Enclosure 6

The Opinions of the Independent Financial Advisor

NOK AIRLINES PUBLIC COMPANY LIMITED

Acquisition of Assets and Connected Transaction

By

Trinity Securities Company Limited

6 March 2014

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of Nok Airlines Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

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Glossary

The Company or NOK	Nok Airlines Public Company Limited
NOK SPV	NOK SPV
NOKSCOOT	Joint Venture Company
SCOOT	Scoot Pte.,Ltd
The Advisor or Trinity	Trinity Securities Company Limited
SET	The Stock Exchange of Thailand
SEC	The Office of the Securities and Exchange Commission
The Notification of Connected	The Notification of the Capital Market Supervisory Board Tor.
Transactions	Chor. 21/2008 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosures of Information and Other Acts of Listed Companies Concerning Connected Transaction B.E.2546 (2003)
The Notification of Acquisition or	The Notification of the Capital Market Supervisory Board Tor.
Disposal of Assets	Chor. 20/2008 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2547 (2004)

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6 March 2014

Re: Independent Financial Advisor Report on Acquisition of Assets and Connected Transaction of Nok Airline Public Company Limited

To: The Company's Audit Committee and Shareholders
Nok Airlines Public Company Limited

The Board of Directors' Meeting of Nok Airlines (the "Company" or "NOK") No. 2/2014 on 27 February 2014 has passed a resolution to approve the investment in a low-cost airline business ("JV Company") and to enter into the acquisition of assets of listed companies and the connected transactions; whereby the Company is considering either to invest in a new JV Company which is to be established in the future or to invest in an existing company. However, the Company is considering this point for the best interest of the Company. In this regard, the Company will invest in the JV Company via a subsidiary which will be set up for this investment purpose ("**NOK SPV**"). Then, the Company will propose to the shareholders' meeting to approve the transactions. Details of the acquisition of assets and the connected transactions are as follows;

1) <u>Approved the entering into the Joint Venture Agreement</u>

Approved the entering into the Joint Venture Agreement which will be entered in to by NOK SPV, SCOOT PTE. LTD. ("**SCOOT**"), and a company established by the managements of the Company to invest in such venture ("**Company A.**") in order to agree on the determination of joint venture structure, operation, rights and obligations among parties and benefits arising from the joint venture, including legal procedures to be taken. The Company and SCOOT will each invest of not more than 49 percent of the total authorized and issued shares of the JV Company. As for Company A., Company A. will invest in not more than 2 percent of the total authorized and issued shares of the JV Company. The Company will pay the investment in the JV Company of not more than Baht 974.9 million, (Nine Hundred Seventy Four Millions and Nine Hundred Thousand Baht) out of the total initial investment of the JV Company at not more than Baht 2,000 million, (Two Thousand Millions Baht)

2) <u>Approved the establishment of NOK SPV and holding shares in the JV Company with director/executive for the investment purpose in the JV Company</u>

Approved the establishment of NOK SPV and holding shares in the JV Company with director/executive for the investment purpose in the JV Company. Due to shareholding restriction in a company operating airline business according to aviation law. Therefore, it is necessary for the Company to establish a new company (NOK SPV) in order to invest in such low cost airlines business. The Company considers Mr. Patee Sarasin, director and executive of the Company, to be a shareholder in NOK SPV, together with the Company (having capital of Baht 10 million (Ten Million Baht).

- The Company will hold shares in NOK SPV of not more than 49 percent (ordinary shares) of the total issued shares of NOK SPV (calculated as an investment of Baht 4.9 million (Four Million and Nine Hundred Thousand Baht); and

- Mr. Patee Sarasin will hold shares in NOK SPV of not more than 50 percent (preference shares) of the total issued shares of NOK SPV (calculated as an investment of Baht 5 million (Five Million Baht); and
- the rest of shares in NOK SPV of not more than 1 percent (preference shares) of the total issued shares of NOK SPV (calculated as an investment of Baht 100,000 (One Hundred Thousand Baht) will be held by a Thai ordinary person which is not a director, staff, or employee of the Company, minor child of such director, staff, or employee, including not a related party of the Company to be in accordance with the law and to enable the Company to invest in the JV Company.

3) Approved the establishment and/or the shares acquisition of the JV Company via NOK SPV

Approved the establishment and/or the shares acquisition of the JV Company via NOK SPV. NOK SPV will either establish the new JV Company and/or acquire shares and/or acquire business of an existing company which is not a connected transaction. The shareholding ratio in JV Company will be as mentioned in 1) above.

4) Approved to grant a loan to NOK SPV

Approved to grant a loan to NOK SPV so that the Company is able to invest in JV Company via NOK SPV. The Company will grant a loan to NOK SPV in the amount of not more than Baht 970 million (Nine Hundred and Seventy Million Baht).

5) Approved the entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement (SPA)

Approved the entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement. After the Company has entered into the Joint Venture Agreement, the Company and/or NOK SPV will enter into a Brand License Agreement with SCOOT and the JV Company in order for the Company and/or NOK SPV and/or SCOOT and/or the JV Company to obtain the right to use name, brand, trademarks, service marks and/or any other marks of the Company and SCOOT. Additionally, the Company and/or NOK SPV will enter into a Special Prorate Agreement with SCOOT and/or the JV Company for the purpose of determination a sharing of income or special prices from sale of air tickets with an aim to build and expand airline network for the JV Company; in this regard, the relevant parties will later agree in details.

In this regard, in consideration of the abovementioned Transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering in to Material Transactions Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) (the "**Acquisition or Disposition Notification**") items 1)-3) are considered as an acquisition of assets type 2 having the transaction size at 15.5 calculated by Consideration Value Basis according to the Company's financial statements as of 31 December 2013.

In addition, the investment in a business of low-cost airlines as per details mentioned above is a considered a connected transaction, which require the Company to prepare and submit the report and disclose the transaction to the SET and hold the shareholders' meeting to obtain the approval for entering into such transaction. In this regard, the connected transactions can be separately explained as follows;

I. The investment in the JV Company, including the entering into the Joint Venture Agreement as per item 1) mentioned above can be considered as a connected transaction since the Company will enter into the Joint Venture Agreement with NOK SPV and Company A. which Mr. Patee Sarasin, Mr. Piya Yodmani, and Mr. Yodchai Sudhidhanakul which are director and executives in the Company are also shareholders in NOK SPV and/or Company A.. Therefore, NOK SPV and Company A. can be deemed as connected persons according to the Connected Transaction Notification, having the transaction size of Baht 974.9 million or 21.7 percent of the Company's NTA

II. The establishment of NOK SPV and holding shares in the JV Company with director/executive for the investment purpose in the JV Company as per item 2) mentioned above can be considered as a connected transaction since Mr. Patee Sarasin is a connected person according to the Connected Transaction Notification. The transaction value in this item has been calculated in item I. above.

III. The establishment and/or the shares acquisition of the JV Company via NOK SPV, including the case where the Company is considering to enter into the share purchase agreement and/or other agreements for the purpose of the investment in the JV Company as per item 3) mentioned above, can be considered as a connected transaction since the JV Company and Company A. can be deemed as a connected person according to the Connected Transaction Notification. The transaction value in this item has been calculated in item I. above.

IV. The granting of a loan to NOK SPV as per item 4) mentioned above, is considered as a connected transaction since NOK SPV is a connected person according to the Connected Transaction Notification, having the transaction size according to the Company's financial statements as of 31 December 2013, equal to Baht 970 (Nine Hundred and Seventy Thousand Baht) plus future interest or 26.7 percent of the Company's NTA, having more than Baht 100 million or more than 3 percent of the Company's NTA.

V. The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement as per item 5) mentioned above, can be considered as a connected transaction since it can be deemed as a connected person according to the Connected Transaction Notification.

The entering into the transactions as stated in I - IV above, which are connected transactions, having total maximum value of not exceeding 26.7 percent of the Company's NTA, having more than Baht 100 million or more than 3 percent of the Company's NTA. Therefore, to comply with the Connected Transaction Notification, the Company has to convene a shareholders' meeting for approval for entering into the transaction by the votes of not less than ¾ of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding the votes of the shareholders who have interest. In this regard, the Company is required to appoint the independent financial advisor to render opinions relating to such transaction whether it is reasonable and beneficial to the Company or not, the same to the shareholders and to propose the aforementioned to the 2014 Annual General Meeting of Shareholders.

According to the Board of Directors' meeting No.2/2014 on 27 February 2014, the Board of Director of the Company has approved the appointment of Trinity Securities Company Limited ("Trinity" or "The Advisor") to be the independent financial advisor of the Company to provide opinions to the shareholders regarding the reasonableness of the Transaction as well as the appropriateness of the acquisition of assets and connected transaction's price and conditions with reference to the Connected Transaction Notifications of the Stock Exchange of Thailand. Trinity is approved as a financial advisor by the Office of the Securities and Exchange Commission ("SEC") and does not have any relationship with the Company, its subsidiaries and its related companies as well as a counterparty related to this Transaction that could affect to the Advisor's independence in rendering the opinions to the shareholders.

In preparing this report, the Advisor assumes all information and other documents provided by the Company, the Company's financial advisor, the interview with the Company's management and executives and relevant persons as well as the publicly available information are valid and true. The Advisor cannot give any representation or warranty on the accuracy or the completeness of the information obtained. As such, should there be any invalidity and/or incorrectness and/or significant changes of such information in the future, this may affect to the Advisor's opinions regarding this Transaction. Besides, this report was prepared to give an opinion on the connected transaction only based on the facts and assumptions which obtained during the period of preparing this report. Therefore, should there be any material changes in the future, the Advisor's opinions rendering to the Company and the shareholders could be affected. The decision to vote in the shareholders' meeting is solely dependent on the consideration and at the discretion of the shareholders. Shareholders should take into consideration the advantages, disadvantages and risks of the Transaction as well as carefully consider the documents attached herewith so as to make the most appropriate decision.

The Advisor renders opinions for the acquisition of assets and connected transaction of the Company on 6 March 2014. With respect to interests of the Company's minority shareholders, the Advisor shall affirm that all information as mentioned above has been thoroughly studied and cautiously analyzed with the prudent discretion of general accepted standards of practices.

Executive Summary

Nok Airlines Public Company Limited ("the Company" or "NOK") or formerly named Sky Asia Company Limited was established on dated 27 February 2004 with registered capital THB 500 million. The business objective is operator a budget airline of Low-cost Airline providing domestic air transport services. NOK serves point-to-point routing by using single-aisle aircrafts providing 4 hours destination from operational hub, including South-east Asia Region and some part of Great China. The main operator hub is located at Don Mueang International Airport and the sub operator hub is Chiangmai International Airport.

As of 31st December 2013, the Company has the total of 16 aircrafts which includes 1) Boeing 737-800 – 14 aircrafts, at the size of 186 and 189 seats 2) ATR 72-500 – 2 aircrafts at the size of 66 and 72 seats. In addition, the Company has become a business alliance with Siam General Aviation Co., Ltd. (SGA), which is an aviation operator by SAAB 340 at the size of 34 seats, operating as a chartered flight on routes with small number passengers. The business alliance allows for flexibility in fleet planning, in order to conform to travelling demand for each of the route as well as more efficient cost management.

Following current competition environment, Budget Airlines have shifted their strategy from an up-to-3-hours duration of point-to-point service to a Medium Haul service with up to 6 hours duration, and offer services in larger-size Wide Body plane. Competitors' airlines have been running their business as mentioned, and will use Thailand as an operation base.

There are currently Budget Airlines offering Long Haul service such as Jet Star, Air Asia X, and SCOOT. In the past, competitors' airlines had not designated Thailand as an operation base; therefore there were no impact on the Company. In the future, however, competitors' airlines plan to use Thailand as an operation base by embarking from Don Mueang International Airport as an origin to different countries in Asia Pacific. Consequently, management team has to shift their business strategy. Altogether, SCOOT has consulted with the Company to form business alliance, due to the Company's strength in providing services that cover all domestic routes across all regions in Thailand and also due to the Company lack of connectivity to international routes. SCOOT plans to move its operation base from Suwannabhumi International Airport to Don Mueang International Airport in accordance with the Company's operation.

Therefore, the joint venture project between the Company and SCOOT marks an opportunity for the Company to expand its business and increase its competitiveness in the market, as both SCOOT and the Company itself have their strengths that can be interlaced for optimal benefit to the Company. The joint venture resides on the following principles:

1. To be managed independently from the Company and SCOOT
2. To operate and decide upon business fundamentals

For the operating routes, the Company and SCOOT will jointly plan for optimal benefits to the Company, SCOOT, and potential partners in the future.

SCOOT is founded since 2011 as the 4th in Singapore Airline Group. Singapore Airlines is major shareholder (100 percent of the total issued shares). SCOOT's main business is budgeted airline which provide services both economic and business class in international routing for more than 4 hours. The main aisle base is in Changi, Singapore. The main destinations are in Australia, Hong-Kong, Taiwan, Korea, Japan and China. SCOOT use wide body aircrafts, Boeing 777-2000s, 6 aircrafts for providing the services. In January 2014, passengers more than 2 million(*) have used SCOOT's services. In addition, SCOOT will transfer its aisle from Suwannabhumi International Airport to Don Mueang International

Airport. Such transferring is an advantage for the upcoming project between SCOOT, the Company and JV Company

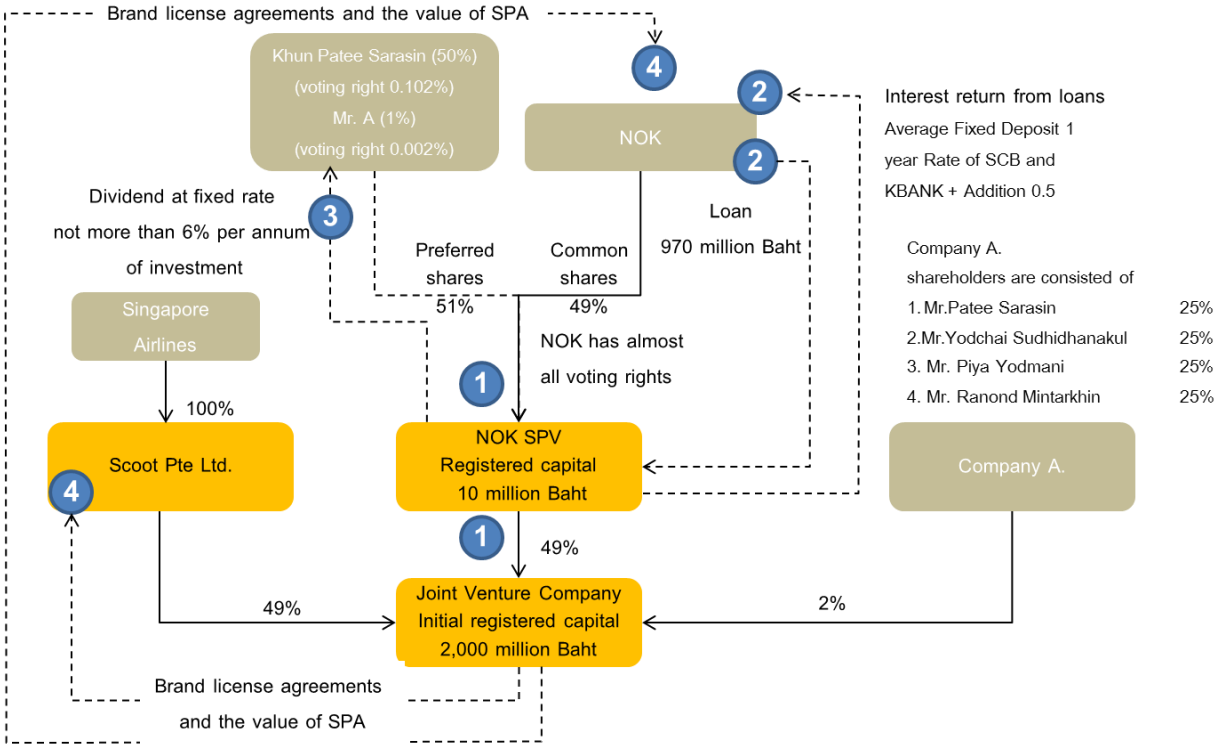
(*) CAPA Center for Aviation Feb 11, 2014

The business objective is operator a budget airline of Low-cost Airline providing domestic air transport services

The advantages the Company will get from establishment JV Company with SCOOT as follows:

1. Ability to capture medium-haul low cost carrier market opportunities
2. Well-established medium-haul low cost carrier brand in the region for immediate use
3. Utilize SCOOT's existing infrastructures at market-based rates to minimize costs and speed up initial set-up
    a. Effective website distribution channel
    b. Aircraft available to operate right away
    c. Established operations at international destinations
4. Opportunity to turn SCOOT, a potential competitor, into ally
5. Medium-haul low cost carrier commercial and operational knowledge transfer from SCOOT to NOK

Shareholding Structure of the Company and Transaction Structure



The Advisor has the opinion regarding to the acquisition of assets and connected transactions as above structure are related to each other transactions and subject to the entering investment into JV Company (All transactions have to approve by board of director for both acquisition of assets and connected transaction because the Company could not enter into each transaction separately) Therefore,

the opinion to shareholders on connected transaction has to altogether consider the reasonable of the acquisition of assets ("the Transactions")

Rendering the opinions on the connected transaction to the Company's shareholders therein, the Advisor has considered the reasonableness, effects, risks of the Transaction as well as the appropriateness of the Transaction's price and conditions. In this regard, the Advisor would like to render the opinions as follows:

With respect to the reasonableness of the Transaction, the Advisor has taken rationale, advantages and disadvantages, impacts on the Company and risks of this transaction into consideration and finally, has an opinion that the Transaction is reasonable with the following reasons:

1) Ability to capture the opportunity to make additional revenue profit and return. Formerly focus on short-haul domestic route, the entering into transactions expand market opportunity to the Company to make profit from medium-haul international route, including Asia and Middle East region such as China, Korea, Japan and Middle East. These countries have high purchasing power, many populations and high growth rate in passengers who demand for travelling and business activity. In addition, the Company will capture ability to compete in the connectivity route in the future and will get synergy from SCOOT to immediate use ticket distribution channel and operation in each destination.

2) The investment with SCOOT who has medium-haul international destination experience and familiar with market behavior, including rules and regulations in each destination well establish in the region faster than the Company do itself.

3) The Company has high potential to invest because the stable of financial position and high liquidity. The Company can invest by using internal cash flow, without external borrowing. In addition, to spend internal cash flow does not significantly impact to the Company's financial position.

However, the Company also has impact from significant risk factors which are investment in Greenfield Project, un-popular of NOKSCOOT brand in customer's perception for international destination, lack of experience in medium-haul international destination, risk of conflict of interest structure with the listed company, risk of NOK SPV has potential to invest and/or acquire in the company which already operated, risk of dividend payment and other risks in airline industry for example political risk, volatility risk in fuel price and exchange rate risk. Those risk factors may effect to rate of return the Company will obtain, refer to section 3.4 Risk associated with the Transaction

From the financial projection, internal rate of return (IRR) of this project is at 45.6 percent on base case basis which is more than the Company's weighted average cost of capital (WACC) is at 14.75 percent. The Advisor, as a result, has the opinion that this investment project and the aforementioned related transactions prices (investment value) are appropriate. The sensitivity analysis shows the IRR ranges from 13.1 – 64.8 percent

Moreover, if consider each transaction altogether with IRR, the Advisor has additional opinion that entering into the Transactions have 3 connected transactions which are 1) Granting loan to NOK SPV 2) Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment and 3) The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement. The opinion of each transaction as follows:

1) Granting Loan to NOK SPV

In consideration the loan to NOK SPV has characteristic as follows:

Line of Credit:	Not more than THB 970 million
Interest Rate:	Average Fixed Deposit 1 year Rate of SCB and KBANK + Addition 0.5 percent as at February 27, 2014 equal to 2.35 percent (which calculated from 1.85 + 0.5)
Duration:	10 years
Interest Payment Term:	Annually
Principal Payment Term:	Total amount at 10th year
Collateral:	None
Objective:	To set up and/or acquire shares and/or business of a joint venture via NOK SPV

The entering into this transaction consider as reasonable because the objective to grant loan to NOK SPV is to set up and/or acquire shares and/or business of a joint venture via NOK SPV. The principal of loan resulted from the Company's internal operating cash flow which is in short-term investment and also different amount from Initial Public Offering (IPO). The interest rate determined by opportunity cost which is Average Fixed Deposit 1 year + Addition 0.5 percent. Excluding return from interest, the Company will get long-term dividend from JV Company in case that JV Company has operating profit and exceed operating cash flow.

