Stock code：2630

AIR ASIA Company Limited

2019 Annual General Shareholders' Meeting

Agenda Handbook

Date: June 17, 2019

Place：No.1050, Jichang Rd., Rende Dist., Tainan City

（Same Company Building 2nd Floor）

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AIR ASIA Company Limited
Agenda of the 2019 Annual General Shareholders' Meeting

Date＆Time：June 17, 2019 (Monday) at 10 am

Place：No.1050, Jichang Rd., Rende Dist., Tainan City

（Same Company Building 2nd Floor）

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6. Extempore motion
7. Meeting Adjourned

THREE. Report Items

1. Business Report of 2018

   Description: Business Report of 2018 is attached as hereto as Annex 1. (please refer to page 8~13)

2. Audit Committee Audit Report of 2018

   Description: Audit Committee Audit Report of 2018 is attached as hereto as Annex 2. (please refer to page 14)

3. Distribution of employees' profit sharing bonus of 2018

   Description:

   (1) Pursuant to Company Articles 22 of Incorporation, Company makes an appropriation of 1% to 3% for employees' profit sharing bonus when Company makes annual profit.

   (2) Employee profit sharing bonus distributed of 2018 are 2%, total amount is NT$ 160,392 in cash.

   (3) Company did not distribute compensation to directors.

4. Buyback of Treasury Stocks Report

   Description: Buyback of Treasury Stock report as follows：

Buyback period	First time
Board approval date	November 7, 2018
Purpose of the buyback	Maintain the company's credit and shareholders' equity
Buyback period	November 8, 2018 to January 7, 2019
The number of stocks buyback	Common Stock 5,000,000 shares
Actual buyback period	November 9, 2018 to January 7, 2019
Buyback interval price	NT$13.65 to NT$33.00 per share
The number of stock bought back	Common Stock 2,088,000 shares
Total amount of buyback	NT$ 50,470,904
The average price of buyback	NT$ 24.17 per share
The number of cancelled shares	Common Stock 2,088,000 shares
Accumulate Company shareholdings	0%
Accumulate percentage of total outstanding Company shareholdings	0%

FOUR. Matters for Ratification

Matter 1: Proposal and ratify the Business Report and Financial Statements of 2018.

(Proposed by the Board of Directors)

Explanation:

(1) Financial Statements and Consolidated Financial Statements of 2018 have been audited by Lin, Su Wen and Yang, Chih Hui of Ernst & Young. A collate with Business Report of 2018 have been submitted to be audited by the Audit Committee, and the auditing has been completed.

(2) Business Report, Independent Auditors' Report and the aforementioned Financial Statements of 2018, is attached as hereto as Annex 1. (please refer to page 8~13) and Annex 3 (please refer to page 15~34).

Resolution:

Matter 2: Proposal and ratify for the distribution of net income 2018.

(Proposed by the Board of Directors)

Explanation:

(1) 2018 net profit after tax is NT$15,404,325. After setting aside the legal reserve of NT$1,540,433, adding beginning retained earnings of NT$ 4,749,654 and deduct remeasurement of defined benefit obligation of NT$7,957,786. The total retained earnings available for distribution are NT$10,655,760.

(2) Proposed cash dividend of NT$0.08 per share is amounted to NT$9,609,600. Table of "Distribution of net income 2018" is attached as hereto as Annex 4. (please refer to page 35).

(3) Upon the approval of the Annual General Shareholders' Meeting, it is proposed that the Chairman of Director be authorized to resolve the ex-dividend date, distribution date, and other relevant issues.

(4) The dividend will be calculated to the amount of one whole NT dollar, and the remaining amounts below NT$1 will be rounded down. Shares below NT$1 will be adjusted from the largest decimal place and the number of accounts in descending order until the total amount of cash dividends has been distributed.

(5) In the event of changes in the company's share capital due to changes of the company shareholdings, it is proposed that the Chairman of Director be authorized to resolve the issues.

Resolution:

FIVE. Discussion Items

Matter 1: Proposal of the cash distribution from Capital Surplus.

(Proposed by the Board of Directors)

Explanation:

(1) It is proposed the Company to distribute cash dividend of NT$110,510,400 from the capital surplus-Additional Paid-in Capital Share Issuance in excess of Par Value at NT$0.92 per share.

(2) For this period's motion to distribute cash dividends, the dividend will be calculated to the amount of one whole NT dollar, and the remaining amounts below NT$1 will be rounded down. Shares below NT$1 will be adjusted from the largest decimal place and the number of accounts in descending order until the total amount of cash dividends has been distributed.

(3) In the event of changes in the company's share capital due to changes of the company shareholdings, it is proposed that the Chairman of Director be authorized to resolve the issues.

(4) Upon the approval of the Annual General Shareholders' Meeting, it is proposed that the Chairman of Director be authorized to resolve the ex-dividend date, distribution date, and other relevant issues.

Resolution:

Matter2: To amend the Articles of Incorporation.

(Proposed by the Board of Directors)

Explanation:

(1) In coordinate with the amendments of the Company Act, to simplified procedures for public companies to distribute dividends and reserves in cash.

(2) Comparison table for the "Articles of Incorporation "before and after revision, is attached as hereto as Annex 5 (please refer to page 36~37)

Resolution:

Matter 3: To amend the Procedures of the Acquisition or Disposal of Assets.

(Proposed by the Board of Directors)

Explanation:

(1) Pursuant to Letter Number 1070341072 issued by the Financial Supervisory Commission on November 26, 2018. In coordinate with the application of International Financial Reporting Standards and to clarify the responsibilities of external experts, Article 5 of the Regulations as amended specifically provides for the negative qualifications of external experts and clearly stipulates the assessment, audit and statement set forth in an appraisal report or opinion letter issued by an external expert.

(2) Comparison table for the "Procedures for Acquisition or Disposal of Assets" before and after revision, is attached as hereto as Annex 6 (please refer to page 38~56).

Resolution:

Matter 4: To amend the Procedures for Election of Directors.

(Proposed by the Board of Directors)

Explanation:

(1) In coordinate with the amendments of paragraph 4, Article 192-1 of the Company Act for simplified nomination of shareholder nominated procedures on August 1, 2018, to amend the procedure of Article 6.

(2) Comparison table for the “Procedures for Election of Directors” before and after revision, is attached as hereto as Annex 7 (please refer to page 57).

Resolution:

Matter 5: Proposal of release the Prohibition on Directors from Participation in Competitive Business.

(Proposed by the Board of Directors)

Explanation:

(1) Pursuant to Article 209 of Company Act : Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(2) As the directors of the Company may have invested or have other companies that are the same or similar to the company's business scope and act as directors, they are required to submit to the shareholders' meeting in accordance with Article 209 of the Company Act before the loss of the company's interests. Proposed to dismiss of the prohibition on competition of directors and their representatives.

(3) Directors from Participation in Competitive Business as follows:

Title	Name	Position in participated Business
Chairman of the Board	Taiwan Aerospace Corp. Representative: Tian-Lin Lu	Taiwan Aerospace Corp. Chairman of the Board and General Manager APEX Flight Academy Director
Member of the Board	Taiwan Aerospace Corp. Representative: Yueh-Tsung Li	Taiwan Aerospace Corp. Supervisor
Member of the Board	Chun-Wei Lu	Mega Financial Holding Company Ltd. Independent Director
Independent Director	Jen-Wei Ko	Chi-Da Company Chairman of the Board

(4) Please discuss.

Resolution:

SIX. Extempore motion

SEVEN. Meeting Adjourned

EIGHT. Annexes

Annex 1.

AIR ASIA Company Limited
Business Report

1. Business Report of 2018
   (1) Business Implement Outcome

   Total revenue for 2018 was NT$2,719,354 thousand dollars, the net profit after tax was NT$15,405 thousand dollars.

   (2) Budget Implementation

   Annual business income was 2,719,354 thousand dollars in 2018, Military aircraft business revenue percentage was 56%, gross profit margin was 15%; Commercial aircraft business revenue percentage was 18%, gross profit margin was 11%; Helicopter business revenue percentage was 26%, gross profit margin was 6%. Due to some of the business operations depend on the military expenditures of other countries, there is a delay to a clear majority of work in progress. Commercial aircraft business has grown substantially in fourth quarter, in result company's overall profit still have surplus.

   (3) Analysis of financial income and expenditure and profitability

   Company's net profit after tax in 2018 was 15,405 thousand dollars, mainly due to the increase in the proportion of government business and the company dedicate to obtain EASA certification and improve the facilities of the Maintenance Hanger, the net profit was not as expected because of it. Business income and profitability were as follows:

   A. Business income in 2018 was 2,719,354 thousand dollars, an increase of 301,610 thousand dollars compared to 2,417,744 thousand dollars in 2017.

   B. Net profit after tax in 2018 was 15,405 thousand dollars, decreased 123,393 thousand dollars compared to 107,988 thousand dollars in 2017, earnings per share after tax was NT$ 0.13.

   (4) Current status of research and development

   Major research and development outcome of 2018

   A. Army's TH-67 Helicopter air-conditioning system refit R&D planning modification design and system simulation test has completed. In the future, TH-67 helicopter avionics system will be upgraded to refine the R&D technology and strive to develop new business and capability.

   B. Research and development project for 3D Laser Additive Manufacturing Technology (Powder Bed Fusion) to manufacture aerospace product.

      1. Completion of 3D Laser Additive Manufacturing Technology (Powder Bed Fusion) and aerospace repair process planning Coupon and test specimen, and jointly develop and improve the aerospace maintenance process with the industrial service project of the high-power deposition laser dusting equipment of the Laser Center of the Industrial Technology Research Institute (ITRI). Coupon, test specimen and metallographic materials and mechanical strength are

expected to be completed in April 2019.

2. 17-4 Stainless Steel PH test products and Aluminum Alloy A356 aerospace Die Casting products, optical grain structure inspection, Coupon hardness and mechanical strength tensile force, pores and other tests, material properties are greater than or equal to the original design requirements. Obtained signed and approval of Aerospace Additive Manufacturing test products from Industrial Technology Research Institute and National Chung-Shan Institute of Science and Technology, which can be installed on the military aircraft with the approval of the military, to alleviate the dissatisfaction of some military products such as 17-4 PH stainless steel and Aluminum Alloy A356 aerospace Die Casting products.

2. Business Plan Overview of 2018

(1) The Business Side

A. Commercial aircraft maintenance business

Civil Aviation Division is a professional maintenance hangar that mainly targets single-aisle narrow-body/spur aircraft such as Boeing B737, Airbus A320 series and Bombardier Dash 8-Q400. Base on “maintaining existing customers” and “developing new customers” strategy, setting short-term, medium- and long-term plans to expand capability and strive for new customers and fleets to enter the hangar.

In recent years, this division has used professional independence, competitive maintenance cycles, customized services and advantageous management, and in coordinate with the government's Southbound Policy and implement various business development plans, in addition to maintaining existing customers. New customer aircraft such as South Korea's Air Incheon and Air Busan, Philippines' Pan Pacific Airlines, Vietnam's VietJet Air, Cambodia's Cambodia Airways and Thailand's Nok Air were also entering hangar for maintenance. In 2018, a record of 67 aircrafts maintenance hit record high.

The line maintenance capability set up has completed in 2018. It began to enter the main Domestic Airports such as Taoyuan, Taichung, Tainan and Kaohsiung in 2019. In the future, it will further extend to Songshan Airport in line with customers’ needs and provide customers on-line immediate maintenance needs, in order to expand the territory in the increasingly competitive aerospace maintenance market, to serve more customers.

B. Government and military aircraft maintenance business

According to the contract, the “Air Force 2nd Air Logistics Center Military Factory Contractor Operated Project” and the “Air Force Songshan Base Command Rehabilitation Supply Team Contractor Operated Project” all kinds of aircraft and components maintenance business, based on the principle of Aviation Safety first, On-schedule completion of the military commissioned work, to ensure annual maintenance completed, to meet customer needs, support the shortage of troops, carry out war, play and training tasks.

Fully use the GOCO project of the Air Force 2nd Air Logistics Center Military Factory to transfer assets and perform third-party operations (Pingdong Aircraft maintenance hangar-FBO, painting and stripping, MRO/Taichung's component maintenance plant, hydraulic II certification project) to increase overall revenue and create operational results of the GOCO project.

Actively strive for the “Air Force Songshan Base Command Rehabilitation Supply Team Contractor Operated Project” to include the O/L maintenance in the new contract to expand the scope of services and total contract price, and combine O, I, D/L, unified power.

Actively plan and promote the B-1900 Seahunter project marketing, planning/compiled integration handbook and to obtain contract.

Actively strive for a five-year contract for the “Auto Flight Test System”.

C. Vertical Flight maintenance business

Company has accumulated years of experience in maintenance Bell Helicopter helicopters (AH-1W, OH-58D, TH-67, UH-1H, BELL 212, BELL 412) and Boeing CH-47 helicopters, and strive for develop Maintenance of military or government helicopters and components in Thailand, Philippines and Vietnam…etc countries. Breeze-Eastern has agreed that company's rescues hoist and cargo hook products are the maintenance agency in Asia (excluding Japan and India) and are actively developing Southeast Asia and Northeast Asia markets.

The engine and components maintenance hangar is currently actively developing the AW-139 and AW-109 helicopter rescues hoist and cargo hook maintenance capability and related certification operations, in line with the actively grow the two helicopters hoist maintenance needs in Asian region. The plant is evaluating the market for small turbine auxiliary power (APU) as a basis for maintenance capability development.

