



NOK AIR



**WE FLY
SMILES**



Nok Lite



Nok X-tra

No more complications

Nok Air makes your life easier with our new travel concepts of

“Choose Your Nok”

www.nokair.com



Nok MAX





NOK AIR

"Choose Your Nok"

3 Travel concepts, to fit your Lifestyle.



Nok Lite



Nok X-tra



Nok MAX



Advanced seat selection



Advanced seat selection



Advanced seat selection



7kg Carry-on baggage



7kg Carry-on baggage



7kg Carry-on baggage



Premium water on board



**15kg Checked baggage
(Domestic flight)**



**15kg Checked baggage
(Domestic flight)**



**20kg Checked baggage
(International flight)**



**20kg Checked baggage
(International flight)**



Premium water on board



Premium water on board



Well-selected hot meal



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Corporate Social
Responsibility: CSR



Message from the Chief Executive Officer



Dear Shareholders of Nok Airlines Public Company Limited

In 2017, Nok Air has also reconsidered and adjusted all strategic plans to enhance maximum operating efficiency and appropriately. We realigned preparation Turnaround Plan with a focus to reduce related cost and increase in revenues, which was divided into three sections, namely, reduction of losses, readiness to move forward effectively and increasing the number of routes. The Company puts in place the human resource development process more efficiently.

Service

At present, the Company remains committed to promote the Company's reputation and image continuously. In 2018, Nok Air realizes that more impressiveness from passenger and our memorable image as a "Lifestyle Airlines" are truly a key of our success to achieve our valuable goal, including Brand Equity in service development form. Nok Air offers the new way booking under the concept "Choose Your Nok", which reduces complications and make the travel with worry free. In additional, we serve the well-selected hot meal on board that the passenger can prefer advanced selection.

Resource allocation

Nok Air has established preparedness in terms of supporting systems, services, personnel training and all equipment, especially for the aircraft that can ensure adequate and appropriate. In 2018, Nok Air still has a total of 29 aircraft in its fleet but aims to maximize its aircraft utilization. As of end of 2016, there were increased the number of an average aircraft utilization of aircraft stood at from 7 hours per day to 10.4 hours per day, that almost achieve goals, namely 12 hours per day, which is expected to be completed in 2018.

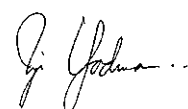
Increased the number of routes

Nok Air has been granted the new Air Operator Certificate from the Civil Aviation Authority of Thailand (CAAT), after the impacted from the International Civil Aviation Organization (ICAO)'s safety standards, made more confidence in the company to provide extensive flight services covering across Asia in the future. However, for the last year the Company operated international charter flights to China and have a plan to operate in scheduled flights. From February, the company launched the international flights which included Don Mueang-Zhengzhou and Don Mueang- Nanning. For Increased the number of domestic flights, the company will also be raised to connect between Thailand region, which have already operated from Udon Thani to Ubon Ratchathani. In addition, Nok Air is ready to launch the service code-share flights from Don Mueang to Mae Hong Son in cooperation with THAI Group, which is the alliance of three best-value airlines, comprising Thai Airways International Public Company Limited (THAI), Nok Airlines Public Company Limited, and Thai Smile Airways Company Limited.

Social responsibility

Nok Air throughout the last year to continue our business operation under marketing pressure from competitors. Nok Air has always recognized the importance corporate social responsibility with the role of the Thai airlines. We implemented several projects for social benefits sharing namely the "Nok Gives Life" project aimed to raise fund for the Cardiac Children Foundation of Thailand under the Royal Patronage of HRH Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarinda, which helped disadvantaged children with heart disease. The signing of the cooperation to support in Princess Mother's Medical Volunteer Foundation, which helped disadvantaged people in remote areas. We also have marketing project that related to social responsibility such as the income earned from souvenirs selling on board was donate to Hornbill Research Center and purchasing Consumer Goods to three southern provinces. Another project is "One of your meals is one full of Disadvantaged Children", for supply food to the least opportunity youth by the income earned from hot meal selling on board was donate to C.F.C Foundation under Her Royal Highness Princess Maha Chakri Sirindhorn.