In accordance with transaction structure, the Company seems likely granting loan to NOK SPV which has Mr. Patee Sarasin, connected person, as shareholders on NOK SPV. But considering based on fact basis, although the Company will hold shares 49 percent of the total issued shares but the Company has almost voting right and recognize benefit of NOK SPV (99.89 percent of total voting right). While Mr. Patee Sarasin has voting right only 0.102 percent, therefore; the granting of loan seems to be grant to the Company own subsidiary company.

2) Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment

The significant features of preferred shares as follows:

Type:	Cumulative Preferred Shares
Return:	Cumulative dividend at fixed rate not more than 6 percent per annum of investment
Dividend Payment Condition:	Only in the year where dividends are declared and preferred shares shall be entitled before common shares
Voting right:	1,000 preferred shares equal to 1 voting right
Other matters:	Shareholder class B (Preference shareholder) is not permitted to sell, transfer, pledge or any commitment on its own share, with exception from every shareholder class A (Common shareholder)
Related person:	Mr. Patee Sarasin who hold 50,000 preferred shares on NOK SPV

Dividend payment for preferred shares as dividend at fixed rate not more than 6 percent per annum of investment amounted of THB 5.1 million. Currently, this rate could not compare with the quotation borrowing rate offered by financial institution because the Company does not have any line of credit with financial institution. Therefore, the Advisor use borrowing rate at (MLR) 6.875 – 6.880 percent refer to MLR borrowing rate of KBANK and SCB as at March 4, 2014 (Source: Bank of Thailand) for comparative purpose. Considering at return on equity, the Company's dividend yield as at March 4, 2014 is at 5.5 percent (Source: www.settrade.com) which is similar rate given to preferred shares. In conclusion, based on reference above, the dividend payment to preferred shares at fixed rate not more than 6 percent per annum of investment is reasonable.

3) The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement

- Brand License Agreement

Brand License Agreement is entered into between the Company and/or NOK SPV, and/or SCOOT and/or the JV Company to obtain the right to use name, brand, trademarks, service marks and/or any other marks of the Company and SCOOT. The agreement is entered into between the Company and/or NOK SPV and SCOOT and the JV Company after the Company and/or NOK SPV enter into Joint Venture Agreement, rate of service is charged at 0.5 percent of earning before tax which separate to equally in each parties at 0.25 percent of earning before tax. (Source: management information)

The rate of service at 0.5 percent of earning before tax is determined by negotiation basis between the Company and SCOOT which are not have any relationship each other. Therefore, the rate of service could not specifically identify the resource and the termination of agreement or the maximum value to be collected. Based on financial projection, the Advisor use 5 years earnings before tax multiply by 0.25 percent (Company's part) for determine contract value equal to THB 7.5 million (Calculated from Best Case-Cabin Factor+3percent financial projection 5 years earnings before tax)

In overall, the feasibility of financial investment is still feasible when consideration service fee charged by Brand License Agreement. And IRR is still more than the Company's WACC. Therefore, based on reference above, service fee in accordance with Brand License Agreement is considered as reasonable.

- Special Prorate Agreement (SPA)

Special Prorate Agreement is entered into between the Company and/or NOK SPV, and/or SCOOT and/or the JV Company for the purpose of determination a sharing of income or special prices of the sale of air tickets with an aim to build and expand airline network for the JV Company; in this regard, the relevant parties will later agree in details later.

The significant conditions in Special Prorate Agreement are on negotiation process. The Advisor could not calculate transaction size and render opinion subject to any conditions in this agreement. In accordance with the Company's management, main principle and any conditions in this agreement will be determined based on market practice which is as same as normal business in airline industry. Based on the Company's management statement, such principle is reasonable.

From the above reasons, the Advisor has the opinions that the shareholders should approve the Company to enter into the Connected Transactions, i.e., 1) Granting Loan to NOK SPV 2) Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment 3) The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement

The decision to vote in the shareholders' meeting is solely dependent on the consideration and at the discretion of the shareholders. Shareholders should take into consideration the advantages, disadvantages and risks of the Transaction as well as carefully consider other issues in this report so as to make the most appropriate decision.

Section 1 Characteristic and Details of Transaction

1.1 Background

Nok Airlines Public Company Limited (the "Company"), formerly Sky Asia Co., Ltd., was established on 27th February 2004 with 500,000,000 Baht in registered capital, comprises of juristic shareholders and ordinary shareholders under Thai nationality. During the phase of establishment, shareholders comprise of Thai Airways International Public Company Limited (39 percent) ("Thai Airways"), Krung Thai Bank Public Company Limited (10 percent), Dhipaya Insurance Public Company Limited (10 percent), Government Pension Fund (10 Percent), CPB Equity Co., Ltd (6 percent), Thailand Prosperity Fund (5 percent), King Power International Co., Ltd. (5 percent), Siam Commercial Bank Public Company Limited (5 percent), Mr. Supapong Asvinvichit (5 percent), and Mr. Patee Sarasin (5 percent). The objective of the aforementioned shareholding structure is for the Company to be independent in operation. Therefore, Thai Airways does not own shares up to the portion that allows for control, but instead become a business ally with none of its representatives in the Company's management. The Joint Venture Agreement between the Company and the co-founder took place in a way that supports business operation as per the abovementioned.

Top 10 list of shareholders as at September 30, 2013

Shareholder	Number of shares	percent of total shares
Thai Airways International Public Company Limited	245,000,000	39.20
Aviation Investment International Limited	55,443,548	8.87
State Street Bank Europe Limited	39,886,200	6.38
CPB Equity Company Limited.	30,000,000	4.80
The Siam Commercial Bank Public Company Limited	25,000,000	4.00
Mr. Patee Sarasin	25,000,000	4.00
Mr. Supapong Asvinvichit	23,560,000	3.77
SOMERS (U.K.) LIMITED	10,221,000	1.64
AVIATION INVESTMENT INTERNATIONAL LIMITED.	7,056,452	1.13
Thai NVDR	6,740,200	1.08

The Company manages a business in Budget, or Low-cost, Airline which offers air carrier service in domestic routes by a point-to-point service and without connectivity. The Company utilizes single aisle air planes in which the service routes span within 4 hours-radius from the Aviation Operation Center, across South East Asia region and part of China. The major hub of operation is situated at Don Mueang International Airport, and a secondary hub at Chiang Mai International Airport.

As of 31st December 2013, the Company has the total of 16 aircrafts which includes 1) Boeing 737-800 – 14 aircrafts, at the size of 186 and 189 seats 2) ATR 72-500 – 2 aircrafts at the size of 66 and 72 seats. In addition, the Company has become a business alliance with Siam General Aviation Co., Ltd. (SGA), which is an aviation operator by SAAB 340 at the size of 34 seats, operating as a chartered flight on routes with small number passengers. The business alliance allows for flexibility in fleet planning, in order to conform to travelling demand for each of the route as well as more efficient cost management.

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Therefore, the joint venture project between the Company and SCOOT marks an opportunity for the Company to expand its business and increase its competitiveness in the market, as both SCOOT and the Company itself have their strengths that can be interlaced for optimal benefit to the Company. The joint venture resides on the following principles:

1. To be managed independently from the Company and SCOOT
2. To operate and decide upon business fundamentals

For the operating routes, the Company and SCOOT will jointly plan for optimal benefits to the Company, SCOOT, and potential partners in the future.

According to the resolution by the Board of Directors of Nok Airlines Public Company Limited (the "Company") Meeting No. 2/2014 on 27th February 2014, the investment in a business of low-cost airlines ("**JV Company**" or **"Joint Venture Company"**) and the entering into the acquisition of assets of listed companies and connected transactions; whereby the Company is still in consideration of either to invest in a new JV Company which is to be established in the future or to invest in an existing JV Company. Nevertheless, the Company will consider about the JV Company mainly according to the optimal benefits to the Company. The aforementioned investment will be executed through a subsidiary company which will be established specifically for investment purpose ("NOK SPV"), with details as followed:

1) <u>The Entering into Joint Venture Agreement</u>

Approve the entering into Joint Venture Agreement which will be established between NOK SPV SCOOT PTE. LTD. ("SCOOT") and a company established by the managements of the Company to invest in such venture ("Company A.") in order to agree on the determination of joint venture structure, operation, rights and obligations among parties and benefits arising from the joint venture, including legal procedures to be taken. The Company and SCOOT will each invest no more than 49 percent of the total authorized and issued shares of the JV Company. As for Company A., Company A. will invest no more than 2 percent of the total authorized and issued shares of the JV Company. The Company will pay the investment in the JV Company of not more than Baht 974.9 million, (Nine Hundred Seventy Four Millions and Nine Hundred Thousand Baht) out of the total initial investment of the JV Company no more than Baht 2,000 million, (Two Thousand Millions Baht).

2) The establishment of NOK SPV and shareholding in the JV Company with director/executive for the investment purpose in the JV Company

Approve the establishment of NOK SPV and shareholding in the JV Company with director/executive for the investment purpose in the JV Company. Due to shareholding restriction in a company operating airline business according to aviation law, it is necessary for the Company to establish a new company (NOK SPV) in order to invest in such low cost airlines business. The Company considers Mr. Patee Sarasin, director and executive of the Company, to be a shareholder in NOK SPV, together with the Company (having capital of Baht 10 million (Ten Million Baht).

- The Company will hold shares in NOK SPV of not more than 49 percent (ordinary shares) of the total issued shares of NOK SPV (calculated as an investment of Baht 4.9 million (Four Million and Nine Hundred Thousand Baht); and
- Mr. Patee Sarasin will hold shares in NOK SPV of not more than 50 percent (preference shares) of the total issued shares of NOK SPV (calculated as an investment of Baht 5 million (Five Million Baht); and
- The rest of shares in NOK SPV of not more than 1 percent (preference shares) of the total issued shares of NOK SPV (calculated as an investment of Baht 100,000 (One Hundred Thousand Baht) will be held by a Thai ordinary person which is not a director, staff, or employee of the Company, minor child of such director, staff, or employee, including not a related party of the Company to be in accordance with the law and to enable the Company to invest in the JV Company.

3) The establishment and/or the acquisition of shares in the JV Company via NOK SPV

Approve the establishment and/or the shares acquisition of the JV Company via NOK SPV. NOK SPV will establish the new JV Company and/or acquire shares and/or acquire business of an existing company which is not a connected transaction. The shareholding ratio in JV Company will be as mentioned in 1) above.

4) The grant of loan to NOK SPV

Approve to grant a loan to NOK SPV so that the Company is able to invest in JV Company via NOK SPV. The Company will grant a loan to NOK SPV in the amount of not more than Baht 970 million (Nine Hundred and Seventy Million Baht).

5) The entering into relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement and a Special Prorate Agreement (SPA)

Approve the entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement. After the Company has entered into the Joint Venture Agreement, the Company and/or NOK SPV will enter into a Brand License Agreement with SCOOT and the JV Company in order for the Company and/or NOK SPV and/or SCOOT and/or the JV Company to obtain the right to use name, brand, trademarks, service marks and/or any other marks of the Company and SCOOT. Additionally, the Company and/or NOK SPV will enter into a Special Prorate Agreement with SCOOT and/or the JV Company for the purpose of determination a sharing of income or special prices from sale of air tickets with an aim to build and expand airline network for the JV Company; in this regard, the relevant parties will later agree in details.

In consideration of the abovementioned transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering in to Material Transactions Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) (the "Acquisition or Disposition Notification") items 1)-3) are considered as an acquisition of assets type 2 having the transaction size at 15.5 calculated by Consideration Value Basis according to the Company's financial statements as of 31 December 2013.

In addition, the investment in a business of low-cost airlines as per details mentioned above is a considered a connected transaction, which requires the Company to prepare and submit the report and disclose the transaction to the SET and hold the shareholders' meeting to obtain the approval for entering into such transaction. In this regard, the connected transactions can be separately explained as follows;

I. The investment in the JV Company, including the entering into the Joint Venture Agreement as per item 1) mentioned above can be considered as a connected transaction since the Company will enter into the Joint Venture Agreement with NOK SPV and Company A. which Mr. Patee Sarasin, Mr. Piya Yodmani, and Mr. Yodchai Sudhidhanakul which are director and executives in the Company are also shareholders in NOK SPV and/or Company A.. Therefore, NOK SPV and Company A. can be deemed as connected persons according to the Connected Transaction Notification, having the transaction size of Baht 974.9 million or 21.7 percent of the Company's NTA

II. The establishment of NOK SPV and holding shares in the JV Company with director/executive for the investment purpose in the JV Company as per item 2) mentioned above can be considered as a connected transaction since Mr. Patee Sarasin is a connected person according to the Connected Transaction Notification. The transaction value in this item has been calculated in item I. above.

III. The establishment and/or the shares acquisition of the JV Company via NOK SPV, including the case where the Company is considering to enter into the share purchase agreement and/or other agreements for the purpose of the investment in the JV Company as per item 3) mentioned above, can be considered as a connected transaction since the JV Company and Company A. can be deemed as a connected person according to the Connected Transaction Notification. The transaction value in this item has been calculated in item I. above.

IV. The granting of a loan to NOK SPV as per item 4) mentioned above, is considered as a connected transaction since NOK SPV is a connected person according to the Connected Transaction Notification, having the transaction size according to the Company's financial statements as of 31 December 2013, equal to Baht 970 (Nine Hundred and Seventy Thousand Baht) plus future interest or 27.226.7 percent of the Company's NTA, having more than Baht 100 million or more than 3 percent of the Company's NTA.

V. The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement as per item 5) mentioned above, can be considered as a connected transaction since it can be deemed as a connected person according to the Connected Transaction Notification.

The entering into the transactions as stated in I - IV above, which are connected transactions, having total maximum value of not exceeding 26.7 percent of the Company's NTA, having more than Baht 100 million or more than 3 percent of the Company's NTA. Therefore, to comply with the Connected Transaction Notification, the Company has to convene a shareholders' meeting for approval for entering into the transaction by the votes of not less than ¾ of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding the votes of the shareholders who have interest. In this regard, the Company is required to appoint the independent financial advisor to render opinions relating to such transaction whether it is reasonable and beneficial to the Company or not, the same to the shareholders and to propose the aforementioned to the 2014 Annual General Meeting of Shareholders.

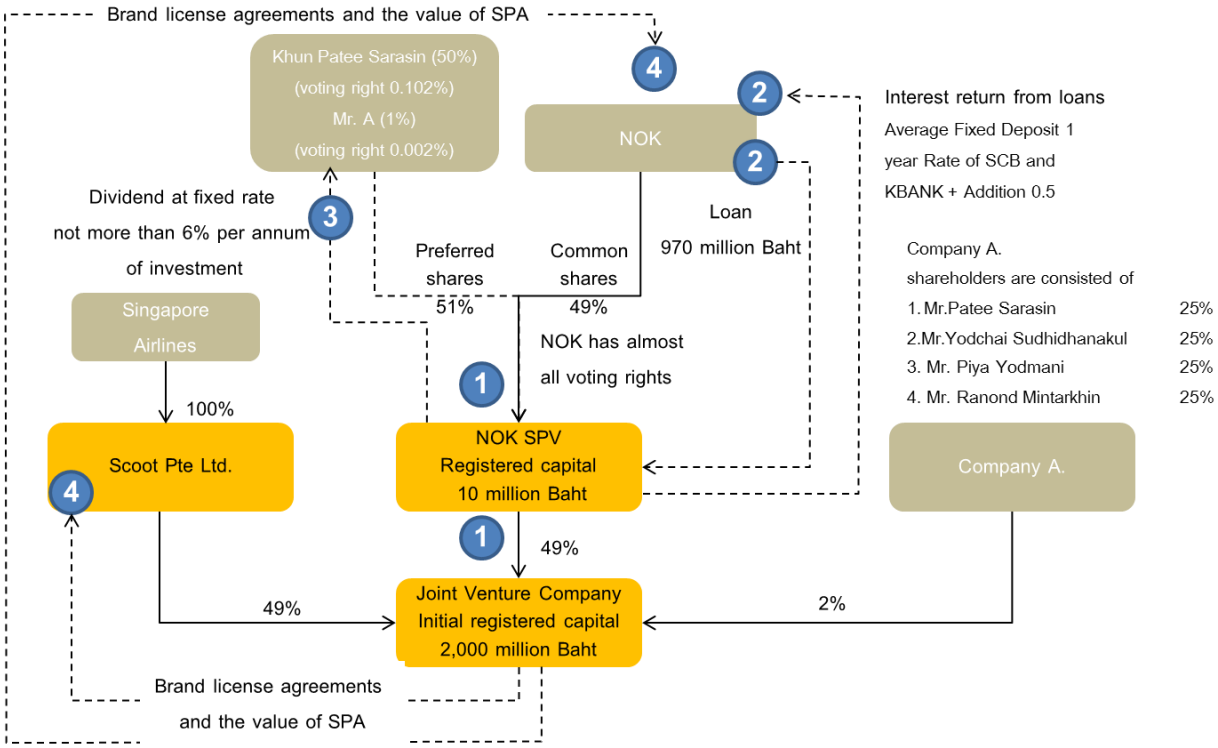
1.2 Value of Transaction

The 2,000 Million Baht investment budget has the following details:

Initial investment comprises of :	Million baht
- Investment for the establishment of the company and the procurement of aircrafts	Approximately 500 million baht
- Working capital for business expansion	Approximately 1,500 million baht
Total Investment	**Approximately 2,000 million baht**

1.3 Relevant parties and relationship

Shareholding Structure of the Company and Transaction Structure



1.4 The value and the classification of the Transaction

The value and the classification of transaction calculated from the financial statement for the year ended 31st December 2013, audited by an approved auditor, is detailed as followed;

- In accordance with the Acquisition and Disposition Notification Transaction 1 (as presented on the above diagram) when calculated by Consideration Value Method results in the highest value in aggregate size of 15.5 percent according to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering in to Material Transactions Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) (the "Acquisition or Disposition Notification")

Calculation Basis for the Acquisition			
Calculation Basis	**Calculation**	**Transaction size**	**The Company's Responsibility**
1. Net Tangible Assets (NTA)	percent x NTA of project x 100 NTA of the Company	Not applicable as the Company has not started operation nor prepared financial statement	-
2. Consideration Value Basis	Amount paid or received x 100 Total Assets*	(10 X 49percent)+(2,000 x 49percent) 6,271.7 Approximately 15.5 percent	As the optimum size of transaction is 15.5percent of total assets, which considered higher than 15percent but less than 50percent, it is considered as an acquisition of assets Type 2. Therefore, the Company is required to disclose the information to the SET in accordance with the SET regulation and to send out Shareholders' notice within 21 days from date of SET disclosure.
3. Net Profit Basis	percent x Net profit of project x 100 Net profit of the Company	Not applicable as the JV Company has not started operation nor prepared financial statement	-
4. Equity Share Value Basis	Shares issued for acquisition x 100 Issued and paid-up capital of the Company	Not applicable as shares are not issued to make payment for this transaction	-

** As of 31st December 2013, the Company has the amount of 6,271.7 million baht in Total assets.*

Of the abovementioned calculation, the size of transaction does not require shareholders' approval. However, as the investment is related to an agreement with a connected person, and in order to comply with good corporate governance, the Directors who have interests did not attend the meeting and is refrained from voting on such matter. Transaction 1 is then to be proposed for the shareholders' approval thereafter.

- In accordance with the Connected Transaction Notification, from the characteristics of Transaction 2, 3, and 4 (as presented on the above diagram) that is 1) the grant of loan by a major shareholder of NOK SPV 2) the compensation to shareholders of preferred shares in the form of dividend at a fixed rate not exceeding 6 percent per annum of investment to Mr. Patee Sarasin and 3) the entering into a Brand License Agreement and a Special Prorate Agreement between the JV Company and the Company, and Scoot Pte., Ltd, in which Mr. Patee Sarasin is a connected person according to the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (the "Connected Transaction Notification"), with calculation details as followed

  - **The grant of loan to NOK SPV** is calculated from the consideration value of 1,197.9 million baht comprises of 970 million baht of loan and 227.9 million baht for its 10 years interest (970 X 2.35percent X 10), divided by net tangible assets value of 4,489.4 million baht, equivalent to 26.7 percent of net tangible assets as at 31st December 2013. As the percentage to net tangible assets is greater than 3, the transaction is required to be proposed for approval in the shareholders' meeting.

