUIDS (cont'd.)

The fair values of the floating rate borrowings approximate their carrying amounts, as the impact of discounting is not significant.

The fair values of the fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group's credit risk at the balance sheet date, at 5.52% to 11.75% (2021: 2.76% to 11.75%) per annum. The fair values of fixed rate borrowings are within level 2 of the fair value hierarchy.

29. LEASES

Group as a lessee

The Group leases various aircraft, spare engines and land and building. Leases of aircraft and spare engines have a lease term of 2 to 18 years (2021: 2 to 19 years) whilst land and building generally have a lease term of 2 to 20 years (2021: 2 to 20 years).

The Group also has certain leases of property, plant and equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of ROU assets recognised and the movements during the year:

	Aircraft and spare engines RM'000	Land and building RM'000	Total RM'000
As at 1 January 2022	9,692,902	57,809	9,750,711
Additions	67,117	-	67,117
Modifications	939,804	-	939,804
Adjustments*	(11,469)	-	(11,469)
Depreciation	(1,297,945)	(11,588)	(1,309,533)
Reversal of impairment (Note 6)	552,290	-	552,290
Exchange movements	193,206	-	193,206
As at 31 December 2022	10,135,905	46,221	10,182,126
As at 1 January 2021	9,403,629	41,317	9,444,946
Additions	623,872	31,848	655,720
Modifications	1,066,377	-	1,066,377
Depreciation	(1,640,531)	(15,356)	(1,655,887)
Exchange movements	239,555	-	239,555
As at 31 December 2021	9,692,902	57,809	9,750,711

* The adjustment relates to recomputation of some of the leases originating from the airline operations in Indonesia.

29. **LEASES (CONT'D.)**

Group as a lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2022 RM'000	2021 RM'000
At 1 January	14,295,294	12,435,240
Additions	65,760	277,359
Accretion of interest (Note 8(b))	705,152	500,044
Payments	(1,171,914)	(423,777)
Modifications	703,928	1,170,803
Exchange movements	459,660	335,625
At 31 December	15,057,880	14,295,294

	2022 RM'000	2021 RM'000
Current	4,340,844	3,905,769
Non-current	10,717,036	10,389,525
	15,057,880	14,295,294

The maturity analysis of lease liabilities are disclosed in Note 39(c).

The following are the amounts recognised in profit or loss:

	2022 RM'000	2021 RM'000
Depreciation of right-of-use assets	1,309,533	1,655,887
Interest expense on lease liabilities	705,152	500,044
Expense relating to short-term leases	27,922	11,192
Reversal of impairment of right-of-use assets	(552,290)	-
(Reversal)/impairment of finance lease receivables	(98,923)	2,856
Loss on recognition of finance lease receivables	-	41,187
Total amount recognised in profit or loss	1,391,394	2,211,166

The Group had total cash outflows for leases of RM1,200 million in 2022 (2021: RM435 million). The Group also had non-cash additions to ROU assets and lease liabilities of RM67 million (2021: RM656 million) and RM66 million (2021: RM277 million), respectively. Included in lease liabilities are lease rental payables amounting to approximately RM2,282 million (2021: RM2,212 million).

In 2022, modifications represent change in lease terms and consideration of aircraft lease agreements from certain lessors. These modifications were negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Notes to the Financial Statements (cont'd)
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29. LEASES (CONT'D.)

Reversal of impairment for right-of-use assets

During the financial year, the reversal of impairment loss amounting to RM552.3 million relates to certain right-of-use assets due to the recovery of the COVID-19 pandemic. This was recognised in the income statement as other operating income.

The recoverable amount of the ROU of RM11,250 million was derived using estimated value in use and determined at the level of the CGUs of the airline operating centres in the respective countries that the Group is operating in. The recoverable amounts of the CGUs have been measured based on cash flow projections approved by the management. The airline CGU comprise right-of-use assets and aircraft related property, plant and equipment.

The discount rates applied to the cash flow projections averaged from 13.5%. The assumptions used to determine the recoverable amounts include revenue per passenger, load factor, fuel cost, passengers charges and growth rate which may change significantly depending on the recovery of the aviation industry in the respective countries, regionally and internationally.

Group as a lessor - finance lease

The Group has classified most of its aircraft subleases as finance leases because the sublease is for the whole of the remaining term of the head lease. During the financial year, the movement on the finance lease receivables are as follows:

	2022 RM'000	2021 RM'000
At 1 January	490,377	938,165
Modifications during the year	(235,876)	(377,343)
Lease payments received during the financial year	(13,283)	(102,440)
Finance income (Note 8(a))	18,064	16,143
Reversal/(impairment loss) (Note 6)	98,923	(2,856)
Exchange movements	17,590	18,708
At 31 December	375,795	490,377
Current	114,975	224,144
Non-current	260,820	266,233
	375,795	490,377

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2022 RM'000	2021 RM'000
Within one year	156,427	238,046
After one year but not more than five years	171,434	209,293
More than five years	81,656	117,619
Total undiscounted lease payments receivable	409,517	564,958
Unearned finance income	(33,722)	(74,581)
Net investment in the lease	375,795	490,377

29. LEASES (CONT'D.)

Group as a lessor - operating lease

Lease income from lease contracts in which the Group acts as a lessor:

	2022 RM'000	2021 RM'000
Finance lease		
- Finance income on the finance lease receivables	18,064	16,143
Operating lease		
- Aircraft operating lease income	63,632	153,290

30. PROVISION FOR RETIREMENT BENEFITS

The Group has unfunded, non-contributory and actuarially computed retirement benefit plans which provide retirement benefits to employees who reach the mandatory retirement age under the provisions of labour laws in Indonesia and the Philippines.

The amounts recognised in the statements of financial position as at 31 December are as follows:

	Group	
	2022 RM'000	2021 RM'000
Present value of defined benefit obligation	69,742	81,084

The movements in the present value of defined benefit obligation for the year ended 31 December are as follows:

	Group	
	2022 RM'000	2021 RM'000
Defined benefit obligation at 1 January	81,084	97,667
Recognised in income statement		
- Current service cost	9,894	6,272
- Interest cost	4,809	5,350
Benefits paid	(11,017)	(3,273)
Past service cost	(5,241)	(15,051)
Remeasurement gain recognised in other comprehensive income		
- Changes in financial assumptions	(3,256)	(12,152)
- Experience adjustments	(3,586)	(571)
Exchange differences	(2,945)	2,842
Defined benefit obligation at 31 December	69,742	81,084

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

30. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)

The principal actuarial assumptions used for the year ended 31 December are as follows:

	2022	2021
Discount rate	7.11% - 7.42%	4.99% - 7.49%
Salary increase rate per annum	5%	5%
Average employee service life	5 - 19 years	19 - 25 years

Sensitivity analysis

As at 31 December, the sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption RM'000	Decrease in assumption RM'000
2022			
Annual discount rate	+/- 1%	(324)	1,353
Future annual salary increase rate	+/- 1%	1,105	(151)
2021			
Annual discount rate	+/- 1%	(737)	2,331
Future annual salary increase rate	+/- 1%	2,042	(634)

31. SHARE CAPITAL

	No. of shares		Group/Company	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Ordinary shares				
Issued and fully paid up:				
As at 1 January	3,898,053	3,341,974	8,457,172	8,023,268
Issued during the year				
- Private placement	-	470,214	-	336,464
- Acquisition of non-controlling interest in a subsidiary	-	85,865	-	103,037
- Conversion of RCUIDS	263,740	-	197,805	-
Less: transactional cost	-	-	-	(5,597)
As at 31 December	4,161,793	3,898,053	8,654,977	8,457,172

31. SHARE CAPITAL (CONT'D.)

(i) Private placement

On 21 January 2021, the Company announced that it proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company or 668,394,816 shares ("Placement shares") ("Private Placement"). The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 and the "Additional Temporary Relief Measures to Listed Issuers" announced by Bursa Malaysia Securities Berhad ("Bursa") on 16 April 2020 which increased the prescribed limit under Paragraph 6.03 of the Main Market Listing Requirements from 10% to 20%. The Company has obtained approval from its shareholders for the 20% General Mandate at its Annual General Meeting held on 28 September 2020.

On 10 February 2021, the Company announced that the first tranche of placement shares of 369,846,852 was price fixed at RM0.675 per share. On 9 March 2021, the Company announced that the second tranche of placement shares of 100,367,362 was price fixed at RM0.865 per share. The above two tranches raised a total of RM336.46 million.

(ii) Acquisition of a subsidiary

On 22 March 2021, the Company entered into a Memorandum of Understanding with Aimia Holdings UK II Limited in relation to the acquisition of the remaining 20% equity interest in BIG satisfied by the issuance of 85,864,583 ordinary shares in the Company and allotted at an issue price of RM1.20 per share amounting to RM103 million (approximately USD25 million). On 21 June 2021 at the Extraordinary General Meeting, the acquisition was approved and BIG became a wholly owned subsidiary of the Group. The effect of the acquisition is reflected in the statement of changes in equity.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(iii) Conversion of RCUIDS

During the financial year, 263,740,340 RCUIDS were converted into ordinary shares issued at RM0.75 per share. The number of RCUIDS outstanding as at 31 December 2022 was 1,035,610,619 units.

32. SHARE-BASED PAYMENTS

Long Term Incentive Scheme ("LTIS")

On 2 August 2021, the Company implemented a LTIS comprising an Employee Share Option Scheme ("ESOS") and a Share Grant Scheme. The establishment of the LTIS, which involves up to 10% of the total number of issued shares of the Company at any point in time throughout the duration of the LTIS, is for the employees and directors of the Group who are eligible in accordance with the By-Laws governing the LTIS. The LTIS is administered by a committee appointed and duly authorised by the Board in accordance with the By-Laws.

The LTIS will be in force for a period of six (6) years commencing from 2 August 2021 and may be extended for a further period of up to 4 years immediately from the expiry of the first six years.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

32. SHARE-BASED PAYMENTS (CONT'D.)

ESOS

On 3 August 2021, the Company granted 159,400,000 share options ("ESOS") pursuant to the LTIS to selected eligible employees and directors of the Group. The ESOS will be vested on a 3 year-cliff vesting, i.e. 100% will be vested on 31 August 2024, subject to the Company's share price performance. Employees must remain in service for a period of 3 years from the date of grant up to vesting date. The fair value of the ESOS is estimated at the date of grant using a Monte-Carlo simulation model blended with Black-Scholes model, taking into account the terms and conditions on which the ESOS were granted. The model simulates the share price and takes into account historical and expected dividends, risk-free rate, and the share price volatility of the Company so as to predict the share performance.

The exercise price of the ESOS is RM0.74 which is equal to the 5-day Volume-weighted average market price ("VWAP") of the shares immediately preceding the date of the ESOS award, with a discount of not more than ten per cent (10%). The vesting period and exercise period of the ESOS will be limited to the duration that the LTIS is in force. There is no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

The expense recognised for employee services received during the year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Expense arising from equity-settled share-based payment transactions	10,646	5,968	221	38

There were no cancellations or modifications to the award in 2022.

Movements during the year

The following table illustrates the number of, and movements in, ESOS during the year.

	2022	2021
	'000	'000
Outstanding at 1 January	151,600	-
Granted during the year	-	159,400
Forfeited during the year	(25,400)	(7,800)
Outstanding at 31 December	126,200	151,600

The fair value of options granted during the year was RM0.282.

The exercise price for ESOS outstanding at the end of the year was RM0.7425.

32. SHARE-BASED PAYMENTS (CONT'D.)

Movements during the year (cont'd.)