Army’s TH-67 helicopter has been in service for several decades. The related navigation and communication system failure rate has risen and the maintenance cost has increased. The company has proposed to the Army to replace some products and improve the reliability of the TH-67 helicopter mission.

(2) Future Business development strategy

A. Commercial aircraft maintenance business

With regional economy development and increasing transportation demand, low-cost aviation have mushroomed, boosts demand for single-aisle narrow-body aircraft to grow rapidly. Therefore, future business development will specifically analysis of market demand and fleet, and actively develop new customer groups. The key points are as follows:

a. Expansion of the Line Maintenance business is the first priority.

b. Explore the old aircraft market to increase the high total price of customers.

c. Expand the low-cost aviation market and continue to build and develop to increase market share.

d. Target on the Flag Carrier and traditional airlines for medium-term efforts.

e. Leasing and maintenance work.

f. Third party operating FBO.

In 2019, the development of new aircraft maintenance capability (A320neo and B737 MAX) will be established, and the EASA license will be used to expand the third-party operation development and landing permit of Pingdong, aiming at the breakthrough of maintenance over one hundred aircrafts.

B. Government and military aircraft maintenance business

Establish Taiwan hardware fastener coating and electroplating center: Taichung's component maintenance plant has 25 electroplating tanks, which can operate chrome plating, cadmium plating, anodizing, etc., in order to expand the use of transfer equipment, manpower and strive for third-party operations, has been active plan to handle ventilation and exhaust improve projects, equipment maintenance and purchase, automation, and plan to apply for ISO 9001 and AS9110 certification (expected to obtain certification in June 2019), through marketing promotion, strive for electroplating foundry, to expand production capacity.

Strive to include Air Force SongShan Air Force Base purchase project: the three-year (2019-2021) contract of the Air Force SongShan Air Force Base “Automated Flight Test System Maintenance Contractor Operated Project (EK08004L032)”, company has won the bidding and will continue to lobby the military in the project. When the contract to be renewed in 2022, the automated flight test system maintenance and test system technical update will be included in the scope of work, which will effectively establish entry barrier and prevent the competitors from participating in the bidding.

Strive for cooperation and development capability: F-16 hydraulic HYD-II Taichung Components Maintenance Plant has been certified 20 hydraulic components maintenance capability, and there are still 7 follow-up and P-3C mechanical engineering projects, after the capability set up completed and certificated, except it can be included in the Air Force 2nd Air Logistics Center GOCO project transfer capability inventory to undertake the Air Force work and also strive to be included in the third-party operation.

Actively expand third-party operations: plan to expand the third-party operation of Pingdong maintenance plant to implement business aircraft FBO, civil aircraft painting and stripping/MRO and Taichung Components Maintenance Plant electroplating and surface treatments, and establish Air Force 2nd Air Logistics Center Military Factory the Government Owned Contractor Operated project “entry barriers”. To strive for the best favorable position for the renewal/new contract.

C. Strive for maintenance business in Southeast Asia/Northeast Asia

In line with the New Southbound Policy, plan to sign a rescues hoist maintenance contract with Singapore in 2019. Now actively negotiating with South Korea for cargo hook maintenance, and actively engaged in aircraft and components maintenance operations in Thailand, Indonesia, Philippines, Vietnam and Bangladesh.

D. Fully utilize the Government-owned private operated Dasheng Military Camp to implement third-party operations, activate airport’s usage, and increase maintenance capacity. It has been certified by the Civil Aviation Administration of the United States, Taiwan, Russia, Philippines, Indonesia, Cayman, South Korea, Vietnam and Bermuda. The implementation of the aircraft maintenance business within the country, in the future will in line with the renewal schedule of Civil Aviation Authorities of other countries, conduct Dasheng Military Camp maintenance plant certification operations.

(3) The management side

In order to achieve the overall business objectives, we will actively control the overall business and operation, take advantage of the professional division of talents, strengthen teamwork, and continue to strengthen key points in management as follows:

A. To improve the manpower of performance.

a. Continuous manpower reduction, aiming at maximizing per capita output.

b. The recruitment and the selection process are objective and impartial in order to select suitable employees.

c. Reward the personnel who has licenses and trained professionals to enhance the competitiveness of the civil aviation business.

B. Professional Training to Cultivate Human Resources

a. Train technical manpower reserve talents through training with universities and colleges and organize aircraft maintenance training courses to enhance quality manpower and enhance maintenance ability.

b. Introduce the youth workplace training plan, pay attention to youth workplace adaptability and professional skills learning to improve youth job satisfaction and employment stability.

c. Supervise the training of the management functions to consolidate the teamwork and play a comprehensive management effect.

d. Provide English training courses for employees, to make the employees of the company more internationally competitive.

e. Encourage and assist employees to obtain licenses to increase the proportion of employees in civil aviation licenses and improve existing maintenance standards.

C. Manpower use and competitiveness

a. Continuously analyzing the use of manpower and control of idle manpower to fully utilize manpower.

b. Encourage production units to handle human resources exchanges and second-expertise retraining to meet the goals of working capacity, adjusting human complementarity and reducing idle capacity.

c. In line with operational requirements, to shifts, rotate and adjust the manpower, to strengthen competitiveness.

D. Certification and quality improvement

a. Strive to obtain the EASA and AS9100 quality management system certification, and maintain the maintenance certificate and capability granted by the civil aviation authorities of various countries to effectively expand the market.

b. Implement comprehensive safety and overall quality assurance with the Safety Management System to effectively improve quality.

E. Strict control and reduce operating costs

a. Use internal control and information systems to strictly control the budget and reduce company expenses.

b. Strengthen bargaining with manufacturers and reduce operating costs to ensure company profits and achieve set goals.

c. Continuous review to reduce inventory of raw materials.

d. Expanding business sources and conditions to reduce the time and cost of waiting for lack of raw materials, and regularly review the materials are unconsumed of each project to reduce the occurrence of inventory.

Director： General Manager： Accounting manager：

Annex 2.

Audit Committee Audit Report

The Business Report, Financial statements and Proposal for profit distribution of 2018 prepared by the Board of Directors have been audited and certified by Lin, Su Wen, Yang, Chih Hui of Ernst & Young. After reviewing such documents, this Audit Committee found no nonconformity, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
Air Asia Company Limited 2019 Annual General Meeting of Shareholders

Audit Committee Convener:

January 29, 2019

Annex 3.

AIR ASIA CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
WITH
REPORT OF INDEPENDENT AUDITORS

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To AIR ASIA CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of AIR ASIA CO., LTD. (the "Company) as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2018 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

The Company's aircraft maintenance service and aircrafts business maintenance management contracts recognized revenue when a performance obligation been satisfied over time. This method calculates the percentage of completion by the actual input of materials or labors in each contract. As the calculation of percentage of completion is complicated and estimating cost involves management's material judgment, we considered this a key audit matter.

Our audit procedures included, but were not limited to, assessing and testing the effectiveness of the internal control design and execution regarding revenue recognition, selecting samples to perform test of details, including reviewing revenue recognition terms and conditions of contracts, comparing the actual cost and projected costs to verify the reasonableness of total cost estimates, and testing the material requisition record and employee time record to verify the correctness of actual input and verify the correctness of the amount of revenue recognized. We also assessed the adequacy of revenue recognition. Please refer to Notes IV, V and VI to the Company's parent company only financial statements.

2. Valuation for slow-moving inventories

As of December 31, 2018, the Company's net material inventories amounted to NT$267,635 thousand, which was material to the financial statement. The Company's raw material may become slow-moving inventory with the related model phase-out. Management needs to assess the adequacy of write-downs of slow-moving inventories. As identification of slow-moving inventories of the amount of inventory write downs involved management's material judgment, we considered this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around slow-moving inventories, testing the evaluation basis of write-downs from slow-moving inventories and the reasonableness of reserve ratio, testing the correctness of slow-moving inventory breakdown and the calculation of inventory aging. We also assessed the adequacy of disclosures of slow-moving inventories. Please refer to Notes IV, V and VI to the Company's parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China 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 parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.

2. 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 internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the parent company only financial statements 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 auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor’s 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.

Emphasis of Matters-Applied the New Standards

As stated in Note 3 of the consolidated financial statements, the Company applied the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" on 1 January 2018.

Lin, Su Wen

Yang, Chih Hui

Ernst & Young, Taiwan.
29 January 2019

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	December 31, 2018	December 31, 2017
Current Assets			
Cash and cash equivalents	IV/VI	$79,808	$94,608
Contract assets, current	IV/VI	333,180	-
Notes and accounts receivable-Net	IV/VI	802,754	724,162
Other receivable-current		16,339	6,651
Inventories-Net	IV/V/VI	1,036,084	304,866
Prepayments		66,957	17,762
Refundable deposits-current	VIII	163,457	75,777
Other current assets		237	-
Total current assets		2,498,816	1,223,826
Non-current Assets			
Investments accounted for under the equity method	IV/XIII	3,598	3,567
Property, plant and equipment	IV/VI/VIII	709,079	712,843
Intangible assets	IV/VI	2,870	3,327
Deferred income tax assets	IV/VI	70,042	59,056
Incremental costs of obtaining contracts		45,634	-
Other noncurrent assets	VI/VIII	86,890	145,330
Total non-current assets		918,113	924,123
Total Assets		$3,416,929	$2,147,949

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
Current Liabilities					
Short-term loans	IV/VI		$722,075		$30,000
Short-term notes and bills payable	IV/VI		229,925	-	
Contract liabilities, current	IV/VI		1,114	-	
Accounts payable		215,283		128,940	
Other payables	VI	201,436		236,568	
Income tax payable	IV/VI	-		2,207	
Provisions-current	IV/V/VI	19,112		36,633	
Advance receipts		-		22,098	
Current portion of long-term loans	IV/VI	16,667		16,667	
Other current liabilities		10,387		5,210	
Total current liabilities			1,415,999		478,323
Non-current Liabilities					
Long-term loans-excluding current portion	IV/VI/VIII	183,332			49,999
Provisions-noncurrent	IV/V/VI	-		2,332	
Net defined benefit liabilities- noncurrent	IV/V/VI	141,541			160,163
Total non-current liabilities			324,873		212,494
Total Liabilities			1,740,872		690,817
Equity					
Common stock	VI		1,222,080		1,078,296
Capital surplus	VI		365,749		153,095
Retained earnings	VI				
Legal reserve		117,066			104,727
Unappropriated earnings			12,196		120,965
Total retained earnings			129,262		225,692
Other component of equity		139			49
Treasury stock			(41,173)	-	
Total Equity			1,676,057		1,457,132
Total Liabilities and Equity			$3,416,929		$2,147,949

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD.
PARENT COMPANY ONLY OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(Expressed in Thousand of New Taiwan Dollars Except for Earnings Per Share)

ITEMS	NOTES	For the year ended Dec. 31, 2018	For the year ended Dec. 31, 2017
Operating Revenue	IV/VI	$2,719,354	$2,417,744
Operating Cost	VI	(2,407,030)	(2,023,450)
Net Operating Margin		312,324	394,294
Operating Expenses	VI		
Selling expenses		(62,767)	(51,354)
General and administrative expenses		(200,303)	(169,692)
Research and development expenses		(22,306)	(24,231)
Expected credit losses		(12,625)	-
Total operating expenses		(298,001)	(245,277)
Operating Income		14,323	149,017
Non-operating Income and Expenses	VI		
Other revenue		10,093	9,584
Other gains and losses		(1,761)	(1,574)
Interest expense		(14,712)	(8,917)
Share of loss of subsidiaries, associates and joint ventures		(83)	(84)
Total non-operating income and expenses		(6,463)	(991)
Income from Continuing Operations before Income Tax		7,860	148,026
Income Tax benefit (Expense)	IV/VI	7,545	(24,633)
Net Income		$15,405	$123,393
Other comprehensive income	VI		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit pension plans		(9,947)	(8,517)
Income tax related to items that will not be reclassified		1,989	1,448
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		114	(305)
Income tax related to items that may be reclassified		(24)	53
Total other comprehensive income(loss), net of tax		(7,868)	(7,321)
Total comprehensive income		$7,537	$116,072
Net income attributable to:			
Stockholders of the parent		$15,405	$123,393
Comprehensive income attributable to:			
Stockholder of the parent		$7,537	$116,072
Earnings Per Share			
Basic earnings per share (in NT Dollar)	VI	$0.13	$1.14

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars)

Item	Equity attributable to the parent company							
	Stock			Retained Earnings		Other Equity		
	Common Stock	Advance Receipts for Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings/ Accumulated deficits	Exchange Differences on Translation of Foreign Operations	Treasury stock	Total Equity
Balance as of January 1, 2017	$1,058,296	$179	$138,095	$85,168	$191,336	$301	$ -	$1,473,375
Appropriations of 2016 earnings								
Legal reserve	-	-	-	19,559	(19,559)	-	-	-
Cash dividends	-	-	-	-	(167,136)	-	-	(167,136)
Net income for the year ended December 31, 2017	-	-	-	-	123,393	-	-	123,393
Other comprehensive income(loss) for the year ended December 31, 2017	-	-	-	-	(7,069)	(252)	-	(7,321)
Total comprehensive income	-	-	-	-	116,324	(252)	-	116,072
Issuance of Common Stock	20,000	(179)	15,000	-	-	-	-	34,821
Balance as of December 31, 2017	$1,078,296	$-	$153,095	$104,727	$120,965	$49	$-	$1,457,132
Balance as of January 1, 2018	$1,078,296	$-	$153,095	$104,727	$120,965	$49	$ -	$1,457,132
Appropriations of 2017 earnings								
Legal reserve	-	-	-	12,339	(12,339)	-	-	-
Cash dividends	-	-	(48,883)	-	(103,877)	-	-	(152,760)
Net income for the year ended December 31, 2018	-	-	-	-	15,405	-	-	15,405
Other comprehensive income(loss) for the year ended December 31, 2018	-	-	-	-	(7,958)	90	-	(7,868)
Total comprehensive income	-	-	-	-	7,447	90	-	7,537
Issuance of Common Stock	143,784	-	261,537	-	-	-	-	405,321
Treasury stock acquired	-	-	-	-	-	-	(41,173)	(41,173)
Balance as of December 31, 2018	$1,222,080	$-	$365,749	$117,066	$12,196	$139	$(41,173)	$1,676,057

