



(Translation)

No. BOD022/2017

August 10, 2017

**Subject** Notification of the Resolutions of the Board of Directors' Meeting on the Capital Reduction and Capital Increase and the Determination of the date of the Extraordinary General Meeting of Shareholders No.1/2017 (the “**EGM 1/2017**”) (Revised)

**To** President  
The Stock Exchange of Thailand

**Attachment** 1. Capital Increase Report Form (F53-4)  
2. Information Memorandum regarding the allocation of newly-issued ordinary shares

Nok Airlines Public Company Limited (the “**Company**”) would like to inform the resolutions of the Board of Directors' Meeting No. 8/2017 held on 10 August, 2017 at 14.00 hrs., approving the significant resolutions of the meeting as follows:

1. Approved to propose to the EGM 1/2017 to consider and approve the reduction of the registered capital of the Company by the amount of Baht 114,000,118 from the existing registered capital of Baht 1,406,250,000 to Baht 1,292,249,882, by cancelling 114,000,118 shares authorized but unissued, at a par value of Baht 1 per share and also approved to propose to the EGM 1/2017 to consider and approve the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital reduction.
2. Approved to propose to the EGM 1/2017 to consider and approve the increase of registered capital of the Company in order to accommodate the allocation of the newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted, in the total amount of Baht 1,207,000,000 from the existing registered capital of Baht 1,292,249,882 to new registered capital of Baht 2,499,249,882 by means of issuance of 1,207,000,000 newly-issued ordinary shares with the par value of Baht 1 each, and the Board of Directors also approved to propose to the EGM 1/2017 to consider and approve the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase. In this regard, additional details are specified as per Capital Increase Report Form (F53-4) Attachment 1, and Information Memorandum regarding the allocation of newly-issued ordinary shares Attachment 2.
3. Approved to propose to the EGM 1/2017 to consider and approve the allocation of not exceeding 1,207,000,000 newly-issued ordinary shares at the par value of Baht 1 per share following the increase in the registered capital as approved in item 2. above as the following details:



- (1) The allocation of the newly-issued ordinary shares not exceeding 1,135,999,882 shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering). In this regard, the Company determined the allocation ratio as 1 existing share to 1 newly-issued ordinary share (the total numbers of shares for the Rights Offering are 1,135,999,882 shares) with the offering price at Baht 1.50 per share and the subscription period of the offering newly-issued ordinary shares is 16-20 October 2017 (a total of 5 business days). In this regard, the Company has approved the date for determination of shareholders' entitled to subscribe for the newly-issued ordinary shares proportionate to their respective shareholdings (Record Date) on 28 September 2017 and the date for compiling list of shareholders according to Section 225 of the Securities and Exchange Act B.E.2535 (as amended) by way of book closing on 29 September 2017.

In the allotment of newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings, if there are newly-issued ordinary shares remaining after the first allotment to the existing shareholders proportionate to their respective shareholdings, the remaining shares shall be allotted to the oversubscribing shareholders, based on their existing shareholding and at the same offering price. If there are remaining shares after such allotment, the Company shall again allot the remaining shares to shareholders until there is no share remaining or until there is no shareholder express their intention to subscribe the newly-issued ordinary shares.

- (2) The allocation of not exceeding 71,000,118 newly-issued ordinary shares at the par value of Baht 1 to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted due to the Rights Offering with low price.

In this regard, additional details as per Capital Increase Report Form (F53-4) Attachment 1, and Information Memorandum regarding the allocation of newly-issued ordinary shares Attachment 2.