The following table list the inputs to the model used for the ESOS for the year ended 31 December 2022:

	Share options granted on 3 Aug 2021
Fair value at the measurement date (RM)	0.282
Expected volatility (%)	53.874
Risk-free interest rate per annum (%)	2.242
Expected life of ESOS (years)	6
Model used	Monte-Carlo blended with Black-Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

33. MERGER DEFICIT

	Group	
	2022	2021
	RM'000	RM'000
As at 1 January and 31 December	(5,507,594)	(5,507,594)

On 16 April 2018, the Company completed the internal reorganisation. Consequently, the merger deficit represents the difference between the purchase consideration to acquire AAB and the share capital of AAB.

Further, the Company has accounted for the acquisition of AAB Group as a continuation of the acquired entity. Therefore, the share capital of AAB is reflected as a merger reserve since the financial year ended 31 December 2017.

34. RETAINED EARNINGS AND RESERVES

(a) Retained earnings

The Company has retained earnings amounting to RM571 million (2021: RM569 million) which is available for distribution for the shareholders of the Company.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

34. RETAINED EARNINGS AND RESERVES (CONT'D.)

(b) Reserves

Group	Remeasurement gain on employee benefits liability RM'000	CCash flow hedge reserve RM'000	Fair value reserve RM'000	Share option reserves RM'000 (Note 34.1)	RCUIDS reserves RM'000 (Note 34.2)	Warrant reserves RM'000 (Note 34.3)	Total RM'000
At 1 January 2022	(13,330)	(68,499)	(29,914)	5,968	154,360	112,736	161,321
Net change in fair value	6,842	-	(15,759)	-	-	-	(8,917)
Share of other comprehensive income of an associate	-	68,499	-	-	-	-	68,499
Conversion of RCUIDS into ordinary share	-	-	-	-	(27,529)	-	(27,529)
Share-based payment expensed	-	-	-	10,646	-	-	10,646
At 31 December 2022	(6,488)	-	(45,673)	16,614	126,831	112,736	204,020
At 1 January 2021	(18,640)	(101,222)	(105,506)	-	-	-	(225,368)
Net change in fair value	5,284	43,248	102,805	-	-	-	151,337
Deferred tax recognised in other comprehensive income	26	(10,525)	-	-	-	-	(10,499)
Issuance of RCUIDS	-	-	-	-	154,360	112,736	267,096
Share-based payment expensed	-	-	-	5,968	-	-	5,968
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	(27,213)	-	-	-	(27,213)
At 31 December 2021	(13,330)	(68,499)	(29,914)	5,968	154,360	112,736	161,321

34. RESERVES (CONT'D.)

Company	Fair value reserve RM'000	Share option reserves RM'000 (Note 34.1)	RCUIDS reserves RM'000 (Note 34.2)	Warrant reserves RM'000 (Note 34.3)	Total RM'000
At 1 January 2022	-	6,044	154,360	112,736	273,140
Share-based payment expensed	-	221	-	-	221
Conversion of RCUIDS into ordinary share	-	-	(27,529)	-	(27,529)
Deemed investment in subsidiaries	-	9,814	-	-	9,814
At 31 December 2022	-	16,079	126,831	112,736	255,646
At 1 January 2021	(81,901)	-	-	-	(81,901)
Net change in fair value	109,114	-	-	-	109,114
Share-based payment expensed	-	38	-	-	38
Issuance of RCUIDS	-	-	154,360	112,736	267,096
Deemed investment in subsidiaries	-	6,006	-	-	6,006
Transfer of fair value reserve of disposed investment securities to retained earnings	(27,213)	-	-	-	(27,213)
At 31 December 2021	-	6,044	154,360	112,736	273,140

34.1 Share option reserves

The share option reserves is used to recognise the value of equity-settled share based payments provided to selected eligible employees and directors of the Group, as part of their remuneration. Refer to Note 32 for further details of this plan.

34.2 RCUIDS reserves

The RCUIDS reserves comprise the equity component of the RCUIDS. It represents the residual of the RCUIDS after deducting the fair value of the liability component and the embedded derivative component. The amount is presented net of transaction costs and deferred tax liabilities.

During the financial year, 263,740,340 units of RCUIDS were converted into ordinary shares. The number of RCUIDS outstanding as at 31 December 2022 was 1,035,610,619.

34.3 Warrant reserves

On 31 December 2021, the Company issued 649,675,479 warrants ("Warrants") pursuant to the Rights Issue of RCUIDS. The Warrants is constituted by a deed poll dated 18 November 2021. The warrant reserve comprises the fair value of the free detachable warrants arising from the Rights Issue.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

34. RESERVES (CONT'D.)

34.3 Warrant reserves (cont'd.)

The salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder to subscribe for one new ordinary share of the Company at an exercise price of RM1.00 per Warrant at any time during the period from 31 December 2021 up to expiry date of the Warrants on 31 December 2028;

(b) The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which the entitlement date precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants;

(c) Any Warrants which have not been exercised at the expiry date of the Warrants on 31 December 2028 shall lapse and cease to be valid for any purposes.

As at 31 December 2022, 649,675,479 (2021: 649,675,479) Warrants remain unexercised.

35. COMMITMENTS

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Property, plant and equipment:		
- Approved and contracted for	102,608,980	97,163,376

The approved and contracted for capital commitments for the Group are in respect of aircraft purchase. The future commitments of aircraft purchase are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Later than 1 year and not later than 5 years	12,908,493	7,688,395
Later than 5 years	89,700,487	89,474,981
	102,608,980	97,163,376

36. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal management reporting provided to the Board of Directors. On 27 January 2022, the shareholders have approved the change of the Company name to Capital A Berhad. The change of name offers a better reflection of the Group's core business and its future undertakings in tandem with its rapid transformation as it has gone beyond its beginnings as an airline into a digital travel and lifestyle services group which continues to gain strong momentum. This structural change would help facilitate strong projected growth in the Group's portfolio businesses. It will also set the tone of the Group as it expands into new horizons and allay concerns of being a group that was intrinsically an airline.

36. SEGMENTAL INFORMATION (CONT'D.)

Consequently, the segmental information provided to the Board of Directors of the Company had been improved to reflect the focus on portfolio of businesses. The comparative segmental information have been restated to reflect the current classification.

The segmental information provided to the Board of Directors for the reportable segments are as follows:

	Aviation RM'000	Engineering RM'000	airasia Super App RM'000	Teleport RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2022									
Revenue	5,639,687	285,760	400,323	469,067	31,975	342,908	7,169,720	(732,652)	6,437,068
Staff costs	(619,195)	(112,161)	(158,512)	(52,736)	(60,669)	(226,947)	(1,230,220)	565	(1,229,655)
Fuel costs	(2,956,244)	-	-	-	-	-	(2,956,244)	-	(2,956,244)
Maintenance and overhaul	(1,040,503)	(79,819)	(1,804)	(222)	-	(1,748)	(1,124,096)	277,256	(846,840)
User charges and other related expenses	(943,323)	-	(97,540)	(419,194)	-	(28,526)	(1,488,583)	259,575	(1,229,008)
Other operating expenses	224,103	(32,358)	(134,750)	(23,838)	(98,124)	(224,127)	(289,094)	7,275	(281,819)
Other income	88,388	12	393	38	739	991	90,561	63,703	154,264
EBITDA	392,913	61,434	8,110	(26,885)	(126,079)	(137,449)	172,044	(124,278)	47,766
Depreciation & amortisation									(1,441,575)
Interest expense									(1,004,922)
Interest income									40,305
Net fair value gains on derivatives									45,021
Share of results of associates/joint venture									(345,393)
Foreign exchange loss									(644,860)
Loss before tax									(3,303,658)
Segment assets	33,926,508	318,395	544,720	172,110	207,585	1,832,375	37,001,693	(18,164,093)	18,837,600
Unallocated corporate assets									165,397
Associates									924,312
Joint ventures									220
Total assets									19,927,529
Segment liabilities	40,844,355	39,533	679,519	221,899	511,995	1,351,509	43,648,810	(14,204,323)	29,444,487

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

36. SEGMENTAL INFORMATION (CONT'D.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

	Aviation RM'000	Engineering RM'000	airasia Super App RM'000	Teleport RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2021									
Revenue	1,573,022	101,333	150,016	551,231	21,615	15,574	2,412,791	(729,895)	1,682,896
Staff costs	(485,307)	(72,215)	(113,338)	(37,800)	(28,828)	(59,714)	(797,202)	1,564	(795,638)
Fuel costs	(393,941)	-	-	-	-	-	(393,941)	-	(393,941)
Maintenance and overhaul	(811,808)	(5,795)	-	-	-	-	(817,603)	336,984	(480,619)
User charges and other related expenses	(228,940)	-	(34,010)	(574,062)	-	(50)	(837,062)	76,525	(760,537)
Other operating expenses	(381,690)	(10,124)	(140,101)	(15,820)	(111,217)	(29,789)	(688,741)	146,549	(542,192)
Other income	550,543	-	(1,782)	7,319	287	52	556,419	(291,425)	264,994
EBITDA	(178,121)	13,199	(139,215)	(69,132)	(118,143)	(73,927)	(565,339)	(459,698)	(1,025,037)
Depreciation & amortisation									(1,820,572)
Interest expense									(679,807)
Interest income									35,314
Net fair value gains on derivatives									31,377
Share of results of associates/joint venture									(45,227)
Foreign exchange loss									(71,084)
Loss before tax									(3,575,036)
Segment assets	26,742,724	291,062	345,851	141,321	293,384	1,963,411	29,777,753	(10,352,151)	19,425,602
Unallocated corporate assets									165,397
Associates									438,004
Joint ventures									878
Total assets									20,029,881
Segment total liabilities	36,528,419	62,044	421,944	161,505	434,889	764,111	38,372,912	(11,920,128)	26,452,784
Unallocated corporate liabilities									822,437
									27,275,221

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

Entities listed under investment in subsidiaries, associates and joint ventures are all considered related parties. Further, the following party with common shareholders and/or directors are also considered related parties for disclosure purposes.

(i) AirAsia X Berhad
(ii) Tune Insurance Malaysia Berhad
(iii) Queens Park Rangers Holdings Ltd
(iv) Thai AirAsia X Co. Ltd
(v) PT Indonesia AirAsia Extra
(vi) Tune Money International Sdn Bhd

All related party transactions were carried out on agreed terms and conditions.