(The accompanying notes are an integral part of the parent company only financial statements)

Note：Employees' compensation for the year ended December 31, 2018 were to NT$160. It had been deducted from comprehensive income of parent company only financial statement.
Employees' compensation for the year ended December 31, 2017 were to NT$3,021. It had been deducted from comprehensive income of parent company only financial statement.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars)

ITEMS	For the year ended Dec. 31, 2018	For the year ended Dec. 31, 2017
Cash Flow from Operating Activities:		
Net income before tax	$7,860	$148,026
Adjustments to reconcile net income before income tax to net cash provided by operating activities:		
Depreciation	63,735	61,553
Amortization	5,147	5,713
Excepted credit losses/Bad debt expense	12,625	5,097
Interest expense	5,386	3,806
Interest revenue	(1,481)	(1,545)
Share of loss of subsidiaries, associates and joint ventures	83	84
Loss on disposal of property, plant and equipment	62	845
Contract assets	(333,180)	-
Notes and accounts receivable-net	(91,217)	(26,259)
Other receivable-current	(9,838)	(4,559)
Inventories-net	(731,218)	102,605
Prepayments	(49,195)	24,966
Incremental cost of obtaining contracts	150	-
Contract liabilities	12,137	(48,526)
Other noncurrent assets	1,114	-
Accounts payable	86,343	(14,883)
Other payables	(35,369)	(18,841)
Provision	(19,853)	(3,312)
Advance receipts	(22,098)	(32,371)
Other current liabilities	5,177	(49)
Net defined benefit liabilities	(28,569)	(15,005)
Cash generated from operations	(1,122,199)	187,345
Interest received	1,631	1,643
Interest paid	(5,149)	(3,824)
Income tax paid	(4,070)	(35,959)
Net cash (used in) provided by operating activities	(1,129,787)	149,205

ITEMS	For the year ended Dec. 31, 2018	For the year ended Dec. 31, 2017
Cash Flow from Investing Activities:		
Acquisition of property, plant and equipment	(46,813)	(34,133)
Increase in refundable deposits	(59,818)	(12,911)
Acquisition of intangible assets	(4,690)	(5,088)
Increase in other noncurrent assets	(40,413)	(11,364)
Net cash (used in) investing activities	(151,734)	(63,496)
Cash Flow from Financing Activities:		
Increase in short-term loans	692,075	10,000
Increase in short-term notes and bills payable	229,925	-
Proceeds from long-term loans	150,000	-
Repayments of long-term loans	(16,667)	(16,667)
Cash dividends	(152,760)	(167,136)
Issuance of common stock for cash	405,321	34,821
Treasury stock acquired	(41,173)	-
Net cash provided by (used in) financing activities	1,266,721	(138,982)
Net Decrease in Cash and Cash Equivalents	(14,800)	(53,273)
Cash and Cash Equivalents at Beginning of Year	94,608	147,881
Cash and Cash Equivalents at End of Year	$79,808	$94,608

(The accompanying notes are an integral part of the parent company only financial statements)

AIR ASIA CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
WITH
REPORT OF INDEPENDENT AUDITORS

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To AIR ASIA CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of AIR ASIA CO., LTD. (the "Group) as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2018 and 2017, and its financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2018 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

The Group's aircraft maintenance service and aircrafts business maintenance management contracts recognized revenue when a performance obligation was satisfied over time. This method calculates the percentage of completion by the actual input of materials or labors in each contract. As the calculation of percentage of completion is complicated and estimating cost involves management's material judgment, we considered this a key audit matter.

Our audit procedures included, but were not limited to, assessing and testing the effectiveness of the internal control design and execution regarding revenue recognition, selecting samples to perform test of details, including reviewing revenue recognition terms and conditions of contracts, comparing the actual and projected costs to verify the reasonableness of total cost estimates, and testing the material requisition record and employee time record to verify the correctness of actual input and verify the correctness of the amount of revenue recognized. We also assessed the adequacy of revenue recognition. Please refer to Notes IV, V and VI to the Group's consolidated financial statements.

2. Valuation for slow-moving inventories

As of December 31, 2018, the Group's net material inventories amounted to NT$267,635 thousand, which was material to the financial statement. The Group's raw material may become slow-moving inventory with the related model phase-out. Management needs to assess the adequacy of write-downs of slow-moving inventories. As identification of slow-moving inventories of the amount of inventory write downs involved management's material judgment, we considered this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around slow-moving inventories, testing the evaluation basis of write-downs from slow-moving inventories and the reasonableness of provision ratio, testing the correctness of slow-moving inventory breakdown and the calculation of inventory aging. We also assessed the adequacy of disclosures of slow-moving inventories. Please refer to Notes IV, V and VI to the Group's consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China 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 consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.

2. 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 internal control of the Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements 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 auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statement of the Company as of and for the years ended December 31, 2018 and 2017.

Emphasis of Matters-Applied the New Standards

As stated in Note III of the consolidated financial statements, the Group and its subsidiaries applied the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" on 1 January 2018.

Lin, Su Wen

Yang, Chih Hui

Ernst & Young, Taiwan.
29 January 2019

Notice to Readers
The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	December 31, 2018	December 31, 2017
Current Assets			
Cash and cash equivalents	IV/VI	$83,444	$98,211
Contract assets, current	IV/VI	333,180	-
Notes and accounts receivable-Net	IV/VI	802,754	724,162
Other receivable-current		16,339	6,651
Inventories-Net	IV/V/VI	1,036,084	304,866
Prepayments		66,957	17,762
Refundable deposits-current	VIII	163,457	75,777
Other current assets		237	-
Total current assets		2,502,452	1,227,429
Non-current Assets			
Property, plant and equipment	IV/VI/VIII	709,079	712,843
Intangible assets	IV/VI	2,870	3,327
Deferred income tax assets	IV/VI	70,042	59,056
Incremental costs of obtaining contracts		45,634	-
Other noncurrent assets	VI/VIII	86,890	145,330
Total non-current assets		914,515	920,556
Total Assets		$3,416,967	$2,147,985

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2018 and 2017
(Expressed in Thousand of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2018	December 31, 2017
Current Liabilities			
Short-term loans	IV/VI	$722,075	$30,000
Short-term notes and bills payable	IV/VI	229,925	-
Contract liabilities, current	IV/VI	1,114	-
Accounts payable		215,283	128,940
Other payables	VI	201,474	236,604
Income tax payable	IV/VI	-	2,207
Provisions-current	IV/V/VI	19,112	36,633
Advance receipts		-	22,098
Current portion of long-term loans	IV/VI	16,667	16,667
Other current liabilities		10,387	5,210
Total current liabilities		1,416,037	478,359
Non-current Liabilities			
Long-term loans-excluding current portion	IV/VI/VIII	183,332	49,999
Provisions-noncurrent	IV/V/VI	-	2,332
Net defined benefit liabilities- noncurrent	IV/V/VI	141,541	160,163
Total non-current liabilities		324,873	212,494
Total Liabilities		1,740,910	690,853
Equity			
Common stock	VI	1,222,080	1,078,296
Capital surplus	VI	365,749	153,095
Retained earnings	VI		
Legal reserve		117,066	104,727
Unappropriated earnings		12,196	120,965
Total retained earnings		129,262	225,692
Other component of equity		139	49
Treasury stock		(41,173)	-
Total Equity		1,676,057	1,457,132
Total Liabilities and Equity		$3,416,967	$2,147,985

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars Except for Earnings Per Share)

ITEMS	NOTES	For the year ended Dec. 31, 2018	For the year ended Dec. 31, 2017
Operating Revenue	IV/VI	$2,719,354	$2,417,744
Operating Costs	VI	(2,407,030)	(2,023,450)
Net Operating Margin		312,324	394,294
Operating Expenses	VI		
Selling expenses		(62,767)	(51,354)
General and administrative expenses		(200,386)	(169,776)
Research and development expenses		(22,306)	(24,231)
Expected credit losses		(12,625)	-
Total operating expenses		(298,084)	(245,361)
Operating Income		14,240	148,933
Non-operating Income and Expenses	VI		
Other revenue		10,093	9,584
Other gains and losses		(1,761)	(1,574)
Finance costs		(14,712)	(8,917)
Total non-operating income and expenses		(6,380)	(907)
Income from Continuing Operations before Income Tax		7,860	148,026
Income Tax benefit (Expense)	IV/VI	7,545	(24,633)
Net Income		$15,405	$123,393
Other comprehensive income	VI		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit pension plans		(9,947)	(8,517)
Income tax related to items that will not be reclassified		1,989	1,448
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		114	(305)
Income tax related to items that may be reclassified		(24)	53
Total other comprehensive income(loss), net of tax		(7,868)	(7,321)
Total comprehensive income		$7,537	$116,072
Net income attributable to:			
Stockholders of the parent		$15,405	$123,393
Comprehensive income attributable to:			
Stockholder of the parent		$7,537	$116,072
Earnings Per Share			
Basic earnings per share (in NT Dollar)	VI	$0.13	$1.14

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company							Total Equity
	Stock			Retained Earnings		Other Equity		
	Common Stock	Advance Receipts for Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings/ Accumulated deficits	Exchange Differences on Translation of Foreign Operations	Treasury stock	
Balance as of January 1, 2017	$1,058,296	$179	$138,095	$85,168	$191,336	$301	$ -	$1,473,375
Appropriations of 2016 earnings								
Legal reserve	-	-	-	19,559	(19,559)	-	-	-
Cash dividends	-	-	-	-	(167,136)	-	-	(167,136)
Net income for the year ended December 31, 2017	-	-	-	-	123,393	-	-	123,393
Other comprehensive income(loss) for the year ended December 31, 2017	-	-	-	-	(7,069)	(252)	-	(7,321)
Total comprehensive income	-	-	-	-	116,324	(252)	-	116,072
Issuance of Common Stock	20,000	(179)	15,000	-	-	-	-	34,821
Balance as of December 31, 2017	$1,078,296	$-	$153,095	$104,727	$120,965	$49	$-	$1,457,132
Balance as of January 1, 2018	$1,078,296	$-	$153,095	$104,727	$120,965	$49	$ -	$1,457,132
Appropriations of 2017 earnings								
Legal reserve	-	-	-	12,339	(12,339)	-	-	-
Cash dividends	-	-	(48,883)	-	(103,877)	-	-	(152,760)
Net income for the year ended December 31, 2018	-	-	-	-	15,405	-	-	15,405
Other comprehensive income(loss) for the year ended December 31, 2018	-	-	-	-	(7,958)	90	-	(7,868)
Total comprehensive income	-	-	-	-	7,447	90	-	7,537
Issuance of Common Stock	143,784	-	261,537	-	-	-	-	405,321
Treasury stock acquired	-	-	-	-	-	-	(41,173)	(41,173)
Balance as of December 31, 2018	$1,222,080	$-	$365,749	$117,066	$12,196	$139	$(41,173)	$1,676,057

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

AIR ASIA CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Expressed in Thousand of New Taiwan Dollars)

ITEMS	For the year ended Dec. 31, 2018	For the year ended Dec. 31, 2017	ITEMS	For the year ended Dec. 31, 2018	For the year ended Dec. 31, 2017
Cash Flow from Operating Activities:			Cash Flow from Investing Activities:		
Net income before tax	$7,860	$148,026	Acquisition of property, plant and equipment	(46,813)	(34,133)
Adjustments to reconcile net income before income tax to net cash			Increase in refundable deposits	(59,818)	(12,911)
provided by operating activities:			Acquisition of intangible assets	(4,690)	(5,088)
Depreciation	63,735	61,553	Increase in other noncurrent assets	(40,413)	(11,364)
Amortization	5,147	5,713	Net cash (used in) investing activities	(151,734)	(63,496)
Excepted credit losses/Bad debt expense	12,625	5,097			
Interest expense	5,386	3,806			
Interest revenue	(1,481)	(1,545)	Cash Flow from Financing Activities:		
Loss on disposal of property, plant and equipment	62	845	Increase in short-term loans	692,075	10,000
Contract assets	(333,180)	-	Increase in short-term notes and bills payable	229,925	-
Notes and accounts receivable-net	(91,217)	(26,259)	Proceeds from long-term loans	150,000	-
Other receivable-current	(9,838)	(4,559)	Repayments of long-term loans	(16,667)	(16,667)
Inventories-net	(731,218)	102,605	Cash dividends	(152,760)	(167,136)
Prepayments	(49,195)	24,966	Issuance of common stock for cash	405,321	34,821
Incremental cost of obtaining contracts	150	-	Treasury stock acquired	(41,173)	-
Contract liabilities	12,137	(48,526)	Net cash provided by(used in) financing activities	1,266,721	(138,982)
Other noncurrent assets	1,114	-			
Accounts payable	86,343	(14,883)			
Other payables	(35,367)	(18,843)			
Provision	(19,853)	(3,312)	Effect of exchange rate changes on cash and cash equivalents	114	(305)
Advance receipts	(22,098)	(32,371)	Net Decrease in Cash and Cash Equivalents	(14,767)	(53,664)
Other current liabilities	5,177	(49)	Cash and Cash Equivalents at Beginning of Year	98,211	151,875
Net defined benefit liabilities	(28,569)	(15,005)	Cash and Cash Equivalents at End of Year	$83,444	$98,211
Cash generated from operations	(1,122,280)	187,259			
Interest received	1,631	1,643			
Interest paid	(5,149)	(3,824)			
Income tax paid	(4,070)	(35,959)			
Net cash (used in) provided by operating activities	(1,129,868)	149,119			

(The accompanying notes are an integral part of the parent company only financial statements)

Annex 4.