Furthermore, the Board of Directors also approved to propose to the EGM 1/2017 to consider and approve that the Board of Directors, authorized directors of the Company according to the Company's Affidavit or any person entrusted by the Board of Directors or authorized directors of the Company according to the Company's Affidavit shall be authorized to contact, negotiate, amend, agree, execute, and deliver all relevant documents, instruments, and/or agreements with the counterparties and/or any related persons relating to the allotment of newly-issued ordinary shares, including but not limited to contacting, arranging, submitting, and seeking approval, waiver (if any), and necessary and relevant evidence to the relevant government agencies or relevant authorities, including the Office of the SEC and the SET, as well as amending the relevant information memorandum to be disclosed, disclosing relevant information, making statement and information to relevant authorities, and determining and/or amending conditions and relevant details in relation to the allotment of newly issued shares from the capital increase of the Company to existing shareholders proportionate to their respective shareholdings (Rights Offering) and/or the allotment of newly issued shares from the capital increase of the Company to accommodate the exercise of the warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), subject to the relevant rule and law, which shall include but not be limited to the following: (1) to consider and determine whether the newly-issued ordinary shares shall be one or from time to time allocation, the offering period, date for listing the names of the existing shareholders having the right to subscribe for and be allocated the newly-issued ordinary shares under the Rights Offering (Record Date), payment for shares, and other details and conditions relating to the allocation; (2) to appoint the financial advisors, enter into negotiations, agreements,



and execute relevant documentation and agreements relating to the allocation, and to undertake any act in connection with the allocation of such shares; and (3) to sign application forms for permission, waiver (if any), and necessary and relevant evidence in relation to the allocation and offering of the newly issued ordinary shares, including to take actions and submit applications, waiver (if any) and necessary evidence to the relevant government agencies or relevant authorities, and to list the newly-issued ordinary shares on the SET, and to take any action necessary and relevant to the entering into the transaction in all respects until completion of the transaction, and to appoint and/or remove substitute to take the foregoing actions.

4. Approved the determination of the date of convening of the EGM 1/2017 on 20 September 2017 at 9.00 hrs. at Jupiter Room, 3th Floor, Miracle Grand Convention Hotel, No.99 Vibhavadi-Rangsit Road, Lak Si, Donmuang, Bangkok 10210 with the agenda items listed as follows:

Agenda 1 Matters to be informed by the Chairman for acknowledgement;

Agenda 2 To consider and adopt the minutes of the Annual General Meeting of Shareholders for the year 2017;

Agenda 3 To consider and approve the reduction of the registered capital of the Company by the amount of Baht 114,000,118 from the existing registered capital of Baht 1,406,250,000 to Baht 1,292,249,882, by cancelling 114,000,118 shares authorized but unissued, at a par value of Baht 1 per share and the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital reduction;

Agenda 4 To consider and approve the increase in the registered capital of the Company by the amount of Baht 1,207,000,000 from the existing registered capital of Baht 1,292,249,882 to Baht 2,499,249,882 by issuing 1,207,000,000 newly-issued ordinary shares at the par value of Baht 1 per share and to consider and approve the amendment to Clause 4 of the Memorandum of Association of the Company to be in line with the increase of the Company's registered capital;

Agenda 5 To consider and approve the allocation of not exceeding 1,207,000,000 newly-issued ordinary shares from the capital increase to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted;

Agenda 6 Other matters (if any)

5. Approved to determine the date for determining the names of Shareholders who shall be entitled to attend the EGM 1/2017 (Record Date) on **25 August 2017** and the date for gathering the name of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing the share register book and suspending the share transfer on **28 August 2017**.

Also, the Board of Directors approved that the Board of Directors, authorized directors of the Company according to the Company's Affidavit or any person entrusted by the Board of Directors or authorized directors of the Company according to the Company's Affidavit is/are authorized to amend and/or determine the time, date, agendas, details on agendas and venue for the EGM 1/2017 in accordance with the relevant laws and regulations, including to amend and/or determine the Record



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Date and the closing date of the share register book to suspend the share transfer for gathering the name of shareholders entitled to attend the EGM 1/2017.

Please be informed accordingly.