Calculation Basis for Connected Transaction		
Calculation Basis	**Transaction Size**	**The Company's Responsibility**
$\frac{\text{Transaction size x 100}}{\text{NTA}}$	Loan to NOK SPV (970 million baht) + (Interest payment of 227.0 million baht) equivalent to approximately 26.7percent	Since the size of transaction exceeds 3percent of NTA, the Company has the following responsibilities; 1. To seek Board of Directors' approval on transaction, in which the directors who have interest shall not attend the meeting and shall not have the right to vote; 2. To disclose the information to the SET; 3. To seek Shareholders' approval with affirmative votes of no less than three-fourths of the total number of votes of the shareholders with voting right who attend the meeting, excluding the votes from the shareholders who have interest; 4. To appoint an independent financial advisor to render their opinion on fairness and reasonableness of the transaction to the Company's shareholders, for their reference to consider the transaction's approval

Remark: *1 Net Tangible Assets or NTA = Total assets – Intangible assets – Total liabilities – Non-controlling interest ((6,271.7 – 54.1 – 1,728.2 - 0) = 4,489.4 million baht*

2 The calculation of the size of connected transaction is based on the audited financial statement of the Company for the year ended 31st December 2013

Calculation of the size of transaction with a connected person

Transaction size	=	(Total value of consideration) / NTA of the Company and its subsidiaries
Total value of consideration	=	1,197.9 (970+227.9) (according to the information disclosed by the Company)
Net tangible asset as at 31st December 2013	=	4,489.4 million baht
Transaction size	=	1,197.9 / 4,489.4
	=	26.7 percent

In this case, the total amount loan is included in the value of consideration in the acquisition of assets as above mentioned.

- **Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment**

  Transaction size cannot be calculated

- **The transaction to enter into Brand License Agreement and Special Prorate Agreement**

  Brand License Agreement: The rate of service 0.5 percent of income before tax is calculated from the value of consideration. This is due to the service rate 0.5 percent of income before tax determined by the negotiation between the Company and SCOOT; in which neither party have any mutual interests. The aforementioned rate of service is therefore not a reference from any source and, according to the drafted agreement presented to the independent financial advisor, there is no specification in concern with the termination of the agreement nor the maximum amount to be charged. In effect, the independent financial advisor has considered the valuation of the agreement from the projected income before tax for the next 5 years, multiply by 0.25 percent (portion paid to the Company) (Source: Management information), and is equivalent to the agreement value of 7.5 million baht throughout 5 years (calculated from income before tax from the financial projection under Best Case-Cabin Factor+3percent scenario, divided by net tangible assets of the Company at 4,489.4 million baht, equivalent to 0.12 percent of net tangible asset as at 31st December 2013). Since the transaction size is greater than 0.03 percent but less than 3 percent of net tangible assets, the Company therefore has the responsibility to disclose the information to the SET.

Calculation Basis for Connected Transaction		
Calculation Basis	**Transaction size**	**The Company's Responsibility**
$\frac{\text{Transaction size} \times 100}{\text{NTA}}$	5-years income before tax X 0.25percent equivalent to 7.5 million baht Approximately 0.16percent	Since the transaction size is greater than 0.03percent but less than 3percent of NTA, the Company therefore has the responsibility to disclose the information to the SET

Remark: *1 Net Tangible Assets of NTA = Total assets – Intangible assets – Total liabilities – Non-controlling interest (6,271.7 – 54.1 – 1,728.2 - 0) = 4,489.4 million baht*

2 The calculation of the size of connected transaction is based on the audited financial statement of the Company for the year ended 31st December 2013

Calculation of the Transaction with a Connected Person

Transaction size	=	(Total value of consideration) / NTA of the Company and its subsidiaries
Total value of consideration	=	7.5 million baht
Net tangible asset as at 31st December 2013	=	4,489.4 million baht
Transaction size	=	7.5 / 4,489.4
	=	0.16 percent

- Special Prorate Agreement: The parties will later agree on the details. The size of transaction is therefore yet to be determined as the negotiation is still in process.

Directors who have interest, of whom did not attend the Board of Directors' meeting and have no voting rights, and managements who have interest are as followed:

1. Mr. Patee Sarasin
2. Mr. Piya Yodmani
3. Mr. Yodchai Sudhidhanakul

Section 2 Objective and Details of Investment in a low-cost airline business

2.1 Objective

Competitors in low cost airline business have shifted their strategy from operating Point-to-Point service to Medium Haul service, which has flight duration lower than 6 hours and operate with Wide Body aircrafts. The players have already started to operate Medium Haul, and Thailand will be their aisle

Currently, low cost airlines that operate and serve Long Haul service are Jet Star, Air Asia X, and SCOOT. In the past, these airlines are not based in Thailand, thus not affecting the company's image. However, in the future, they have plans to base in Thailand and fly from Don Mueang to other countries in Asia Pacific region. The management team has to change the strategy to compete with them. Meanwhile, SCOOT has also come in and negotiated with the company to be a partner as NOK has covered all routes in Thailand, but SCOOT has no connecting point for international flights. SCOOT has planned to shift their base from Suwannabhumi Airport to Don Mueang Airport to conform to Joint Venture Company

Therefore, partnering and establishing Joint Venture company altogether, it will give the company opportunity to expand its business and compete with other players in the industry. They can exploit their strength to benefit the company.

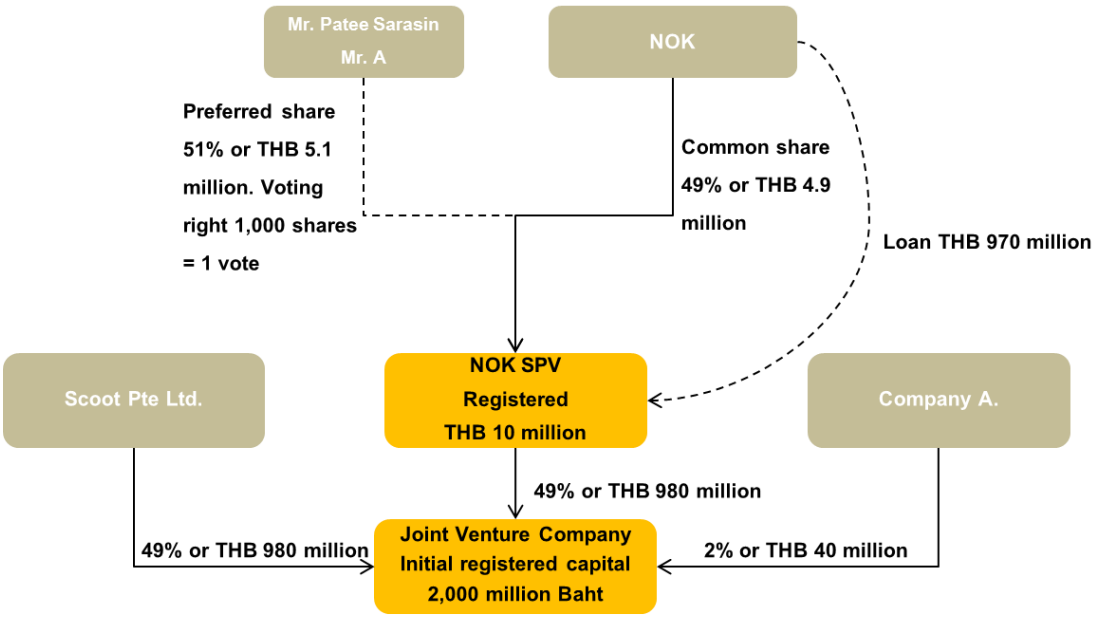
Key Development related to the project

- 7 November 2013 In BOD meeting 10/2013, BOD approved the management team to sign MOU to study the feasibility of establish a Joint Venture company.
- 13 December 2013 In BOD meeting 11/2013, BOD approved the management team to sign Non-binding MOU between NOK and SCOOT. The amount of investment is 2,000 million Baht. NOK will not hold more than 51percent of total shares and investment will come from cash flows generated from its current operation.
- 4 February 2014 In BOD meeting 1/2557, BOD has been reported for progress of the joint venture agreement between NOK and SCOOT
- 27 February 2014 In BOD meeting 2/2557, BOD has approved the investment in low cost airline, acquisition of the assets, and connected transactions to propose NOK shareholders

2.2 Detail of the investment project

- **Investment structure**

With reference to the Board of Directors Meeting No. 2/2014, after shareholder approval in shareholder meeting on April 9, 2014, the Company will establish NOK SPV to hold shares in Joint Venture Company with Mr. Patee Sarasin and Mr. A. for 49 percent, 50 percent, and 1percent, respectively. NOK SPV will then establish Joint Venture Company or purchasing shares in a joint venture company that operation is already started. NOK SPV will set up a new Joint Venture Company and / or acquisition of shares from existing shareholders in the joint venture company (the shareholders are not a connected person of the Company or NOK SPV) and / or acquisition of newly issued shares in the Joint Venture Company to operate the airline low cost flight for international medium routes (Medium Haul) with Wide Body. Initially it will serve the domestic route from Don Muang International Airport Bangkok, Thailand and other airports in Thailand and other related businesses.



Joint venture Company's business plan

The Joint Venture Company will have the main operation hub at Don Mueang International Airport to serve international routes within Asia region. The operation will be Point-to-Point service and be independent from partners in managing and operating as the Joint Venture Company will have their own pilots and crews. However, the Joint Venture Company will hire SIA Engineering Company (SIAEC) that has world-class expertise in maintenance such as C-Check service. In providing jet fuel and ground service, the Joint Venture Company will hire service provider at airports that the Joint Venture company will serve.

The Joint Venture Company will be operating same as NOK and SCOOT. It will have various selling channels, payment service for customers' convenience, and free of charge for certain baggage weights such as Check-in baggage for 15 kilograms and Carry-on luggage for 7 kilograms. The rate of airplane use is 15 hours per day. The Joint Venture Company estimates that the operation will officially begin on November 2014. It will start from potentially lucrative routes and will then expand to new routes and number of flights. The main customers will be Thai and foreigners who are at the final destination.

The Company and SCOOT will jointly appoint board of directors and management team. In the beginning, the Joint Venture Company will consist of new recruitment 220 experienced Thai and international employees. There will be 30 pilots, 140 crews, 30 technicians, and 20 office workers stationed at headquarters and international branch. The requirements of pilots and crews are met as regulated by Department of Civil Aviation (DCA) and also the regulations of DCA regarding to amount of pilots and crews are already in consideration. Initially, pilots are trained by SIA Singapore. After that, the Joint Venture Company will train pilots in both theoretical and practical in Thailand.

In accordance with management information, the Company's management has occasionally transferred to Joint Venture Company via Secondment Program or has to resign from the Company in order to maximize work efficient.. The Company carefully considers such transferring will not be significantly impact to the main operation of the Company.

Currently, the Company is in the process of establishing the Joint Venture Company, including planning operation, renting aircrafts, searching for aircraft maintenance and fuel service provider, and recruiting workers. The Company expects to complete all the process in Q3 2014.

Planned Routes 2014 – 2019

	Nov 2014 – 2015	2016	2017	2018	2019
Number of aircrafts	2	4	5	6	7
Destination	- East Asia 3Cities	- East Asia 6 cities - South East Asia 1 city	- East Asia 8 cities - South East Asia 1 city	- East Asia 8 cities - South East Asia 2 cities - South Asia 1 city	- East Asia 8 cities - South East Asia 2 cities - South Asia 1 city
Timetable : Number of flights per week	4-7	4-7	4-7	4-7	4-7

Expected benefits from establishing Joint Venture Company with SCOOT can be summarized as follows:

1. To create new opportunities in expanding business into low cost airlines in Medium Haul routes
2. To establish new airline that are well-known in the region that are ready to operate
3. To exploit infrastructure that SCOOT has at market price to lower amount of investment and be ready for operation
    a. Channels for selling tickets online
    b. Aircrafts
    c. Bases in several countries
4. To change SCOOT from a competitor to a partner
5. To transfer know-how in operating low cost airline in Medium Haul route from SCOOT

- **Date of Transaction**

The Company will execute the transaction after the approval from 2014 Annual General Meeting of Shareholders. JV Company will spend approximately 7 months for pre-operational phase and JV Company will operate round since November 2014 onward.

- **Total Value of the Transaction and the Criteria for Determination of the Value for Consideration**

Initial investment approximately THB 2,000 million as details below:

Initial investment comprises of :	Million baht
- Investment for the establishment of the company and the procurement of aircrafts	Approximately 500 million baht
- Working capital for business expansion	Approximately 1,500 million baht
Total Investment	**Approximately 2,000 million baht**

The transactions which relevant to the investment in the low-cost airline business company which has to be approved by shareholders

Transaction 1: The acquisition of assets in the JV Company

1) Date of transaction

The Company will execute the transaction after the approval from 2014 Annual General Meeting of Shareholder, as at 9 April 2014.

2) Parties Involved and their Relationships with the Company

2.1 The establish of subsidiary NOK SPV

The parties involved in the establishment of NOK SPV
1. The Company
2. Mr. Patee Sarasin
3. Mr. A

Relationships with the Company

- Mr. Patee Sarasin is a shareholder of the Company representing 4 percent of the total authorized and issued shares of the Company (as at Sep 30, 2013), and director and executive of the Company whereas held 50 (preference shares) of the total authorized and issued shares of NOK SPV due to shareholding restriction in a company operating airline business according to aviation law, it is necessary for the Company to have Thai nationality person as shareholder not less than 51 percent
- Mr. A is Thai ordinary person who is not a director, staff, or employee of the Company, or spouse or minor child of such director, staff, or employee, including not a related party of the Company.

2.2 The entering into Joint Venture Agreement

The parties involved in the entering into the

Joint Venture Agreement
1. SCOOT
2. NOK SPV
3. Company A.

Relationships with the Company

- SCOOT does not have any relationship and any connected with the Company
- NOK SPV is a subsidiary company and its shares will be held by the Company and Mr. Patee Sarasin of not more than 49 percent (common shares) and 50 percent (preference shares) of the total authorized and issued shares of NOK SPV, respectively. The rest of shares in NOK SPV (preference shares) will be held by a Thai ordinary person who is not a director, staff, or employee of the Company, minor child of such director, staff, or employee, including not a related party of the Company due to shareholding restriction in a company operating airline business according to aviation law.
- Company A. a company which its shares are held by Mr. Patee Sarasin, Mr. Piya Yodmani, Mr. Yodchai Sudhidhanakul who are director and/or executive of the Company, and Mr. Ranond Mintarkhin in proportion of 25 percent each of the total authorized and issued shares of Company A. Because of their experience and capability to operate and develop the JV Company.

- List of shareholders in Company A.

Name	NOK	Proportion in the JV Company
1. Mr. Patee Sarasin	4 percent shareholder, director and CEO (Management as defined by SEC)	25 percent
2. Mr. Piya Yodmani	Deputy CEO (Management as defined by SEC)	25 percent
3. Mr. Yodchai Sudhidhanakul	Chief Commercial Officer (Management as defined by SEC)	25 percent
4. Mr. Ranond Mintarkhin	Vice President – Revenue Management and Planning (Staff of the Company)	25 percent

3) General Characteristics of the Transactions

The Board of Directors meeting no. 2/2014 on February 27, 2014 has a resolution to set up NOK SPV jointly owned up to 49 percent (common shares) and 50 percent (preference shares) held by the Company and Mr. Patee Sarasin (shareholder, director and executive of the Company) respectively. The rest of the shares (preference shares) are held by Thai ordinary person who is not a director, employee or related person to the Company (Voting right of preference shares 1,000 shares equal to 1 vote). The shareholder of preference shares will receive cash dividends of which rate are fixed up to 6 percent per annum of investment. The objective of setting up NOK SPV is to either establish and/or acquire shares or business of the JV Company which will operate medium-haul and long-haul low-cost airline with international routes. The Joint Venture Agreement between NOK SPV, SCOOT and Company A. mutually defines characteristics of joint investment structure and business operation, management in the JV Company, right and duty, returns from the JV Company and compliance with related legal procedures. The Company and SCOOT will each invest in the JV Company up to 49 percent of the total issued and paid-up shares. Company A. will invest in the JV Company up to 2 percent of the total issued and paid-up shares. The Company will totally invest THB 974.9 million in the JV Company via NOK SPV. The sum of investment consists of THB 4.9 million of registered capital of NOK SPV and THB 970 million of loans to NOK SPV with the initial investment for this project not more than THB 2,000 million.

For the reason to mutually held shares with Mr. Patee Sarasin at the NOK SPV level, the limitation of aviation law is required the Company which would like to register as airline operator necessary to have at least 51 percent of the total issued shares held by one of each following types a) Thai nationality person b) Government's ministry, bureau and official c) the company or public company limited which held share by government's ministry, bureau or official not less than 51 percent of the total issued shares d) the company or public company limited which held share by Thai nationality person not less than 51 percent of the total issued shares and e) other person which identified by ministerial regulation

In order that above mentioned, the Company and Company A. which would like to invest in Airline Company totally not less than 51 percent of the total issued share of Airline Company are the company or public company limited. When consider aviation law above found that, the company or public company limited who would like to invest in Airline Company need Government's ministry, bureau and official or Thai nationality person held shares in Airline Company not less than 51 percent of the total issued shares.

In accordance with lawyer, Charin and Associates Limited, opinion identified that the Company needs to set up subsidiary company, NOK SPV, in order to either invest and/or acquired shares in Airline Company. The Company will held share not more than 49 percent of the total issued shares in NOK SPV and the others will held by Thai nationality persons (Mr. Patee Sarasin and Mr. A). This structure will make NOK SPV qualified as shareholder in Airline Company in accordance with aviation law.

Shareholders and Voting Right in NOK SPV

	The Company	Mr. Patee Sarasin	Mr. A
percent of total shares	49 percent	50 percent	1 percent
Kind of shares	Common shares 49,000 shares	Preference shares 50,000 shares	Preference shares 1,000 shares
Number of shares : Voting right	1 share : 1 vote	1,000 share : 1 vote	1,000 share : 1 vote
Voting Right	49,000 vote (99.89 percent)	50 vote (0.102 percent)	1 (0.002 percent)
Rate of Return		Cumulative dividend* at fixed rate 6 percent per annum of investment amounted of THB 5.1 million	

*Note: *Cumulative dividend will be accumulated and will be paid at accumulated amount when Joint Venture Company has dividend declaration*

In addition, Company A. has shareholders which are Mr. Patee Sarasin, Mr. Piya Yodmani and Mr. Yodchai Sudhidhanaku as the Company's directors and Mr. Ranond Mintarkhin as the Company's employee will held share 25 percent of the total issued shares each. The necessity of Company A. follows SCOOT's request for independent person who balance the control between SCOOT and the Company in Joint Venture Company. In addition, Joint Venture Company needs experience persons to operate and develop business. However, this group of people has to invest themselves. And, the Company's management has occasionally transferred to Joint Venture Company via Secondment Program or has to resign from the Company in order to maximize work efficient.

The total investment of the Company of THB 974.9 million accounts for 15.5 percent of total assets of THB 6,271.7 million as the financial statement ended at 31 December 2013. This transaction is classified as class 2 transaction under Acquisition/Disposition Notifications.

Key Terms and Conditions of the Draft Joint Venture Agreement

Parties	• SCOOT PTE. LTD. ("**SCOOT**") • NOK AIRLINES PUBLIC COMPANY LIMITED ("**NOK AIR**") • NOK SPV ("**NOK SPV**") • Company A. ("**Company A.**")
Business of Joint Venture Company	Joint Venture Company shall carry on the business of an airline operating wide-body aircraft to provide flights primarily on international routes from Don Mueang airport in Bangkok, Thailand and other airports in Thailand, and other activities in relation thereto.
Share Capital	• The Parties agree to invest an aggregate share capital of THB 2 billion in Joint Venture Company, to be injected in tranches and at such times as may be agreed. • It is contemplated that Joint Venture Company will eventually have a project investment of THB3 billion. • The shareholding proportion of SCOOT, NOK SPV and Company A. shall be 49:49:2 (respectively).

Board of Directors	The Board consists of 7 directors: 3 directors nominated by SCOOT, 3 directors nominated by NOK SPV, and 1 directors nominated by Company A. 1.
Issue of New Shares	• The shareholders shall have the first right to subscribe for any new or additional shares of Joint Venture Company. • Each of the shareholders other than the non-subscribing shareholder shall have a right to subscribe for the shares of the non-subscribing shareholder. Any shares not taken up by any shareholder may be taken up by any other shareholders.
Transfer of Shares	• If any shareholder wishes to transfer all or any of its shares, it shall first offer the shares to the other shareholders. • Unless otherwise provided in the Agreement, the Parties shall not, without the unanimous agreement of the other Parties, transfer all or any of their shares during the Lock-Up Period, which is the period of 5 years.
Termination	This Agreement shall continue in force without limit in point of time until terminated in accordance with the provisions of this Agreement or by agreement of all shareholders in writing.
Governing Law	Save for any claim or dispute arising in relation to corporate governance or administration which shall be governed by the laws of Thailand, this Agreement shall be governed by, and construed in accordance with, the laws of England.