Air Asia Company Limited
Distribution of net income 2018

Unit：New Taiwan Dollar

Item	Amount	
	Subtotal Amount	Total Amount
Unappropriated retained earnings at beginning	4,749,654	
Net profit of 2018	15,404,325	
Legal reserve	(1,540,433)	
Remeasurement of defined benefit obligation	(7,957,786)	
Retained earnings available for appropriation as of December 31, 2018		10,655,760
Items of distribution:		
Cash dividend to shareholders (NT$0.08 per share)	(9,609,600)	
Distributable items amount		(9,609,600)
Unappropriated retained earnings at end		1,046,160

Note: The amount of distribution of net income is given priority to net income of 2018.

Director:　　General Manager:　　Accounting Manager:

Annex 5.

AIR ASIA Company Limited
Comparison table for the amendments of "Articles of Incorporation" before and after revision

Before the Revision	After the Revision	Addition Note
Article 21. The Company's fiscal year shall be from January 1 of each year to December 31 of the same fiscal year. At the close of each fiscal year, the Board of the Directors shall prepare Business report, the financial statements and the surplus earning distribution or loss off-setting proposals to the shareholders' meeting for ratification.	Article 21. The Company's fiscal year shall be from January 1 of each year to December 31 of the same fiscal year. At the close of each fiscal year, the Board of the Directors shall prepare Business report, the financial statements and the ***stock dividend*** distribution or loss off-setting proposals to the shareholders' meeting for ratification.	In accordance with new Amended Article 240 of the Company Act, to amend this Article.
Article 22-1. In the case of a profitable fiscal year, the Company shall pay taxes in accordance with the law, make up accumulated deficits, then allot 10% to the statutory surplus reserve, except for the statutory surplus reserve has reached the total paid-in capital of the company. In accordance with regulations, the remaining balance shall be appropriated or reversed special reserves. If there is still surplus, and accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal at the Shareholders' Meeting for resolution.	Article 22-1. In the case of a profitable fiscal year, the Company shall pay taxes in accordance with the law, make up accumulated deficits, then allot 10% to the statutory surplus reserve, except for the statutory surplus reserve has reached the total paid-in capital of the company. In accordance with regulations, the remaining balance shall be appropriated or reversed special reserves. If there is still surplus, and accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal ~~***at a Shareholders' Meeting for resolution.***~~ ***If dividend is distributed in issued new shares, shall be made in accordance with the provisions of Article 214 of the Company Law. If dividend is distributed in cash, shall be made in accordance with the provisions of Article 23-2 of Article of Incorporation.***	Refer to the new amended Company Act Questions and Answers released by Department of Commerce, in accordance with new amended Article 240 of the Company Act, to delete the last paragraph of this Article.
Article 23. The company's dividend policy is	Article 23. The company's dividend policy is	In accordance with new amended

based on the principle of stability and balance. In addition to considering the profit of the shareholders, the company shall take into account the impact of the company's operations. The company may allocate the entire annual distributable surplus according to factors such as financial, business and operational aspects. The distribution of surplus is prioritized by cash dividends and may also distributed by stock dividends. However, the proportion of stock dividends shall not higher than 50% of the total dividends. In case there are no earnings for distribution in a certain year, or the earnings of a certain year are far less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.	based on the principle of stability and balance. In addition to considering the profit of the shareholders, the company shall take into account the impact of the company's operations. The company may allocate the entire annual distributable surplus according to factors such as financial, business and operational aspects. The distribution of surplus is prioritized by cash dividends and may also distributed by stock dividends. However, the proportion of stock dividends shall not higher than 50% of the total dividends. In case there are no earnings for distribution in a certain year, or the earnings of a certain year are far less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge. ***The Board meeting shall be attended by two-thirds of the total directors, and resolved by a majority votes at the Board meeting, to distribute dividends and bonuses in whole or in part to be paid in cash, and report to the shareholders' meeting.***	Paragraph 5, Article 240 of the Company Act. A public company may explicitly stipulate in the Articles of Incorporation to authorize the board meeting distribute cash right after special approval, and report to the shareholders' meeting to simplified the procedure. In addition, the provision of Article 240 may apply to the provision of Paragraph 5, Article 240 of the Company Act, to authorize the board meeting to approve the distributable dividends and bonuses to be paid in cash. To amend this Article.
Article 26. This Articles of Incorporation was agreed upon and signed on October 31, 1954……The thirty-fifth amendment was made on June 11, 2018.	Article 26. This Articles of Incorporation was agreed upon and signed on October 31, 1954……The thirty-fifth amendment was made on June 11, 2018.……***The thirty-sixth amendment was made on June 17, 2019.***	Add the amendment date and number of revisions.

Annex 6.

AIR ASIA Company Limited
Comparison table for the amendments of "Procedures for Acquisition or Disposal of Assets" before and after revision

Before the Revision	After the Revision	Addition Note
Article 2. Scope of the Assets : 2. Real property (including land, houses and buildings, investment property, ~~rights to use land~~ and inventories of construction enterprise) and equipment. ~~5.~~ Claims of Financial Institution (including receivables, bills purchased and discounted, loans and overdue receivables.) ~~6.~~ Derivatives Products. ~~7.~~ Assets acquired or disposed of in connection with Mergers, Spin-off, acquisitions or Transfer of Shares in accordance with the Applicable Listing Rules. ~~8.~~ Other major asses.	Article 2. Scope of the Assets : 2. Real property (including land, houses and buildings, investment property and inventories of construction enterprise) and equipment. ***5. Right-of-use asset.*** 6. Claims of Financial Institution (including receivables, bills purchased and discounted, loans and overdue receivables.) 7. Derivatives Products. 8. Assets acquired or disposed of in connection with Mergers, Spin-off, acquisitions or Transfer of Shares in accordance with the Applicable Listing Rules. 9. Other major asses.	In accordance with IFRS16 the new leases standard.
Article 3. Definitions 1. "Derivative Products": Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from ~~assets~~, interest rates, foreign exchange rates, indexes or ~~other interests~~. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long- term leasing contracts, or long-term purchase (sales) agreements. 2. "Assets acquired or disposed through Mergers, Spin-off,	Article 3. Definitions 1. "Derivative Products": Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from interest rates, foreign exchange rates, indexes. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 2. "Assets acquired or disposed through Mergers, Spin-off,	In accordance with IFRS 9 FINANCIAL INSTRUMENT, specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

Before the Revision	After the Revision	Addition Note
acquisitions, or Transfer of Shares in accordance with the Applicable Listing Rules": Refers to assets acquired or disposed through Mergers, Spin-offs conducted under the Applicable Listing rules, or acquisitions or share transfer by issuance of new shares as consideration conducted under the Applicable Listing rules (i.e., Article 156, ~~***Paragraph 8***~~ of Company Act) (hereinafter "Transfer of Shares").	acquisitions, or Transfer of Shares in accordance with the Applicable Listing Rules": Refers to assets acquired or disposed through Mergers, Spin-offs conducted under the Applicable Listing rules, or acquisitions or share transfer by issuance of new shares as consideration conducted under the Applicable Listing rules (i.e., Article 156-***3***, of Company Act) (hereinafter "Transfer of Shares").	
Article 4. Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports or opinions ~~***shall not be a related party***~~ of any party to the transaction.	Article 4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions ***shall meet the following requirements:*** ***1. May not have previously received a final and unappeasable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended***	Stipulate the negative qualifications of external experts and clarifying the evaluation, verification and declaration of evaluation reports or opinions issued by external experts.

Before the Revision	After the Revision	Addition Note
	sentence, or since a pardon was received. ***2. May not be a related party or de facto related party of any party to the transaction.*** ***3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.*** ***When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:*** ***1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.*** ***2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.*** ***3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.*** ***4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and***	

Before the Revision	After the Revision	Addition Note
	found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.	
Article 5. Procedures of Acquisition or Disposal of Real Property or other Fixed Assets. 1. Evaluation and Implementation Procedures Acquisition or disposal procedures of real property, equipment, ***~~or~~*** other fixed assets are subject to the Company's Fixed Assets Implementation Procedures. 2. Determination of Terms and Limit The terms and prices for the acquisition or disposal of real property ***~~or~~*** other fixed assets shall be based on the publicly announced value, appraised value, actual closing prices for nearby real properties compiled in a report for submission to the Chairman. Transaction amount less than Ten Million New Taiwan Dollar shall be subject to the approval of the authority. Transaction amount more than Ten Million and less than Fifty Million New Taiwan Dollar shall be subject to the approval of the Chairman or authority; Transaction amount reaching Fifty Million New Taiwan Dollar or more shall be reported to or rectified by the Board. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended	Article 5. Procedures of Acquisition or Disposal of Real Property, other Fixed Assets or ***Right-of-use asset***. 1. Evaluation and Implementation Procedures Acquisition or disposal procedures of real property, equipment, other fixed assets or ***Right-of-use asset*** are subject to the Company's Fixed Assets Implementation Procedures. 2. Determination of Terms and Limit The terms and prices for the acquisition or disposal of real property, other fixed assets or ***Right-of-use asset*** shall be based on the publicly announced value, appraised value, actual closing prices for nearby real properties compiled in a report for submission to the Chairman. Transaction amount less than Ten Million New Taiwan Dollar shall be subject to the approval of the authority. Transaction amount more than Ten Million and less than Fifty Million New Taiwan Dollar shall be subject to the approval of the Chairman or authority; Transaction amount reaching Fifty Million New Taiwan Dollar or more shall be reported to or rectified by the Board. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended	In accordance with IFRS16 the new leases standard.

Before the Revision	After the Revision	Addition Note
they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. 3. Appraisal Report of the real property ~~***or***~~ other Fixed Assets. In acquiring or disposing real property ***or*** equipment where the transaction amount reaches twenty percent of the Company's paid-in capital or Three Hundred Million New Taiwan Dollar, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment, shall obtain an appraisal report prior to the Date of Occurrence from an expert appraiser and shall further comply with the following provisions: Where due to special circumstances it is necessary to give a restrictive price or specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board, and ~~***the same procedure shall be followed***~~ for ~~***any future***~~ changes to the terms and conditions of the transaction. The transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution.	they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. 3. Appraisal Report of the real property, other Fixed Assets ***or Right-of-use asset***. In acquiring or disposing real property or equipment ***or Right-of-use asset*** where the transaction amount reaches twenty percent of the Company's paid-in capital or Three Hundred Million New Taiwan Dollar, the Company, unless transacting with a ***domestic*** government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment, shall obtain an appraisal report prior to the Date of Occurrence from an expert appraiser and shall further comply with the following provisions: Where due to special circumstances it is necessary to give a restrictive price or specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board***, and the same procedure shall be followed for any changes to the terms and conditions of the transaction***. The transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution.	

Before the Revision	After the Revision	Addition Note
Article 7. Procedures of Acquisition or Disposal of ~~***Memberships or***~~ Intangible Assets 1. Evaluation and Implementation Procedures The acquisition or disposal of ~~***memberships or***~~ intangible assets shall be subject to the Company's Implementation Procedures for Fixed Assets (if there is any). 2. Determination of Terms and Limits ~~***i.***~~ In acquiring or disposing a membership, the terms and price shall be determined based on the fair market value of such membership as produced in an analysis report for submission to the general manager. The approval of the general manager shall be required where value of such membership is Three Million New Taiwan Dollar or less. For transaction value exceeding Three Million New Taiwan Dollars, the transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. ~~***ii.***~~ In acquiring or disposing an intangible asset, the terms and price shall be determined based on expert evaluation report and the fair market value as produced in an analysis report for submission to the Chairman. The approval of the Chairman shall be required where transaction price is	Article 7. Procedures of Acquisition or Disposal of Intangible Assets ***or Right-of-use asset or Memberships***. 1. Evaluation and Implementation Procedures The acquisition or disposal of ~~i~~intangible assets ***or Right-of-use asset or Memberships*** shall be subject to the Company's Implementation Procedures for Fixed Assets (if there is any). 2. Determination of Terms and Limits ***i.*** In acquiring or disposing an intangible asset or ***Right-of-use asset***, the terms and price shall be determined based on expert evaluation report and the fair market value as produced in an analysis report for submission to the Chairman. The approval of the Chairman shall be required where transaction price is Twenty Million New Taiwan Dollar or less. For transaction price exceeding Ten Million New Taiwan Dollar, the transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. ***ii.*** In acquiring or disposing a membership, the terms and price shall be determined based on the fair market value of such membership as produced in an analysis report for submission to the general manager. The approval of the general manager shall be required where value of such	In accordance with IFRS16 the new leases standard.