Sincerely yours,

Nok Airlines Public Company Limited

.....  
Brian Leslie Jeffery

Authorized to Sign on behalf of the Company



**Capital Increase Report Form**  
**Nok Airlines Public Company Limited**  
**10 August 2017**

We, Nok Airlines Public Company Limited (the “**Company**”), hereby reports the resolutions of the Board of Directors’ meeting of the Company No. 8/2017, which was held on 10 August 2017 during 14.00-18.00 hrs, to the Stock Exchange of Thailand (“**SET**”) in respect of capital increase to accommodate the allocation of newly issued shares to existing shareholders proportionate to their respective shareholdings (Rights Offering), as follows:

**1. Capital Reduction and Capital Increase**

**1.1 Capital Reduction**

In light of the capital increase, the Board of Directors has resolved to approve the reduction of the registered capital of the Company by the amount of Baht 114,000,118 from the existing registered capital of Baht 1,406,250,000 to Baht 1,292,249,882, by cancelling 114,000,118 shares authorized but unissued, at a par value of Baht 1 per share, in order to comply with Section 136 of the Public Limited Companies Act B.E. 2535 (1992) (as amended) which provides that the Company may increase its registered capital by the increase of the newly issued shares only after all shares have been issued and paid up in full, or if the shares have not been completely sold, the remaining shares shall be the shares issued for the exercise of rights under convertible debentures or warrants.

**1.2 Capital Increase**

The Board of Directors has resolved to approve the increase of registered capital of the Company from Baht 1,292,249,882 to Baht 2,499,249,882 by issuing 1,207,000,000 newly-issued ordinary shares with the par value of Baht 1 each, totaling Baht 1,207,000,000. The details of the capital increase are as follows:

<b>Type of Capital Increase</b>	<b>Type of Share</b>	<b>No. of shares (Share)</b>	<b>Par Value (Baht/Share)</b>	<b>Total Value (Baht)</b>
<input checked="" type="checkbox"/> specifying the purpose of utilizing proceeds	Ordinary shares	1,207,000,000	1	1,207,000,000
	Preferred shares	-	-	-
<input type="checkbox"/> General Mandate	Ordinary shares			
	Preferred shares			



## 2. Allocation of newly issued shares

### 2.1. Details of allocation for the specific purpose of utilizing proceeds

Allotted to	No. of shares	Ratio	Sale Price (Baht per share)	Subscription period and payment period	Remark
1.To the existing shareholders proportionate to their respective shareholdings (Rights Offering)	Not exceeding 1,135,999,882	1 existing ordinary share to 1 newly-issued ordinary share	Baht 1.50 Please see remark (1)	Please see remark (1)	Please see remark (2)
2.To accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted	Not exceeding 71,000,118 Please see remark (3)	-	-	Please see remark (4)	Please see remark (2)

#### **Remarks:**

- (1) In respect of offering of newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights offering), the allocation ratio is 1 existing share to 1 newly-issued ordinary share (the total numbers of shares for the Rights Offering are 1,135,999,882) with the offering price at Baht 1.50 per share, and the subscription period is 16-20 October 2017 (a total of 5 business days). In this regard, the Company has approved the date for determination of shareholders' entitlement to subscribe for the newly-issued ordinary shares proportionate to their respective shareholdings (Record Date) to be on 28 September 2017. The shareholder register book will be closed on 29 September 2017 in compliance with Section 225 of the Securities and Exchange Act B.E.2535 (as amended).

In the allotment of newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings, if there are newly-issued ordinary shares remaining after the first allotment to the existing shareholders proportionate to their respective shareholdings, the remaining shares shall be allotted to the oversubscribing shareholders, based on their existing shareholding and at the same



offering price. If there are remaining shares after such allotment, the Company shall again allot the remaining shares to shareholders until there is no share remaining or until there is no shareholder express their intention to subscribe the newly-issued ordinary shares.