On behalf of the Management of Nok Air and all Nok Air's staff, I would like to thank you all stakeholders, who have given great support to Nok Air. Your confidence in Nok Air is in line with the role of the Thai airlines which rapidly holds corporate social responsibility, good governance, transparency, ethics. We are of strong determination and assertive to enhance maximum operating efficiency and appropriately.



Mr. Piya Yodmani

Chief Executive Officer



Board of Directors



Mrs. Usanee Sangsingkeo

Director/Member of the
Executive Committee



Mr. Teerapol Chotichanapibal

Director/Chairman of the
Subcommittee on
Lufthansa Technik AG



Mr. Rathapol Bhakdibhumi

Director/ Member of the
Nomination and
Remuneration Committee



Mrs. Nalinee Ngamsetthamas

Director/Member of the
Executive Committee



Mr. Pravej Ongartsittigul

Director/Chairman of
Risk Management Committee/
Chairman of Corporate Governance
Committee/Chairman of the
Executive Committee



Mrs. Chiraporn Chemnasiri

Independent Director/
Chairman of the Audit Committee/
Member of the Nomination and
Remuneration Committee



Board of Directors



Mr. Visit Tantisunthorn

Independent Director/
Member of the Audit Committee



Mr. Apichart Chirabandhu

Independent Director/
Chairman of the Nomination and
Remuneration Committee/
Member of the Audit Committee



Mrs. Suphajee Suthumpun

Independent Director/
Member of the Audit Committee/
Member of the Corporate Governance
Committee



Mr. Piya Yodmani

Director/Chief Executive Officer/
Member of the Executive Committee/
Member of the Subcommittee
on Lufthansa Technik AG



Gen. Pornchai Kranlert

Advisor/Member of the
Corporate Governance Committee



Mr. Sorasit Soontornkes

Advisor/Member of the
Risk Management Committee



Executive Officer



Mr. Piya Yodmani

Chief Executive Officer



Mr. Norahuch Ployyai

Chief Operation Officer



Organization Structure



Note: * "Executives" as defined in the notification of the securities and exchange committee No.17/2551 Re: definition of the notification of issuance and offering of securities

** Mr. Brian Ieslie Jeffery resigned from his position, effective from December 5, 2017 and Mr. Piya Yodmani was appointed an acting Financial Officer

*** Mr. Yodchai Sudhidhanakul was appointed the Chief Executive Officer NokScoot Airlines Co., Ltd (Subsidiary), effective from November 1, 2017 and Mr. Piya Yodmani was appointed an acting Commercial Officer