Before the Revision	After the Revision	Addition Note
Twenty Million New Taiwan Dollar or less. For transaction price exceeding Ten Million New Taiwan Dollar, the transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. 3. ~~***Memberships or***~~ intangible assets expert evaluation report ii. If the transaction amount in acquiring or disposing intangible assets reaches Twenty Million New Taiwan Dollar or more, the expert shall be requested to issue an appraisal report. iii. In acquiring or disposing of memberships or intangible assets the transaction amount of which reaches 20% of the Company's paid in capital or Three Hundred Million New Taiwan Dollar, unless transacting with a government agency, a certified public accountant shall provide opinion which shall be dated before the date of occurrence in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	membership is Three Million New Taiwan Dollar or less. For transaction value exceeding Three Million New Taiwan Dollars, the transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. 3. Intangible assets ***<u>or Right-of-use asset</u>*** expert evaluation report ii. If the transaction amount in acquiring or disposing intangible assets ***<u>or Right-of-use asset</u>*** reaches Twenty Million New Taiwan Dollar or more, the expert shall be requested to issue an appraisal report. iii. In acquiring or disposing of intangible assets ***<u>or Right-of-use asset</u>*** the transaction amount of which reaches 20% of the Company's paid in capital or Three Hundred Million New Taiwan Dollar, unless transacting with a ***<u>domestic</u>*** government agency, a certified public accountant shall provide opinion which shall be dated before the date of occurrence in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	
Article 8. Related Parties Transactions 1. In acquiring or disposing ~~***real property***~~ from a related party through purchase or swap, the Company shall ensure	Article 8. Related Parties Transactions 1. In acquiring or disposing real property from a related party through purchase or swap shall accordance with the	In accordance with IFRS16 the new leases standard.

Before the Revision	After the Revision	Addition Note
that the necessary resolutions are adopted, the reasonableness of the transaction terms is appraised, and other relevant matters are carried out in compliance with the following, including but without limitation, in case where the transaction amount is 10% or more of the aggregate assets of the Company, obtaining a valuation report issued by a professional valuation agency or a CPA opinion before the date such transaction takes place (provided that the calculation of the transaction amount shall be subject to Article 7-1 of the Procedure) , in addition to compliance with the procedures set forth above. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. 2.Evaluation and Implementation Procedures Where the Company intends to acquire or dispose real property from a related party, or to acquire or dispose any property other than real property from a related party and the transaction amount of which is 20% or more of the paid-in capital of the Company, or 10% or more of the aggregate amount of assets of the Company, or Three Hundred Million New Taiwan Dollar or more, except in trading of government bonds or bonds under repurchase and resale	regulation of Article 5 , the Company shall ensure that the necessary resolutions are adopted, the reasonableness of the transaction terms is appraised, and other relevant matters are carried out in compliance with the following, including but without limitation, in case where the transaction amount is 10% or more of the aggregate assets of the Company, obtaining a valuation report issued by a professional valuation agency or a CPA opinion before the date such transaction takes place (provided that the calculation of the transaction amount shall be subject to Article 7-1 of the Procedure) , in addition to compliance with the procedures set forth above. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. 2. Evaluation and Implementation Procedures Where the Company intends to acquire or dispose real property ***or Right-of-use asset*** from a related party, or to acquire or dispose any property other than real property ***or Right-of-use asset*** from a related party and the transaction amount of which is 20% or more of the paid-in capital of the Company, or 10% or more of the aggregate amount of assets of the Company, or Three Hundred Million New Taiwan Dollar or more, except in trading of ***domestic***	

Before the Revision	After the Revision	Addition Note
agreements, or subscription or redemption of domestic money market funds, the following matters shall be submitted for approval firstly by the Audit Committee before resolution is further approved by the Board before any transaction agreement can be signed or any payment can be made: iii. In respect of acquisition of real property, information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the Subparagraphs 3(i) and 3(iv) of this Article. 3. Evaluation of the reasonableness of the transaction costs i In acquisition of real property from a related party, the evaluate reasonableness of the transaction costs shall be evaluated by the following means: ii Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding subparagraph. iii. In acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with the provisions of Subparagraphs 3(i) and 3(ii) this Article and shall also engage a certified public accountant to check	government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the following matters shall be submitted for approval firstly by the Audit Committee before resolution is further approved by the Board before any transaction agreement can be signed or any payment can be made: iii. In respect of acquisition of real property ***or Right-of-use asset***, information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the Subparagraphs 3(i) and 3(iv) of this Article. 3. Evaluation of the reasonableness of the transaction costs i In acquisition of real property ***or Right-of-use asset*** from a related party, the evaluate reasonableness of the transaction costs shall be evaluated by the following means: ii Where land and structures thereupon are combined as a single property purchased ***or lease*** in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding subparagraph. iii. In acquiring real property ***or leases*** from a related party, the Company shall appraise the cost of the real property in accordance with the provisions of Subparagraphs 3(i) and 3(ii) this Article and shall also engage a certified public	

Before the Revision	After the Revision	Addition Note
the appraisal and render a specific opinion. iv. Conducted in accordance with Subparagraphs 3(i) and 3(ii) of this Article are both lower than transaction price, Subparagraph 3(v) of this Article shall apply, except where one of the following circumstances exists and objective evidence has been submitted and specific opinions on reasonableness have been obtained from an expert real property appraiser and a certified public accountant B. ~~***Completed***~~ transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. ~~***C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices***~~ (2) Where the acquisition of real property from a related party provides evidence that the terms of the transaction are similar to the terms of	accountant to check the appraisal and render a specific opinion. iv. Conducted in accordance with Subparagraphs 3(i) and 3(ii) of this Article are both lower than transaction price, Subparagraph 3(v) of this Article shall apply, except where one of the following circumstances exists and objective evidence has been submitted and specific opinions on reasonableness have been obtained from an expert real property ***or Right-of-use asset*** appraiser and a certified public accountant B. ***The transactions*** by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction ***or lease*** terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (2) Where the acquisition of real property ***or Right-of-use asset*** from a related party provides evidence that the terms of the transaction are similar to the terms of	

Before the Revision	After the Revision	Addition Note
transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than fifty percent of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property. v. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the provisions of Subparagraphs 3(i) and 3(ii) of this Agreement are uniformly lower than the transaction price, the following steps shall be taken. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence	transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than fifty percent of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property ***or Right-of-use asset***. v. Where the Company acquires real property or ***Right-of-use asset*** from a related party and the results of appraisals conducted in accordance with the provisions of Subparagraphs 3(i) and 3(ii) of this Agreement are uniformly lower than the transaction price the following steps shall be taken. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss or ***terminate the lease*** on decline in market value of the assets it purchased ***or leased*** at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo	

Before the Revision	After the Revision	Addition Note
confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent. (1) A special reserve shall be set aside in accordance with the Applicable Listing Rules (i.e., Paragraph 1 of Article 41 of Taiwan's Securities and Exchange Act) against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. vi. In acquiring real property from a related party where one of the following circumstances exists, the acquisition shall be conducted in accordance with the Paragraphs 1 and 2 of this Article and Subparagraphs (i), (ii) and (iii), Paragraph 3 of this Article shall not apply: (1) The related party acquired the real property through inheritance or as a gift. (2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.	ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent. (1) A special reserve shall be set aside in accordance with the Applicable Listing Rules (i.e., Paragraph 1 of Article 41 of Securities and Exchange Act) against the difference between the real property ***or Right-of-use asset*** transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. vi. In acquiring real property ***or Right-of-use asset*** from a related party where one of the following circumstances exists, the acquisition shall be conducted in accordance with the Paragraphs 1 and 2 of this Article and Subparagraphs (i), (ii) and (iii), Paragraph 3 of this Article shall not apply: (1) The related party acquired the real property ***or Right-of-use asset*** through inheritance or as a gift. (2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property ***or Right-of-use asset*** to the signing date for the current transaction. ***(4) The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.***	

Before the Revision	After the Revision	Addition Note
vii. In acquiring real property from a related party, any evidence showing irregularities of the transaction shall be dealt with pursuant to Subparagraph3(v) of this Article.	vii. In acquiring real property ***or Right-of-use asset*** from a related party, any evidence showing irregularities of the transaction shall be dealt with pursuant to Subparagraph 3(v) of this Article.	
Article 9. Procedures for Acquisition or Disposal of Derivative Products 1. Trading Principles and Strategies i. The types of transactions (1) The term "Derivative" as used in these Key Points means any trading contracts with worth derived from assets, interest rates, foreign exchange rates, indexes or ***~~other interests (such as forward contracts, options, futures, swaps, and the hybrid products consisted by them).~~*** iii. Responsibility division (4) Set-up total amount and maximum loss of the contract A. Total amount of the contract I. Risk avoidance transaction limit Within the scope of the verification authority of the hedge trades as ***~~set~~*** out in this procedure, the finance department shall grasp the overall position of the company to avoid trading risks, and the amount of risk-avoiding transactions shall not	Article 9. Procedures for Acquisition or Disposal of Derivative Products 1. Trading Principles and Strategies i. The types of transactions (1) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from ***a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.*** iii. Responsibility division (4) Set-up total amount and maximum loss of the contract A. Total amount of the contract I. Risk avoidance transaction limit Within the scope of the verification authority of the hedge trades as ***set*** out in this procedure, the finance department shall grasp the overall position of the company to avoid trading risks, and the amount of risk-avoiding transactions shall not	1. In accordance with IFRS 9 FINANCIAL INSTRUMENT, specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. 2. Amended on wordings.

Before the Revision	After the Revision	Addition Note
exceed two-thirds of the overall net profit of the company, such as more than two-thirds shall be reported to the general manager for approval, but not more than 100%. 4. Regular Evaluation Methods i. The Board of directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors. ii. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be ***~~submitted~~*** to senior management personnel authorized by the Board of Directors. v. When engaging in derivatives trading, the board of directors shall supervise and manage such trading in accordance with the following principles: (1) Periodically evaluate the risk management measures	exceed two-thirds of the overall net profit of the company, such as more than two-thirds shall be reported to the general manager for approval, but not more than 100%. 4. Regular Evaluation Methods i. The Board of directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors. ii. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be ***sent*** to senior management personnel authorized by the Board of Directors. v. When engaging in derivatives trading, the board of directors shall supervise and manage such trading in accordance with the following principles: (1) Periodically evaluate the risk management measures	

Before the Revision	After the Revision	Addition Note
currently employed are appropriate and are faithfully conducted in accordance with “Regulations Governing the Acquisition or Disposition of Assets by Public Companies” and the procedures for engaging in derivatives trading formulated by the company. iii. The company shall report to the Board Meeting after it authorizes the relevant personnel to handle derivatives trading in accordance with its procedures for engaging in derivatives trading.	currently employed are appropriate and are faithfully conducted in accordance with “Regulations Governing the Acquisition or Disposition of Assets by Public Companies” and the procedures for engaging in derivatives trading formulated by the company. iii. The company shall report to the Board Meeting after it authorizes the relevant personnel to handle derivatives trading in accordance with its procedures for engaging in derivatives trading.	
Article 11. The company in acquiring or disposing of the assets in accordance with the procedures or other legal requirements, shall be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. If not more than one-half of the members of the audit committee agree It may be agreed by more than two-thirds of all directors, and the resolutions of the audit committee shall be stated in the proceedings of the board of directors.	Article 11. The company in acquiring or disposing of the assets in accordance with the procedures or other legal requirements, shall be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. If not more than one-half of the members of the audit committee agree It may be agreed by more than two-thirds of all directors, and the resolutions of the audit committee shall be stated in the proceedings of the board of directors.	Amended on wordings.
Article 13. Determination of Terms and Limits The acquisition of real estate and securities by the Company and its Subsidiaries for non-operating purpose, the total amount of	Article 13. Determination of Terms and Limits The acquisition of real estate, ***<u>Right-of-use asset</u>*** and securities by the Company and its Subsidiaries for non-operating purpose, the	In accordance with IFRS16 the new leases standard.

Before the Revision	After the Revision	Addition Note
acquisition of all real estate and securities by the Company and its Subsidiaries should not exceed 20% of the Company's total assets in the company’s latest Financial statements or 50% the shareholders’ equity.	total amount of acquisition of all real estate, ***<u>Right-of-use asset</u>*** and securities by the Company and its Subsidiaries should not exceed 20% of the Company's total assets in the company’s latest Financial statements or 50% the shareholders’ equity.	
Article 14. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition of real estate from or to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more; provided, however, that this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements and the purchase or redemption of domestic money market funds in Taiwan.	Article 14. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition of real estate from or to a Related Party, or acquisition or disposal of assets ***<u>or Right-of-use asset</u>*** other than real estate ***<u>or other Right-of-use asset</u>*** from or to a Related Party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more; provided, however, that this shall not apply to the trading of ***<u>domestic</u>*** government bonds or bonds under repurchase and resale agreements and the	1. In accordance with IFRS 9 FINANCIAL INSTRUMENT, specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. 2. Amended on wordings.