- (2) the Board of Directors, authorized directors of the Company according to the Company's Affidavit or any person entrusted by the Board of Directors or authorized directors of the Company according to the Company's Affidavit shall be authorized to have the power to contact, negotiate, amend, agree, execute, and deliver all relevant documents, instruments, and/or agreements with the counterparties and/or any related persons relating to the allotment of newly-issued ordinary shares, including but not limited to contacting, arranging, submitting, and seeking approval, waiver (if any), and necessary and relevant evidence to the relevant government agencies or relevant authorities, including the Office of the Securities and Exchange Commission and the SET, as well as amending the relevant information memorandum to be disclosed, disclosing relevant information, making statement and information to relevant authorities, and determining and/or amending conditions and relevant details in relation to the allotment of newly issued shares from the capital increase of the Company to existing shareholders proportionate to their respective shareholdings (Rights Offering), subject to the relevant rule and law, which shall include but not be limited to the following: (1) to consider and determine whether the newly-issued ordinary shares shall be one or from time to time allocation, the offering period, date for listing the names of the existing shareholders having the right to subscribe for and be allocated the newly-issued ordinary shares under the Rights Offering (Record Date), payment for shares, and other details and conditions relating to the allocation; (2) to appoint the financial advisors, enter into negotiations, agreements, and execute relevant documentation and agreements relating to the allocation, and to undertake any act in connection with the allocation; and (3) to sign application forms for permission, waiver (if any), and necessary and relevant evidence in relation to the allocation and offering of the newly issued ordinary shares, including to take actions and submit applications, waiver (if any) and necessary evidence to the relevant government agencies or relevant authorities, and to list the newly-issued ordinary shares on the SET, and to take any action necessary and relevant to the entering into the transaction in all respects until completion of the transaction, and to appoint and/or remove substitute to take the foregoing actions.
- (3) When combining the remaining issued and allocated ordinary shares of the Company to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1) in accordance with the resolutions of the Annual General Meeting of Shareholders for the year 2017 in the amount of 28,500,048 shares, the total number of the ordinary shares of the Company to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1) is in the amount of 99,500,166 shares.
- (4) Details are specified in the Terms and Conditions Governing the Rights and Obligations of the Issuer and Holders of the Warrant to Purchase the Ordinary Shares No. 1 of Nok Airlines Public Company Limited (NOK-W1) (as amended).

## 2.2. The Company's plan in case where there is a fraction of shares remaining

Authorized directors of the Company according to the Company's Affidavit or any person entrusted by authorized directors of the Company according to the Company's Affidavit is authorized to use discretion to round down such fraction or undertake other actions as deemed necessary and appropriate in order to have a successful share capital increase.



### **3. Schedule for shareholders' meeting to approve the capital increase and allotment of shares**

The Extraordinary General Meeting of Shareholders No.1/2017 (the “EGM 1/2017”) is scheduled to be on 20 September 2017 at 9.00 a.m. The venue is at Jupiter Room, 3th Floor, Miracle Grand Convention Hotel, No.99 Vibhavadi-Rangsit Road, Lak Si, Donmuang, Bangkok 10210. The date for determination of shareholders' entitlement to attend the EGM 1/2017 will be **25 August 2017** (Record Date). The shareholder register book will be closed on **28 August 2017** under section 225 of the Securities and Exchange Act B.E.2535 (as amended) to prepare the list of shareholders who are entitled to attend the EGM 1/2017.

### **4. Approval of the capital increase and shares allotment by relevant governmental agency and conditions thereto**

- 4.1. To register the capital reduction, capital increase, amendment to the Memorandum of Association and the change of paid-up capital with the Department of Business Development, Ministry of Commerce.
- 4.2. To apply for an approval from the SET to list the newly issued shares as listed securities on the SET and trading on the SET.

### **5. Objectives of capital increase and plans for utilizing proceeds received from the capital increase**

The Company has the objectives to increase the capital to strengthen the Company's operation and financial position. In this regard, the Company plans to utilize the proceeds received from the capital increase as working capital in the operation of the Company and to improve the fleet, including expansion of routes and flight network. This will help increase the competitiveness of the Company and will result in the Company's better performance.

Please see additional details in Information Memorandum regarding the allocation of the newly-issued ordinary shares, Attachment 2.