4) Features of the Assets Acquired

JV Company purposes the Joint Venture Agreement which will conduct a low-cost airline served international routes including medium-hual and long-hual by using wide body aircrafts.

The preliminary features of the joint venture are as follows:

- An initial investment — Not over THB 2,000 million.
- Board of directors — SCOOT 3 persons; NOK SPV 3 persons; Company A. 1 person
- Shareholders — (1) NOK SPV, a connected person of the Company, holds share in the JV Company of 49 percent
  (2) SCOOT, has no relationship and is not a connected person with the Company, holds shares the JV Company of 49percent
  (3) The Company A., a connected person of the Company, holds shares in the JV Company of 2 percent.

5) Expected Benefits from the Transaction

Having entered into the Joint Venture Agreement with SCOOT and the Company A., it will unlock new opportunities and enhance flexibility of investment. And the JV Company will be operated as a low cost airline business for international route with Wide Body airplanes. Moreover, operating in new international routes will enhance new market opportunity for the Company, and partnering with SCOOT would give benefit to the Company as it can utilize know-how from SCOOT at lower amount of initial investment and promptly operate the business.

The interested directors had no voting right and did not attend the meeting are as follows:

1. Mr. Patee Sarasin
2. Mr. Piya Yodmani
3. Mr. Yodchai Sudhidhanakul

Transaction 2: The Grant of Loan to NOK SPV

1) Date of Transaction

The Company will execute the transaction after the approval from 2014 Annual General Meeting of Shareholder, as at April 9, 2014.

2) Parties Involved and Relationship to the Listed Company

Lender	Nok Airlines Public Company Limited ("the Company" or "NOK")
Borrower	NOK SPV, the subsidiary
Relationship with the listed company	Mr. Patee Sarasin, who is a shareholder representing 4 percent in NOK, director and executive in the Company, holds 50 percent of (Preference Shares) in NOK SPV, a subsidiary of the Company. 1,000 preference shares equal to 1 voting right.

3) General Characteristics of the Transaction

Details of financial subsidy as follows;

Types of Transaction:	Financial support provided to a subsidiary
Line of Credit:	Not more than THB 970 million
Interest Rate	Average Fixed Deposit 1 year Rate of SCB and KBANK + Addition 0.5 percent as at February 27, 2014 = 1.85 + 0.5
Duration	10 years
Interest Payment term:	Annually
Principal Payment term	Total amount at 10th year
Collateral:	None
Objective:	To set up and/or acquire shares and/or business of a joint venture via NOK SPV

Summary of the Loan Agreement

Title	• Draft of the loan agreement ("**Agreement**")
Parties	• Nok Airlines Public Company Limited ("**Lender**") and • NOK SPV ("**Borrower**")
Line of Credit	• Not more than THB 970 million
Interest Rate	• Historical 1-yr. average rate of fixed deposits of SCB and KBANK + 0.5percent (calculated at a grant date) • Borrower shall make an annual interest payment to Lender. The interest payment shall be payable to the Lender on the last business day of each year

Key Terms and Conditions	• The Lender shall allow Borrower to take on the loan in a full amount or other terms of payment • Borrower shall make a principle payment in a full amount to Lender in 10th year from a grant date. Lenders and Borrowers may agree to pay principle payments in other terms of payment • If Borrower fails to comply with the Loan Agreement or Lender believes that Borrower cannot comply with the Loan Agreement, Borrower shall immediately make repayment of the entire debt and interests without any notice from Lender • Borrower shall not transfer partly and/or wholly its rights and obligations or convert any debt stated on the loan agreement to other parties except the written consent of Lender

4) The value of consideration

Line of credit amounted of 970 million THB with interest rate average Fixed Deposit 1 year Rate of SCB and KBANK + 0.5percent as at 27 February 2014 = 1.85percent + 0.5percent with the objective to set up and/or acquire shares and/or business of a joint venture via NOK SPV at duration of 10 years .

5) Conditions that may affect Shareholders' Right

- None -

Transaction 3: Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment

1) Date of Transaction

The Company will execute the transaction after the approval from 2014 Annual General Meeting of Shareholder, as at April 9, 2014.

2) Parties Involved and Relationship to the Listed Company

Dividend payer	NOK SPV
Dividend receiver	Mr. Patee Sarasin
Relationship with the listed company	NOK SPV is the Company's subsidiary which has Mr. Patee Sarasin held preferred shares 50 percent of total issued shares of NOK SPV with voting right 1,000 shares equal to 1 vote. And Mr. Patee Sarasin also is director / executive and shareholder who held common shares 4 percent on the Company.

3) General Characteristics of the Transaction

Details of dividend payment as follows:

Type:	Cumulative Preferred Shares
Return:	Cumulative dividend at fixed rate not more than 6 percent per annum of investment

Dividend Payment Condition:	Only in the year where dividends are declared and preferred shares shall be entitled before common shares
Voting right:	1,000 preferred shares equal to 1 voting right
Other matters:	Shareholder class B (Preference shareholder) is not permitted to sell, transfer, pledge or any commitment on its own share, with exception from every shareholder class A (Common shareholder)
Related person:	Mr. Patee Sarasin who hold 50,000 preferred shares on NOK SPV

Transaction 4: The entering into relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement and a Special Prorate Agreement

1) Date of transaction

The Company will execute the transaction after the approval from 2014 Annual General Meeting of Shareholder, as at 9 April 2014.

2) Involved Parties and Relationship with Listed Company

1.1 Brand License Agreement

Licensee: The Company and/or NOK SPV and SCOOT

Licensor: The JV Company

Relationship with the Listed Company:

- NOK SPV, a subsidiary, the Company holds 49percent of shares.
- The JV Company is jointly established and/or will be acquired by SCOOT, NOK SPV and the Company A. with the shareholding portion of 49:49:2 in order to engage in the low cost airline business for international routes.
- SCOOT has no relationship and is not connected person with listed company.

1.2 Special Prorate Agreement

Licensee: The Company and/or NOK SPV and SCOOT

Licensor: The JV Company

Relationship with the Listed Company:

- NOK SPV, a subsidiary, the Company holds 49percent of shares.
- The JV Company is jointly established and/or will be acquired by SCOOT, NOK SPV and the Company A with the shareholding portion of 49:49:2 in order to engage in the low-cost airlines business for international routes.
- SCOOT has no relationship and is not connected person with listed company.

3) General Characteristics of the Transaction

1.1 Brand License Agreement

Brand License Agreement is entered into between the Company and/or NOK SPV, and/or SCOOT and/or the JV Company to obtain the right to use name, brand, trademarks, service marks and/or any other marks of the Company and SCOOT. The agreement is entered into between the Company and/or NOK SPV and SCOOT and the JV Company after the Company and/or NOK SPV enter into Joint Venture Agreement, rate of service is charged at 0.5percent of earning before tax.

Summary of Key Terms and Conditions of the Draft Brand License Agreement

Agreement	Draft Brand License Agreement ("**Agreement**")
Parties	• Scoot Pte. Ltd. ("**SCOOT**"); • Nok Airlines Public Company Limited ("**NOK**"); and • JV Company ("**Company**")
Term and Termination	The term of this Agreement shall commence from the Effective Date (the Effective Date means [•]) and shall continue unless and until terminated in accordance with the terms and conditions of this Agreement by SCOOT or NOK (each referred to as "**ParentCo**").
Grant of License	• Each ParentCo ("**Grantor**") hereby grants a non-exclusive, non-transferable, non-sublicensable and non-assignable licence to: (i) the Company, to use the Grantor's proprietary marks in Thailand, Singapore, any jurisdictions where the Company may from time to time operate flights as part of the Business, and other jurisdictions as the Parties may mutually agree in writing from time to time; and (ii) the other ParentCo, to use the Grantor's proprietary marks anywhere in the world. • Company grants to each ParentCo, a worldwide, non-exclusive, non-transferable, non-sublicensable and non-assignable licence to use the Company's proprietary marks.
Material Terms and Conditions	The Parties agree and acknowledge that: • SCOOT, NOK, NOK SPV and Company A. have entered into a joint venture with one another to carry on the business of an airline ("**Business**") and such Business will be operated as a co-branded carrier incorporating the proprietary marks of each ParentCo. • In consideration of the license granted by the ParentCo, for its proprietary marks in accordance with the terms and conditions of this Agreement, the Company shall pay to the ParentCo, a license fee of 0.5percent of profit before tax.

1.2 Special Prorate Agreement

Special Prorate Agreement is entered into between the Company and/or NOK SPV, and/or SCOOT and/or the JV Company for the purpose of determination a sharing of income or special prices of the sale of air tickets with an aim to build and expand airline network for the JV Company; in this regard, the relevant parties will later agree in details later.

Characteristics of Special Prorate Agreement

Special Prorate Agreement (SPA) is the agreement that an airline is able to take passengers from other carries without having its owned direct flights. The partners will negotiate a prorate for tickets they issue. Methodologies for deriving special prorate is one carrier pays to another when they carry another airline's passengers. Another type of SPA is percentage of full local fare.

Thus, the Company shall benefit the SPA because it can increase its revenue passengers. The Company can enhance its brand awareness in international presence and build connected routes to achieve a low cost base. The SPA enable to Company to offer more international passengers without having its owned direct flights to international destinations.

4) Total Value of the Transaction and the Criteria for Determination of the Value for Consideration

Total Value of the Transaction

Brand License Agreement: Rate of service is charged at 0.5 percent of earning before tax.

Transaction Size

The brand license fee at 0.5 percent on earning before tax is determined by negotiation between the Company and SCOOT. Because these two parties do not have any interest and connected each other's, brand license fee rate could not reference. In addition, draft of agreement has not yet been finalized at this phase, so it could not determine the maximum value of this agreement. Therefore, the Advisor decides to evaluate contract value by using earning before tax from 5 years financial projection (the Advisor refer to condition identified in Joint Venture Agreement stated that all relevant parties are not permitted to transferred their own share either all or partial for 5 years, the reference for 5 years financial projection calculated brand license agreement's value is resulted from such condition) multiply by 0.25 percent (Company's part) (Source: Management information). The contract value is amounted of THB 7.5 million throughout 5 years (Calculated from earning before tax – 5 year financial projection Best Case-Cabin Factor +3percent)

Total Value of the Transaction

Special Prorate Agreement: The relevant parties will later agree in details.

Transaction Size

Transaction size cannot be calculated, since both agreements will be effective after the JV Company operates.

5) Expected Benefits from the Transaction

5.1 By entering into the relevant agreements in relation to the investment in the JV Company, including Brand License Agreement and Special Prorate Agreement, the Company and/or NOK SPV and/or SCOOT and/or the JV Company shall obtain the right to use name, brand, trademarks, service marks and/or any other marks of the Company and SCOOT.

5.2 Special Prorate Agreement which is relevant agreement in the JV Company, the purpose is for SCOOT and/or the JV Company can determine and negotiate a sharing of income or special prices of the sale of air tickets with an aim to build and expand airline network for the JV Company.

Source of Fund

The Company use internal operating cash flow as source of fund amounting to THB 974.9 million to enter into this transaction. This amount consists of as follows:

1) THB 4.9 million as capital for NOK SPV
2) THB 970 million as loan grant to NOK SPV

After NOK SPV already obtained THB 974.9 million, NOK SPV will set up a new Joint Venture Company and / or acquisition of shares from existing shareholders in the joint venture company (the shareholders are not a connected person of the Company or NOK SPV) and / or acquisition of newly issued shares in the Joint Venture Company.

2.3 Airline Industry

2.3.1 Industry Overview

Growth in airline industry had been driven by solid economic expansion in emerging regions. According to data from the International Air Transport Association (IATA) in 2013, carriers in Middle East recorded the strongest rates of expansion. Carriers in Asia – Pacific recorded the second largest rates of increase. Revenue Passenger – Kilometer (RPK) per year of Asia – Pacific showed an increase of 6.0 percent in fiscal year 2012 and an increase of 7.1 percent in fiscal year 2013, which were higher than average growth rates of the airline industry, rising by 5.3 percent and 5.2 percent respectively. Moreover, Available Seat – Kilometer (ASK) per year of Asia – Pacific showed an increase of 5.2 percent in fiscal year 2012 and an increase of 7.1 percent in fiscal year 2013, which were higher than average growth rates of the airline industry, rising by 3.9 percent and 4.8 percent respectively. In contrast, Revenue Passenger – Kilometer (RPK) per year of Middle East were slowdown from an increase of 15.2 percent in fiscal year 2012 to an increase of 11.4 percent in fiscal year 2013. Available Seat – Kilometer (ASK) per year of Middle East also recorded down from an increase of 12.4 percent in fiscal year 2012 to an increase of 12.0 percent in fiscal year 2013. In addition, performances of airlines are dependent on several factors including economic conditions, political stabilities, population rates, travel seasons and airline fares.

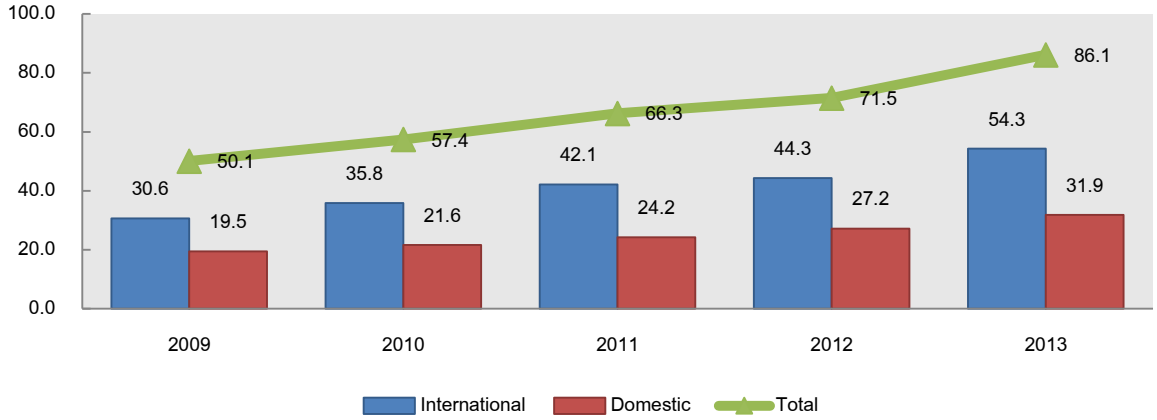
Thailand's airline activities including the number of passengers and aircraft movements had continued to show strong growth in the last 5 years, resulted from strengths of tourism sector, solid economic expansions of Asia – Pacific and strong demands of Low-Cost Carriers (LCCs) that mainly compete on prices of tickets and frequency of flights. According to data from the Airports of Thailand (AOT), the number of passengers at 6 airports including Suwannabhumi, Don Mueang, Chiangmai, Hat Yai , Phuket and Chiang Rai increased from 50.1 million in fiscal year 2009 to 86.1 million in fiscal year 2013 or an increase of 14.5 percent per annum, with international passengers rising by 30.6 million to 54.3 million or an increase of 15.4 percent per annum and domestic passengers rising by 19.5 million to 31.9 million or an

increase of 13.1 percent per annum. The results showed that Thailand had been seen considerably higher rate of growth in international air travels.

In fiscal year 2013, the number of passengers at 6 airports increased from 71.5 million in fiscal year 2012 to 86.1 million in 2013 or an increase of 20.4 percent, with international passengers rising by 44.3 million to 54.3 million or an increase of 22.4 percent and domestic passengers rising by 27.2 million to 31.9 million or an increase of 17.2 percent. As a result, the growth rate of the international passengers was greater than the growth rate of the domestic passengers compared to the same period in the last fiscal year.

Number of Passengers* at AOT Airports in Fiscal Year 2009 to 2013

Number of Passengers (Million)



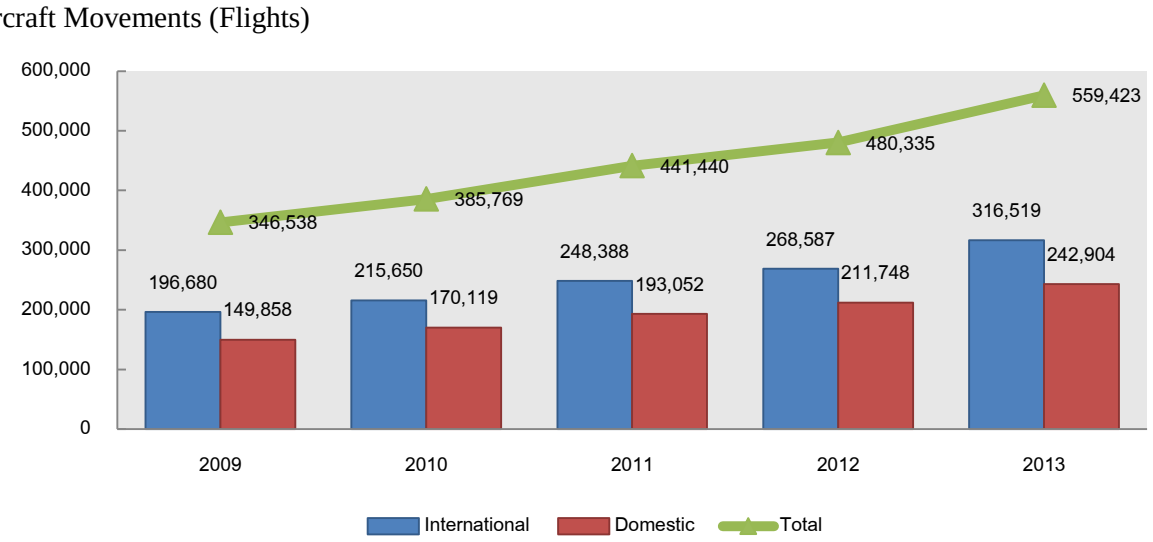
Source: *AOT*

Remark: * *Number of passengers was calculated from (a) the number of arrivals and departures passengers and the number of transfer passengers and (b) the number of transit passengers.*

Furthermore, aircraft movements in Thailand showed solid rates of growth. Commercial flights at 6 airports increased from 346,538 flights in fiscal year 2009 to 559,423 flights in fiscal year 2013 or an increase of 12.7 percent per annum, with international flights rising by 196,680 flights to 316,519 flights or an increase of 12.6 percent per annum and domestic flights rising by 149,858 flights to 242,904 flights or an increase of 12.8 percent per annum.

In fiscal year 2013, commercial flights at 6 airports increased from 480,335 flights in fiscal year 2012 to 559,423 flights in fiscal year 2013 or an increase of 16.5 percent, with international flights rising by 268,587 flights to 316,519 flights or an increase of 17.8 percent and domestic flights rising by 211,748 to 242,904 or an increase of 14.7 percent. Thus, the growth rate of the international flights was higher than the growth rate of the domestic flights compared to the same period in the last fiscal year.

Aircraft Movements* at AOT Airports in Fiscal Year 2009 to 2013



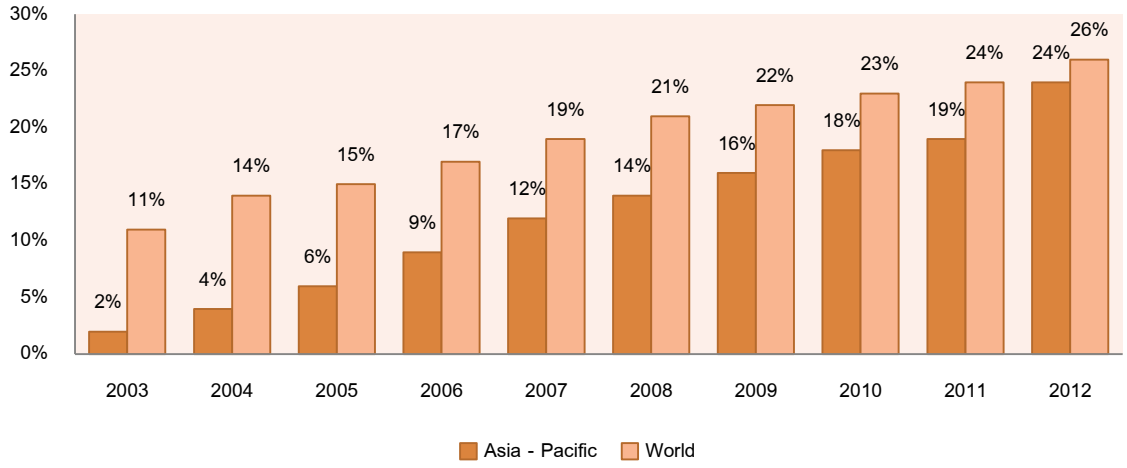
Source: AOT
*Remark: * Except for state aircrafts and military aircrafts.*

2.3.2 Low-Cost Carriers (LCCs)

Low - Cost Carriers (LCCs) in Asia – Pacific had growth rapidly during the past decade, driven by trade, investment and tourism sectors. According to data from Kasikorn Research Center, Asean Economic Community (AEC) would stimulate economic growth potential for the region by 2015. In addition, the liberalization of air services in Asean is expected to launch in 2015, affecting more flights and routes in Asean countries and the region. During fiscal year 2011 – 2013, several countries in Asean had expanded their markets to LCCs over 7 airlines in 6 Asean countries including Vietnam, Laos, Myanmar, Singapore, Indonesia and Philippines.