Before the Revision	After the Revision	Addition Note
	purchase or redemption of domestic money market funds in Taiwan.	
3. The loss of trading derivatives reaches the limit for all or individual contract set forth in the Procedures for Financial Derivatives Transactions.	3. The loss of trading derivatives reaches the limit for all or individual contract set forth in the Procedures for Financial Derivatives Transactions.	
4. Where the type of asset acquired or disposed is equipment ***~~for~~*** business ***~~use~~***, the trading counterparty is not a Related Party, and the transaction amount is less than NT$500 million.	4. Where the type of asset acquired or disposed is equipment ***or Right-of-use asset***, the trading counterparty is not a Related Party, and the transaction amount is less than NT$500 million.	
5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million	5. Acquisition or disposal by a public company in the construction business of real property ***or right-of-use assets*** thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million.	
6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT$500 million.	6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, ***and furthermore the transaction counterparty is not a related party***, and the amount the Company expects to invest in the transaction reaches NT$500 million.	
7. Where there is an asset transaction (other than any such transactions referred to in the preceding three subparagraphs), a disposal of receivables to a financial institution, or an investment in mainland China area that reaches 20% or more of paid-in capital or NT$300	7. Where there is an asset transaction (other than any such transactions referred to in the preceding three subparagraphs), a disposal of receivables to a financial institution, or an investment in mainland China area that reaches 20% or more of paid-	

Before the Revision	After the Revision	Addition Note
million; provided, this shall not apply to the following circumstances: i. Trading of government bonds. The amount of transactions above shall be calculated as follows: (3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by ~~***itself***~~ and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years.	in capital or NT$300 million; provided, this shall not apply to the following circumstances: i. Trading of ***domestic*** government bonds. The amount of transactions above shall be calculated as follows: (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property ***or right-of-use assets*** thereof within the same development project within the preceding year. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by ***the Company*** and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years.	
Article 16. Control and Management of Acquisition or Disposal of Assets by Subsidiaries of the Company 3. If a subsidiary of the Company is not a public company,	Article 16. Control and Management of Acquisition or Disposal of Assets by Subsidiaries of the Company 3. If a subsidiary of the Company is not a public company,	1. Stipulate public disclosure of the subsidiary. 2. Amended on wordings.

Before the Revision	After the Revision	Addition Note
where a threshold for public disclosure as stipulated under the Applicable Listing Rules "Regulations Governing the Acquisition or Disposal of Assets of Public Companies" has been met, the Company shall make the relevant disclosure on behalf of the subsidiary. 4. For purposes of determining whether disclosure is required, ***~~"twenty percent of the company's paid-in capital or ten percent of the company's total assets"~~*** refers to the paid-in capital or the total assets of the Company.	where a threshold for public disclosure as stipulated under the Applicable Listing Rules "Regulations Governing the Acquisition or Disposal of Assets of Public Companies" has been met, the Company shall make the relevant disclosure on behalf of the subsidiary. 4. For purposes of determining whether disclosure is required, refers to ***the actual paid-in capital or the total assets*** of the Company.	
Article 19. The ninth amendment was made on June 19, 2017. The tenth amendment was made on June 11, 2018.	Article 19. The ninth amendment was made on June 19, 2017. The tenth amendment was made on June 11, 2018. ***The eleventh amendment was made on June 17, 2019.***	Add the amendment date and number of revisions.

Annex 7.

AIR ASIA Company Limited
Comparison table for the amendments of "Procedures for Election of Directors" before and after revision

Before the Revision	After the Revision	Addition Note
Article 6. Elections of both directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act., ~~***The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.***~~	Article 6. Elections of both directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.	In coordinate with the amendments of paragraph 4, Article 192-1 of the Company Act for simplified nomination of shareholder nominated procedures on August 1, 2018, to amend the procedure of Article 6.
Article 15. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting. These Procedures was established on June 16, 2000. The first amendment was made on June 28, 2002. The second amendment was made on June 29, 2007. The third amendment was made on December 17, 2012. The fourth amendment was made on June 19, 2017. The fifth amendment was made on June 11, 2018.	Article 15. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting. These Procedures was established on June 16, 2000. The first amendment was made on June 28, 2002. The second amendment was made on June 29, 2007. The third amendment was made on December 17, 2012. The fourth amendment was made on June 19, 2017. The fifth amendment was made on June 11, 2018. ***The sixth amendment was made on June 17, 2019.***	Add the amendment date and number of revisions.

NINE. Appendixes

Appendix 1

AIR ASIA Company Limited
Articles of Incorporation
(before the revision)

Chapter I General Provisions

Article 1. The Company shall be organized in accordance with the provisions of the Republic of China Company Act relating to companies limited by shares, and shall be named 亞洲航空股份有限公司, 亞洲航空 to be call in short. Its English name shall be "AIR ASIA COMPANY LIMITED", AIR ASIA or AACL be called in short.

Article 2. The Company operates the following business:

CD01060 Aircraft and Parts Manufacturing

I101100 Aviation Consultancy

F214070 Aircraft & Parts Retailing

F114070 Wholesale of Aircraft and Parts

JE01010 Rental and Leasing Business

ZZ99999 All businesses that are not prohibited or restricted by law, except those subject to special approval.

G501020 Civil Aviation Agency

G799990 Other Supporting Services to Transportation

F112060 Airport, Harbor and Industry Port Gasoline Stations

Article 2-1. The total amount of its re-investment is not subject to the restriction on the 40% of re-investment amount as prescribed by Article 13 of Company Act.

Article 2-2. The company may require external guarantees as needed.

Article 3. The Company's head office is located in Tainan City (Taiwan, R.O.C.), and branch offices or factory may be set up inside and outside of the country when necessary upon a resolution of the Board of Directors.

Article 4. Public announcements of the Company shall be made in accordance with Article 28 of Company Art.

Chapter II Shares

Article 5. The overall capital size of the company is set at NT$1.5 Billion, including 150 million (150,000,000) shares at a par value of NT$10 per share; the Board of Directors be authorized to the number of shares may be issued in installments.

Article 6. Share certificates of the Company shall be registered, shall be affixed with the signatures or personal seals of three or more Board Directors, and shall be issued pursuant to applicable law. The Company may issue shares without printing share certificates, provided that these share are registered with a Centralized Securities Depository Enterprise (CSDE).

Article 6-1. In the case of company decide to cease the public issue of shares, pursuant to paragraph 3 of Article 156 of the Company Act, shall propose to shareholders' meeting for resolution.

Article 7. Transfer of shares shall not be set up as a defense against the Company, unless the name/title and residence domicile of the transferee have been recorded in the shareholders' roster.

Article 8. The entries in the shareholders' roster referred to in the preceding paragraph shall not be altered within sixty (60) days prior to the convening date of a regular meeting of shareholders, or within thirty (30) days prior to the convening date of a special meeting of shareholders, or within five (5) days prior to the target date fixed by the Corporation for distribution of dividend, bonus or other benefits.

Chapter III Shareholders' Meetings

Article 9. The shareholders' meeting of the Company includes the general meeting of shareholders and the special meeting of shareholders. A general meeting shall be held at least annually and called by the Board of Directors (the "Board") within six (6) months following the end of a fiscal year.

Article 10. Notice shall be sent to all shareholders for the convening of shareholders' meetings. For the general meeting of shareholders, any meeting notice shall be given at least thirty (30) days before the meeting date; and at least fifteen (15) days in advance for the special meeting.

Article 11. Unless otherwise specifically provided by the Company Act or by applicable law, the resolution of shareholders' meetings shall be adopted if it is approved by the vote of a majority of the shareholders present at a meeting at which a quorum of more than one-half (1/2) of the total outstanding shares held by attending shareholders is met.

Article 11-1. When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the provision of Article 177-2 of the Company Act regarding companies that shall adopt electronic voting:

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extempore motion and amendments to original proposals.

Article 12. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.

Article 13. The Chairman of the Company shall preside shareholders' meetings. In the event the Chairman is on leave or absent or unable to attend the meeting in person, a Board Director shall be designated to act on the behalf of the Chairman at the meeting. In the absence of such a designation, the Directors of the Board shall elect from among themselves an acting chairman.

Chapter IV Directors and Other functional committees

Article 14. The Board shall consist of seven (7) to eleven (11) Directors. The term for all Directors is for three (3) years, renewable upon re-election. In case a candidates nomination system is adopted by the company for election of the directors (Including Independent Directors) of the company, the adoption of such system shall be expressly stipulated in the Articles of Incorporation of the company.

Article 15. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board in accordance with the provisions of the Articles of Incorporation. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the provisions of Article 208 of Company Art.

Article 16. The company has implemented General Manager Responsibility System, the execution of the business is the responsibility of the general manager. The company's business policy and other major issues shall be decided by the board of directors. Except for the first time the board of directors of each session is handled in accordance with Article 203 of the Company Act, the rest is convened by the chairman of the board of directors.

Article 17. Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

Article 18. Pursuant to Article 14-4 of the Securities Exchange Act, the company shall establish either an audit committee or a supervisor. The audit committee shall be composed of the entire number of independent directors.

Article 18-1. The compensation paid to Directors for their services shall be determined by the Board with recommendations from the Remuneration Committee and consideration of the Directors' participation in and devotion to the operation of the Corporation and the Company's operating performance as well as with reference to the common practical standards.

Article 18-2. The company shall create a Remuneration Committee and any number of functional committees. The Board shall set forth, by resolution(s), the requirements applicable for developing committee bylaws.

Chapter V Managerial Personnel

Article 19. The company may have one or more managerial personnel in accordance with Articles of Incorporation. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of Company Act.

Article 20. (Deleted)

Chapter VI Accounting

Article 21. The Company's fiscal year shall be from January 1 of each year to December 31 of the same fiscal year. At the close of each fiscal year, the Board of the Directors shall prepare Business report, the financial statements and the surplus earning distribution or loss off-setting proposals to the shareholders' meeting for ratification.

Article 22. In the case of a profit, the Company shall set aside 1%~3% of the profit to be compensation for employees. If there are accumulated losses, the value to make up for the losses should be set aside first, reserved in advance to offset the deficits.

Article 22-1. The profits indicated in the preceding paragraph refer to the pre-tax interest before employee compensation and board director remunerations are subtracted; employee compensation and board director remunerations are to be assigned at once.

Article 23. The company's dividend policy is based on the principle of stability and balance. In addition to considering the profit of the shareholders, the company shall take into account the impact of the company's operations. The company may allocate the entire annual distributable surplus according to factors such as financial, business and operational aspects. The distribution of surplus is prioritized by cash dividends and may also distributed by stock dividends. However, the proportion of stock dividends shall not higher than 50% of the total dividends. In case there are no earnings for distribution in a certain year, or the earnings of a certain year are far less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Article 24. Rules governing the organization of the Company as well as other important bylaws shall be prescribed separately by the Board of Directors.

Article 25. Matters not prescribed under this Articles of Incorporation shall be governed by and construed in accordance with the provisions of Company Act.

Article 26. This Articles of Incorporation was agreed upon and signed on October 31, 1954.The first amendment was made on February 9, 1955. The second amendment was made on June 18, 1956. The third amendment was made on February 6, 1959. The fourth amendment was made on April 1, 1959. The fifth amendment was made on July 28, 1959. The sixth amendment was made on January 24, 1966. The seventh amendment was made on June 28, 1967.The eighth amendment was made on June 7, 1968. The ninth amendment was made on August 14, 1972. The tenth amendment was made on July 31, 1973. The eleventh amendment was made on April 28, 1975. The twelfth amendment was made on August 27, 1975. The thirteenth amendment was made on April 12, 1976. The fourteenth amendment was made on December 4, 1986. The fifteenth amendment was made on April 20. 1987. The sixteenth amendment was made on September 14, 1987. The seventeenth amendment was made on September 30, 1987. The eighteenth amendment was made on June 2, 1988. The nineteenth amendment was made on July 29, 1988. The twentieth amendment was made on May 8th, 1989. The twenty-first amendment was made on May 8th. 1992. The twenty-second amendment was made on February 24, 1994.The twenty-third amendment was made on December 16, 1994. The twenty-fourth amendment was made on May 7th, 1999. The twenty-fifth amendment was made on April 26, 2000. The twenty-sixth amendment was made on April 29, 2002. The twenty-seventh amendment was made on June 20, 2003. The twenty-eighth amendment was made on June 28, 2005. The twenty-ninth amendment was made on June 24, 2008. The thirty amendment was made on June 15, 2012. The thirty-first amendment was made on December 17, 2012. The thirty-second amendment was made on June 8, 2016. The thirty-third amendment was made on June 19, 2017. The thirty-fourth amendment was made on September 25, 2017. The thirty-fifth amendment was made on June 11, 2018.

Article 26-1. This Articles of Incorporation, Articles 14, 18, 18-1 of Chapter 4 and Article 21 of Chapter 6 was amended and approved on June 15, 2012, shall be applicable after the expiration of the term of the directors and supervisors elected on the July 30, 2009. However, if the shareholders' meeting decides to re-elect all directors in advance, the revised provisions shall apply.

Appendix 2

AIR ASIA Company Limited
Procedures for Acquisition or Disposal of Assets
(before the revision)

Article 1. The Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act"). Any matter not specified herein shall be subject to the Applicable Listing Rules.

Article 2. Scope of the Assets:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land and inventories of construction enterprise) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights and other intangible assets.
5. Claims of Financial Institution (including receivables, bills purchased and discounted, loans and overdue receivables.)
6. Derivatives Products.
7. Assets acquired or disposed of in connection with Mergers, Spin-off, acquisitions or Transfer of Shares in accordance with the Applicable Listing Rules.
8. Other major assets.