### **6. Benefits which the Company will receive from the capital increase/shares allotment**

The proceeds from this issuance and offering of newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) will be an important part of Company's capital to be used to improve the Company's business as follows:

- Increase of working capital – for past years, the Company has been operating at a loss, the Company will use part of proceeds derived from the capital increase to be the working capital for business operation to enhance liquidity and promote strength in the Company's financial position.
- Expansion of routes and flight network– the Company has planned to invest in expansion of routes, of which the Company has studied and foreseen the potential. This will increase the Company's flight network, the utilization rate of airplanes and efficiency in business operation and will result in increasing Company's income and profit in the long run.
- Fleet adjustment - the Company has planned to adjust the fleet to increase the utilization rate per one airplane to reduce fixed costs per unit, for example aircraft rental, maintenance and personnel. This will result in the Company's better performance and profitability.

Please see additional details in Information Memorandum regarding the allocation of the newly-issued ordinary shares, Attachment 2.



**7. Benefits which the Shareholder will receive from the capital increase/shares allotment****7.1. Dividend Payment Policy**

The Company's policy is to pay its dividend to shareholders at a rate approximately not lower than 25 percent of its net profit based in the Company's financial statements after deducted corporate income tax and after deducted statutory reserves each year, in case there is no need to use proceed in any other situation and the dividend payment meanwhile must not materially affect the Company's normal operations.

7.2. The subscriber of the newly-issued ordinary shares will be entitled to receive dividends from the Company's business operation after the subscriber's registration as a shareholder of the Company

**8. Other details necessary for shareholders to approve the capital increase/shares allotment**

-None-

**9. Schedule of action where the Board of Directors passed the resolutions approving the increase in capital/the shares allotment**

<b>No.</b>	<b>Procedures of the Shares Allotment</b>	<b>Date / Month / Year</b>
1	Approval of the capital increase and shares allotment by the Board of Directors' Meeting No. 8/2017	10 August 2017
2	To determine shareholders' entitlement to attend the EGM 1/2017 (Record Date)	25 August 2017
3	To prepare the list of shareholders who are entitled to attend the EGM 1/2017 by closing share register book under Section 225 of the Securities and Exchange Act B.E.2535 (as amended)	28 August 2017
4	To hold the EGM 1/2017	20 September 2017
5	Registration of the increase of registered capital and amendment to the Memorandum of Association with the Department of Business Development, Ministry of Commerce	Within 14 days from the date of approval by shareholders
6	To determine the list of existing shareholders' who are entitled to the share subscription and be allotted for the newly issued ordinary shares (Record Date)	28 September 2017



<b>No.</b>	<b>Procedures of the Shares Allotment</b>	<b>Date / Month / Year</b>
7	To prepare the name list of shareholders who are entitled to the share subscribe and be allotted for the newly issued ordinary shares by closing share register book under Section 225 of the Securities and Exchange Act B.E.2535 (as amended)	29 September 2017

The Company here by certifies that the information contained in this report is true and correct in all respects.

(signed) -Mr. Rathapol Bhakdibhumi- Authorized Director

(Mr. Rathapol Bhakdibhumi)

*-Company's Seal-*

(signed) -Mr. Patee Sarasin- Authorized Director

(Mr. Patee Sarasin)

**Information Memorandum regarding the allocation of the newly-issued ordinary shares**

The Meeting of the Board of Directors of Nok Airlines Public Company Limited (the “**Company**”) No. 8/2017 held on 10 August 2017, resolved to approve the capital increase of Baht 1,207,000,000 from the existing registered capital of Baht 1,292,249,882 to Baht 2,499,249,882 by means of issuing 1,207,000,000 newly-issued ordinary shares with a par value of Baht 1 per share in order to accommodate the allocation of the newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted, which will be proposed to the Extraordinary General Meeting of Shareholders No.1/2017 (the “**EGM 1/2017**”) on 20 September 2017, for further consideration.

Details of offering of newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings are enclosed in Capital Increase Report Form (F53-4) (Attachment 1), and this Information Memorandum regarding the allotment of newly-issued ordinary shares offering to the existing shareholders.