LCCs generally generate lower Revenue per ASK (RASK) than full service airlines (premium airlines); however, they had provided an upside market potential for LCC penetration rates. According to data from Standard Chartered Bank, LCC penetration in Asia - Pacific, measured by the percentage of total seats served, reached 24 percent in fiscal year 2012. It is expected to reach 30 percent by 2015, driven by the liberalization of air services, fast expansion of middle class and favorable geographies of Asia – Pacific.

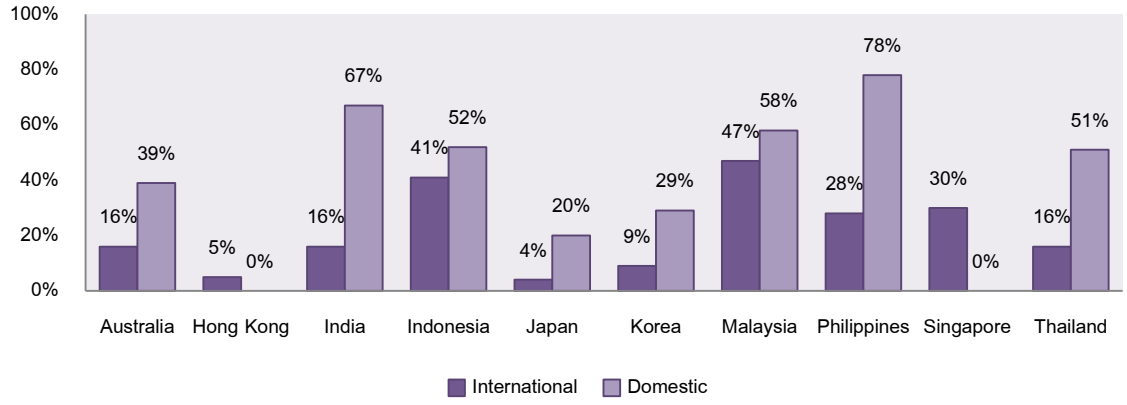
LCC Penetration Rates in Asia – Pacific and the World: Fiscal Year 2003 - 2012



Source: the Company and Standard Chartered Bank

Japan, Hong Kong, South Korea and Thailand are great upside market potential for LCC penetration rates in Asia - Pacific, especially for international air travels that remain significant as flight penetration rates are still low. In addition, Thailand has favorable geographies bordering 4 countries including Laos, Cambodia, Malaysia and Myanmar. In addition, it is one of the most hospitable of airline bases in Asia.

LCCs Seats/Total Seats in Asia – Pacific: Fiscal Year 2012

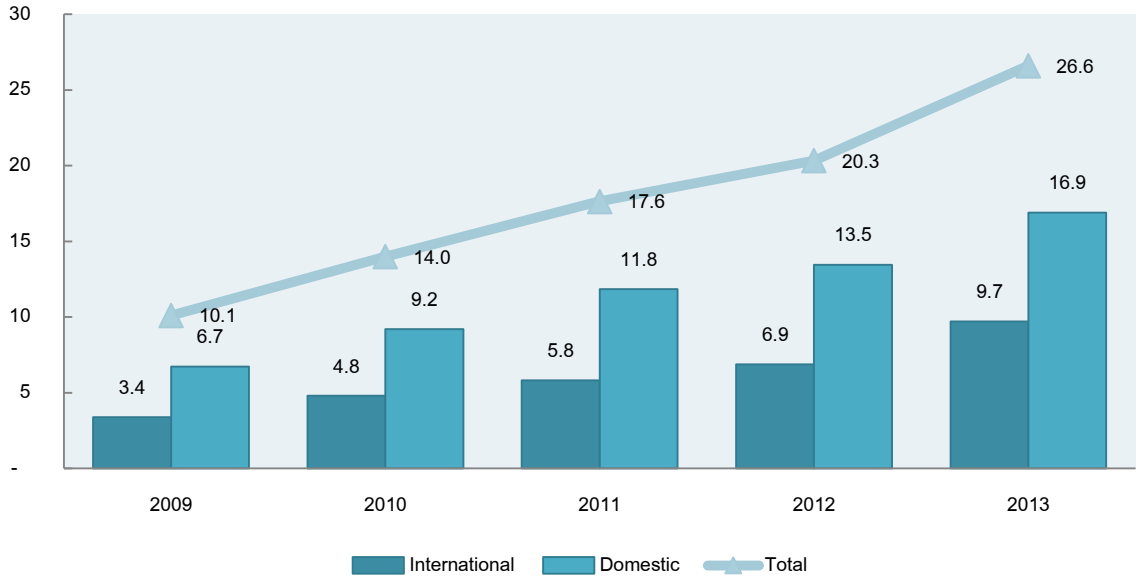


Source: the Company and Standard Chartered Bank, May 22, 2013

LCCs in Thailand were initially commerce in 2003. They have performed an uptrend market growth for LCC penetration. LCC industry in Thailand has been driven by several factors including its reasonableness of fares, frequency of routes and growth of tourists including international and domestic markets. According to the data from the AOT, the number of passengers in LCCs at the 6 airports increased from 10.1 million in fiscal year 2009 to 26.6 million in fiscal year 2013 or an increase of 27.4 percent per annum, with international passengers rising by 3.4 million to 9.7 million or an increase of 30.1 percent per annum and domestic passengers rising by 6.7 million to 16.9 million or an increase of 25.9 percent per annum. Therefore, the growth rate of the international passengers in LCCs was higher than the growth rate of the domestic passengers in LCCs in the last 5 years.

Number of Passengers in LCCs* at AOT Airports in Fiscal Year 2009 to 2013

Number of Passengers in LCCs (Million)

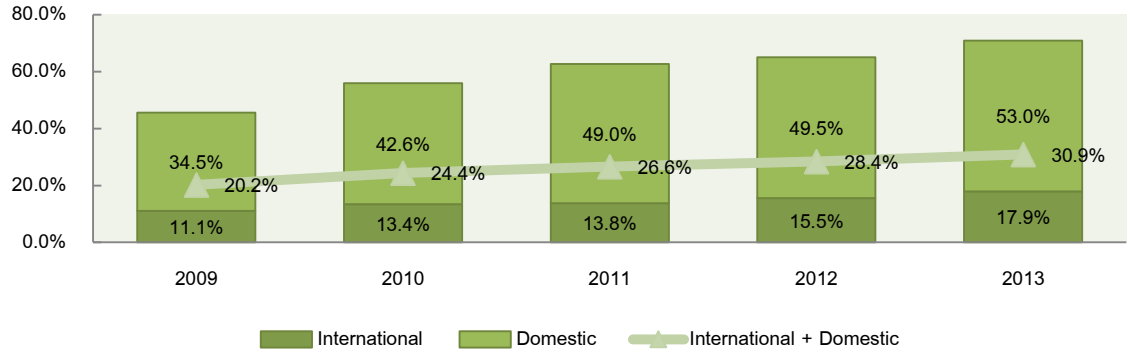


Source: *AOT*

Remark: **Number of passengers was calculated from (a) the number of arrivals and departures passengers and the number of transfer passengers and (b) the number of transit passengers.*

The number of passengers in LCCs per the numbers of total passengers (LLCs passengers/Total passengers) at the 6 airports increased from 20.2 percent in fiscal year 2009 to 30.9 percent in fiscal year 2013 or an increase of 10.7 percent, with international passengers rising by 11.1 percent to 17.9 percent or an increase of 6.8 percent and domestic passengers rising by 34.5 percent to 53.0 percent or an increase of 18.5 percent. The results implies that the number of the international passengers in LCCs remains significant market potential as the passenger penetration of LCCs is still low.

LCCs Passengers/Total Passengers* at AOT Airports in Fiscal Year 2009 to 2013



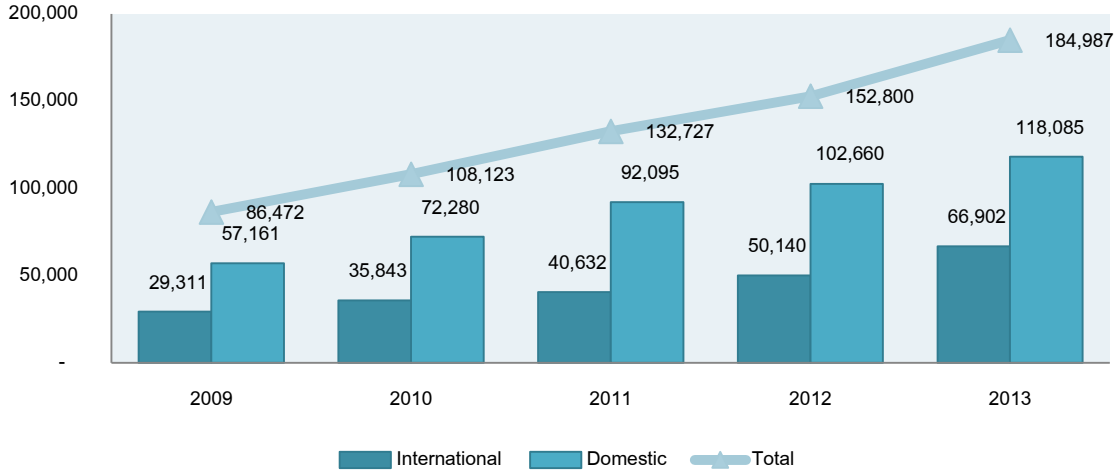
Source: *AOT*

Remark: **Number of passengers was calculated from (a) the number of arrivals and departures passengers and the number of transfer passengers and (b) the number of transit passengers.*

Furthermore, aircraft movements in LCCs showed strong rates of growth. Commercial flights in LCCs at 6 airports increased from 86,472 flights in fiscal year 2009 to 184,987 flights in fiscal year 2013 or an increase of 20.9 percent per annum, with international flights rising by 29,311 flights to 66,902 flights or an increase of 22.9 percent per annum and domestic flights rising by 57,161 flights to 118,085 flights or an increase of 19.9 percent per annum.

Aircraft Movements in LCCs* at AOT Airports in Fiscal Year 2009 to 2013

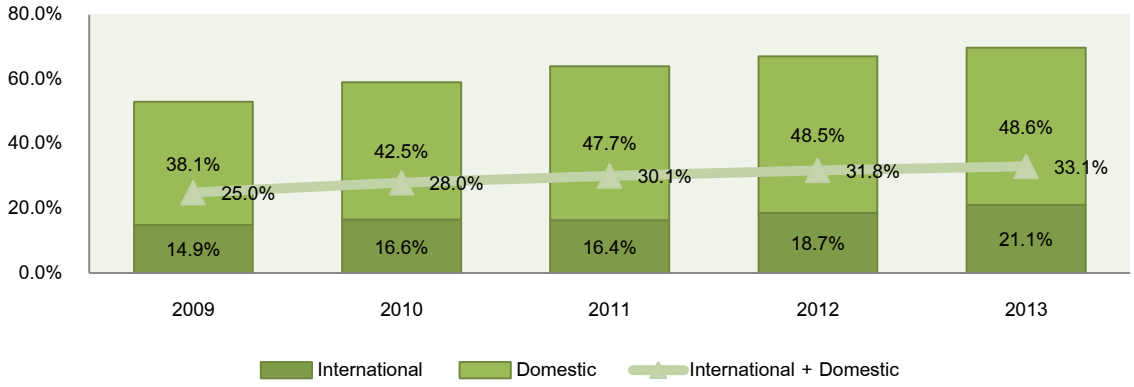
Aircraft Movements in LCCs (Flights)



Source: AOT
*Remark: *Except for state aircrafts and military aircrafts.*

The number of aircraft movements in LCCs per the numbers of total aircraft movements (LLCs movements/Total aircraft movements) at the 6 airports increased from 25.0 percent in fiscal year 2009 to 33.1 percent in fiscal year 2013 or an increase of 8.1 percent, with international flights rising by 14.9 percent to 21.1 percent or an increase of 6.2 percent and domestic flights rising by 38.1 percent to 48.6 percent or an increase of 10.5 percent.

LCCs Movements/Total Aircraft Movements* at AOT Airports in Fiscal Year 2009 to 2013

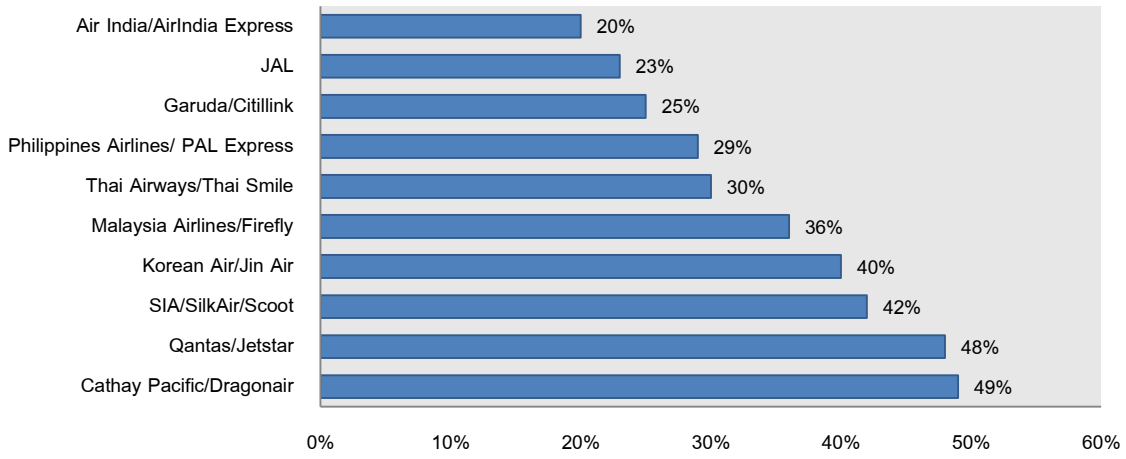


Source: AOT
*Remark: * Except for state aircrafts and military aircrafts.*

2.3.3 LCC Competitive Environment in Asian - Pacific

Airline industry in Asia – Pacific has made significant expansion, especially a fast-growing in LCC penetration rates. Flag carriers have developed partly or wholly owned LCC subsidiaries to leverage economies of scale. New entrants have discovered the growth potential for the LCC industry. Top flag carriers classified by the number of seats (capacity) included Cathy Pacific, Qantas and Singapore Airline (SIA). They established their LCCs subsidiaries serving direct flights within 3-6 hours (medium haul) and 6-12 hours (long haul) from their bases. According to data from the Company, Qantas established Jetstar in 2003, providing international routes including Japan, China, New Zealand and Singapore. SIA launched Scoot in 2011, serving international routes including Australia, China, Thailand, Japan and South Korea. Moreover, AirAsia group, an LCC, developed AirAsia X in 2007 to serve international routes including China, Australia, Japan, South Korea and Taiwan from it bases in Malaysia.

Flag Carrier Dominance in Asia - Pacific (as Measured by Share of Total Seat Capacity) as of April 2013



Source: The Company and Standard Chartered Bank, May 22, 2013

Asia Based Medium Haul (3-6 Hours) LCCs

LCC	Profile	Business Operation
AirAsia X	▪ Established: 2007 ▪ Bases: Kuala Lumpur, Malaysia ▪ Ownership: AeroVentures 34percent, AirAsia 14percent Orix 6percent, Menara 6percent, others 40percent ▪ Fleet: 16 Airbus A330-300s, 2 Airbus A340-300s and 1 Airbus A330-200 ▪ Key routes: China, Australia, Japan, South Korea, Taiwan	▪ Shares the same distribution channel with AirAsia but run by a separate management team ▪ Terminated its long-haul flights to Europe, India and New Zealand in 2011 ▪ Plan to have a fleet of 32 aircrafts by 2016 ▪ Plan to launch in Bangkok during 1Q14 an initial fleet of two A330-300s and an initial network of three destinations in Australia and North Asia

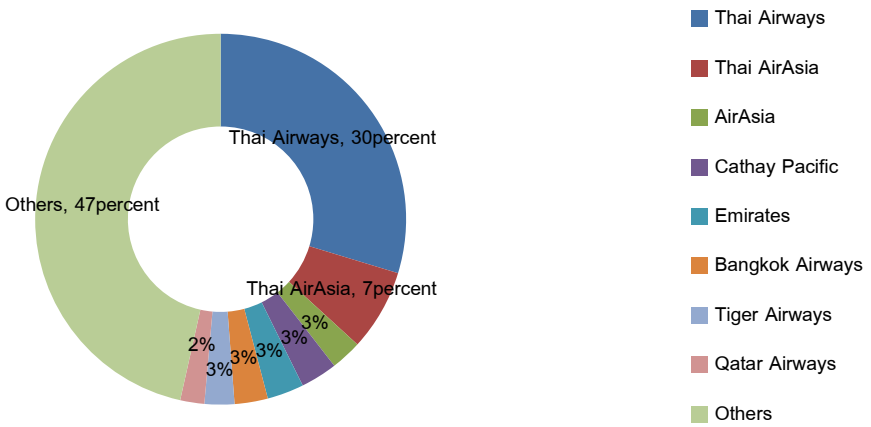
LCC	Profile	Business Operation
Jetstar	▪ Established: 2003 (long-haul in 2006) ▪ Bases: Australia, Singapore, Vietnam, Japan ▪ Ownership: Qantas 100percent ▪ Long Haul Fleet: 10 Airbus A330-200s and 3 Boeing 787-800s ▪ Key routes: Japan, China, New Zealand, Singapore	▪ Independent operation and management team ▪ Expansion through JV to Singapore (Jetstar Asia) and Vietnam (Jetstar Pacific) ▪ Ordered Boeing 787-800s to replace Airbus A330-200s
Scoot	▪ Established: 2011 ▪ Bases: Singapore ▪ Ownership: Singapore Airlines (SIA) 100percent ▪ Fleet: 6 Boeing 777-200s ▪ Key routes: Australia, China, Thailand, Japan, South Korea	▪ Independent operation and management team ▪ Expected to launch several additional routes in 2013 as it takes more Boeing 777-200s from SIA. ▪ Plan to have a fleet of 14 aircraft by 2016

Source: The Company

Thailand

Thailand's international airline market is fragmented. In fiscal year 2013, the AOT served 124 scheduled airlines at 6 airports, 2 of which were Thai based full service carriers including Thai Airways (included Thai Smile) and Bangkok Airways, 24 of which were LCCs. Thai AirAsia domonated Thai based LCCs in international presence. It served 9 international routes including China (included Hong Kong and Macau), Indonesia, Malaysia, Vietnam, Myanmar, India, Singapore, Cambodia and Sri Lanka form its bases in Thailand. Other foreign based LCCs included AirAsia, CEBU Pacific Air, Condor Flugdienst, Eastar Jet, Firefly, Golden Myanmar Airlines, IndiGo Airlines, Indonesia AirAsia, Jeju Air, Air Busan, Jetstar Airways, Jetstar Asia, Jin Air, Juneyao Airlines, Mandala Airlines, Norwegian Air Shuttle, Scoot, Spring Airlines, Tiger Airways, Tomsonfly, T'way Airlines and Vietjet Air.

International Market Share in Thailand as of April 2013 (percent of Seats)

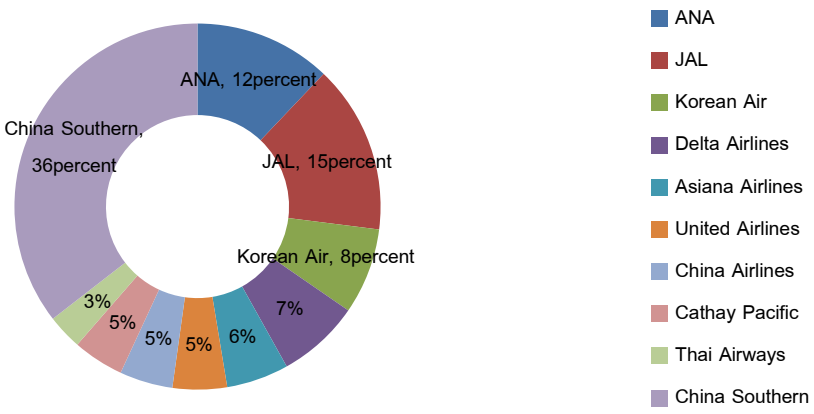


Source: The Company and Standard Chartered Bank, May 22, 2013

Japan

Most of Japan's international airline market is full service carriers. Major scheduled players are 10 airlines including Nippon Airways (ANA), Japan Airlines (JAL), Korean Air, Delta Airlines, Asiana Airlines, United Airlines, China Airlines, Cathay Pacipic, Thai Airways and China Southern. Thai Airways is solely a full service carrier serving Japanese routes from its base in Thailand. The result implies significant market potential in Japanese LCCs despite the competition between several full service players, as Japanese are looking for cheaper air travel options. According to Standard Chartered Bank, LCC's share of seats in the combined domestic and international markets had raised form under 3.4 percent in fiscal year 2009 to 14.0 percent in fiscal year 2012 or an increase of 10.6 percent.