Article 3. Definitions:

1. "Derivative Products": Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. "Assets acquired or disposed through Mergers, Spin-off, acquisitions, or Transfer of Shares in accordance with the Applicable Listing Rules": Refers to assets acquired or disposed through Mergers, Spin-offs conducted under the Applicable Listing rules, or acquisitions or share transfer by issuance of new shares as consideration conducted under the Applicable Listing Rules (hereinafter "Transfer of Shares").
3. "Related party and Subsidiary": As defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. "Professional appraiser": Refers to a real property appraiser or other person duly authorized by the Applicable Listing Rules to engage in the value appraisal of real

property or other fixed asset

5. “Date of occurrence”: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. The provision of 10% of the total assets of the procedure, is calculated based on the total assets in the most recent individual or individual financial statements as required by the securities issuer's financial reporting standards.

Article 4. Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports or opinions shall not be a related party of any party to the transaction.

Article 5. Procedures of Acquisition or Disposal of Real Property or other Fixed Assets

1. Evaluation and Implementation Procedures
   Acquisition or disposal procedures of real property, equipment, or other fixed assets are subject to the Company’s Fixed Assets Implementation Procedures (if there is any)
2. Determination of Terms and Limit
   The terms and prices for the acquisition or disposal of real property shall be based on the publicly announced value, appraised value, actual closing prices for nearby real properties compiled in a report for submission to the Chairman. Transaction amount less than Ten Million New Taiwan Dollar shall be subject to the approval of the Chairman; Transaction amount more than Ten Million New Taiwan Dollars and less than Fifty Million New Taiwan Dollar shall be subject to the approval of the Chairman; Transaction amount reaching Fifty Million New Taiwan Dollar or more shall be reported to or rectified by the Board. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.
3. Appraisal Report of the real property or other Fixed Assets
   In acquiring or disposing real property or equipment where the transaction amount reaches twenty percent of the Company's paid-in capital or Three Million New

Taiwan Dollar, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment, shall obtain an appraisal report prior to the Date of Occurrence from an expert appraiser and shall further comply with the following provisions:

i. Where due to special circumstances it is necessary to give a restrictive price or specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. The transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution.

ii. Where the transaction amount reaches One Billion New Taiwan Dollars or more, appraisals from two or more expert appraisers shall be obtained.

iii. Where any one of the following circumstances applies with respect to the expert appraiser's appraisal results, unless that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Republic of China Accounting Research and Development Foundation (hereinafter “ARDF”) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(1) The discrepancy between the appraisal result and the transaction amount is twenty percent or more of the transaction amount.

(2) The discrepancy between the appraisal results of two or more professional appraisers is ten percent or more of the transaction amount.

iv. Where an appraisal is conducted before a contract execution date, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original expert appraiser.

Article 6. Procedures of Acquisition or Disposal of Securities

1. Evaluation and Implementation Procedures Purchase or sales of long- and short-term securities assets shall be handled in pursuant to the Company’s Long/Short Term Investment Operational Procedures (if there is any).

2. Determination of Terms and Limits

i. The purchase and sales of securities which are traded at TWSE or GreTai

Securities Market and are considered securities representing interest in a fund, bond or currency fund or original share subscription (including share subscriptions at incorporation or for increase of capital), and where the subject company publicly lists its securities or bonds for sale in accordance with the requirements for share dilution prior to listing, the responsible unit shall make the appropriate determination based on market condition.

ii. For the long-term investment, the transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution.

3. Expert Opinion

In acquiring or disposing securities under one of the following circumstances, provided that the transactional amount reaches twenty percent of the Company's paid-in capital or Three Hundred Million New Taiwan Dollar, the opinion of a certified public account shall be obtained before the date of occurrence in respect to the reasonableness of the transaction price, and if the certified public accountant would need to adopt any expert report, such report shall be prepared in accordance with the provisions of Statement of Auditing Standards.

Article 7. Procedures of Acquisition or Disposal of Memberships or Intangible Assets

1. Evaluation and Implementation Procedures

The acquisition or disposal of memberships or intangible assets shall be subject to the Company's Implementation Procedures for Fixed Assets.

2. Determination of Terms and Limits

i. In acquiring or disposing a membership, the terms and price shall be determined based on the fair market value of such membership as produced in an analysis report for submission to the general manager. The approval of the general manager shall be required where value of such membership is Three Million New Taiwan Dollar or less. For transaction value exceeding Three Million New Taiwan Dollar, the transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution.

ii. In acquiring or disposing an intangible asset, the terms and price shall be determined based on expert evaluation report and the fair market value as produced in an analysis report for submission to the Chairman. The approval of the Chairman shall be required where transaction price is Twenty Million New Taiwan Dollar or less. For transaction price exceeding Ten Million New Taiwan Dollar, the transaction requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution.

3. Memberships or intangible assets expert evaluation report
   i. If the transaction amount in acquiring or disposing a membership reaches Three Million New Taiwan Dollar or more, the expert shall be requested to issue an appraisal report.
   ii. If the transaction amount in acquiring or disposing intangible assets reaches Twenty Million New Taiwan Dollar or more, the expert shall be requested to issue an appraisal report.
   iii. In acquiring or disposing of memberships or intangible assets the transaction amount of which reaches 20% of the Company's paid in capital or Three Hundred Million New Taiwan Dollar, unless transacting with a government agency, a certified public accountant shall provide opinion which shall be dated before the date of occurrence in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 7-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 14, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 8. Related Parties Transactions

1. In acquiring or disposing assets from a related party, in addition to compliance with the Article 5 of Procedures of Acquisition or Disposal of Real Property, the Company shall in compliance with the following provisions and the reasonableness of the transaction terms is appraised, and other relevant matters are carried out, in case where the transaction amount is 10% or more of the aggregate assets of the Company, shall in accordance with the provisions of Article 5 to Article 7 obtaining a valuation report issued by a professional valuation agency or a CPA opinion, the calculation of transaction amount shall be in compliance with the provision of Article 7-1. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. Evaluation and Implementation Procedures

   Where the Company intends to acquire or dispose real property from a related party, or to acquire or dispose any property other than real property from a related party and the transaction amount of which is 20% or more of the paid-in capital of the Company, or 10% or more of the aggregate amount of assets of the Company, or Three Hundred Million New Taiwan Dollar or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the following matters shall be submitted for approval firstly by the Audit Committee before resolution is further approved by the Board before any transaction agreement can be signed or any payment can be made:

i. The purpose, necessity and anticipated benefit of the property acquisition or disposal.
ii. The reason for choosing the related party as a trading counterparty.
iii. In respect of acquisition of real property, information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the Subparagraphs 3(i) and 3(iv) of this Article.
iv. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
v. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
vi. A valuation report issued by a professional valuation agency or a CPA opinion pursuant to paragraph 1 of this Article.
vii. Restrictive covenants and other important stipulations associated with the transaction.

The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 14, paragraph 2 and the period for one year shall commence from the date when the transaction takes place, provide, however, that the calculation should exclude the amount which has already been submitted for approval by the Audit Committee as well as the Board.

3. Evaluation of the reasonableness of the transaction costs
   i. In acquisition of real property from a related party, the evaluate reasonableness of the transaction costs shall be evaluated by the following means:
      (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer pursuant to the Applicable Listing Rules. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
      (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution

shall have been seventy percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

ii. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding subparagraph.

iii. In acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with the provisions of Subparagraphs 3(i) and 3(ii) this Article and shall also engage a certified public accountant to check the appraisal and render a specific opinion.

iv. Conducted in accordance with Subparagraphs 3(i) and 3(ii) of this Article are both lower than transaction price, Subparagraph 3(v) of this Article shall apply, except where one of the following circumstances exists and objective evidence has been submitted and specific opinions on reasonableness have been obtained from an expert real property appraiser and a certified public accountant:

(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

(2) Where the acquisition of real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than fifty percent of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property.

v. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the provisions of Subparagraphs 3(i) and 3(ii) of this Agreement are uniformly lower than the transaction price, the following steps shall be taken. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent.

(1) A special reserve shall be set aside in accordance with the Applicable Listing Rules (i.e., Paragraph 1 of Article 41 of Taiwan's Securities and Exchange Act) against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.

(2) One of audit committee members shall comply with the provisions of Article 218 of Company Act.

(3) Actions taken pursuant to Subparagraph 3(v)(1) and 3(v)(2) of this Article shall be reported to a general meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

vi. In acquiring real property from a related party where one of the following circumstances exists, the acquisition shall be conducted in accordance with the Paragraphs 1 and 2 of this Article and Subparagraphs (i), (ii) and (iii), Paragraph 3 of this Article shall not apply:

(1) The related party acquired the real property through inheritance or as a gift.

(2) More than five years will have elapsed from the time the related party

signed the contract to obtain the real property to the signing date for the current transaction.

(3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

vii. In acquiring real property from a related party, any evidence showing irregularities of the transaction shall be dealt with pursuant to Subparagraph 3(v) of this Article.

Article 9. Procedures for Acquisition or Disposal of Derivative Products

1. Trading Principles and Strategies

i. The types of transactions

(1) The term “Derivative” as used in these Key Points means any trading contracts with worth derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as forward contracts, options, futures, swaps, and the hybrid products consisted by them).

(2) A public company engaging in deposit trading of bonds shall comply with these Key Points. It is not applicable to engage in bonds under repurchase agreements.

ii. Operation hedge strategies

The company engages in derivatives transaction for hedging purpose (not for transaction purpose). Selects the international well-known financial institutions for avoiding credit risk arose. Otherwise, select the merchandise for hedging company operating risk and the currency must quite to company actual import and export demand, hence the company’s overall internal parts (only foreign exchange income & expenditure) shall be based on self- balance principle for reduce foreign exchange risk and save the operating cost.

iii. Responsibility division

(1) Finance Department

A. Finance Department should process the following procedures:

I. Draft strategy for derivatives transactions of whole company.

II. The position held in the trading of derivative products shall be evaluated at least once two weeks, analysis and judgment about relevant trend, and the evaluation reports shall be given to high-level managers authorized by the Board of Directors.

III. Implement transactions in accordance with the authorization limit and fixed strategy.

IV. Once the fixed strategy is not applicable to the majority variations in financial market, transaction personnel shall prepare evaluation report and revise the strategy for dealing accordance.

B. Accountants

I. Execute affirmed transaction.

II. Auditing whether the transaction is based on authorization and established strategy.

III. Carry out monthly report, and prepare the evaluation report to the general manager for approval.

IV. Accounting Unit: matters involving handling, publication of accounts and filing.

V. Publicly announced and reported in accordance with the regulations of the relevant competent authority.

C. Settlement personnel: trading confirmation, settlement.

D. Authorization Limit of Derivatives:

I. Each transaction shall be subject to internal written approval based on the amount. The authorization amount, transaction approval and level are as follows:

Authority	Authorization Limit of Each Transaction	Accumulated transaction limit
Accounting Manager	Below 1 million USD	Below 1.5 million USD
Managing Director	1 million and above ~ less than 6 million USD	1.5 million and above ~ less than 10 million USD
The Board	Over 6 million USD	Over 10 million USD

II. Other special-purpose transactions shall be approved by more than one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution.

(2) Audit department

Responsible for understanding the admissibility of internal control of derivative transactions and auditing the compliance of the transaction department with the operating procedures, and analyzing the trading cycle, making an audit report, notifying the audit committee the next month of the transaction, and submitting the report of the board of directors.

(3) Performance Evaluation

A. Risk avoidance transaction

I. Performance evaluation basic is based on the account exchange rate against gain & loss from engaging in derivatives transaction.

II. The company shall evaluate gain & loss at least twice a month for fully control and express the evaluation risk of transactions.

III. Finance Department shall evaluate the foreign exchange parts, trend of exchange and market analysis to Managing Director as a management reference and indication.

B. Specific use transaction

The actual profit and loss is used as the performance evaluation basis, and the accountants shall regularly provide financial statements for management reference.

(4) Set-up total amount and maximum loss of the contract

A. Total amount of the contract

I. Risk avoidance transaction limit

Within the scope of the verification authority of the hedge trades as set out in this procedure, the finance department shall grasp the overall position of the company to avoid trading risks, and the amount of risk-avoiding transactions shall not exceed two-thirds of the overall net profit of the company, such as more than two-thirds shall be reported to the general manager for approval, but not more than 100%.

II. Specific use transaction

Based on the forecast of market changes, the finance department can formulate strategies according to needs and report to the general manager and the chairman of the board for approval. The specific contract of the company's specific use of the company's net accumulation of the total contract amount is limited to US$ 10,000,000. If the amount exceeds the above amount, it shall be approved by more than one-half of all members of the audit committee, and be submitted to the Board of Directors meeting for resolution.

B. Set-up Maximum Loss

I. The upper limit of total losses from derivative contracts is no more than 20% of such contract amount, applicable to single and all derivative contracts.

II. In the case of a special purpose transaction contract, a stop loss point should be set to prevent excess losses. The stop loss point shall be set at an upper limit of 10% of the transaction contract amount. If the loss amount exceeds 10% of the transaction amount, it shall be reported immediately and will be reported to the board of directors to discuss the necessary countermeasures.

The amount of the individual contract loss is the maximum amount of the loss that does not exceed US$ 20,000 or 5% of the transaction contract amount.

The maximum annual loss for the company's specific purpose of trading operations is US$300,000.