Related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members, where applicable.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(a) Income:				
Aircraft lease income owned and leased aircraft				
- TAA	24,109	124,989	-	-
Office rental income				
- AirAsia X Berhad	-	3,384	-	-
Sale of loyalty point from BIG				
- TAA	4,309	1,206	-	-
Turnaround charges and marketing funds charged by AGZ				
- AirAsia X Berhad	505	101	-	-
- Thai AirAsia X Co. Ltd	1,063	-	-	-
Travelling - Accommodation charged by Tune Hotel	-	883	-	-
Commission from online travel and accommodation charged to AirAsia X Berhad	6,864	-	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	-	1,230	-	-

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(b) Recharges:				
Recharges of expenses to				
- TAA	624,470	-	-	-
- AirAsia X Berhad	413,018	15,322	-	-
- AAI	2,414	155,942	-	-
- Thai AirAsia X Co. Ltd	60,585	6,447	-	-
(c) Other income/(expenses):				
Brand license fee charged by AirAsia Berhad				
- AirAsia X Berhad	5,389	-	-	-
- Thai AirAsia X Co. Ltd	4,180	-	-	-
Maintenance reserve fund charged to				
- TAA	65,241	62,451	-	-
- AAI	-	4,470	-	-
Purchase of cargo transportation capacity				
- AirAsia X Berhad	51,249	-	-	-
- Thai AirAsia X Berhad	16,062	-	-	-
- TAA	7,821	-	-	-
Purchase of charter spaces				
- AirAsia X Berhad	142,053	203,706	-	-
- Thai AirAsia X Co. Ltd.	6,114	173,087	-	-
Loyalty point redemption				
- TAA	(3,891)	(3,461)	-	-
Management fees paid to AirAsia SEA Ltd	45,000	18,754	-	(72)
Management fees charged to associates and related parties	2,484	47	-	-

38. FINANCIAL INSTRUMENTS

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
Group				
31 December 2022				
Financial assets as per statements of financial position				
Investment securities (Note 15)	-	6,017	108,517	114,534
Receivables (excluding prepayments and deposits for aircraft maintenance)	816,741	-	-	816,741
Amounts due from associates (Note 23)	166,437	-	-	166,437
Amounts due from related parties (Note 24)	154,921	-	-	154,921
Derivative financial instruments (Note 20)	-	165,397	-	165,397
Deposits, cash and bank balances (Note 25)	469,985	-	-	469,985
Finance lease receivables (Note 29)	375,795	-	-	375,795
Total	1,983,879	171,414	108,517	2,263,810

	Liabilities at FVTPL RM'000	Other liabilities RM'000	Total RM'000
Group (cont'd.)			
31 December 2022			
Financial liabilities as per statements of financial position			
Borrowings (Note 28)	-	2,936,714	2,936,714
Trade and other payables (Note 26)	-	3,159,363	3,159,363
Amounts due to associates (Note 23)	-	266,126	266,126
Amounts due to related parties (Note 24)	-	230,291	230,291
Lease liabilities (Note 29)	-	15,057,880	15,057,880
Total	-	21,650,374	21,650,374

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

38. FINANCIAL INSTRUMENTS (CONT'D.)

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
Group (cont'd.)				
31 December 2021				
Financial assets as per statements of financial position				
Investment securities (Note 15)	-	43,641	199,682	243,323
Receivables (excluding prepayments and deposits for aircraft maintenance)	651,628	-	-	651,628
Amounts due from associates (Note 23)	67,285	-	-	67,285
Amounts due from related parties (Note 24)	134,153	-	-	134,153
Derivative financial instruments (Note 20)	-	165,397	-	165,397
Deposits, cash and bank balances (Note 25)	1,256,753	-	-	1,256,753
Finance lease receivables (Note 29)	490,377	-	-	490,377
Total	2,600,196	209,038	199,682	3,008,916

	Liabilities at FVTPL RM'000	Other financial liabilities RM'000	Total RM'000
Group (cont'd.)			
31 December 2021			
Financial liabilities as per statements of financial position			
Borrowings (Note 28)	-	2,309,889	2,309,889
Derivative financial instruments (Note 20)	32,785	-	32,785
Trade and other payables (Note 26)	-	2,601,588	2,601,588
Amounts due to associates (Note 23)	-	43,297	43,297
Amounts due to related parties (Note 24)	-	129,717	129,717
Lease liabilities (Note 29)	-	14,295,294	14,295,294
Total	32,785	19,379,785	19,412,570

38. FINANCIAL INSTRUMENTS (CONT'D.)

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Total RM'000
Company			
31 December 2022			
Financial assets as per statements of financial position			
Amount due from subsidiaries (Note 22)	1,454,450	-	1,454,450
Amounts due from associates (Note 23)	10,722	-	10,722
Amounts due from related parties (Note 24)	1,373	-	1,373
Deposits, cash and bank balances (Note 25)	1,255	-	1,255
Derivative financial instruments (Note 20)	-	165,397	165,397
	1,467,800	165,397	1,633,197

	Other financial liabilities RM'000
Company	
31 December 2022	
Financial liabilities as per statements of financial position	
Trade and other payables (Note 26)	2,943
Amounts due to subsidiaries (Note 22)	18,508
Amounts due to related parties (Note 24)	202
	21,653

	Measured at amortised costs RM'000	Measured at FVOCI RM'000	Total RM'000
31 December 2021			
Financial assets as per statements of financial position			
Amount due from a subsidiary (Note 22)	1,091,879	-	1,091,879
Amounts due from associates (Note 23)	10,260	-	10,260
Amounts due from related parties (Note 24)	1,150	-	1,150
Deposits, cash and bank balances (Note 25)	561,887	-	561,887
Derivative financial instruments (Note 20)	-	165,397	165,397
	1,665,176	165,397	1,830,573

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

38. FINANCIAL INSTRUMENTS (CONT'D.)

	Other financial liabilities RM'000
Financial liabilities as per statements of financial position	
Trade and other payables (Note 26)	7,666
Amounts due to subsidiaries (Note 22)	213,099
	220,765

39. FINANCIAL RISK MANAGEMENT POLICIES

The Group is exposed to market risk (including fuel price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group uses financial instruments such as fuel swaps, interest rate swaps and caps, and foreign currency forwards to mitigate its financial risks.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Financial risk management policies and procedures are reviewed regularly to reflect changes in the market condition and the Group's activities.

The Group also seeks to ensure that the financial resources that are available for the development of the Group's businesses are constantly monitored and managed vis-a-vis its ongoing exposure to fuel price, interest rate, foreign currency, credit, liquidity and cash flow risks.

The policies in respect of the major areas of treasury activities are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, jet fuel prices and interest rates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate exposure arises from the Group's floating rate borrowings and is managed by entering into derivative financial instruments. Derivative financial instruments are used, as far as possible and where appropriate, to generate the desired fixed interest rate profile. Surplus funds are placed with reputable financial institutions.

The Group manages its cash flow interest rate risk by entering into a number of immediate interest rate swap contracts and cross currency swap contracts that effectively converts its existing long-term floating rate debt facilities into fixed rate debt (Note 20). All swap positions were closed off by 31 December 2022.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(a) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

If interest rate on borrowings at 31 December 2022 and 31 December 2021 had been 60 basis points higher or lower with all other variables held constant, the impact on the post-tax profits for the year and equity arising from the cash flow interest rate risk would be minimal when considered with the hedging of the floating rate loans (Note 20).

If interest rate on borrowings at 31 December 2022 and 31 December 2021 had been 60 basis points higher or lower with all other variables held constant, the impact on the post-tax profits for the financial year and equity, as a result of an increase or decrease in the interest expense on floating borrowings are tabulated below. The impact on post-tax profits are as follow:

	2022		2021	
	+60bps	-60bps	+60bps	-60bps
	RM'000	RM'000	RM'000	RM'000
Impact on post tax profits	17,620	(17,620)	13,860	(13,860)

The remaining terms of the outstanding interest rate derivative contracts of the Group at balance sheet date, which are all denominated in USD, are as follows:

	2022	2021
	RM'000	RM'000
Later than 5 years:		
Interest rate swaps	-	688,280
	-	688,280

(ii) Foreign currency risk

The Group is exposed to foreign currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency or whenever possible, by intragroup arrangements and settlements.

As at 31 December 2022 and 2021, the Group has not hedged any of its USD denominated borrowings.

The exposure to other foreign currency risk of the Group is not material and hence, sensitivity analysis is not presented.

The Group's currency exposure profile of financial instruments denominated in currencies other than the functional currency is presented in the respective financial asset and financial liabilities notes.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, cash and cash equivalents and other financial assets.

The Group's and the Company's exposure to credit risks or the risk of counterparties defaulting arises mainly from various deposits and bank balances, receivables, deposits for aircraft purchase and derivative financial instruments. As the Group and the Company do not hold collateral, the maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet. Prepayment for engine maintenance to the service provider are also deemed by the Group as having credit risk in the event counterparties do not fulfill the obligation.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Group's deposits and bank balances and derivative financial instruments are placed or transacted with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

The Group generally has no concentration of credit risk arising from trade receivables.

(c) Liquidity and cash flow risk

The Group's and the Company's policy on liquidity risk management is to maintain sufficient cash and cash equivalents and to have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

Following the COVID-19 pandemic, the liquidity of the Group is impacted as it is influenced by the booking and payment pattern of passengers which saw a decline. Further details are as disclosed in Note 41.

The management will continue to monitor liquidity reserves and rolling cash flow forecasts throughout the year based on the measures put in place as disclosed in Note 41 and also potential impact from events outside the Group's control.

The table below analyses the Group's payables, non-derivative financial liabilities, gross-settled and net-settled derivative financial liabilities and the Company's payables into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(c) Liquidity and cash flow risk (cont'd.)

	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
Group				
At 31 December 2022				
Term loans	499,198	274,275	1,364,862	24,500
Revolving credit	31,760	-	-	-
Trade and other payables (Note 26)	2,878,562	280,801	-	-
Lease liabilities	4,340,844	1,955,574	5,285,091	6,351,960
Amounts due to associates	266,126	-	-	-
Amounts due to related parties	230,291	-	-	-
	8,246,781	2,510,650	6,649,953	6,376,460
At 31 December 2021				
Term loans	418,912	112,668	823,338	68,296
Revolving credit	85,640	-	-	-
Swap creditors loan	219,896	-	-	-
Trade and other payables (Note 26)	2,308,897	292,691	-	-
Lease liabilities	4,177,111	1,877,124	5,051,171	6,240,722
Amounts due to associates	43,297	-	-	-
Amounts due to related parties	129,717	-	-	-
	7,383,470	2,282,483	5,874,509	6,309,018
Company				
At 31 December 2022				
Borrowings	655,499	-	-	-
Trade and other payables	2,943	-	-	-
Amounts due to subsidiaries	18,508	-	-	-
Amounts due to related parties	202	-	-	-
	677,152	-	-	-
At 31 December 2021				
Borrowings	822,437	-	-	-
Trade and other payables	7,666	-	-	-
Amounts due to subsidiaries	213,099	-	-	-
	1,043,202	-	-	-

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(d) Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to provide returns for shareholders and benefits for other stakeholders.

In order to optimise the capital structure, or the capital allocation amongst the Group's and the Company's various businesses, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on new debts or sell assets to reduce debt.

The Group's and the Company's overall strategy remains unchanged from 2019.

Consistent with others in the industry, the Group and the Company monitors capital utilisation on the basis of the net gearing ratio. This net gearing ratio is calculated as net debts divided by total equity. Net debts are calculated as total borrowings (including "short-term and long-term borrowings" as shown in the Group's and the Company's balance sheet) add lease liabilities less deposit, cash and bank balances.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total borrowings (Note 28)	2,936,714	2,309,889	655,499	822,437
Lease liabilities (Note 29)	15,057,880	14,295,294	-	-
Less: Deposit, cash and bank balances (Note 25)	(469,985)	(1,256,753)	(1,255)	(561,887)
Net debts	17,524,609	15,348,430	654,244	260,550
Total equity	(9,516,958)	(6,422,903)	9,481,652	9,299,350
Net Gearing Ratio (times)	N/A	N/A	N/A	N/A

In prior financial year, the Group's operations were significantly affected by the COVID-19 pandemic which led to operating losses. The Group has been relying on debt compared to its equity to finance the Group's operations which resulted in a negative net gearing ratio.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2021.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(e) Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Determination of fair value and fair value hierarchy

The Group's financial instruments are measured in the statement of financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's and Company's assets and liabilities that are measured at fair value.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
Investment securities	64,947	6,017	43,570	114,534
	64,947	171,414	43,570	279,931
31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
Investment securities	80,706	43,641	118,976	243,323
	80,706	209,038	118,976	408,720
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	32,785	-	32,785

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows: (cont'd.)

(e) Fair value measurement (cont'd.)

Determination of fair value and fair value hierarchy

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and Company then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans, credit derivatives, certain issued notes and the Group's and Company's over the counter ("OTC") derivatives. Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- The fair value of fuel swap contracts is determined using forward fuel price at the balance sheet date, with the resulting value discounted back to present value.

39. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(e) Fair value measurement (cont'd.)

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques, including discounted cash flow projections.

40. UNCONSOLIDATED STRUCTURED ENTITIES

The Group has set up Merah entities, special purpose companies ("SPC") pursuant to aircraft related borrowings obtained from various financial institutions. Under the arrangement, the Group enters into an Aircraft Instalment Sale Agreement with the SPC, permitting the Group to possess and operate each of the Airbus A320 aircraft financed under the facility.

The SPC are orphan trust companies in which the Group has no equity interest. The SPC do not incur any losses or earn any income during the financial year ended 31 December 2022. The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group upon the purchase of the aircraft.

The Group does not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

The details of the Merah entities are as follows:

Name	Incorporation	Purpose
Merah Satu Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 2 August 2022)
Merah Lima Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 26 May 2022)
Merah Enam Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 2 July 2022)
Merah Sebelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 11 May 2022)
Merah Duabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 14 August 2022)
Merah Tigabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 31 August 2022)
Merah Empatbelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 13 February 2023)
Merah Enambelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 28 July 2022)

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

40. UNCONSOLIDATED STRUCTURED ENTITIES (CONT'D.)

The details of the Merah entities are as follows: (cont'd.)

Name	Incorporation	Purpose
Merah Duapuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 26 July 2022)
Merah Duapuluhtujuh Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 6 July 2022)
Merah Tigapuluhsatu Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 5 August 2022)

41. COVID-19 PANDEMIC

The Covid-19 pandemic had a significant impact on the world, resulting in an economic slowdown that particularly affected the tourism and hospitality industries. However, as the situation improved in 2022, most of our markets were able to remove restrictions on cross-border travel, leading to a steady recovery in the travel and tourism industry. The Group remains committed to achieving long-term sustainable growth by strengthening our ecosystem of travel, e-commerce, logistics and fintech.

Despite the challenges posed by the pandemic, the Group was able to focus on recovery throughout 2022 and achieved almost 50% of pre-Covid operating levels by year-end. However, the Group reported a net loss of RM3,255 million for the financial year ended 31 December 2022, although this was an improvement from the previous year's net loss of RM3,721 million. The current liabilities exceeded current assets by RM8,550 million, and the shareholders' deficit was RM5,706 million. The Company reported a net profit of RM2 million for the same period.

In response to the pandemic, the Group and the Company implemented several measures related to fundraising, revision of business plans, and cost control. These efforts continue as the Group seeks support from vendors and business partners to address its cash flow requirements. Efforts taken include the following:

(a) Funding

The Group has implemented various funding initiatives, such as restructuring and renegotiating leases, private placements , issuing RCUIDS, and disposing and divesting investments and assets, as well as securing financing from banks and lessors, amounting to approximately RM3 billion. Additionally, the Group is currently engaging in discussions with lenders and investors at different stages for debt and equity fundraising, with an estimated amount of RM1 billion.

(b) Working Capital Management

By 31 December 2022, the Group had successfully restructured 133 aircraft leases and was in discussions with lessors to restructure the remaining leases, seeking to waive the lease rentals in arrears and reduce future lease rates while extending lease terms where appropriate. The deferred lease rentals as at 31 December 2022 are detailed in Note 29.

Furthermore, during the financial year, the Group implemented several measures to significantly reduce its cash burn rate, including various cost containment and optimization exercises including:

- Right sizing of manpower and salary cuts for management, staff and directors;

41. COVID-19 PANDEMIC (CONT'D.)

(b) Working Capital Management (cont'd.)

Furthermore, during the financial year, the Group implemented several measures to significantly reduce its cash burn rate, including various cost containment and optimization exercises including: (cont'd.)

- Right sizing of manpower and salary cuts for management, staff and directors;

- Reskilling, upskilling and moving operational manpower across functions within our ecosystem of online travel and lifestyle business during the downturn in travel; and

- Negotiation of deferrals with vendors, service providers, suppliers and other business partners.

(c) Capacity and Network Management and Marketing Activities

In Quarter 4 2022, the Aviation Group (AAB, PAA, IAA) carried 7.8 million passengers, achieving its highest load factor of 86% since the onset of the pandemic, with a year-to-date load factor of 84%. This performance demonstrated a V-shaped recovery in travel demand in the domestic market in 2022. With the revision of business plans and marketing support, and favourable actions from key stakeholders, the Group is well-positioned to cater to the pent-up demand for leisure travel.

For the first quarter of 2023, the Group is implementing all possible measures to return the grounded fleet to service, with an estimated completion by Quarter 3 2023. The Group has recalled 99% of furloughed Allstars and is actively organizing cabin crew recruitment drives, in addition to resuming its cadet pilot program and inducting Second Officers for program graduates in 2023, to support manpower requirements for its aircraft expansion plan. The Group aims to achieve full recovery by Quarter 3 2023 and has received assurance from airport partners regarding their ability to support service resumption.

In response to the progressive uplifting of travel restrictions globally and the resumption of travel demand, the Group is implementing continuous flight capacity and network revenue management. The Group consistently evaluates route profitability and focuses its recovery efforts on the most profitable and popular routes, adjusting future available capacity to match observed booking trends for future travel to optimize load factors.

The Group is optimistic about the recovery of regional air travel, expecting it to return to a degree of normalcy within the year, while international air travel with the opening of China is projected to recover rapidly throughout 2023 and beyond.

(d) Synergistic Travel and Lifestyle Businesses

Throughout the year, the Group has undergone a significant transformation to become more than just an airline. It has restructured and expanded to become a digital travel and lifestyle services Group, which has been accelerated by the pandemic. The Group now operates under different business verticals, which include AirAsia Aviation Group, airasia Super App, logistics venture Teleport, BigPay fintech service, airline engineering business Asia Digital Engineering, and venture arm Redbeat Capital. The Group has already received overwhelming support for its digital transformation through various fundraising initiatives.

The Group is confident of the commercial synergies between airasia Super App and BigPay, and is exploring various strategies to intensify the existing ecosystem and offer users a comprehensive and exclusive suite of products.

The Group is also in the process of formulating a holistic and meaningful restructuring plan to regularise and improve its business and financial condition. The Group aims to redirect itself onto a path leading to the upliftment of its PN17 status, which will benefit its shareholders and all other stakeholders.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

41. COVID-19 PANDEMIC (CONT'D.)

(d) Synergistic Travel and Lifestyle Businesses (cont'd.)

The Directors have prepared a set of cash flow projections that incorporates the aforementioned measures and assessed the ability of the Group and the Company in continuing as a going concern. Based on this assessment, the Directors believe that the going concern basis used in the preparation of financial statements is appropriate and that no adjustments were necessary to be made to the financial statements relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities.

42. OTHER MATTERS

<u>Litigations involving AAB and Malaysia Airports (Sepang) Sdn Bhd ("MASSB")</u>

In prior years, AAB, a wholly owned subsidiary of the Company, received a Writ of Summons and Statement of Claim ("Claim") dated 10 December 2018 and on 31 January 2019, Malaysia Airports (Sepang) Sdn Bhd ("MASSB") filed claims at the High Court of Malaya at Kuala Lumpur, claiming the additional RM23 per Passenger Services Charges ("PSC") which AAB was required to collect effective 1 July 2018.

On 18 July 2019, the Kuala Lumpur High Court, inter alia, allowed MASSB's application for summary judgment against AAB and ordered AAB to pay MASSB:

(a) RM9,395,856.50 in outstanding PSC and RM90,055.50 in outstanding LPC for Suit 816; and

(b) RM4,614,329.00 in outstanding PSC and RM40,577.47 in outstanding LPC for Suit 58.

On 22 July 2019, AAB filed appeals in the Court of Appeal against the aforesaid High Court decision.

On 18 September 2019, AAB paid a sum of RM14 million (being the amounts specified in the Garnishee Show Cause Orders dated 23 August 2019) to MASSB to defray the garnishee execution proceedings. The payment was made by AAB without prejudice to AAB's rights, including AAB's rights in the appeals made in relation to the judgement order dated 18 July 2019 and any connected interlocutory applications.

On 2 October 2019, AAB filed a Writ of Summons at the Kuala Lumpur High Court against MASSB for a sum of RM479.8 million, being loss and damage caused by negligence on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at KLIA2.

Following to above, on 22 January 2021, MASSB filed a supplementary affidavit in an attempt to adduce fresh evidence in these appeals. On 5 February 2021, the Company filed motions to adduce fresh evidence in these appeals. In view of these developments, the hearing proper of the appeals were adjourned, pending the disposal of the Company's motions to adduce fresh evidence and MASSB's supplementary affidavits.

On 24 March 2021, the Court of Appeal allowed the Company's motions to adduce fresh evidence and Supplementary Records of Appeal consisting of the fresh evidence were filed on 5 April 2021 and served on 6 April 2021.

On 14 April 2021, the Court of Appeal gave directions for the filing of written submissions and fixed the appeals for:

(a) e-Review case management on 12 January 2022; and

(b) e-appellate hearing

The appeals were heard on 27 January 2022.

42. OTHER MATTERS (CONT'D.)

Litigations involving AAB and Malaysia Airports (Sepang) Sdn Bhd ("MASSB") (cont'd.)

On 3 March 2022, the Court of Appeal dismissed AAB's four (4) appeals against the High Court's two (2) summary judgments and two (2) orders dismissing AAB's application to strike out MASSB's claim for outstanding Passenger Service Charges. The appeals were dismissed with costs of RM10,000.00 for each appeal, subject to payment of allocator fee.

On 1 April 2022, AAB filed motions for leave to appeal to the Federal Court against the dismissal of the four (4) PSC Appeals on 3 March 2022 by the Court of Appeal. These applications are fixed for Case Management on 9 May 2022.

On 9 August 2022, AAB jointly agreed with MASSB to discontinue the Federal Court proceedings and AAB filed a notice of discontinuance to that effect. Accordingly, the Federal Court vacated the hearing of the application on 11 August 2022.

Kuala Lumpur High Court Civil Suit No. WA-23NCvC-56-10/2019
AIRASIA BERHAD & AIRASIA X BERHAD V MALAYSIA AIRPORTS (SEPANG) SDN BHD (SY1447)

On 2 October 2019, AAB (together with AirAsia X Berhad) filed a Writ of Summons at the Kuala Lumpur High Court against MASSB for a sum of RM479.8 million, being loss and damage caused by negligence on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at KLIA2.

AAB and AirAsia X Berhad subsequently filed an amended statement of claim on 23 December 2019 and a reply on 26 December 2019.

AAB and AirAsia X Berhad applied for an application to expunge an affidavit filed by MASSB ("Expungement Application") on 12 March 2021. MASSB subsequently applied to strike out the whole suit ("Striking Out Application") and also applied for further and better particulars ("FBP Application") on 30 March 2021. MASSB's FBP Application is held over pending the disposal of the Striking Out Application.

MASSB's Striking Out Application was heard on 14 February 2022. The High Court dismissed the Striking Out Application on 25 March 2022 with costs in the cause.

MASSB lodged an application for further and better particulars ("FBP Application") over the disposal of the Striking Out Application.

At the Case Management on 4 April 2022, the High Court fixed the FBP Application to be heard before the High Court Judicial Commissioner on 22 June 2022. A further case management is scheduled after the hearing takes place.

Through a series of communications between AAB, AAX and MAHB, the parties agreed to discontinue all civil suits between AirAsia and MAHB, which was effected by appropriate filings in court on 9 August 2022. Save for the mutual agreement to discontinue the legal proceedings, there was no other settlement agreement entered into by the parties.