International Market Share in Japan as of April 2013 (percent of Seats)

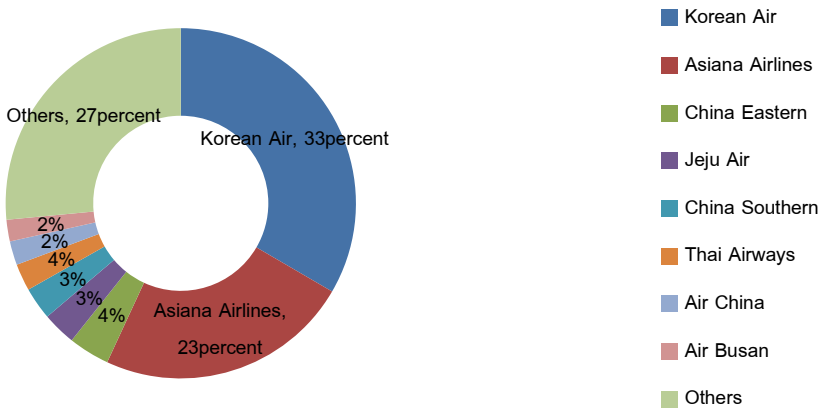


Source: The Company and Standard Chartered Bank, May 22, 2013

Korea

Major scheduled players in international presence are 8 airlines, 6 of which are full service airlines including Korean Air, Asian Airlines, China Eastern, China Southern, Thai Airways and Air China, 2 of which are LCCs including Air Busan and Jeju Air having Thai routes from their bases in Korea. Market positioning between full service carriers and LCCs among Korean based airlines are not different significantly. A traditional LCC model is not being fully applied in Korea. LCCs in Korea bases do not pay lower airport charges flying. Ground operation costs are generally high in Korea. Furthermore, Korean LCCs offer baggage and meals bundled in their fares out of fear of offending customers used to very high standards of services.

International Market Share in Korea as of April 2013 (percent of Seats)



Source: The Company and Standard Chartered Bank, May 22, 2013

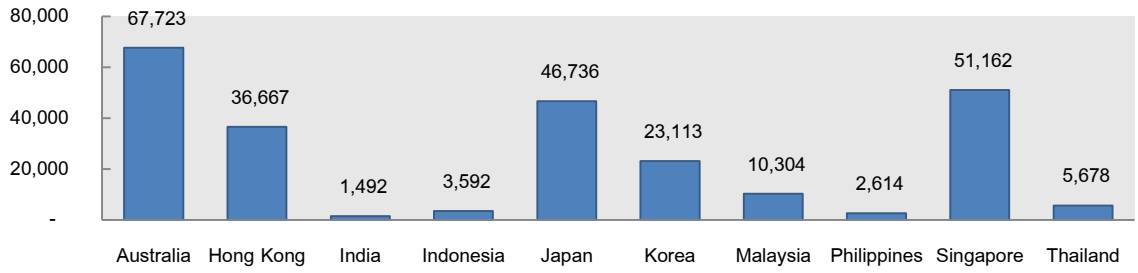
2.3.4 Growth Potential for LCCs in Asia - Pacific

Gross Domestic Prduct per Capita (GDP per Capita)

In fiscal year 2012, Gross Domestic Product per Capita (GDP per Capita) of Australia, Singapore, Japan, Hong Kong and Korea were medium to high compared to the regional average GDP per capita of 24,908 U.S. dollars. In contrast, Thailand recorded GDP per capita of 5,678 U.S. dollars, which was lower than the regional average. This would give Thai LCCs to differentiate their fares from those offered by rivals and achieve substantially lower costs than their rivals. In addition, Thai government has strategically planed to be an aviation hub of Asia – Pacific. Thailand has a favorable geography bordering 4 countries including Laos, Cambodia, Malaysia and Myanmar that have rising trends of trade, investment and tourism activities. The results would give great upside potential growth for Thai based LCC penetration rates.

GDP per Capita in Fiscal Year 2012

U.S. Dollar

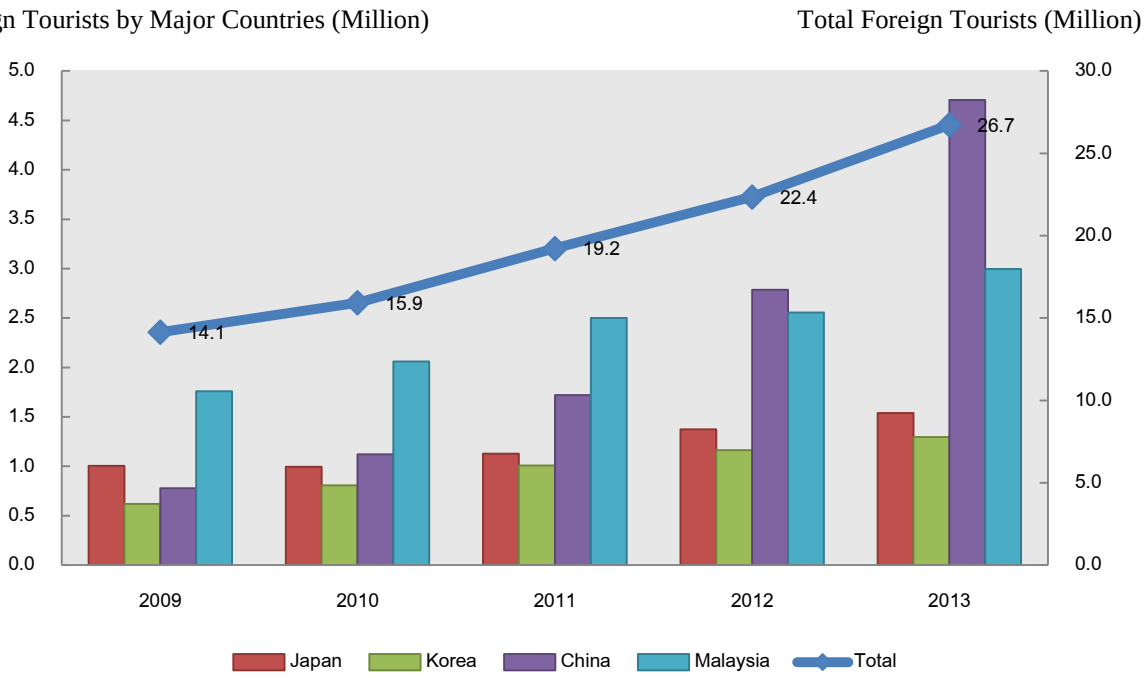


Source: The Company and Standard Chartered Bank, May 22, 2013

Tourism Sector

Thailand is one of the most hospitable of tourists in the world. According to data from the Department of Tourism, in the last 5 years, foreign tourists gradually increased from 14.1 million in fiscal year 2009 to THB 26.7 million in fiscal year 2013 or an increase of 17.2 percent per annum. Thailand's tourism sector had been affected by political protests in Bangkok during the fourth quarter of 2013; however, the number of foreign tourists continued to provide rising growth rates, especially air travels within 3-6 hours (medium haul). For example, Chinese tourists grew from 0.8 million in fiscal year 2009 to THB 4.7 million in fiscal year 2013 or an increase of 56.8 percent per annum. Malaysian tourists increased from 1.8 million in fiscal year 2009 to THB 3.0 million in fiscal year 2013 or an increase of 14.3 percent per annum. Japanese tourists increased from 1.0 million in fiscal year 2009 to THB 1.5 million in fiscal year 2013 or an increase of 11.2 percent per annum and Korean tourists grew from THB 0.6 million in fiscal year 2009 to THB 1.3 million in fiscal year 2013 or an increase of 20.4 percent per annum.

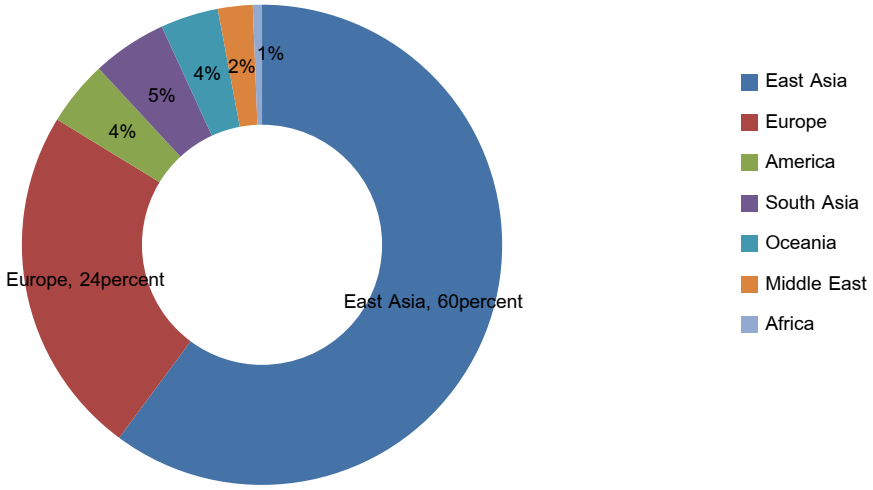
Number of Foreign Tourists by Major Countries in Fiscal Year 2009 to 2013



Source: Department of Tourism, Foreign Tourists, Jan. - Dec, 2013

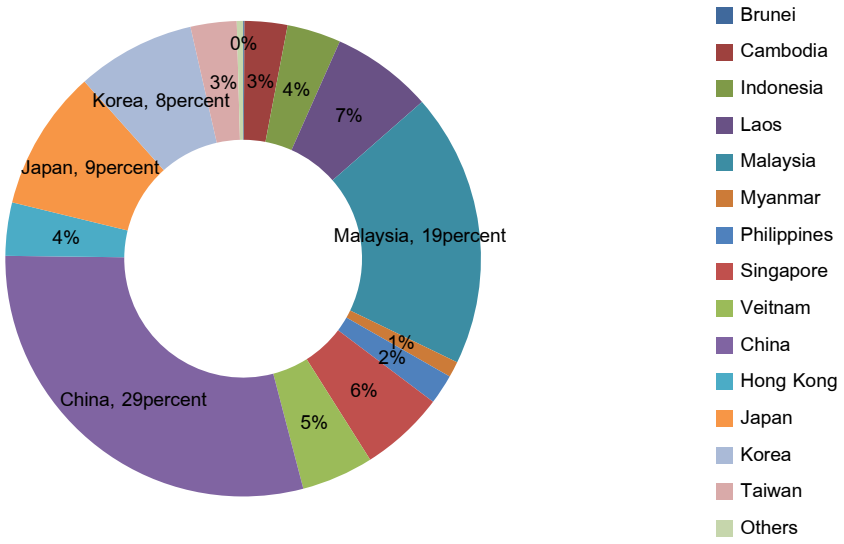
In fiscal year 2013, foreign tourists recorded THB 26.7 million or an increase of 19.6 percent compared to the same period in the last fiscal year, resulted from a fast growing of foreign tourists during January to September. East Asia showed the largest tourists of THB 16.1 million or an account of THB 60.1 percent, followed by Europe tourists of THB 6.3 million or an account of 23.6 percent. In addition, East Asia tourists consists of 4 major countries, including Chinese of THB 4.7 million or an account of 29.3 percent, Malaysian of 3.0 million or an account of 18.6 percent, Japanese of THB 1.5 million or an account of 9.6 percent and Korean of THB 1.3 million or an account of 8.1 percent.

Foreign Tourists of Total 26.7 million by Countries in Fiscal Year 2013



Source: Department of Tourism, Foreign Tourists, Jan. - Dec, 2013

East Asia Tourists of Total 16.1 million by Countries in Fiscal Year 2013



Source: Department of Tourism, Foreign Tourists, Jan. - Dec, 2013

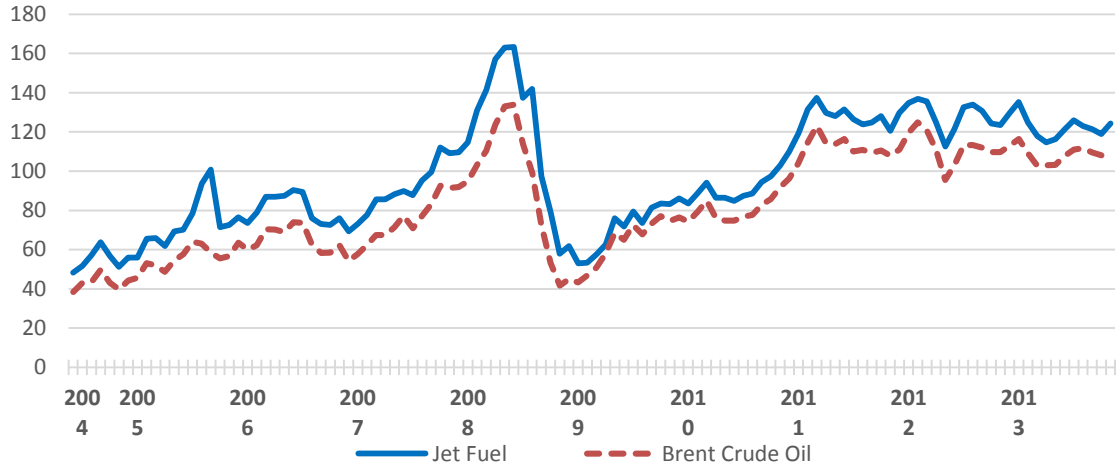
Chinese tourist arrivals recorded the largest growth in the last 5 years; however, a new Chinese Tourism Law, which came into effect last October, largely affected Thailand's Chinese tourist market during the fourth quarter of 2013 and may slowdown to cause fewer Chinese tourist arrivals. Political protests in Bangkok prolonged since year ended 2013 may affect Thailand tourist sector. Should the political turmoil be settled within the first quarter of 2014 and no other disastrous incidents occur over the remainder of 2014, Thai tourism business operators would gradually come to terms with the law and adjust accordingly.

Jet Fuel Price

Jet fuel is a major cost of airline operations. Prices of the jet fuel are direct variation with prices of Brent crude oil, which are dependent on economic conditions and geography. According to data from the International Air Transport Association (IATA), jet fuel prices eased slightly in early January 2014, falling 4 percent compared to December 2013, but remained well within the range of past 3 years. The jet fuel prices have been trending in a tight and high band since early 2011, and currently at 126.2 U.S. dollars per barrel. In addition, the relative success of peace talks concerning Iran has lessened fears of supply disruptions. The demand outlook has improved in line with better global economic conditions.

Jet Fuel Prices and Brent Crude Oil in Fiscal Year 2004 – 2013

U.S. dollars per barrel



Source: Company as of December 31, 2013

Part 3 Reasonableness of the Transactions

The advisor has considered investment in company that operates low cost airline business by entering into 4 transactions, which are 1) Investment in Joint Venture which includes signing Joint Venture Agreement, establishing NOK SPV, holding shares with director/management in order to investment in Joint Venture, and/or acquiring share(*) in Joint Venture Company by NOK SPV. This also includes the case that the company considered entering share purchase agreement and/or either agreement in order to invest in Joint venture. 2) The grant of loan to NOK SPV 3) Dividend payment to shareholder of preferred stock with fixed rate at 6percent of investment p.a. 4) Entering an agreement that related to investment in Joint Venture, including related transactions which are Brand License Agreement and Special Prorate Agreement. In order to consider the reasonableness of each transaction, they should be considered together at one time ("Entering the transactions"). The considerations are as follows;

(*) *From management interview, acquiring share in Joint Venture Company is not connected transaction with the Company*

3.1 Advantages and disadvantages of entering or not entering the transactions:

- **Advantages of entering the transactions**

a) To increase competitiveness of company by providing service coverage's both domestic routes and international routes

At the present, the company is providing only short haul domestic flights, by entering the transactions; it would be a business opportunity to expand the market to provide medium haul (less than 6 hours) flight within Asia and Middle East such as China, Korea, Japan, and Middle East Etc. Those are countries that have high number of population, high economics growth rate, and high expansion rate of tourist and business passenger. In addition, the transactions would help increasing competitiveness by initiating connectivity route for the company in the future.

b) Ability to establish and provide airline service quickly

By joint venturing with SCOOT, who has experience with route, familiar with the market behavior and related regulations of the destinations, establishment of business will be quicker than solely operating by the company. In order that, the Company does not spend time to study market behavior and also new destination's regulation. In addition, the Company can learn from SCOOT's know-how regarding to distribution channel, tools and equipment.

c) Appropriate rate of return

When considering financial projection, the independent financial advisor expected the investment will generate profit in 2017 at around Baht 232 million and will increase at around Baht 447 – 724 million p.a. after it is fully operated. This will increase profit of company in 2013 from Baht 1,075 million. The IRR of investment is 45.6 percent, comparing to WACC of company at 14.75 percent, it is considered a worthwhile investment.

- **Disadvantages of entering the transactions**

  a) Possible loss of opportunity to invest in other potential investment

  The company will have to use around THB 947.9 million of fund. If there are other projects or business opportunities to consider after this investment, with source of fund constraint, the company will lose those investment opportunities.

- **Advantages of not entering the transactions**

  a) Available fund for other projects

  The company will have available fund for other potential projects if it has potential opportunity in consideration upcoming.

- **Disadvantages of not entering the transactions**

  a) Loss of opportunity on business expansion that has potential to create growth

  If the company does not entering the transaction, it might lose the opportunity to expand route within Asia, which has high number of population, high economics growth rate, and potential high expansion rate of tourist and business passenger. The investment is expected to create recurring income to the company.

3.2 Reasons necessity of entering into the transactions with the connected persons but not with the third parties

From the principle and reason that company decides to invest and expand business to the low cost medium-haul-route-airline. The independent financial advisor has considered the transactions detail and realized the necessary of the transactions, which are investing in joint venture and entering into related agreements that are related parties transactions as follows;

- For the loan granting from company to NOK SPV, it is necessary that the company has to inject fund as per the Joint Venture Agreement. Furthermore, as a parent company of NOK SPV, company has to grant the loan so that the plan is achieved. In addition, the loan has interest rate from NOK SPV at the opportunity cost that the firm will receive from its additional investment.
- Under aviation law, relating to the registration of aviation and aviation business, Thai citizen needs to be shareholder at the specified amount of. The dividend payment to preferred stockholder at fixed rate 6 percent of investment p.a. is equivalent to MLR rate and company's return from investment.
- Entering into Brand License Agreement and Special Prorate Agreement allow the Joint Venture to use SCOOT and company branding and network to operate business.

3.3 Financial impacts from the transactions:

The independent financial advisor has studied financial impacts in case that the firm entering the transactions by creating proforma balance sheet of the company at year end 2013 to represent its financial status after entering the transactions as follows;

Unit: Baht Million	Financial statement			
	2011	2012	2013	Proforma 2013
Cash & Cash Equivalents	197.1	246.5	565.4	565.4
Temporary Investments	1,050.0	1,410.0	4,800.0	3,825.1
Total Current Asset	**1,856.9**	**2,097.5**	**6,024.0**	**5,049.1**
Loan to NOK SPV	-	-	-	**970.0**
Investment in NOK SCOOT	-	-	-	**4.9**
Total Non-Current Asset	**158.9**	**154.5**	**247.6**	**1,222.5**
Total Asset	**2,015.8**	**2,252.0**	**6,271.7**	**6,271.7**
Account Payable	517.1	419.9	410.5	410.5
Other Payable	483.4	683.7	1,033.6	1,033.6
Total Current Liabilities	**1,144.9**	**1,270.9**	**1,619.1**	**1,619.1**
Total Non-Current Liabilities	**73.5**	**91.2**	**109.2**	**109.2**
Total Liabilities	**1,218.4**	**1,363.9**	**1,728.2**	**1,728.2**
Total Shareholders' Equity	**797.4**	**888.1**	**4,543.4**	**4,543.4**
Earning Before Tax (EBT)	292.2	519.9	1,099.4	1,099.4
Cash flows from (used in) operating activities	320.5	843.6	1,138.0	1,138.0

Impact of transaction to company's financial ratios

Financial Ratios (Times)	2013 Before transaction	2013 After transaction
Total Liabilities to Equity ratio	0.38	0.38
Current ratio	3.72	3.12

The independent financial advisor has evaluated impact of transaction to financial status of the firm. By investing in NOK SCOOT at the amount of Baht 974.9 million, from the present cash, it will decrease "temporary investment" from Baht 4,800 million to Baht 3,825.1 million, while "Loan to NOK SCOOT" will increase at Baht 974.9 million. To summarize, liquidity will decrease by Baht 974.9 million and non-current asset ("investment in NOK SCOOT" and "loan to NOK SPV") will increase by Baht 974.9 million, debt to equity ratio remains the same at 0.38, and current ratio decreases from 3.72 to 3.12.