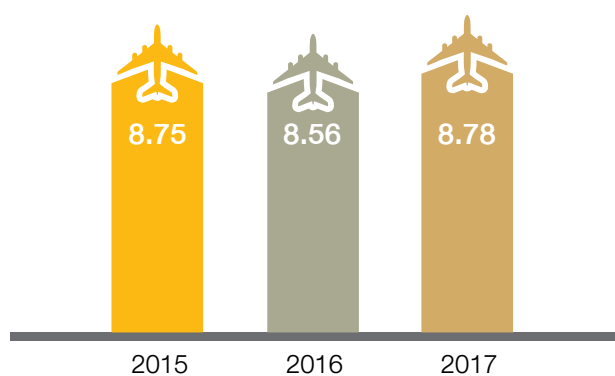
Operational Highlights

Operational Highlights

1. No. of Passengers



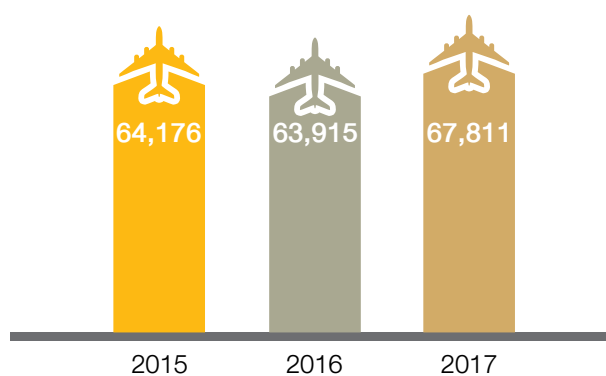
Million Passengers



2. No. of Flights



No. of Flights

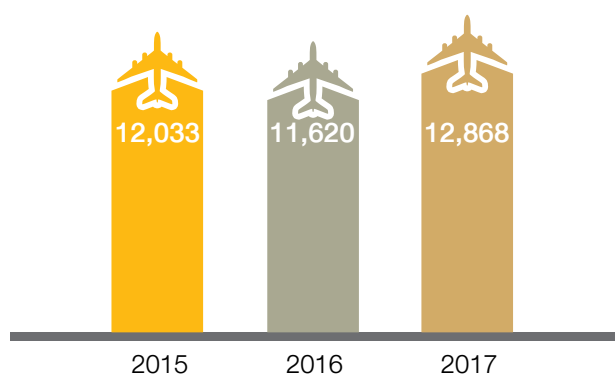


Financial Highlights

1. Passengers Revenues



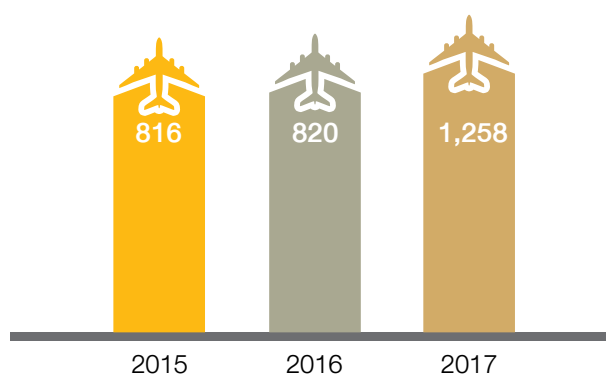
Million Baht



2. Service Revenues

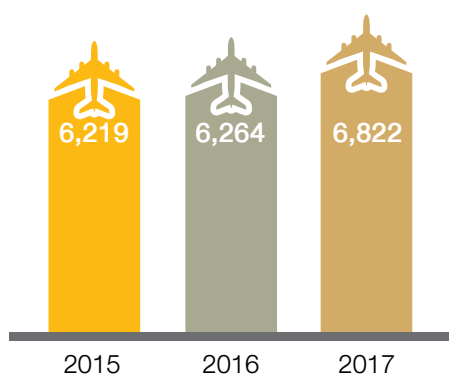


Million Baht

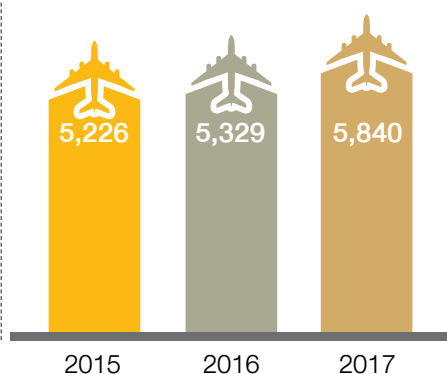


3. Available Seat
Kilometers (ASK)

Million Seat - km.

4. Revenue Passenger
Kilometers (RPK)

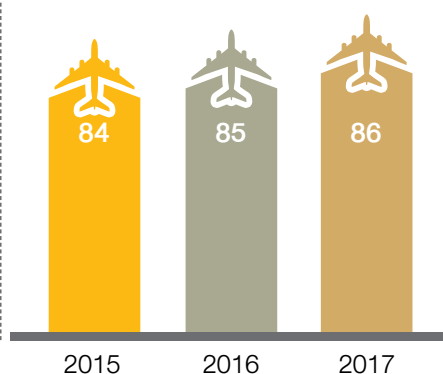
Million Seat - km.