Litigation involving AirAsia Digital Sdn Bhd, AirAsia Berhad, Big Pay Pte Ltd

On 18 November 2021, an arbitration proceedings were commenced against AAD and AAB in the Singapore International Arbitration Centre. The claimants are seeking for a buyout of their shares in Big Pay Pte. Ltd. for an amount to be determined. The proceedings are still at an early stage, where the parties are at the discovery stage. The solicitors are of the view that the AAD and AAB have reasonable prospects of successfully defending the claim.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 December 2022

42. OTHER MATTERS (CONT'D.)

Litigation involving AirAsia (India) Limited and Commissioner of Central Tax, Bangalore North

Following the announcements made on 29 December 2020 and 5 January 2021 on the disposal of 32.67% equity shares in AirAsia India Limited ("AAI") with AAAGL receiving USD37,660,000 in gross proceeds, the Company announced the signing of the share purchase agreement to sell the remaining 16.33% equity shares held in AAI by AAAGL to Air India Limited, an affiliate of Tata Sons Private Limited, India. All customary consents and regulatory approvals have been secured. AAAGL received INR 1,556,487,8000 (Equivalent to USD 18.83 million or MYR 89.25 million) in gross proceeds. There was no gain or loss on the disposal as Capital A has marked the remaining 16.33% in AAI to its fair value.

During the course of the operations of the joint venture, AAI had received certain notices from the tax authorities in India. The Company and its affiliates will continue to cooperate with AAI in contesting these notices. A potential tax liability may arise due to the indemnity provisions agreed in the Sales and Purchase Agreement for the disposal of the investment. However, based on the assessment by the tax and legal experts engaged, AAI has a defensible position against the tax demand.

43. SIGNIFICANT EVENTS

(i) Restructuring of AAV

On 21 October 2021, the Company announced that its 45% held associate, Thai AirAsia Co. Ltd ("TAA") via its listed holding company, Asia Aviation Public Company Limited ("AAV") had announced a restructuring and recapitalisation plan ("AAV Restructuring"). Upon completion of AAV Restructuring, the Company vide its wholly-owned subsidiary AirAsia Aviation Group Limited ("AAAGL") will dispose its shareholding in TAA and subscribe for equivalent percentage of shareholding in AAV. Pursuant to the completion of AAV Restructuring and increase in share capital of AAV by THB 3,000 million via right issue on 19 January 2022, AAA's investment in AAV increases by RM 760 million as reflected in Note 14.

On 19 December 2022, following the restructuring and recapitalisation plan, Asia Aviation Public Company Limited ("AAV")'s percentage of shareholding in its associate, namely Thai AirAsia Co. Ltd ("TAA") has decreased from 45% to 43%.

(ii) Sale of equity shares of AirAsia India Ltd.

On 2 November 2022, the Company announced the signing of the share purchase agreement to sell the remaining 16.33% equity shares held in AAI by AAAGL to Air India Limited, an affiliate of Tata Sons Private Limited, India. There will be no gain or loss on the disposal as Capital A has marked the remaining 16.33% in AAI to its fair value.

(iii) Cybersecurity attack

On 12 November 2022, a cybersecurity breach incident was discovered on some of the Group's redundant and non-critical servers. Although the systems affected were not critical, the Company has taken the necessary measures to resolve and prevent this incident from reoccurring. There were no operational or financial impact arising from this incident.

Further, the Group have duly notified and cooperated with the relevant supervisory authorities upon being aware of the cyber breach. The Group and the Company have taken the relevant steps to mitigate the impact of the breach including implementing additional measures to prevent similar incidence in the future. To the best of the Company's knowledge and as at the date of this report, the Company has not been made aware of any pending litigation or claims against the Company relating to the incident.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Cashflows			Non-cash movement				
	At 1.1.2022	Drawdown	Net proceeds from issuance of RCUIDS	Repayments	Conversion of RCUIDS	Finance costs	Lease	Foreign exchange movement	At 31.12.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Borrowings	2,309,889	1,167,698	-	(309,485)	(166,938)	-	-	(64,450)	2,936,714
Lease liabilities	14,295,294	-	-	(1,171,914)	-	705,152	769,688	459,660	15,057,880
Company									
Borrowings	822,437	-	-	-	(166,938)	-	-	-	655,499

		Cashflows			Non-cash movement				
	At 1.1.2021	Drawdown	Net proceeds from issuance of RCUIDS	Repayments	Other RCUIDS accounting	Finance costs	Lease	Foreign exchange movement	At 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Borrowings	1,288,869	771,334	957,028	(565,102)	(134,591)	-	-	(7,649)	2,309,889
Lease liabilities	12,435,240	-	-	(423,777)	-	500,044	1,448,162	335,625	14,295,294
Company									
Borrowings	-	-	957,028	-	(134,591)	-	-	-	822,437

45. RECLASSIFICATIONS

The Group reclassified the aircraft operating lease income from revenue to other income to better reflect the revenue generation source as lease income does not form part of the Group's core business. The corresponding changes made to the prior year revenue and other income are as follows:

	As previously disclosed	Reclassification	As restated
	RM'000	RM'000	RM'000
Revenue	1,863,186	(153,290)	1,709,896
Other income	111,704	153,290	264,994

Analysis of Shareholdings
as at 31 March 2022

DISTRIBUTION OF SHAREHOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Issued and fully paid-up capital : 4,166,393,219 ordinary shares
Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	445	0.471	9,301	0.000
100 – 1,000	22,560	23.897	14,918,975	0.358
1,001 – 10,000	48,459	51.331	229,386,649	5.505
10,001 – 100,000	20,524	21.740	632,645,886	15.184
100,001 to less than 5% of issued shares	2,413	2.556	2,263,947,326	54.338
5% and above of issued shares	3	0.003	1,025,485,082	24.613
	94,404	100.000	4,166,393,219	100.000

SUBSTANTIAL SHAREHOLDERS

The direct and indirect shareholdings of the shareholders holding more than 5% of the issued and fully paid-up capital in Capital A Berhad based on the Register of Substantial Shareholders as at 31 March 2023 are as follows:-

	DIRECT		INDIRECT	
Name	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tune Live Sdn. Bhd.	509,000,000[(1)]	12.23	-	-
Tune Air Sdn. Bhd.	516,485,082[(2)]	12.40	-	-
Positive Boom Limited	332,498,504[(3)]	7.98	-	-
Tan Sri Anthony Francis Fernandes	1,600,000[(4)]	0.04	1,025,485,082[(6)]	24.61
Datuk Kamarudin bin Meranun	2,000,000[(5)]	0.05	1,025,485,082[(6)]	24.61
Choi Chiu Fai, Stanley	-	-	332,498,504[(7)]	7.98

Notes:

(1) *Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Live Sdn. Bhd.*
(2) *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Air Sdn. Bhd.*
(3) *Shares held under own name and Kenanga Nominees (Asing) Sdn. Bhd. for Positive Boom Limited*
(4) *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tan Sri Anthony Francis Fernandes.*
(5) *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Datuk Kamarudin bin Meranun.*
(6) *Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Tune Live Sdn. Bhd. and Tune Air Sdn. Bhd.*
(7) *Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Positive Boom Limited.*

DIRECTORS' SHAREHOLDINGS

The interests of the Directors of Capital A in the ordinary shares and options over shares in the Company and its related corporations based on the Company's Register of Directors' Shareholdings as at 31 March 2023 are as follows:-

	Direct		Indirect	
	No. of Shares Held	% of Issued Shares	No. of Shares held	% of Issued Shares
Tan Sri Anthony Francis Fernandes	1,600,000[(1)]	0.04	1,025,485,082[(2)]	24.61
Datuk Kamarudin bin Meranun	2,000,000[(1)]	0.05	1,025,485,082[(2)]	24.61
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-
Dato' Mohamed Khadar bin Merican	100,000[(3)]	*	-	-
Surina binti Shukri	-	-	-	-

NOTES:

* *Negligible.*

(1) *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd.*

(2) *Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Tune Air Sdn. Bhd. and Tune Live Sdn. Bhd.*

(3) *Shares held under Alliance Group Nominees (Tempatan) Sdn. Bhd.*

LIST OF TOP 30 LARGEST SHAREHOLDERS (BASED ON THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1.	HSBC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account - Credit Suisse AG, Singapore For Tune Air Sdn. Bhd.*	516,485,082	12.396
2.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *RHB Islamic Bank Berhad Pledged Securities Account For Tune Live Sdn. Bhd.*	260,469,710	6.251
3.	HSBC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account - Credit Suisse AG, Singapore For Tune Live Sdn. Bhd.*	248,530,290	5.965
4.	Positive Boom Limited	167,098,704	4.010
5.	Kenanga Nominees (Asing) Sdn. Bhd. *Exempt An For Guotai Junan Securities (Hong Kong) Limited (Client Account)*	164,756,000	3.954
6.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	155,159,000	3.724
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. *CBHK PBGSG For Calvin Lau Chuen Yien*	144,000,000	3.456
8.	RHB Capital Nominees (Asing) Sdn. Bhd. *Aimia Inc.*	111,117,509	2.666
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Urusharta Jamaah Sdn. Bhd.* [(2)]	97,815,146	2.347
10.	Cartaban Nominees (Tempatan) Sdn. Bhd. *RHB Trustees Berhad For Kenanga Absolute Return Fund*	84,322,300	2.023
11.	HSBC Nominees (Tempatan) Sdn. Bhd. *Exempt An For Bnp Paribas Singapore Branch (Local)*	53,000,000	1.272
12.	HSBC Nominees (Asing) Sdn. Bhd. *BJB ZUR For Shiva Fernandes*	49,650,000	1.191

Analysis of Shareholdings (cont'd)
as at 31 March 2022

	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
13.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. *Deutsche Bank AG Singapore For Ntasian Discovery Master Fund*	47,141,300	1.131
14.	Citigroup Nominees (Asing) Sdn. Bhd. *UBS AG For Oasis Investments II Master Fund Ltd.*	41,634,200	0.999
15.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera 2*	30,500,000	0.732
16.	Cartaban Nominees (Tempatan) Sdn. Bhd. *Icapital.biz Berhad*	29,282,200	0.702
17.	Amanahraya Trustees Berhad *Amanah Saham Malaysia 2 - Wawasan*	20,000,000	0.480
18.	Amanahraya Trustees Berhad *Amanah Saham Malaysia*	18,498,800	0.444
19.	Citigroup Nominees (Asing) Sdn. Bhd. *Ubs Ag*	18,097,327	0.434
20.	Amanahraya Trustees Berhad *Amanah Saham Malaysia 3*	14,639,100	0.351
21.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An For Bank Julius Baer & Co. Ltd. (Singapore BCH)*	14,086,733	0.338
22.	Citigroup Nominees (Asing) Sdn. Bhd. *Gsco Llc For Truffle Hound Global Value LLC*	14,000,000	0.336
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *Cimb For Lim Chee Hwa (Pb)*	11,514,800	0.276
24.	Cartaban Nominees (Asing) Sdn. Bhd. *SSBT Fund PPES For PIMCO RAE Emerging Markets Fund*	11,021,800	0.264
25.	HSBC Nominees (Asing) Sdn. Bhd. *BBH and CO Boston For Metzler Asian Balanced Investments Fund (Metzler Uni Tst)*	10,650,000	0.255
26.	Tabung Warisan Negeri Selangor	10,000,000	0.240
27.	HSBC Nominees (Asing) Sdn. Bhd. *J.P. Morgan Securities Plc*	9,433,906	0.226
28.	Affin Hwang Nominees (Asing) Sdn. Bhd. *Phillip Securities Pte Ltd For Rakuten Securities Inc*	9,147,800	0.219
29.	HSBC Nominees (Asing) Sdn. Bhd. *Morgan Stanley & Co. International PLC (Firm A/C)*	8,899,954	0.213
30.	Citigroup Nominees (Asing) Sdn. Bhd. *Exempt An For UBS AG Singapore (Foreign)*	7,969,900	0.191