2. Risk Management Measures
   i. Credit risk management

      Due to changes in various factors in the market, it is easy to cause operational risks of derivative financial products. Therefore, in market risk management, the following principles shall be followed:

      (1) Trading with the international well-known financial institutions.
      (2) Trading commodities: limited to the goods provided by famous financial institutions in both domestic and abroad.
      (3) Transaction Amount: The amount of the unreversed transaction of the same transaction object is limited to 10% of the total authorized amount, but the general manager approves is not limited to this.

   ii. Market risk management:

      Based on the open foreign exchange market provided by banks, the futures market will not be considered for the time being.

   iii. Liquidity risk management:

      To ensure the market liquidity, shall select the derivatives with higher liquidity (self-balance in market). Entrust the financial institutions which possess plenty information and transaction capabilities in whatever market.

   iv. Cash flow risk management:

      To ensure the company turnover is stable, the sources of engaging in derivatives restricted to own capital. Furthermore, the operating amount shall consider the capital demand, the cash forecast for the future 3 months.

   v. Operational Risk Management

      (1) Be sure to comply with the authorization limit, operating procedure and included in internal audit for avoiding operational risk.
      (2) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
      (3) Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the Board Meeting or senior management personnel with no responsibility for trading or position decision-making.
      (4) The position held in the trading of derivative products shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to high-level managers authorized by the board of directors.

vi. Commodity Risk management

Internal trading personnel shall have complete and correct professional knowledge of financial commodities, and require banks to fully expose risks to avoid misuse of financial commodity risks.

vii. Legal Risk Management

The transaction procedure and contract contents of derivatives which involved legal shall consult with legal advisor before sign.

3. Internal Audit System

The Internal Auditor shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives' trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, Audit Committee shall be notified in writing.

4. Regular Evaluation Methods

i. The Board of Directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors.

ii. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

5. When engaging in derivatives trading, the Board of Directors shall supervise and manage such trading in accordance with the following principles:

i. Board of Directors shall indicate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the following principles:

(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" and the procedures for engaging in derivatives trading formulated by the company.

(2) In the course of supervising trading and profit-loss circumstances, periodically evaluate whether derivatives trading performance is consistent

with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

ii. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

iii. The company shall report to the Board Meeting after it authorizes the relevant personnel to handle derivatives trading in accordance with its procedures for engaging in derivatives trading.

iv. A public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under subparagraph 4(ii), 5(i) and 5(ii) of this Article, of the preceding article shall be recorded in detail in the log book.

Article10. Procedures for Conduct a Merger, Demerger, Acquisition or Transfer of Shares

1. Evaluation and Implementation Procedures

i. In conducting a Merger, Spin-off, acquisition, or Transfer of Shares, the Company is advised to appoint an attorney, certified accountant and securities underwriter to discuss and stipulate a timetable and shall organize a special project team for execution thereof in accordance with the Applicable Listing Rules. Prior to convening the Board to resolve on the matter, the Company shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to the Members, and submit it to the Board for deliberation and approval.

ii. The company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the General Meeting and include it along with the expert opinion referred to in item 1 of paragraph 1 in this Article when sending shareholders notification of the General Meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a General Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Otherwise, where the General Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the General Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next General Meeting.

2. Other important matters
   i. Board Meeting Date: The Company participating in a merger, demerger, or acquisition shall convene a Board Meeting and General Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in a transfer of shares shall call a Board Meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
   ii. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:
      (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company’s shares prior to disclosure of the information.
      (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
      (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board Meeting.
   iii. Non-disclosure commitment prior to public disclosure: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any share or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
   iv. Establishment or Amendment of Share Swap Ratio or Purchase Price: In participation of a Merger, Spin-off, acquisition, or Transfer of Shares, the Company shall appoint certified accountants, attorneys or securities underwriters

to state opinions on the reasonableness of the share swap ratio, purchase price or cash dividend prior to convening the meeting of the Board for submission to the general meeting. The Company may not arbitrarily alter the share swap ratio or purchase price unless the following circumstances permitting alteration are stipulated in the contract for the Merger, Spin-off, acquisition, or Transfer of Shares and publicly disclosed:

(1) Conduct cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

(2) An action, such as a disposal of major assets, that affects the Company's financial operations.

(3) An event, such as a major disaster or major change in technology, that affects Shareholder equity or Share price.

(4) An adjustment where any of the companies participating in the Merger, Spin-off, acquisition, or Transfer of Shares from another company, buys back treasury stock.

(5) An increase or decrease in the number of entities or companies participating in the Merger, Spin-off acquisition, or Transfer of Shares.

(6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

v. Content of the Contract: A contract of Merger, Spin-off, acquisition, or Transfer of Shares shall state the following in addition to the matters required under the Applicable Listing Rules (i.e., Article 317-1 of Company Law and Article 22 of Enterprise Merger and Acquisition Law):

(1) Handling of breach of contract.

(2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a Merger or that is demerged.

(3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

(4) The manner of handling changes in the number of participating entities or companies.

(5) Preliminary progress schedule for plan execution, and anticipated completion date.

(6) Scheduled date for convening the general meeting pursuant to the Applicable Listing Rules if the plan exceeds the deadline without

completion, and relevant procedures.

vi. Change in the number of entities participating in the Merger, Spin-off, acquisition or Transfer of Shares: In participation of a Merger, Spin-off, acquisition, or Transfer of Shares and after public disclosure of the information, if the Company intends further to carry out another Merger, Spin-off, acquisition, or share transfer with another company, the Company shall carry out anew the procedures or legal actions that had originally been completed for the former Merger, Spin-off, acquisition, or Transfer of Shares; except that where the number of participating companies is decreased and the general meeting has adopted a resolution authorizing the Board to alter the limits of authority, the Company may be exempted from calling another general meeting to resolve on the matter anew.

vii. Where any of the companies participating in a Merger, Spin-off, acquisition, or Transfer of Shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by provisions of Subparagraphs 2(i), 2(iii) and 2(vi).

viii. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two days counting from the date of passage of a resolution by the Board of Directors, report in the prescribed format and via the internet-based information system to the FSC for recordation.

Article11. The Company in acquiring or disposing of the assets in accordance with the procedures or other legal requirements, shall be approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution. If not more than one-half of the members of the audit committee agree. It may be agreed by more than two-thirds of all directors, and the resolutions of the audit committee shall be stated in the proceedings of the Board of Directors.

Article12. If the Company acquire or disposes of assets through the court auction procedure, it can replace the appraisal report or the opinion of the audit accountant with the certification documents issued by the court.

Article13. Determination of Terms and Limits

The acquisition of real estate and securities by the Company and its Subsidiaries for non-operating purpose, the total amount of acquisition of all real estate and securities by the Company and its Subsidiaries should not exceed 20% of the Company's total assets in the company's latest Financial statements or 50% the shareholders' equity.

The acquisition of real estate and securities by the Company and its Subsidiaries for non-operating purpose, the single transaction amount of acquisition of the real estate and securities by the Company and its Subsidiaries should not exceed a10% of the

Company's total assets in the company’s latest Financial statements or 25% the shareholders’ equity.

Article14. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition of real estate from or to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more; provided, however, that this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements and the purchase or redemption of domestic money market funds in Taiwan.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law.
3. The loss of trading derivatives reaches the limit for all or individual contract set forth in the Procedures for Financial Derivatives Transactions.
4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a Related Party, and the transaction amount is less than NT$500 million.
5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million.
6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT$500 million.
7. Where there is an asset transaction (other than any such transactions referred to in the preceding three subparagraphs), a disposal of receivables to a financial institution, or an investment in mainland China area that reaches 20% or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:
   i. Trading of government bonds.
   ii. Trading of bonds under repurchase/resale agreements or domestic/foreign money market funds.

   The amount of transactions above shall be calculated as follows:

i. The amount of any individual transaction.
ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
iii. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.
iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

"Within one year" as used above refers to the year preceding the base date of occurrence of the current transaction. Items duly announced need not be entered.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

All items should be published again if any item required to be disclosed is missing during the original publication.

The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years.

Article15. In acquiring or disposing of assets, if one of the above has been met and the transaction amount reaches the public announcement threshold, a public report shall be established in accordance with the Procedures within two days from the day of occurrence of the fact:

1. Amendment, termination or cancellation of the original agreement;
2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.
3. Change to the originally publicly announced and reported information.

Article 16. Control and Management of Acquisition or Disposal of Assets by Subsidiaries of the Company:

1. A subsidiary of the Company shall also establish the Procedures Governing the Acquisition or Disposal of Assets pursuant to the Applicable Listing Rules which, as well as any amendment thereof, shall be approved by theist board and further approved in a general meeting of its members.
2. The acquisition or disposal of assets by a subsidiary of the Company shall be subject to the Procedures.
3. If a subsidiary of the Company is not a domestic public company, where a threshold

for public disclosure as stipulated under the Applicable Listing Rules has been met, the Company shall make the relevant disclosure on behalf of the subsidiary.

4. For purposes of determining whether disclosure is required, “twenty percent of the company’s paid-in capital or ten percent of the Company’s total assets” refers to the paid-in capital or the total assets of the Company.

Article 17. Penalties

Violation of the Procedures by an employee of the Company in the acquisition or disposal of assets shall be sanctioned in accordance with the Company’s human resource management rules based on the seriousness of the offense.

Article 18. Implementation and Amendments

The Procedures for the Acquisition and Disposal of Assets shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution and submitted to a shareholders' meeting for approval.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

Article 19. This Procedure was established on June 16, 2000. The first amendment was made on June 28, 2002. The second amendment was made on June 20, 2003. The third amendment was made on June 28, 2006. The fourth amendment was made on June 29, 2007.The fifth amendment was made on June 29, 2009. The sixth amendment was made on June 15, 2012. The seventh amendment was made on December 17, 2012. The eighth amendment was made on June 27, 2014.The ninth amendment was made on June 19m 2017. The tenth amendment was made on June 11, 2018.

Appendix 3

AIR ASIA Company Limited Procedures for Election of Directors (before the revision)

Article 1. To ensure a just, fair, and open election of directors these Procedures are adopted pursuant to Articles 21 and 41 of the Taiwan Corporate Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies.

Article 2. Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3. The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4. (Deleted)

Article 5. The qualifications for the independent directors of the Company shall comply

with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of Taiwan, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies.

Article 6. Elections of both directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act., The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

Article 7. The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 8. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9. The number of directors will be as specified in the Company’s articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 10. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non- shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 12. A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13. The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Taiwan Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14. The board of directors of the Company shall issue notifications to the persons elected as directors or supervisors.

Article 15. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting. These procedures was established on June

16, 2000. The first amendment was made on June 28, 2002. The second amendment was made on June 29, 2007. The third amendment was made on December 17, 2012. The fourth amendment was made on June 19, 2017. The fifth amendment was made on June 11, 2018.

Article 15-1. Article 1, Article 2, Article 4, Article 6, Article 7, Article 8, Article 9, Article 13, and Article 14 of these Procedures were applicable after the expiration of the term of the directors and supervisors elected on the July 30th 2009. However, if the shareholders' meeting decides to re-elect all directors in advance, the revised provisions shall apply.

Appendix 4

AIR ASIA Company Limited
Rules of Procedures for Shareholders' Meeting

Article 1. To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting.

The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6. The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, “shareholders”) shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

Article 16. On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor”.

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings. These rules were implemented on April 26, 2000. The first amendment was made on June 28, 2002. The second amendment was made on June 29, 2007. The third amendment was made on June 15, 2012. The fourth amendment was made on December 17, 2012. The fifth amendment was made on June 27, 2014. The sixth amendment was made on June 11, 2018.

Appendix 5

AIR ASIA Company Limited
Shareholdings of all the Directors

book closure date：April 19, 2019

<table>
<tr><th rowspan="2">Title</th><th rowspan="2" colspan="2">Name</th><th colspan="2">shareholdings of shareholders' list on book closure date</th></tr>
<tr><th>shares(Note)</th><th>%</th></tr>
<tr><td>Chairman of the Board</td><td>Tian-Lin Lu</td><td rowspan="5">Taiwan Aerospace Corp. Representative</td><td rowspan="5">83,483,566</td><td rowspan="5">69.50</td></tr>
<tr><td>Member of the Board</td><td>Chin-Ming Chen</td></tr>
<tr><td>Member of the Board</td><td>Ho-Cheng Hsieh</td></tr>
<tr><td>Member of the Board</td><td>Kuan-Yu Shih</td></tr>
<tr><td>Member of the Board</td><td>Yueh-Tsung Li</td></tr>
<tr><td>Member of the Board</td><td>Su-Hua Jheng</td><td rowspan="2">Taiwan Sugar Corporation Representative</td><td rowspan="2">16,301,019</td><td rowspan="2">13.57</td></tr>
<tr><td>Member of the Board</td><td>Chi-Sheng Hsu</td></tr>
<tr><td>Member of the Board</td><td colspan="2">Chun-Wei Lu</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td colspan="2">Jen-Wei Ko</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td colspan="2">Chih-Yang Cheng</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td colspan="2">Shih-Chang Huang</td><td>-</td><td>-</td></tr>
<tr><td colspan="3">Total amount</td><td>99,784,585</td><td>83.07</td></tr>
</table>

NOTE:

1. As of book closure date of the General Shareholders' Meeting (April 19, 2019), the total issued shares were 122,208,000 shares, and the minimum shareholdings by all the Directors were 8,000,000 shares.
2. In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if more than two Independent Directors are elected, the shareholdings by all the Directors and supervisors outside the Independent Directors shall be reduced to 80%. The Company has set up an Audit Committee, so no applicable for the minimum shareholdings by the supervisors.

Disclaimer: this document is a translation from the Chinese version. In the case for any discrepancy the original document shall supersede this version.