5. Cabin Factor



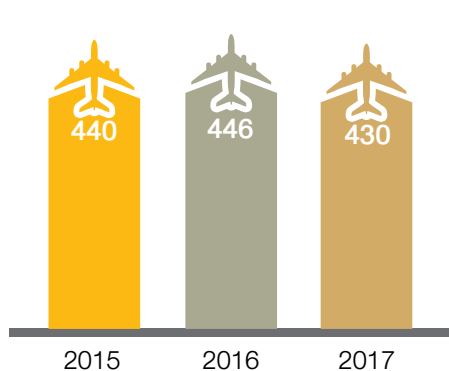
Percent (%)



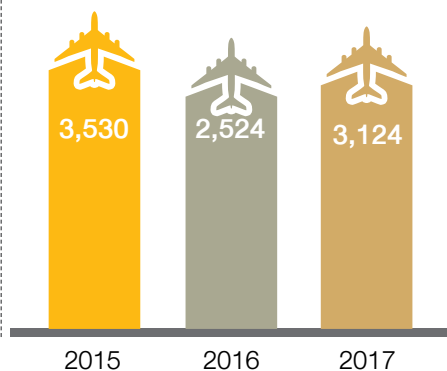
3. Ancillary Revenues



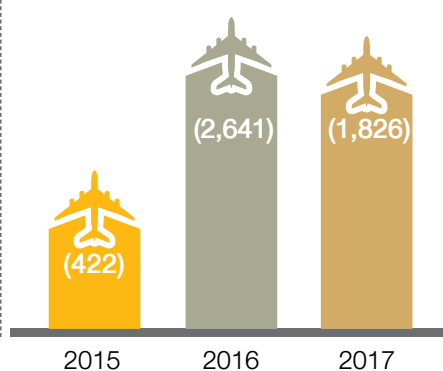
Million Baht

4. Contribution to Fixed
Costs

Million Baht

5. Total Comprehensive
Income (Loss)

Million Baht





Summary of Financial and Operational Information

		Separated Financial Statements			Consolidated Financial Statements		
Statement of Comprehensive income							
	Unit	2015	2016	2017	2015	2016	2017
Total Revenues	(Million Baht)	13,387	13,120	14,787	14,296	16,938	20,377
Total Expenses	(Million Baht)	13,804	15,746	16,612	15,954	20,194	22,268
Share of Loss on Investment in Joint Venture	(Million Baht)	-	-	-	-	14	8
Profit Before Income Tax Expenses	(Million Baht)	(418)	(2,627)	(1,826)	(1,658)	(3,270)	(1,900)
Profit For the Year	(Million Baht)	(424)	(2,627)	(1,826)	(1,664)	(3,270)	(1,900)
Profit (Loss) Attributable to owners of the parent	(Million Baht)	(424)	(2,627)	(1,826)	(726)	(2,795)	(1,854)
Statement of Financial Positions							
Total Assets	(Million Baht)	6,643	4,494	5,726	7,110	6,001	7,330
Total Liabilities	(Million Baht)	3,227	3,719	3,846	4,168	6,341	6,639
Shareholder’s Equity	(Million Baht)	3,417	775	1,880	2,942	(340)	691
Financial Ratios							
Operating Profit Margin	(%)	(3.1)	(20.0)	(12.3)	(11.6)	(19.3)	(9.3)
Net Profit Margin	(%)	(3.2)	(20.0)	(12.3)	(11.6)	(19.3)	(9.3)
Return on Equity	(%)	(11.7)	(125.3)	(137.6)	(19.9)	(214.8)	(1,056.4)

Operational Statistics

	Separated Financial Statements			
	Unit	2015	2016	2017
Nok Air Operational Statistics				
No. of Passengers	(Million Passengers)	8.76	8.56	8.78
No. of Sectors	(Sectors)	64,176	63,915	67,811
Available Seat Kilometers	(Million Seat-Km)	6,219	6,264	6,822
Revenue Passenger Kilometers	(Million Seat-Km)	5,226	5,329	5,840
Cabin Factor	(%)	84%	85%	86%
Average Air fare (Not included VAT and Airport Tax)	(Baht/Passenger/Sector)	1,374	1,357	1,465
Passenger Yield	(Baht/Passenger-Km)	2.30	2.18	2.20
Revenue Per Available Seat Kilometers	(Baht/Seat-Km)	2.11	2.02	2.06
Cost per Available Seat Kilometers	(Baht/Seat-Km)	2.24	2.51	2.40
Stage Length	(Kilometers)	597	623	665
On-time Performance	(%)	84.2	89.8	85.6
No. of Aircraft as ending of period				
Boeing 737-800	(Aircraft)	20	22	20
ATR 72	(Aircraft)	2	2	2
Bombardier Q400	(Aircraft)	6	8	8