Analysis of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") Holdings

as at 31 March 2022

RCUIDS 2021/2028

No. of RCUIDS issued	: 1,035,610,619
Voting Rights	: No voting rights
Conversion price of RCUIDS	: RM0.75 each
Expiry date of RCUIDS	: 29 December 2028

DISTRIBUTION OF RCUIDS HOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

RCUIDS Holdings

	No. of RCUIDS Holders	% of RCUIDS Holders	No. of RCUIDS	% of Issued RCUIDS
Less than 100	446	4.439	20,639	0.002
100 – 1,000	2,655	26.425	1,628,799	0.157
1,001 – 10,000	5,009	49.855	20,563,549	1.994
10,001 – 100,000	1,670	16.621	51,093,738	4.955
100,001 to less than 5% of issued RCUIDS	262	2.607	296,304,858	28.739
5% and above of issued RCUIDS	5	0.049	661,399,036	64.150
	10,047	**100.000**	**1,031,010,619**	**100.000**

DIRECTORS' RCUIDS HOLDINGS

The interests of the Directors of Capital A in RCUIDS in the Company and its related corporations based on the Company's Register of Directors' RCUIDS Holdings as at 31 March 2023 are as follows:-

	Direct		Indirect	
	No. of RCUIDS Held	% of Issued RCUIDS	No. of RCUIDS held	% of Issued RCUIDS
Tan Sri Anthony Francis Fernandes	-	-	343,028,359[(1)]	33.12
Datuk Kamarudin bin Meranun	-	-	343,028,359[(1)]	33.12
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-
Dato' Mohamed Khadar bin Merican	250,000[(2)]	0.02	-	-
Surina binti Shukri	-	-	-	-

NOTES:

[(1)] *Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Sky Accord Sdn. Bhd.*

[(2)] *RCUIDS held under Alliance Group Nominees (Tempatan) Sdn. Bhd.*

Analysis of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") Holdings (cont'd)
as at 31 March 2022

LIST OF TOP 30 LARGEST RCUIDS HOLDERS (BASED ON THE RECORD OF DEPOSITORS)

Name of RCUIDS Holders	No. of RCUIDS Held	% of Issued RCUIDS
1. Citigroup Nominees (Tempatan) Sdn. Bhd. *Kenanga Investors Berhad For Sky Accord Sdn. Bhd.*	343,028,359	33.271
2. Citigroup Nominees (Tempatan) Sdn. Bhd. *Exempt An For Kenanga Investors Bhd*	141,419,110	13.716
3. Kenanga Nominees (Asing) Sdn. Bhd. *Exempt An For Guotai Junan Securities (Hong Kong) Limited (Client Account)*	64,918,666	6.296
4. Citigroup Nominees (Tempatan) Sdn. Bhd. *CBHK PBGSG For Calvin Lau Chuen Yien*	56,333,333	5.463
5. M & A Nominee (Asing) Sdn. Bhd. *For Positive Boom Limited*	55,699,568	5.402
6. Citigroup Nominees (Tempatan) Sdn. Bhd. *Urusharta Jamaah Sdn. Bhd.*[(2)]	44,957,915	4.360
7. Rhb Capital Nominees (Asing) Sdn. Bhd. *Aimia Inc.*	40,491,136	3.927
8. Db (Malaysia) Nominee (Asing) Sdn. Bhd. *Deutsche Bank AG Singapore For Ntasian Discovery Master Fund*	40,000,000	3.879
9. Db (Malaysia) Nominee (Asing) Sdn. Bhd. *Exempt An For Deutsche Bank AG Singapore (Maybank Sg Pwm)*	22,500,000	2.182
10. Cartaban Nominees (Tempatan) Sdn. Bhd. *RHB Trustees Berhad For Kenanga Absolute Return Fund*	17,645,300	1.711
11. HSBC Nominees (Tempatan) Sdn. Bhd. *Exempt An For Bnp Paribas Singapore Branch (Local)*	15,999,999	1.551
12. Cartaban Nominees (Tempatan) Sdn. Bhd. *Icapital.biz Berhad*	9,760,733	0.946
13. Leong Yeng Kit	8,483,333	0.822
14. Lau Chuen Wai William	6,000,000	0.581
15. Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB For Lim Chee Hwa (Pb)*	3,754,933	0.364
16. Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tan Teck Soon*	2,405,600	0.233
17. Hlib Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Rozman Bin Omar*	2,330,000	0.225
18. Kenanga Nominees (Tempatan) Sdn. *Bhd.* *Kho Chai Yam*	2,222,333	0.215
19. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Mohammed Amin Bin Mahmud (Mm1004)*	2,206,000	0.213
20. Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Mohammed Rashdan Bin Mohd Yusof*	1,790,900	0.173
21. Citigroup Nominees (Asing) Sdn. Bhd. *Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)*	1,688,591	0.163
22. Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tan Teck Soon (E-Ss2)*	1,680,000	0.162
23. Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Beh Lee Fong (E-Ss2)*	1,639,600	0.159

Name of RCUIDS Holders	No. of RCUIDS Held	% of Issued RCUIDS
24. HSBC Nominees (Asing) Sdn. Bhd. *Exempt An For Credit Suisse (Sg Br-Tst-Asing)*	1,485,165	0.144
25. Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lim Kee Yek (E-Ss2)*	1,254,500	0.121
26. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Khor Kim Hock (B B Klang-Cl)*	1,132,000	0.109
27. Syed Faisal Albar Bin Syed A.r Albar	1,100,000	0.106
28. Citigroup Nominees (Tempatan) Sdn. Bhd. *Great Eastern Life Assurance (Malaysia) Berhad (Lpf)*	962,033	0.093
29. AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Kho Chai Yam*	920,666	0.089
30. Yeoh Yew Choo	912,600	0.088

Analysis of Warrant Holdings
as at 31 March 2022

Warrants 2021/2028

No. of Warrants issued	: 649,675,479
Voting Rights	: No voting rights
Exercise price of Warrants	: RM1.00 each
Expiry date of Warrants	: 29 December 2028

DISTRIBUTION OF WARRANT HOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Issued Warrants
Less than 100	794	7.894	37,803	0.005
100 – 1,000	3,999	39.763	2,138,193	0.329
1,001 – 10,000	3,899	38.769	14,249,224	2.193
10,001 – 100,000	1,085	10.788	34,711,742	5.342
100,001 to less than 5% of issued warrants	277	2.754	295,342,883	45.460
5% and above of issued warrants	3	0.029	303,195,634	46.668
	10,057	**100.000**	**649,675,479**	**100.000**

DIRECTORS' WARRANT HOLDINGS

The interests of the Directors of Capital A in the Warrants of the Company and its related corporations based on the Company's Register of Directors' Warrant Holdings as at 31 March 2023 are as follows:-

	Direct		Indirect	
	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Tan Sri Anthony Francis Fernandes	-	-	171,514,179[1]	26.40
Datuk Kamarudin bin Meranun	-	-	171,514,179[1]	26.40
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-
Dato' Mohamed Khadar bin Merican	-	-	-	-
Surina binti Shukri	-	-	-	-

NOTES:

* *Negligible.*

[1] *Deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Sky Accord Sdn. Bhd.*

LIST OF TOP 30 LARGEST WARRANT HOLDERS (BASED ON THE RECORD OF DEPOSITORS)

Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1. Citigroup Nominees (Tempatan) Sdn. Bhd. *Kenanga Investors Berhad For Sky Accord Sdn. Bhd.*	171,514,179	26.399
2. Citigroup Nominees (Tempatan) Sdn. Bhd. *Exempt An For Kenanga Investors Bhd*	70,709,555	10.883
3. Citigroup Nominees (Asing) Sdn. Bhd. *GSCO LLC For Truffle Hound Global Value LLC*	60,971,900	9.384
4. Kenanga Nominees (Asing) Sdn. Bhd. *Exempt An For Guotai Junan Securities (Hong Kong) Limited (Client Account)*	32,459,333	4.996
5. Citigroup Nominees (Tempatan) Sdn. Bhd. *CBHK PBGSG For Calvin Lau Chuen Yien*	28,166,666	4.335
6. Positive Boom Limited	27,849,784	4.286
7. Citigroup Nominees (Tempatan) Sdn. Bhd. *Urusharta Jamaah Sdn. Bhd.* (2)	22,480,042	3.460
8. Rhb Capital Nominees (Asing) Sdn. Bhd. *AIMIA Inc.*	20,245,568	3.116
9. Db (Malaysia) Nominee (Asing) Sdn. Bhd. *Deutsche Bank AG Singapore For Ntasian Discovery Master Fund*	17,995,400	2.769
10. Db (Malaysia) Nominee (Asing) Sdn. Bhd. *Exempt An For Deutsche Bank AG Singapore (Maybank SG PWM)*	11,250,000	1.731
11. Hsbc Nominees (Tempatan) Sdn. Bhd. *Exempt An For BNP Paribas Singapore Branch (Local)*	7,999,999	1.231
12. Chah Ching Boo	7,910,400	1.217
13. Citigroup Nominees (Asing) Sdn. Bhd. *Exempt An For OCBC Securities Private Limited (Client A/C-NR)*	6,363,849	0.979
14. Maybank Nominees (Tempatan) Sdn. Bhd. *Hok Seek Yong*	5,308,000	0.817
15. Toh Ean Hai	5,156,100	0.793
16. Cartaban Nominees (Tempatan) Sdn. Bhd. *Icapital.biz Berhad*	4,880,366	0.751
17. Leong Yeng Kit	4,241,666	0.652
18. Lau Chuen Wai William	3,000,000	0.461
19. Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Beh Lee Fong (E-SS2)*	2,164,500	0.333
20. Public Investment Nominees (Asing) Sdn. Bhd. *Exempt An For Philip Securities Pte Ltd*	2,139,704	0.329
21. Hsbc Nominees (Asing) Sdn. Bhd. *Credit Suisse (Hong Kong) Limited*	2,100,048	0.323
22. Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB For Lim Chee Hwa (PB)*	1,877,466	0.288
23. Dzulfadli Husni Bin Dzulkifli	1,500,000	0.230
24. Universal Trustee (Malaysia) Berhad *Ta Islamic Fund*	1,500,000	0.230

Analysis of Warrant Holdings (cont'd)
as at 31 March 2022

Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
25. Cgs-Cimb Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Khor Kim Hock (B B Klang-CI)*	1,469,600	0.226
26. Kenanga Nominees (Tempatan) Sdn. Bhd. *Exempt An For Phillip Securities Pte Ltd (Client Account)*	1,441,805	0.221
27. Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lim Kee Yek (E-SS2)*	1,320,100	0.203
28. Tan Yu Yeh	1,300,100	0.200
29. Ho Siong San	1,218,000	0.187
30. Kenanga Nominees (Tempatan) Sdn. Bhd. *Kho Chai Yam*	1,111,166	0.171

List of Properties Held

Owner of Building	Postal Address/ Location of Building	Description/ Existing Use of Building	Tenure/Date of Expiry of Lease	Built-Up Area	Approximate Age of Building	Audited Net Book Value As At 31 Dec 2022 ('000)
AirAsia Berhad	Part of PT.39, Taxiway Charlie at KLIA, KLIA	Non-permanent structure/ aircraft maintenance hangar	29 February 2024 [1]	2,400 sqm	20 years	1,341
	RedQ, Jalan Pekeliling 5, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.	Permanent structure/ office building & car park	31 January 2034 [2]	56,000 sqm	6 years	137,646
Asia Digital Engineering Sdn Bhd [3]	RedChain Engineering Building, Jalan KLIA S3, Southern Support Zone, 64000 KLIA, Selangor Darul Ehsan, Malaysia.	Permanent structure/ office building	31 January 2034 [4]	21,206 sqm	5 years	45,471

(1) The land area occupied is approximately 2,400 square metres. The land is owned by Malaysia Airports (Sepang) Sdn. Bhd. (MAB). The property's completion date was on December 2003. Revaluation of properties has not been carried out on any of the above properties to date.