**1. Details of the issuance and offering**

- 1.1 To allot the newly-issued ordinary shares not exceeding 1,135,999,882 shares with the par value at Baht 1 to the existing shareholders proportionate to their respective shareholdings (Rights Offering) at the ratio of 1 existing ordinary shares to 1 newly-issued ordinary share (the total numbers of shares for the Rights Offering are 1,135,999,882 shares) with the offering price at Baht 1.50 per share, totaling not exceeding Baht 1,703,999,823, and the subscription period of the offering newly-issued ordinary shares is 16-20 October 2017 (a total of 5 business days). In this regard, the Company has approved the date for determination of shareholders’ entitled to subscribe for the newly-issued ordinary shares proportionate to their respective shareholdings (Record Date) on 28 September 2017 and the date for compiling list of shareholders according to section 225 of the Securities and Exchange Act B.E.2535 (as amended) by way of book closing on 29 September 2017.

In the allotment of newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings, if there are newly-issued ordinary shares remaining after the first allotment to the existing shareholders proportionate to their respective shareholdings, the remaining shares shall be allotted to the oversubscribing shareholders, based on their existing shareholding and at the same offering price. If there are remaining shares after such allotment, the Company shall again allot the remaining shares to shareholders until there is no share remaining or until there is no shareholder express their intention to subscribe the newly-issued ordinary shares.

- 1.2 To allocate not exceeding 71,000,118 newly-issued ordinary shares at the par value of Baht 1 to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted due to the Rights Offering with low price.



In this regards, the issuance and offering of newly-issued ordinary shares to the existing shareholders is subject to the approval by the EGM 1/2017 of the Company.

## 2. Objectives of the issuance of new ordinary shares and Plan for utilization of proceeds

The Company has the objectives to increase the capital to strengthen the Company's operation and financial position. In this regard, the Company plans to utilize the proceeds received from the capital increase as working capital in the operation of the Company and to improve the fleet, including expansion of routes and flight network. This will help increase the competitiveness of the Company and will result in the Company's better performance.

## 3. Effect to the existing shareholders from the issuance and offering newly-issued ordinary shares to the existing shareholders

### 3.1 Control Dilution

The shareholders will not be affected because the issuance and offering of shares are made to existing shareholders in proportion to their respective shareholdings.

### 3.2 Price Dilution

$$\text{Price Dilution} = \frac{(\text{Market price} - \text{Market price following the offering})}{\text{Market price}}$$

Whereas:

Market price = Weighted average price of NOK share during the previous 15 business days before the date of the Board of Directors' meeting No. 8/2017 i.e. from 20 July – 9 August 2017, which equals to Baht 4.77 per share (information from SETSMART)

Market price following the offering =  $\frac{(\text{Market price} \times \text{No. of existing paid-up shares}) + (\text{Rights Offering Share price} \times \text{No. of Offering Shares})}{\text{No. of existing paid-up shares} + \text{No. of Offering Shares}}$

$$= \frac{(4.77 \times 1,135,999,882) + (1.5 \times 1,135,999,882)}{(1,135,999,882 + 1,135,999,882)}$$

$$= 3.14$$

$$\text{Price Dilution} = 34.17\%$$

Remark: Market price following the offering calculated above does not take into account the effect of the exercise of NOK-W1 because the warrants are currently out-of-the-money.

### 3.3 Earnings Per Share Dilution

The Company has suffered loss from the operation.



## 4. Opinion of the Board of Directors on the capital increase

### (1) Rationale and necessity for the capital increase

It is necessary for the Company to increase its registered capital and issue newly-issued ordinary shares to enable the Company to have funds to accommodate the business plan. The Board of Directors therefore approved the issuance of newly-issued shares to the existing shareholders in order to use the proceeds received from such capital increase to use as working capital and to accommodate the Company's business plan, such as the adjustment of fleet, including the expansion of routes and flight ne work, to enhance higher potential of competitiveness of the Company.

### (2) Feasibility of the utilization plan of proceeds from the offering of the newly issued ordinary shares

The Company expects that the issuance and offering of the shares to existing shareholders (Right Offerings) and the obtaining of proceeds from the offering of such newly-issued ordinary shares will occur within November 2017.