Furthermore, in 2013, the company has earning before tax at Baht 1,099.4 million and cash flows from operating activities at Baht 1,138 million, considering these, it is sufficient to invest in NOK SCOOT.

However, after the transactions, it is not clear whether the financial statement has to be consolidated. The detail will be discussed with the auditor afterwards. In order that, auditor has to consider the details regarding to controllable in Joint Venture Company of the Company and also the independence of Company A. The independent financial advisor has analyzed impact to the financial statement into 2 cases as follows;

In case that financial statement has to be consolidated, asset, liabilities, and shareholders' equity in balance sheet of the Company will be impacted at the same amount of the joint venture. The minority

interest part will be separately shown. In income statement, revenue, cost, expense, and net profit of the company will be impacted at the same amount of the joint venture multiplying with shareholding proportion either profit or loss will occur in Joint Venture Company's operating result.

In case that financial statement does not need to be consolidated, impact to asset and shareholders' equity will stem from the record of investment and retained earing items, while liabilities part will remain the same. In income statement, revenue, cost, and expense will remain the same but net profit of the company will be impacted at the same amount of the joint venture multiplying with shareholding proportion.

In order that, the Advisor has initially opinion, but not yet finalize, that it is high probability the Company has to prepare consolidated financial statement.

3.4 Risks of transaction

1. Risk of investing in green field project

Investing in low cost airline could be cost overrun from the budget and have commencement risk. As the Company and SCOOT have experience in operating low cost airline and have expertise in domestic routes. Independent financial advisor believes that the risk could still be managed and does not significantly affect the project.

2. Risk of having no experience in business operations in international Medium Haul routes.

The new business may have different style of service that company does today such as flight route and wide body aircraft. However, SCOOT, who is a partner, has experience in those routes and can bring experience and knowledge to apply in the joint venture.

3. Risk of not being well-known brand that has international routes service

Newly established airline has risk of not being known and trusted from customers. It could negatively affect performance. As a result, expected return on investments is not achieved. However, the Joint Venture Company can utilize the Company's image and strength as it is well-known for operating domestic routes service, and SCOOT is well-known for operating international routes service. This risk could be reduced and positively affect the Joint venture company's performance.

4. Risk of having conflict of interest structure with a listed company

As the Company operates low cost airline, and will invest and hold 49 percent of total shares in the Joint Venture Company, so it may be considered to have a structure that may have a conflict of interest with a listed company. However, considering the way they do business between these two companies, it is found that the two companies have different customers and markets, which can be summarized as follows. The Company provides low cost airline service on routes with flight duration up to 3 hours (Short Haul) by Narrow Body aircraft, while the joint venture company will provide service on low cost routes between countries with flight duration up to 6 hours (Medium Haul) by Wide Body aircraft. In addition, the Joint Venture Company will also help promote the company's domestic airline business. The Joint Venture Company will bring international passengers to travel to the domestic destination with connecting flight service, instead of only Point-to-Point service

5. Risk of NOK SPV acquire shares and/or the currently operated airline company, instead of newly set up

According to the resolution of BOD meeting No. 2/2557 on February 27, 2557, the Board approved to establish the Joint Venture Company and/or buy shares from the Joint Venture Company by NOK SPV as NOK SPV will establish the Joint Venture Company and/or acquire shares of existing business. If NOK SPV decides to buy and/or acquire existing business, the Company may have risk that the existing business incur losses and has other obligations. NOK SPV should conduct due diligence before acquiring it.

6. Risk of not able to pay out dividend

Initially, the Joint Venture Company may incur losses from operations because the business operation just began; therefore, the Company may have lower net income and not able to pay dividend at the rate that it did in the past.

7. Risk of Uncertain political situation

The Company may be affected by uncertain political situation as number of tourists and travellers will be decreasing. Furthermore, the situation could also be a negative factor for GDP growth in the country. The purchasing power and the number of Thai travellers that will travel to other countries will be reducing

8. Risk of jet fuel price movement

NOKSCOOT has fuel cost of 50percent of total cost. Therefore, change in jet fuel price can affect the operating cost, financial projection, and return on investment.

9. Exchange rate risk

Exchange rate fluctuations may affect the financial projections. On the revenue side is divided into two parts: in Baht and U.S. dollars, expenses, mainly in U.S. dollars, and cash flows of the project. To evaluate the return on the project, independent financial advisor has considered the potential impact of fluctuations in exchange rates and had provided a sensitivity analysis to assess the volatility of exchange rates to determine the rate of return to the shareholders for consideration.

Section 4 Appropriateness of Price and Condition

The IFA made a financial projection of the joint venture's project based on the feasibility study of the project created by the Company, SCOOT, and the Company's advisor "Khronos Advisory Co.,Ltd."* and management interview. Moreover, the core assumptions of the financial projection were compared with the public data of comparable companies and airline industry outlook in order to recheck the assumptions in the feasibility.

The IFA prepared a 6-year financial projection from 2014 - 2019 in order to reflect the period in which the joint venture will expand all routes as the current business plan. The IFA assumed that there were no significant changes in the core assumptions and the joint venture company would operate on a going concern basis.

The IFA prepared the financial projection in order to evaluate the internal rate of return ("IRR") comparing with the cost of capital ("WACC") to determine appropriateness of the price of the transaction. If the IRR is higher than the WACC, the price of the transaction is appropriate. On the other hand, if the IRR is lower than the WACC, NOK should not invest in this project as the price of the transaction is not appropriate.

However, any material changes from the assumptions in the internal and external factors will lead to change in the IRR estimated by this approach as well. As a result, such evaluation may not be a reference for purposes other than the appropriateness of the transaction stated earlier. The IFA does not warrant the accuracy and completeness of all information provided by the Company, the management and the financial advisor of the Company.

4.1 Assumptions Used for the Preparation of the Financial Projection of the Joint Venture Company

a) General Assumptions

The IFA made a financial projection of the joint venture's project based on the feasibility study of the project to evaluate the return of the JV Company. However, the return to the Company is affected by the dividend payment to the preferred shares. The rate of the dividend was set at 6.0percent p.a. of THB 5.1 million of preferred shares. Thus, total annual dividend payment will be only THB 306,000 which is not significant to the return of the Company. As SCOOT is an equity partner in the Joint Venture Company, many of the assumptions were set in foreign currencies. Therefore, the IFA assumed that currency exchange rates would be fixed as follows:

- THB : USD = 32.3 : 1 (source: Bloomberg as at 5 March 2014)
- SGD : USD = 0.79 : 1 (source: Bloomberg as at 5 March 2014)

** The Company advisor is Khronos Advisory Co.,Ltd.. This advisor has experienced as financial advisor in infrastructure industry. As order that shareholders, director and/or executive are not relevant to this transaction*

b) Revenue Assumptions

According to the business plan of the Joint Venture Company, the information of 12 international routes in Asia is as follows

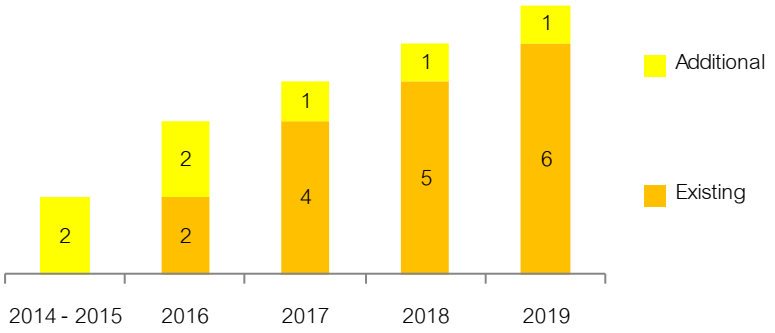
The Year of Commencement	New Route**	Flight Distance (Kilometer)	Weekly Frequency of Flights	Total Flights per Week
Second Half of 2014 - 2015	3 Routes to East Asia	7,326 - 9,216	4 - 7	18
2016	3 Routes to East Asia 1 Route in South East Asia	2,822 - 5,786	4 - 7	45
2017	2 Routes to East Asia	6,618 - 7,446	4 - 7	58
2018	1 Route to South Asia 1 Route in South East Asia	5,894 - 5,914	4 - 7	72
2019	1 Route to East Asia	8,620	4 - 7	82

**distance of roundtrip*

***The IFA considered that all routes had a potential to have a good response from customers. However, the exact routes are so confidential for the Company that they cannot be disclosed.*

The weekly frequency of flights reflects the capability of aircraft to generate revenue. The chance to generate more income varies according to the higher flight frequency. Nevertheless, the frequency of flights depends largely on the demand of passengers. The Joint Venture Company plans to utilize its aircraft in order to maximize the benefits.

Based on the business plan, the expansion of 12 new routes has an impact on an increase in number of aircraft as summarized in chart below:



The Joint Venture Company plans to use Boeing 777-200ER and / or 777-200 which has a seating capacity for 415 passengers. The seats are classified into 2 categories as follows:

- Economy Seat
- Premium Economy Seat

1) Fare Revenue

(1) Cabin Factor or Passenger Load Factor

With reference to the cabin factor form the feasibility study, the cabin factor of the Economy Seat in the first year of each route was set to be 80.0percent. Then, the cabin factor would grow 0.5percent each year and remain stable at 81.5percent at the fourth year.

For the Premium Economy Seat, 5.8percent of total seats, the cabin factor of the Premium Economy Seat was set 5.0percent lower than Economy Seat (because the higher fare results in lower possibly to sell the tickets). The cabin factor of the first year of each route would be 75.0percent. Then, the cabin factor would grow 0.5percent each year and remain stable at 76.5percent at the fourth year.

Summary of Operating Figures based on the Business Plan and Cabin Factor Assumptions

		Y2014****	Y2015	Y2016	Y2017	Y2018	Y2019
Number of Round-Trip Flights	Flights / year	153	918	2,346	3,123	3,801	4,273
Number of Passengers	persons / year	101,225	607,349	1,556,670	2,081,324	2,543,078	2,867,915
Available Seat Kilometers ("ASK")	million seats.km	528	3,169	6,009	8,003	9,699	11,215
Revenue Passenger Seat Kilometers ("RPK")	million seats.km	421	2,526	4,809	6,430	7,822	9,065
Cabin Factor	%	79.7%	79.7%	80.0%	80.3%	80.7%	80.8%

**Available Seat Kilometers = total seats X the number of kilometers flown*
***Revenue Passenger Seat Kilometers = total revenue passenger seats X the number of kilometers flown*
****Cabin Factor = RPK / ASK*
*****The first flight would be commenced in November 2014*

The IFA considered the cabin factor range of 79.7percent - 80.8percent from the financial projection in line with the cabin factor of the comparable companies in South East Asia during 2011 - 2013, which ranged from 79.0percent to 86.6percent as follows:

	Cabin Factor		
	Y2011	Y2012	Y2013
Nok Air	80.3%	84.3%	84.0%
Thai AirAsia	80.0%	82.0%	83.0%
AirAsia Berhad	80.0%	79.0%	79.0%
AirAsia X Berhad	80.1%	83.8%	82.1%
Tiger Airways	82.2%	81.0%	79.1%
Cebu Air	84.6%	86.6%	81.4%
Average	*81.2%*	*82.8%*	*81.4%*
Max	*84.6%*	*86.6%*	*84.0%*
Min	*80.0%*	*79.0%*	*79.0%*

Source: website and annual report of each company

(2) Average Airfare per Flight (exclude taxes)

According to the business plan, the JV Company is a low-cost airline. Therefore, NOK and SCOOT, which have long experiences in domestic and international low-cost airline business, set a fare of Economy Seat with a significant discount from a fare of traditional airline.

As a result, the average fares in the first year of each route range from 2,000 to 6,500 THB / one-way flight. During the first 2 years of each route, the average fare was set to remain stable in order that the JV Company can attract more passengers, which matches the target growth of cabin factor. After 2 years of each route, the IFA assumed that the average fare would grow 2.4percent annually (with reference to BOT's the headline inflation forecast in 2014 as monetary policy report in October 2013)

Passenger yield (= Fare Revenue / RPK) was used as the measure of the fare price. The definition of passenger yield is a measure of average fare paid per kilometer, per passenger. According to the feasibility study, the passenger yield of the JV Company is approximately THB 1.30 / passenger / kilometer in the beginning of the operation. The IFA selected AirAsia X Berhad as a comparable since AirAsia X Berhad and the JV Company are medium-haul low-cost airlines and have similar destinations. The passenger yield in 2013 of AirAsia X Berhad of approximately THB 1.10 / passenger / kilometer was a bit lower than the yield of the JV Company. The difference may originate from the way of charge for services. For example, AirAsia X Berhad charges for the checked baggage separately from the airfare.

The average fare of Premium Economy Seat was set approximately 50.0percent higher than that of Economy Seat in the same route.

2) Ancillary Revenues

These revenues consist of onboard sales of food, beverages and souvenirs, charges for checked baggage, early boarding benefits, onboard advertising, etc.

Based on the feasibility study, these revenues are accounted for approximately 17.3percent - 18.9percent of total fare revenue. Comparatively, the ancillary revenue of AirAsia X Berhad, which is also a medium-haul carrier, was around 25.6percent of total fare revenue. The difference may come from the different service charge policies. For instance, the JV Company's policies are to include 15-kilogram checked baggage in the airfare. On the other hand, AirAsia X Berhad separately charges for checked baggage.

c) <u>Variable Cost Assumptions</u>

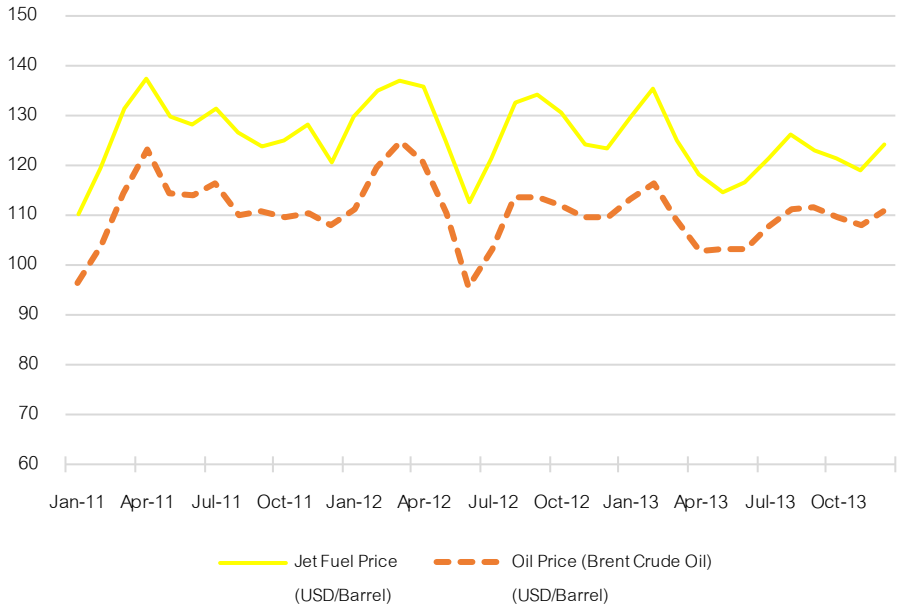
The core variable costs, 80.0 percent - 90.0 percent of total variable costs, consists mainly of fuel costs, maintenance costs, airport and navigation fees and ground handling charges. The core and other variable costs are as follows

1) Fuel Cost

- Price of Jet Fuel

The IFA assumed that the price of jet fuel would remain at USD 126.2 / barrel through the projection period (referring to the price as at 21 February 2014) in order to reflect the current market price. In addition, the historical movement of jet fuel price during 2010 - 2012 ranged from USD 110.0 - 137.3 / barrel and the average price during the period was around USD 125.7 / barrel. The IFA considered the assumption in line with the 3-year range and very close to the 3-year average.

Unit: USD / barrel



source: U.S. Energy Information Administration (EIA)

- Fuel Consumption

  Fuel consumption varies according to the length of each flight. The fuel consumption of each route was calculated according to the standard in the Boing Airplane Handbook as follows:

Route	Fuel Consumption (Barrel / Flight)
NRT	676
KIX	617
ICN	537
TPE	371
HKG	253
PVG	424
SIN	207
FUK	546
BJS	485
DEL	432
DPS	434
NGO	632

Source: the Company (based on Boeing Airplane Handbook)

2) Aircraft Maintenance Cost

The aircraft maintenance costs, which consist of both minor and major maintenance, depend on the flight distance and flight hours of each aircraft. According to the management interview, these costs vary according to ASK. Based on the feasibly study, the costs were estimated approximately at SGD 0.003659 / seat / kilometer. The rate was derived from the actual maintenance costs of SCOOT which used the same Boeing 777-200ER. The IFA selected Singapore Airline as a comparable company for the JV Company since Singapore mainly used Boeing 777-200ER. The approximate aircraft maintenance costs of Singapore Airline ranges from SGD 0.003884 to 0.004302 / seat / kilometer. The slight difference may come from other types of aircraft used by Singapore Airline.

3) Airport and Navigation Fees and Ground Handling Charge

The airport fees are comprised of landing and parking fees. The navigation fees are the expenses charged for overflying each country. The ground handling charges consist of passenger services in both airport terminal and aircraft parking space, such as check-in counter, gate arrival and departure, passenger boarding bridge, luggage handling, push back and tow bar, catering, cleaning services, etc. Based on the feasibility study, these fees and charges were set to be 16.2percent - 20.3percent of total revenues.

4) Brand License Fee

According to the Brand License Agreement, the fee rate of brand license is 0.5percent of earning before tax ("EBT") (referring to Brand License Agreement and management interview)

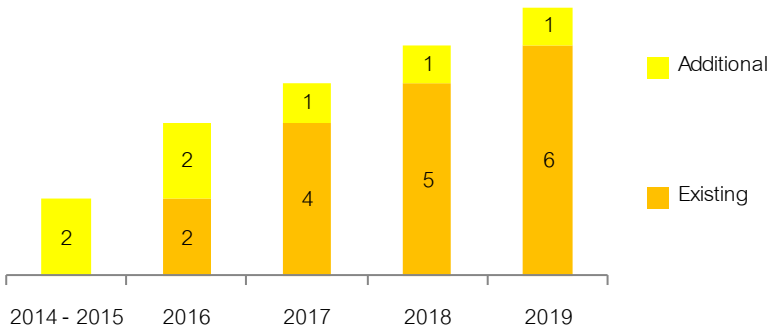
5) Other Variable Cost

The other variable costs consist mainly of sale and advertising costs, insurance policy fees and per diam allowances for cabin crew and pilots. According to the feasibility study, the other variable costs were set at the range of 8.8percent - 11.1percent of total revenues.

d) <u>Fixed Cost Assumptions</u>

1) Aircraft Lease

According to the business plan, NOKSCOOT will lease Boeing 777-200ER and / or -200. The current market rate of these falls between USD 520,000 - 630,000 each / month (source: the Company and CAPA: Center for Aviation). The IFA assumed that the rate was USD 575,000 each / month with reference to the average of the range stated herein. The number of aircraft is as follows



2) Staff Costs (with reference to the budget based on the feasibility study)

Position	Number of Person	Average Salary (SGD / Month)
Pilot - Copilot	30 persons during 2014 - 2015. Then, at least 60 persons / plane*	2,500 - 6,250 Escalation Rate 2.4percent / year**
Cabin Crew	171 persons during 2014 - 2015. Then , at least 60 persons / plane*	625 Escalation Rate 2.4percent / year**
Managements and Officers	At least 14 person / plane	3,750 Escalation Rate 2.4percent / year**

**Comply with rules and regulations of Civil Aviation Training Center*

***BOT's the headline inflation forecast in 2014 as monetary policy report in October 2013*

3) Other Expenses

Other expenses mainly consist of administrative, utilities, etc. with reference to the budget from the feasibility study:

	Y2014	Y2015	Y2016	Y2017	Y2018	Y2019
SGD / year	7,980,000	7,980,000	9,766,250	10,000,640	10,240,655	10,486,431
Escalation Rate		0.0%	22.4%	2.4%	2.4%	2.4%

According to the business plan, the JV Company would commence 4 new routes in 2019 (from its existing 3 routes). These new routes would result in high escalation rate of these fixed expenses in 2016. During 2017 - 2019, there would be 2, 2 and 1 new routes respectively.

e) Startup Costs

Expenses occurred during setting-up phase are mainly composed of staff training, preparation salary during training period, etc. According to management interview, the startup costs were set approximately at SGD 11 million only in 2014.

f) Depreciation and Amortization Assumptions

Based on the business plan, the JV Company planned to lease all aircraft and the office building. This causes the JV Company to have no significant fixed assets.

g) Financing Assumptions

According to the policy, the JV Company would fund its operation by using only equity financing. Normally, the airline business finances its operation by advance payments of airfares. Thus, JV Company does not have a policy to raise debt to fund the operation.

h) Corporate Income Tax Assumption

In order to increase the competitive capability of the country, the Thai government released its Royal Decree in late December 2011 to reduce the corporate income tax rate from 30.0percent to 23.0percent in 2012 and to further reduce the rate to 20.0percent in 2013 and 2014.