(2) This refers to the date of expiry of the concession from Malaysia Airports Holdings Berhad for the plot of land occupied by the AirAsia Headquarters (RedQ).

(3) RedChain has been transferred to Asia Digital Engineering in December 2021. Currently, in the process of novation and estimated to complete by June 2023.

(4) This refers to the date of expiry of the concession from Malaysia Airports Holdings Berhad for the plot of land occupied by the AirAsia Engineering Complex (RedChain).

Capital A Berhad does not hold any properties under its name.

List of Properties Held (cont'd)

Owner of Building	Postal Address/ Location of Building	Description/ Existing Use of Building	Tenure/Date of Expiry of Lease	Built-Up Area	Approximate Age of Building	Audited Net Book Value As At 31 Dec 2022 (IDR Billions)
PT Indonesia AirAsia	Jalan Marsekal Surya Darma No.1, Sub-District of Selapang Jaya, District of Batuceper, City of Tangerang, Province of Banten, Postcode 15127, Indonesia	Permanent structure/ office building & car park	Owned (Mortgage with CIMB)	11,200 sqm	8 years	334

Description of the Premises

RedHouse is an office building with total building area of 11,200 square metres which site on land area of 12,463 square metres with the following attributes:

Key Information		
Registered Owner	PT AirAsia Mitra Investama	
Address	Jalana Marsekal Suryadharma, the Sub-District of Selapang Jaya, District of Batuceper, City of Tangerang, Province of Banten, Indonesia	
Type of Asset	Operational	
Type of Property	Office	
Year of Construction	2014	
Land Title	Under 13 Hak Guna Bangunan (Right to Build) and 2 Serifikat Hak Milik (Freehold) Land Certificate	
Land Use Planning	Trading and services (Kawasan Peruntukan Perdagangan dan Jasa)	
Ownership	Ownership or time sharing with Freehold Certificate (SHM) and Rights to Build (SHGB)	
Number of Storeys	6 Storeys	
Floor Areas	Main Building 1st Floor Building - 1,847 sqm 2nd Floor Building - 1,558 sqm 3rd Floor Building - 1,833 sqm 4th Floor Building - 1,833 sqm 5th Floor Building - 1,860 sqm 6th Floor Building - 690 sqm Slab Concreate Building - 668 sqm Flat Rood Building - 781 sqm	Supporting Building Management Building - 158 sqm

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of Capital A Berhad [Registration No.: 201701030323 (1244493-V)] ("Capital A" or the "Company") will be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIIH Online** website at https://tiih.online on Thursday, 15 June 2023 at 10.00 a.m. for the following purposes: -

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2022.
   Please refer to Note A.

2. To approve the Non-Executive Directors' Remuneration as described in Note B for the period from 16 June 2023 until the next Annual General Meeting of the Company to be held in the year 2024. **(Ordinary Resolution 1)**
   Please refer to Note B.

3. To re-elect the following Directors of the Company who retire by rotation pursuant to Rule 119 of the Company's Constitution and who being eligible had offered themselves for re-election:-
   Please refer to Note C.

   (a) Datuk Kamarudin bin Meranun (Rule 119); and **(Ordinary Resolution 2)**
   (b) Dato' Mohamed Khadar bin Merican (Rule 119). **(Ordinary Resolution 3)**

4. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:-

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 ("ACT")**

   "**THAT** pursuant to Sections 75 and 76 of the Act, the Constitution of Capital A Berhad (the "Company") and subject to the approval of the relevant authorities, where required, the Board of Directors ("Directors") of the Company be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting." **(Ordinary Resolution 5)**
   Please refer to Note D.

Notice of Annual General Meeting (cont'd)

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE")**

"**THAT** approval be and is hereby given for the renewal of existing shareholders' mandate and new shareholders' mandate for Capital A Berhad ("the Company") to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.3 of the Circular to Shareholders dated 28 April 2023 ("Circular"), subject further to the following:-

i. the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:

(a) necessary for the day-to-day operations;

(b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;

(c) undertaken on arm's length basis; and

(d) not to the detriment of the minority shareholders of the Company;

ii. the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;

(b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earliest.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular." **(Ordinary Resolution 6)**

Please refer to Note E.

7. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF CAPITAL A BERHAD ("THE COMPANY")**

"**THAT** subject always to the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Board of Directors ("Directors") of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") or held by the Company pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at any point in time; and

ii. the maximum amount of funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the amount of the retained profits of the Company at the time of the purchase,

("Proposed Share Buy-Back").

THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

a. the conclusion of the next Annual General Meeting ("AGM") of the Company, following at which time the authority shall lapse, unless the authority is renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or

b. the expiration of the period within which the next AGM of the Company is required by law to be held; or

c. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, Constitution of the Company, Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares;

iii. To distribute all or part of the Purchased Shares as dividends to shareholders;

iv. To resell all or part of the Purchased Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities;

Notice of Annual General Meeting (cont'd)

v. To transfer all or part of the Purchased Shares for the purposes of or under an employees' share scheme;

vi. To transfer all or part of the Purchased Shares as purchase consideration; and/or

vii. In any other manner as may be prescribed by applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities, and/or any other relevant authority for the time being in force,

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and to enter into or execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as the Directors may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the purchase by the Company of its Shares."
Please refer to Note F.

OTHER ORDINARY BUSINESS

8. To transact any other business of which due notice shall have been given.

By Order of the Board

HARMINDER SINGH A/L JAILA SINGH
(P.C. REG. NO. 201908001591) (LS0009855)

Company Secretary
Selangor Darul Ehsan, Malaysia
28 April 2023

VIRTUAL AGM

1. The Sixth Annual General Meeting of the Company ("6th AGM") will be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIIH Online** website at https://tiih.online. Please follow the procedures as set out in the **Administrative Note** which is available at the Company's website at https://capitala.airasia.com/home_ir.html

2. The **Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016** which requires the Chairperson 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 6th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 6th AGM using the RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIIH Online** website at https://tiih.online

NOTES ON APPOINTMENT OF PROXY

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 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 Annual General Meeting ("AGM" or "the Meeting"), 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 AGM.

2. A member must be registered in the Record of Depositors at 5.00 p.m. on 7 June 2023 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting 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 Meeting.

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. The Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

5. 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.

6. 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.

7. The Form of Proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA Selangor, Malaysia or by electronic lodgement via the **TIIH Online** website at https://tiih.online **not less than forty-eight (48) hours** before the time set for holding the Meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**

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

9. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES:

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2022

This Agenda item is meant for discussion only in accordance with Sections 248(2) and 340(1) of the Companies Act, 2016 ("the Act"). The audited financial statements do not require the formal approval of shareholders; hence, the matter will not be put forward for voting.

B. To approve the Non-Executive Directors' Remuneration for the period from 16 June 2023 until the next Annual General Meeting ("AGM") of the Company to be held in the year 2024 (Ordinary Resolution 1)

The Board of Directors ("Directors") recommended that the Non-Executive Directors' Remuneration for the period from 16 June 2023 or any adjournment thereof until the next AGM of the Company to be held in the year 2024 shall remain unchanged as per the financial year ended 31 December 2022, as shown below:-

Non-Executive Directors' Fees (per annum)	Non-Executive Chairman (RM)	Per Non-Executive Director/ Per other Committee Member (RM)
Board of Directors	N/A	262,500
Audit Committee	75,000	60,000
Nomination and Remuneration Committee	55,000	35,000
Safety Review Board	55,000	35,000
Risk Management and Sustainability Committee	55,000	35,000

Non-Executive Directors' Benefits (per attendance by each Director or committee member)	Board of Directors (RM)	Board Committees (RM)
Meeting allowance	2,000	2,000

Other Non-Executive Directors' Benefits	
Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties.	Up to a total amount of RM100,000 for all Non-Executive Directors.

The shareholders' approval being sought under **Ordinary Resolution 1** is for the payment of the remuneration to the Non-Executive Directors of the Company for the period from 16 June 2023 or any adjournment thereof up to the next AGM of the Company to be held in the year 2024 in accordance with the remuneration structure as set out above, and to authorise the Board of Directors to disburse the fees on a monthly basis.

C. Re-election of Directors of the Company who retire by rotation pursuant to Rule 119 of the Company's Constitution and who being eligible had offered themselves for re-election (Ordinary Resolutions 2 and 3)

Datuk Kamarudin Bin Meranun and Dato' Mohamed Khadar Bin Merican (collectively, "the retiring Directors") are due for retirement by rotation pursuant to Rule 119 of the Constitution of the Company, and being eligible, had offered themselves for re-election as Directors of the Company at the upcoming Sixth Annual General Meeting ("6th AGM") of the Company.

For the purpose of determining the eligibility of the retiring Directors to stand for re-election at the 6th AGM and in accordance with Practice 6.1 of the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Board through its Nomination and Remuneration Committee ("NRC") had conducted an assessment of the Directors of the Company based on (i) performance and level of contribution to Board deliberation through their skills and experience; and (ii) level of objectivity, impartiality and their abilities to act in the best interest of the Company. The Board had endorsed the NRC's recommendation that the retiring Directors are eligible to stand for re-election based on the satisfactory findings of the last Board performance evaluation.

Pursuant to Practice 5.7 of the MCCG, and Paragraph 8.27(2) and Appendix 8A of the MMLR of Bursa Securities, the profile of the Directors seeking re-election are set out in the Company's Annual Report 2022 and on its corporate website at https://capitala.airasia.com/home_ir.html.

D. Authority to allot shares pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 5)

Ordinary Resolution 5 if passed, will empower the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another general meeting provided that the aggregate number of shares issued pursuant to this resolution during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at any point of time ("Proposed 10% General Mandate"). The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is earlier.

The Proposed 10% General Mandate, if granted, will provide the flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing(s), working capital and/or acquisition(s), or such other application as the Directors may deem fit in the best interest of the Company, and thereby reducing administrative time and costs associated with the convening of additional shareholders' meeting(s).

E. Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate") (Ordinary Resolution 6)

Ordinary Resolution 6, if passed, will allow the Capital A group of companies to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the MMLR of Bursa Securities. Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

F. Proposed Renewal of Share Buy-Back Authority of the Company (Ordinary Resolution 7)

Ordinary Resolution 7, if passed, will empower the Company to purchase its own ordinary shares of up to 10% of the total number of issued shares of the Company through Bursa Securities as may be determined by the Directors of the Company at any time within the time stipulated by utilising the funds allocated out of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase. Details of the Proposed Share Buy-Back are contained in the Statement to Shareholders dated 28 April 2023.