### (3) Reasonableness of the capital increase, plan to utilize the proceeds derived from the offering for sale, and projects to be operated, including the sufficiency of the sources of funds

The Company has necessity to raise additional fund approximately Baht 1,700,000,000, to accommodate the business plan of the Company, whereby the Company has the plan to improve the fleet, and expand the routes and flight network to build potentials for the competition with other business operators, causing the Company to have necessities additional working capital. After consideration of fundraising alternatives, the Board of Directors was of the view that the offering of newly issued ordinary shares to existing shareholders (Right Offerings) is the most suitable fundraising alternative for the Company's current situation, as the Company has been operating at losses and has negative equity from the financial statements ended 31 March 2017. In this regard, should the Company raise fund for approximately Baht 1,700,000,000 from this offering of capital increase shares, it will have sufficient fund for aforesaid business plan.

### (4) The potential impact which may occur to the business operation of the Company, as well as its financial positions, and operational results, due to the capital increase and the proceeds utilization plan or projects:

This capital increase by issuing and offering ordinary shares to existing shareholders will help strengthen the Company's operation and financial position, whereby the Company will use the proceeds received from such capital increase in adjusting fleet, expanding routes and flight network, and supporting the higher need of working capital in order to build the Company's potential in competing with other business operators in the industry. Such capital increase will cause positive results to the growth and profitability of the Company, without affecting the Company's liquidity. In addition, it will help the Company to continue its business with strong financial status and capital base, resulting in benefits to the Company and every shareholder. As of 31 March 2017, the Company has negative



equity in the amount of 630 million Baht. Combining the previous capital increase offered to existing shareholders in amount of 1,226 million Baht and this offering of ordinary shares to existing shareholders, the Company's equity will be positive.

**(5) Expected effects to the Company in the case that the newly-issued ordinary shares are not fully subscribed by the existing shareholders**

If the Company cannot fully offer shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering), the Company will allocate the proceeds received as it deems necessary and appropriate according to the objective. The Company may consider other alternatives sources of funds and the Company will prudently consider by taking into account subsisting situations.

**5. Certification of the Board of Directors regarding the capital increase**

In the case that the directors of the Company do not comply with the laws, the objectives, the articles of association of the Company, and the resolution of the meeting of shareholders in good faith and with care to preserve the interest of the Company on matters relating to the capital increase, resulting that the performance of any act or non-performance of any act which fails to comply with the aforementioned duties and causes damages to the Company, the Company may claim compensation from the directors. In the case where the Company fails to make such claim, any one or more shareholders holding shares amounting to not less than 5% of the total number of issued shares of the Company may request the Company to make such a claim. If the Company fails to take action as directed by the said shareholders, such shareholders may bring a suit to the court to claim compensation on behalf of the Company in compliance with the Section 85 of the Public Company Limited Act B.E. 2535 (as amended). In addition, in the case where the director acts or omits to act in such a way that not comply with the laws, the objectives, the articles of association and the resolution of the meeting of shareholders with due care and loyalty to preserve the interest of the Company on the matters relating to the capital increase, resulting that the director obtain undue benefits, the Company may bring an action against the director for disgorgement of such benefits to the Company. In this regard, a shareholder or shareholders who hold shares and have the right to vote amounting to not less than 5% of the total number of voting rights of the Company may request the Company to bring the aforementioned action and if the Company fails to proceed as requested within one month from the date of the notice, such shareholder or shareholders may bring an action for disgorgement of benefits on behalf of the Company in compliance with the Section 89/18 of the Securities and Exchange Act B.E.2535 (as amended).

Please be informed accordingly.

Sincerely yours,



**NOK AIR**

Nok Airlines Public Company Limited

-Mr. Rathapol Bhakdibhumi-

-Mr. Patee Sarasin-

(Mr. Rathapol Bhakdibhumi)

(Mr. Patee Sarasin)

Director

Director