According to the Royal Decree, the corporate income tax has a tendency to remain at the rate of 20.0percent after 2014. Therefore, the IFA assumed that the corporate income tax rate after 2014 would remain at 20.0percent

Nevertheless, the JV Company planned to apply for the BOI tax privileges, such as exemption of income tax on earning before tax from promoted business for 8 years. Therefore, if the Joint Venture Company gains these privileges, the Company will earn more return than the rate projected by the IFA.

i) Working Capital Assumption

With reference to the feasibility study and management interview, the working capital assumptions are as follows:

1) Account Receivable approximately at 15 days
   Account receivable results from the sales through airline ticket agency.
2) Advance Revenue
   Based on the business plan, the Joint Venture Company planned to significantly sell the tickets through internet, which leads to the fact that the passengers will make an advance payment for the airfare. The average days passengers pay in advance were set around 30 days.
3) Account Payable approximately at 15 days
   Account Payable originates mainly from fuel costs and staff salary.
4) Minimum Cash THB 1,000 million reserved for expenses as the management's policy

j) Dividend Payout and Increased Share Capital Assumptions

The IFA assumed that throughout the projection there would be no increase in share capital if the working capital was sufficient. The dividend payout ratio was set at 90.0percent of net income if the net income was positive and there was no retained loss.

k) Terminal Value

Terminal value was based on the constant growth model by using the assumption that the average free cash flow after the last projected year would grow perpetually at 0percent based on the conservative basis.

Terminal Growth (Constant Growth Model) = FCFFn+1 / (WACC - growth rate)

l) Discount Rate Assumptions

In the calculation of the present value of the Joint Venture Company's cash flow, the IFA used the weighted average cost of capital ("WACC") as the discount rate. Details on WACC calculation can be shown below:

WACC	=	Kd * (1-t) * (D/V) + Ke * (E/V)
Kd	=	The average cost of debt of the Company during projected periods
t	=	Tax Rate
D	=	Interest Bearing Debt
E	=	Shareholders' Equity
V	=	Total Capital = D + E
Ke	=	Cost of equity, calculated through the application of Capital Asset Pricing Model (CAPM) whereby
Ke	=	$Rf + ß_L * (Rm - Rf)$
Rf	=	Risk free rate at 3.77percent with reference to 10-year government bond yield (source: www.thaibma.co.th)
Rm	=	Average return of the SET of 10.71 with reference to the weekly information during the past 10 years from Bloomberg
$ß_L$	=	Levered Beta whereby $ß_U * (1 + (1-t) * (D/E))$

โดย $ß_U$ = Unlevered Beta = 1.582

The unlevered beta used in the above calculation was referred to the average levered beta (since the Company was a listed company) of the Company from Bloomberg by using Interest bearing debt to shareholders' equity ratio (D/E ratio) with reference to the financial statement ended 31 December 2013.

D/E = D/E ratio = 0.0

WACC = 14.75percent

4.2 Rate of Return

	Y2014	Y2015	Y2016	Y2017	Y2018	Y2019
Free Cashflow to Firm (FCFF)						
Earning before Interest and Tax (EBIT)	-354	-446	-341	232	447	791
(-) Income Tax	0	0	0	0	0	-67
+/(-) Depreciation and Amortization	0	0	0	0	0	0
+/(-) Free Cashflow from Investing Activities	0	0	0	0	0	0
+/(-) Change in Net Working Capital	-920	280	350	242	211	189
FCFF	-1,274	-166	9	475	657	913
Terminal Value						6,187
FCFF in the Last Year of the Projection						913
WACC						14.75%
Growth Rate of FCFF						0.00%
FCFF and Terninal Value	-1,274	-166	9	475	657	7,100
IRR	45.6%					

According to the investment plan, the equity partner would mutually invest THB 2,000 million in the JV Company. Nevertheless, based on the financial projection, the use of fund in the first year (2014) will be lower than the investment amount. Consequently, the JV will have the excess cash of approximately THB 726 million (THB 2,000 - 1,274 million). In the second year (2015), the JV will need THB 166 million to support the operation. Therefore, the JV Company will use the funding only THB 1,440 million. After the first two years, the performance will gradually improve due to the additional routes and economy of scale. The registered capital of the JV Company was set at THB 2,000 million because the airline business involves many risk factors. Thus, it should be sufficient capital in order to buffer against the risk factors without future equity raised.

The rate of return was projected at 45.6percent which was relatively high. One of the causes of high return results from the nature of airline business in which the advance revenues significantly occur from pre-booking tickets (sales through the internet). Consequently, the Joint Venture Company's working capital would be positive, which has a positive impact on free cash flow and rate of return. However, the airline business involves many risks since it varies considerably according to a few core factors. Therefore, the return may be different from the rate the IFA projected if there is a change in one of the core factors. As a result, the IFA performed sensitivity analysis in 4.3.

4.3 Sensitivity Analysis

The IFA performed the sensitivity analysis by selecting the main factors which have a major impact on the return of the project. The IFA selected 2 main factors: 1) cabin factor of the Economy Seat in the first year of each route and 2) jet fuel price.

The sensitivity analysis was performed with respect to the following key variables:

1. Cabin factor in the first year of operation of each route (Economy Seat) + / - 3percent from base case. The range of the cabin factor was in line with the range of 79.0percent - 84.0percent cabin factor of comparable companies in 2013.

Cabin Factor in the first year of each Route		
Base Case - 3%	Base Case	Base Case + 3%
77.0%	80.0%	83.0%
13.1%	45.6%	64.8%

Based on sensitivity analysis on cabin factor in the first year of each route, the rate of return ranges from 13.1percent to 64.8percent.

2. Jet fuel price + / - 3percent from the base case. The IFA sensitized the jet fuel price between USD 122.4 - 130.0 / barrel. This range was considered rather high comparatively to the 5-year historical range of jet fuel price. The JV Company is capable to raise the airfare in the long run if the jet fuel moves up substantially.

Jet Fuel Price		
Base Case - 3%	Base Case	Base Case + 3%
USD 122.4 / barrel	USD 126.2 / barrel	USD 130.0 / barrel
52.9%	45.6%	35.5%

Based on sensitivity analysis on jet fuel price, the rate of return ranges from 35.5percent to 52.9percent.

Summary According to the base case, the rate of return at 45.6percent is relatively higher than the cost of capital of the Company of 14.75percent. Therefore, the IFA considered the investment in the JV Company and all connected transactions appropriate in term of pricing.

Moreover, if consider each transaction altogether with IRR, the Advisor has additional opinion that entering into the Transactions have 3 connected transactions which are 1) The Grant of loan to NOK SPV 2) Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment and 3) The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement. The opinion of each transaction as follows:

1) The Grant of Loan to NOK SPV

In consideration the loan to NOK SPV has characteristic as follows:

Line of Credit:	Not more than THB 970 million
Interest Rate:	Average Fixed Deposit 1 year Rate of SCB and KBANK + Addition 0.5 percent as at February 27, 2014 equal to 2.35 percent (which calculated from 1.85 + 0.5)
Duration:	10 years
Interest Payment Term:	Annually
Principal Payment Term:	Total amount at 10th year
Collateral:	None
Objective:	To set up and/or acquire shares and/or business of a joint venture via NOK SPV

The entering into this transaction consider as reasonable because the objective to grant loan to NOK SPV is to set up and/or acquire shares and/or business of a joint venture via NOK SPV. The principal of loan resulted from the Company's internal operating cash flow which is in short-term investment and also different amount from IPO. The interest rate determined by opportunity cost which is Average Fixed Deposit 1 year + Addition 0.5 percent. Excluding return from interest, the Company will get long-term dividend from JV Company in case that JV Company has operating profit and exceed operating cash flow.

In accordance with transaction structure, the Company seems likely granting loan to NOK SPV which has Mr. Patee Sarasin, connected person, as shareholders on NOK SPV. But considering based on fact basis, although the Company will hold shares 49 percent of the total issued shares but the Company has almost voting right and recognize benefit of NOK SPV (99.89 percent of total voting right). While Mr. Patee Sarasin has voting right only 0.102 percent, therefore; the granting of loan seems to be grant to the Company own subsidiary company.

2) Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment

The significant features of preferred shares as follows:

Type:	Cumulative Preferred Shares
Return:	Cumulative dividend at fixed rate not more than 6 percent per annum of investment
Dividend Payment Condition:	Only in the year where dividends are declared and preferred shares shall be entitled before common shares
Voting right:	1,000 preferred shares equal to 1 voting right
Other matters:	Shareholder class B (Preference shareholder) is not permitted to sell, transfer, pledge or any commitment on its own share, with exception from every shareholder class A (Common shareholder)
Related person:	Mr. Patee Sarasin who hold 50,000 preferred shares on NOK SPV

Dividend payment for preferred shares as dividend at fixed rate not more than 6 percent per annum of investment amounted of THB 5.1 million. Currently, this rate could not compare with the quotation borrowing rate offered by financial institution because the Company does not have any line of credit with financial institution. Therefore, the Advisor use borrowing rate at (MLR) 6.875 – 6.880 percent refer to MLR borrowing rate of KBANK and SCB as at March 4, 2014 (Source: Bank of Thailand) for comparative purpose. Considering at return on equity, the Company's dividend yield as at March 4, 2014 is at 5.5 percent (Source: www.settrade.com) which is similar rate given to preferred shares. In conclusion, based on reference above, the dividend payment to preferred shares at fixed rate not more than 6 percent per annum of investment is reasonable.

3) The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement

- Brand License Agreement

Brand License Agreement is entered into between the Company and/or NOK SPV, and/or SCOOT and/or the JV Company to obtain the right to use name, brand, trademarks, service marks and/or any other marks of the Company and SCOOT. The agreement is entered into between the Company and/or NOK SPV and SCOOT and the JV Company after the Company and/or NOK SPV enter into Joint Venture Agreement, rate of service is charged at 0.5 percent of earning before tax which separate to equally in each parties at 0.25 percent of earning before tax. (Source: management information)

The rate of service at 0.5 percent of earning before tax is determined by negotiation basis between the Company and SCOOT which are not have any relationship each other. Therefore, the rate of service could not specifically identify the resource and the termination of agreement or the maximum value to be collected. Based on financial projection, the Advisor use 5 years earnings before tax multiply by 0.25 percent (Company's part) for determine contract value equal to THB 7.5 million (Calculated from Best Case-Cabin Factor+3percent financial projection 5 years earnings before tax)

In overall, the feasibility of financial investment is still feasible when consideration service fee charged by Brand License Agreement. And IRR is still more than the Company's WACC. Therefore, based on reference above, service fee in accordance with Brand License Agreement is considered as reasonable.

- Special Prorate Agreement

Special Prorate Agreement is entered into between the Company and/or NOK SPV, and/or SCOOT and/or the JV Company for the purpose of determination a sharing of income or special prices of the sale of air tickets with an aim to build and expand airline network for the JV Company; in this regard, the relevant parties will later agree in details later.

The significant conditions in Special Prorate Agreement are on negotiation process. The Advisor could not calculate transaction size and render opinion subject to any conditions in this agreement. In accordance with the Company's management, main principle and any conditions in this agreement will be determined based on market practice which is as same as normal business in airline industry. Based on the Company's management statement, such principle is reasonable.

Section 5 Opinion of the Independent Financial Advisor

The Advisor gives an opinion that the Transaction's Conditions are reasonable as following details:

1) The Transaction shall enable the Company to increase its revenues and profits. The Company serves solely domestic routes called short hauls. The Transaction shall give the Company an opportunity to leverage growth potential for LCC market in international routes within 6 hours called medium haul including Asia-Pacific and Middle East that have been seen considerably strong rates of growth in the number of population, the expansion of economy, the number of tourist passengers and the activity of trades. Furthermore, the Transaction shall enable the Company to intend economies of scale. The company shall build connected routes to help achieve a low cost base and shall leverage synergy in distribution channels and airline bases.

2) Partnering with SCOOT shall give benefit to the Company as it can utilize know-how from SCOOT at lower amount of initial investments and promptly operate the LLC business. SCOOT experienced LCC market for international routes within the medium haul. Moreover, it has preferential access to better slots as the constraints of regulatory at many airports have protected flag airlines.

3) The Transaction shall not significantly affect financial status of the Company. The Company has not only capabilities for investments, but also currently has a strong financial status. It has sufficient liquidity to wholly invest in the investment purpose without any additional loan.

To enter into the Transaction, the Company may be affected by major risks including the risk of investing in a green field project, the risk of having no experience in business operations for international medium haul routes, the risk of not being well-known brand serving international markets, the risk of uncertain political situations, the risk of fuel price movements and the risk of exchange rates, all of which may lower the estimated rate of return on investment as detailed in Section 3.4.

The Advisor considers the reasonableness of the Transaction's price and conditions as follows:

The Advisor gives an opinion that the Transaction regarding to the Acquisition of Assets and the Connected Transactions are related to each other's; therefore, the Internal Rate of Return (IRR) of the project shall be used for the consideration of the appropriateness of the Transaction's price. In the projected IRR evaluation, it simultaneously takes into account the funds of establishment, the procurements of aircrafts, the amount of working capitals and the contract of agreements made with the connected persons.

According to the based case, the projected IRR of 45.6 percent is higher than the Company's weighted average cost of capital (WACC) of 14.75 percent. Thus, the Advisor gives an opinion that the investment purpose and the aforementioned related transactions prices (investment value) are appropriate. The sensitivity analysis shows the projected IRR ranges from 13.1 to 64.8 percent.

In addition, in considering each transaction is a connected transaction, the Advisor gives additional opinions in conjunction with the above projected IRR as following details.

1) The Grant of Loan to NOK SPV

In consideration the loan to NOK SPV has characteristic as follows:

Line of Credit:	Not more than THB 970 million
Interest Rate:	Average Fixed Deposit 1 year Rate of SCB and KBANK + Addition 0.5 percent as at February 27, 2014 equal to 2.35 percent (which calculated from 1.85 + 0.5)
Duration:	10 years
Interest Payment Term:	Annually
Principal Payment Term:	Total amount at 10th year
Collateral:	None
Objective:	To set up and/or acquire shares and/or business of a joint venture via NOK SPV

The entering into this transaction consider as reasonable because the objective to grant loan to NOK SPV is to set up and/or acquire shares and/or business of a joint venture via NOK SPV. The principal of loan resulted from the Company's internal operating cash flow which is in short-term investment and also different amount from IPO. The interest rate determined by opportunity cost which is Average Fixed Deposit 1 year + Addition 0.5 percent. Excluding return from interest, the Company will get long-term dividend from JV Company in case that JV Company has operating profit and exceed operating cash flow.

In accordance with transaction structure, the Company seems likely granting loan to NOK SPV which has Mr. Patee Sarasin, connected person, as shareholders on NOK SPV. But considering based on fact basis, although the Company will hold shares 49 percent of the total issued shares but the Company has almost voting right and recognize benefit of NOK SPV (99.89 percent of total voting right). While Mr. Patee Sarasin has voting right only 0.102 percent, therefore; the granting of loan seems to be grant to the Company own subsidiary company.

2) Return to preferred shares as dividend at fixed rate not more than 6 percent per annum of investment

The significant features of preferred shares as follows:

Type:	Cumulative Preferred Shares
Return:	Cumulative dividend at fixed rate not more than 6 percent per annum of investment
Dividend Payment Condition:	Only in the year where dividends are declared and preferred shares shall be entitled before common shares
Voting right:	1,000 preferred shares equal to 1 voting right
Other matters:	Shareholder class B (Preference shareholder) is not permitted to sell, transfer, pledge or any commitment on its own share, with exception from every shareholder class A (Common shareholder)
Related person:	Mr. Patee Sarasin who hold 50,000 preferred shares on NOK SPV

Dividend payment for preferred shares as dividend at fixed rate not more than 6 percent per annum of investment amounted of THB 5.1 million. Currently, this rate could not compare with the quotation borrowing rate offered by financial institution because the Company does not have any line of credit with financial institution. Therefore, the Advisor use borrowing rate at (MLR) 6.875 – 6.880 percent refer to MLR borrowing rate of KBANK and SCB as at March 4, 2014 (Source: Bank of Thailand) for comparative purpose. Considering at return on equity, the Company's dividend yield as at March 4, 2014 is at 5.5 percent (Source: www.settrade.com) which is similar rate given to preferred shares. In conclusion, based on reference above, the dividend payment to preferred shares at fixed rate not more than 6 percent per annum of investment is reasonable.

3) The entering into the relevant agreements in relation to the investment in the JV Company, including a Brand License Agreement, and a Special Prorate Agreement

- Brand License Agreement

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The rate of service at 0.5 percent of earning before tax is determined by negotiation basis between the Company and SCOOT which are not have any relationship each other. Therefore, the rate of service could not specifically identify the resource and the termination of agreement or the maximum value to be collected. Based on financial projection, the Advisor use 5 years earnings before tax multiply by 0.25 percent (Company's part) for determine contract value equal to THB 7.5 million (Calculated from Best Case-Cabin Factor+3percent financial projection 5 years earnings before tax)

In overall, the feasibility of financial investment is still feasible when consideration service fee charged by Brand License Agreement. And IRR is still more than the Company's WACC. Therefore, based on reference above, service fee in accordance with Brand License Agreement is considered as reasonable.

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Special Prorate Agreement is entered into between the Company and/or NOK SPV, and/or SCOOT and/or the JV Company for the purpose of determination a sharing of income or special prices of the sale of air tickets with an aim to build and expand airline network for the JV Company; in this regard, the relevant parties will later agree in details later.

The significant conditions in Special Prorate Agreement are on negotiation process. The Advisor could not calculate transaction size and render opinion subject to any conditions in this agreement. In accordance with the Company's management, main principle and any conditions in this agreement will be determined based on market practice which is as same as normal business in airline industry. Based on the Company's management statement, such principle is reasonable.

Following the above mentioned rationale, **the Advisor gives an opinion that the shareholders should approve the Connected Transaction**, which are 1) the financial support provided to NOK SPV, 2) the dividend payment to the preferred stockholders in the form of fixed dividend not exceeding 6 percent per annum and 3) the entering into the Brand License Agreement and the Special Prorate Agreement.

The decision to vote in the shareholders' meeting is solely dependent on the consideration and at the discretion of the shareholders. Shareholders should take into consideration the advantages, disadvantages and risks of the Transaction as well as carefully consider other issues in this report so as to make the most appropriate decision.

In preparing this report, the Advisor assumes all information and documents provided by the Company, the Company's financial advisor, the Company's legal advisor, the interview with the Company's management and executives and relevant persons as well as the publicly available information are valid and true. The Advisor cannot give any representation or warranty on the accuracy or the completeness of the information obtained. As such, should there be any invalidity and/or incorrectness and/or significant changes of such information in the future, this may affect to the Advisor's opinions regarding this transaction. Besides, this report was prepared to give an opinion on the connected transaction only based on the facts and assumptions which obtained during the period of preparing this report. Therefore, should there be any material changes in the future, the Advisor's opinions rendering to the Company and the shareholders could be affected.

The Advisor renders opinions for the Connected Transaction of the Company on March 6, 2014. With respect to interests of the Company's minority shareholders, the Advisor shall affirm that all information as mentioned above has been thoroughly studied and cautiously analyzed with the prudent discretion of general accepted standards of practices.

Suthang Khonsilpa
Operation Controller and Managing Director
Trinity Securities Company Limited