GRI Content Index

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
General Disclosure	**General Disclosures**				
	GRI 2: General Disclosures 2021	The organisation and its reporting practices			
		2-1 Organizational details	88-89 6; 8-9	Introduction: About This Report Annual Report: Corporate Information	
		2-2 Entities included in the organization's sustainability reporting	88-89	Introduction: About This Report	
		2-3 Reporting period, frequency and contact point	88-89	Introduction: About This Report	
		2-4 Restatements of information	143	Waste Management: Hazardous Waste	
		2-5 External assurance	-	Capital A aims to obtain internal assurance from the Group Internal Audit department to strengthen the credibility of the Sustainability Statement	
		Activities and workers			
		2-6 Activities, value chain and other business relationships	8-9; 30-31	Annual Report: Our Investment Case and Our Corporate Structure	
		2-7 Employees	161-171	Talent Attraction and Retention	
		2-8 Workers who are not employees	-	Information unavailable/ incomplete	
		Governance			
		2-9 Governance structure and composition	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership	
		2-10 Nomination and selection of the highest governance body	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership	
		2-11 Chair of the highest governance body	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership	
		2-12 Role of the highest governance body in overseeing the management of impacts	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership	
		2-13 Delegation of responsibility for managing impacts	94 32-43	Introduction: Sustainability Governance Annual Report: Our Leadership	
		2-14 Role of the highest governance body in sustainability reporting	94	Introduction: Sustainability Governance	
		2-15 Conflicts of interest	-	Code of Conduct: https://www.capitala.com/misc/210330_AAPPLS004_Code_of_Conduct_and_Ethics_03_00.pdf	

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
General Disclosure	GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	103-104	Corporate Governance: Grievance Mechanisms	Whistleblowing Channel: https://www.capitala.com/whistleblowing_channel.html
		2-17 Collective knowledge of the highest governance body	32-43	Annual Report: Our Leadership	Corporate Leadership: https://www.capitala.com/corporate_leadership.html
		2-18 Evaluation of the performance of the highest governance body	94 188	Introduction: Sustainability Governance Corporate Governance Overview Statement	
		2-19 Remuneration policies	-	Remuneration Policy: https://www.capitala.com/misc/AirAsia_Group_Remuneration_Policy_Statement_2004021.pdf	
		2-20 Process to determine remuneration	-	Remuneration Policy: https://www.capitala.com/misc/AirAsia_Group_Remuneration_Policy_Statement_2004021.pdf	
		2-21 Annual total compensation ratio	197 222	Corporate Governance Overview Statement: Remuneration Financial Statement	
		Strategy, policies and practices			
		2-22 Statement on sustainable development strategy	92-93	Introduction: Looking to the Future with Our Sustainability Redbook	
		2-23 Policy commitments	102-104	Corporate Governance: Ethics and Integrity	Policies: https://www.capitala.com/corporate_governance.html
		2-24 Embedding policy commitments	102-104	Corporate Governance: Ethics and Integrity	
		2-25 Processes to remediate negative impacts	102-104	Corporate Governance: Grievance Mechanisms	Whistleblowing Channel: https://www.capitala.com/whistleblowing_channel.html
		2-26 Mechanisms for seeking advice and raising concerns	102-104	Corporate Governance: Grievance Mechanisms	
		2-27 Compliance with laws and regulations	102-104	Corporate Governance: Ethics and Integrity	Policies: https://www.capitala.com/corporate_governance.html
		2-28 Membership associations	97	Introduction: Membership Associations	
		Stakeholder Engagement			
		2-29 Approach to stakeholder engagement	107-111	Introduction: Stakeholder Engagement	

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Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
	Material Topics				
	GRI 3: Material Topics 2021	3-1 Process to determine material topics 100-101	98	Introduction: Materiality	
		3-2 List of material topics	98	Introduction: Materiality	
Economic	**Corporate Governance**				
	GRI 3: Material Topics 2021	3-3 Management of material topics	102-106	Corporate Governance	
	GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	102-103	Corporate Governance: Ethics and Integrity	
		205-3 Confirmed incidents of corruption and actions taken	102-103	Corporate Governance: Ethics and Integrity	
	Guest Experience				
	GRI 3: Material Topics 2021	3-3 Management of material topics	107-114	Guest Experience	
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	111	Guest Experience	
	Technology, Innovation and Information Security				
	GRI 3: Material Topics 2021	3-3 Management of material topics	115-123	Technology, Innovation and Information Security	
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	121	Technology, Innovation and Information Security: Cybersecurity Breaches	
	Supply Chain Management				
	GRI 3: Material Topics 2021	3-3 Management of material topics	124-127	Supply Chain Management	
	GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	127	Supply Chain Management: Our Suppliers Across the Countries We Operate In	

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
Economic	GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	125	Supply Chain Management: Supplier Selection Process	
		308-2 Negative environmental impacts in the supply chain and actions taken	125	Supply Chain Management: Supplier Selection Process	
	GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	125	Supply Chain Management: Supplier Code of Conduct	
	GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	125	Supply Chain Management: Supplier Code of Conduct	
	GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	125	Supply Chain Management: Supplier Selection Process	
		414-2 Negative social impacts in the supply chain and actions taken	125	Supply Chain Management: Supplier Selection Process	

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	GRI 3: Material Topics 2021	3-3 Management of material topics	128-142	Climate Strategy	
	GRI 302: Energy 2016	302-1 Energy consumption within the organization	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
		302-2 Energy consumption outside of the organization	139-141	Climate Strategy: Scope 3 Emissions	
		302-3 Energy intensity	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
		302-4 Reduction of energy consumption	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
	GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	141-142	Climate Strategy: Biodiversity	

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		305-2 Energy indirect (Scope 2) GHG emissions	139-141	Climate Strategy: Scope 2 Emissions	
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		305-4 GHG emissions intensity	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
		305-5 Reduction of GHG emissions	139-141	Climate Strategy: Scope 1 and Scope 2 Emissions	
		305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	141	Climate Strategy: Other Greenhouse Gas Emissions	
	Waste Management				
	GRI 3: Material Topics 2021	3-3 Management of material topics	143-149	Waste Management	
	GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	149	Waste Management: Water Consumption	
		303-4 Water discharge	149	Waste Management: Wastewater Management	
		303-5 Water consumption	149	Waste Management: Water Consumption	
	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	143	Waste Management: Hazardous Waste and Non-Hazardous Waste	
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		306-5 Waste directed to disposal	143-144	Waste Management: Hazardous Waste and Non-Hazardous Waste	
	Health and Safety				
	GRI 3: Material Topics 2021	3-3 Management of material topics	150-160	Health and Safety	

Pillars	GRI STANDARD	DISCLOSURE	PAGE	LOCATION	REMARKS
Social	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	150-152	Health and Safety: Operational Safety	
		403-2 Hazard identification, risk assessment, and incident investigation	152	Health and Safety: Safety Reporting System	
		403-3 Occupational health services	150-152	Health and Safety: Operational Safety	
		403-4 Worker participation, consultation, and communication on occupational health and safety	152	Health and Safety: Safety Reporting System	
		403-5 Worker training on occupational health and safety	152-153	Health and Safety: Safety Training	
		403-6 Promotion of worker health	152-153	Health and Safety: Allstars Safety Day	
	GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	150-152	Health and Safety: Operational Safety	
		403-8 Workers covered by an occupational health and safety management system	150	Health and Safety: Operational Safety	
		403-9 Work-related injuries	154	Health and Safety: Safety Performance	
		403-10 Work-related ill health	154	Health and Safety: Safety Performance	
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		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	169	Talent Attraction and Retention: Benefits	
		401-3 Parental leave	169	Talent Attraction and Retention: Benefits	
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	166	Talent Attraction and Retention: Investing in Learning and Development	
		404-2 Programs for upgrading employee skills and transition assistance programs	166	Talent Attraction and Retention: Investing in Learning and Development	
		404-3 Percentage of employees receiving regular performance and career development reviews	168	Talent Attraction and Retention: Employee Appraisals	
	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	161-163	Talent Attraction and Retention: Strengthening Diversity and Inclusion	
		405-2 Ratio of basic salary and remuneration of women to men	161-163	Talent Attraction and Retention: Gender Pay Gap	
	Community Investment				
	GRI 3: Material Topics 2021	3-3 Management of material topics	172-176	Community Investment	
	GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	172-176	Community Investment	

Glossary

Airlines

Aircraft at end of Period	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Aircraft Utilisation	Average number of block hours per day per aircraft operated.
Available Seat Kilometres (ASK)	Total seats flown multiplied by the number of kilometres flown.
Average Fare	Passenger seat sales, surcharges and fees divided by number of passengers.
Block Hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capacity	Number of seats flown.
Cost per ASK (CASK)	Revenue less net operating profit divided by available seat kilometres.
Cost per ASK, excluding Fuel (CASK ex fuel)	Revenue less net operating profit and aircraft fuel expenses, divided by available seat kilometres.
Load Factor	Number of passengers as a percentage of capacity.
Passengers Carried	Number of earned seats flown. Earned seats comprise seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Revenue per ASK (RASK)	Revenue excluding lease income divided by available seat kilometres.
Revenue Passenger Kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers have flown.
Stage Length	Length of the journey flown by a one-way flight.

Digital

Average Monthly Gross Booking Value	Average booking price for all bookings of Super App products in a month.
Number Of Transaction	Number of sales transactions completed by users.
Monthly Active Users	Number of unique users who visit a site within the month.
Carded Users	Number of users with an active card.

Logistics

Tonnage (tonnes)	Cargo capacity sold and utilised.
No. of Delivery	Number of parcels sold and delivered.

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Form of Proxy

CAPITAL A BERHAD
[Registration No.: 201701030323 (1244493-V)]
("the Company") Incorporated in Malaysia

I/We ______________________________ NRIC No./Passport No./Co. No.: ____________________
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS) (COMPULSORY)

of ____
(FULL ADDRESS)

telephone no. ____________________ , email address ________________________ , being a member of the

Company, hereby appoint ____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No.: ______________________ of ______________________
(COMPULSORY) (FULL ADDRESS)

______________________ telephone no. ____________________ , email address ____________________

and, ______________________________ NRIC No./Passport No.: ____________________
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of ____
(FULL ADDRESS)

telephone no. ____________________ , 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 Sixth Annual General Meeting ("6th AGM") of the Company to be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the TIIH Online website at https://tiih.online on Thursday, 15 June 2023 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of the 6th AGM, and to vote as indicated below:

AGENDA

No. 1	To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2022		
Resolutions	**Description**	**FOR**	**AGAINST**
Ordinary Business			
Ordinary Resolution 1	To approve the Non-Executive Directors' Remuneration for the period from 16 June 2023 until the next Annual General Meeting of the Company to be held in the year 2024		
Ordinary Resolution 2	To re-elect Datuk Kamarudin bin Meranun as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company's Constitution		
Ordinary Resolution 3	To re-elect Dato' Mohamed Khadar bin Merican as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company's Constitution		
Ordinary Resolution 4	To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Special Business			
Ordinary Resolution 5	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 6	Proposed renewal of existing shareholders' mandate and new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority of the Company		

(Please indicate with an "X" in the appropriate spaces how you wish your vote 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:		*No. of Shares*	*Percentage*
	First Proxy		
	Second Proxy		
Date:			

____
Signature(s) / Common Seal of Members(s)

VIRTUAL AGM

1. The 6th AGM of the Company will be conducted as a virtual meeting through live streaming from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the **TIIH Online** website at https://tiih.online. Please follow the procedures as set out in the **Administrative Note** which is available at the Company's website at https://capitala.airasia.com/home_ir.html
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson 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 attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 6th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, participate) remotely at the 6th AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd.

Notes to Form of Proxy

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 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 Annual General Meeting ("AGM" or "the Meeting"), 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 AGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on 7 June 2023 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting 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 Meeting.
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. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. 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.
6. 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.
7. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA Selangor, Malaysia or by electronic lodgement via the **TIIH Online** website at https://tiih.online **not less than forty-eight (48) hours** before the time set for holding the Meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy notice:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with all 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 that the member will fully and wholly indemnify the Company on full indemnity basis (whether demanded or not) in respect of penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the warranty.

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Stamp

The Company Secretary
CAPITAL A BERHAD
[Registration No.: 201701030323 (1244493-V)]

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

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Capital A Berhad
[Registration No.: 201701030323 (1244493-V)]

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

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www.capitala.com

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