Company's Major Developments



2558/2015

- Was delivered two Boeing 737-800 Next Generation aircraft, each on 21 August 2015 and 20 November 2015, respectively, and two Bombardier Q400 NextGen aircraft, each on 28 September 2015 and 30 September 2015, respectively.
- Increased the number of Bangkok-Yangon return flights from two to three flights per day to enhance passengers' travel time convenience, starting on 2 September 2015.
- The ICAO's audit of Thailand's aviation system standards had no significant impact on the Company's business.
- Invested in Air Black Box Asia Pacific Pte. Ltd. which was established in Singapore, to develop inter-airline ticket reservation systems, with registered capital of 4 million US dollars. The shareholder structure consisted of Nok Airlines Public Company Limited, with investment representing 25 percent, Scoot Pte Ltd., 25 percent, and TOD Holdings Co., Ltd., 50 percent.



2559/2016

- Was delivered additional three Boeing 737-800 aircraft, each in March, August, and November 2016, respectively, and two Bombardier Q400 NextGen aircraft in July 2016.
- Cooperated with alliance airlines within the Asia-Pacific region under "Value Alliance" in order to enhance competitive edge and be able to offer various routes provided by alliance airlines.
- Reduced the shareholding stake in Air Black Box Asia Pacific Pte. Ltd., with registered capital increased from 4 to 5.6 million US dollars. The shareholders consisted of Nok Airlines PCL, with investment representing 15 percent (decreased from 25 percent), Scoot Pte. Ltd., 15 percent (from 25 percent), ANA Holdings, Inc., 15 percent, Cebu Air, Inc., 15 percent, and VaultPAD Ventures Ltd. (previously named TOD Holdings Co., Ltd.) 40 percent.

**2560/2017**

- The new way booking from Nok Air “Choose Your NOK”.
- Took the aircraft out of the fleet total four aircrafts, according to the company’s business plan and took the delivery of brand-new aircraft which were two Boeing 737-800s Next Generation in June and September 2017.
- Increased the number of Charter flights such as Don Mueang-Nanning, Don Mueang - Yancheng, Don Mueang - Yinchuan, Don Mueang - Zhengzhou, U-Tapao - Haikou, U-Tapao - Yichang and so on.
- Nok Air operates 3 flights per week from Mae Sot to Rangoon, starting on October 29.
- The launch of new five routes under “Fly ‘n’ Ride service” from and to the nearby destinations where the company does not directly operate by transferring passengers to the closest airports and transporting via buses to the final destinations.
- Increased the various payment channels in five options to smooth your travel planning, namely BBL Direct Debit, Big C, Rabbit LINE Pay, Rabbit LINE Pay and TESCO Lotus.
- The Company’s registered capital and paid-up capital are as follows: Registered capital of 2,499,249,882 shares at par value of 1 baht per share with total value of 2,499,249,882 baht Paid-up capital of 2,271,999,764 shares at par value of 1 baht per share with total value of 2,271,999,764 baht.



Key Milestones 2017



1. Nok Air has been granted the Air Operator Re-Certificate that conforms to standards of The International Civil Aviation Organization from the Civil Aviation Authority of Thailand (CAAT)



2. “Choose Your Nok” The new way booking from Nok Air which facilitates the passengers with new travel concepts



3. Took the delivery of the brand-new Boeing 737-800 Next Generation



4. Attend a press conference to launch “Don’t miss 12 City .. Plus 2017” organized by the Tourism Authority of Thailand.



5. To promote the conservation of hornbills in ecological projects and promote biology systems and ecology of hornbills in Thailand.



6. Nok Air donated essential supplies to support soldiers in three southernmost provinces in “Thanks from the Thai people” project



7. Together with the Ministry of Transport organized “Chai Khong cycling activity”. To promote exercise and bike routes in order to encourage health tourism

8. Prepared survival kits for flood victims in Sakon Nakhon and nearby

9. Nok Air flied Mae Sot - Yangon



11. Increased Fly 'n' Ride from Don Mueang- Nakhon Phanom (Phra That Phanom) two flights

10. Increased the number of Fly 'n' Ride (Don Mueang- Loei - Chiang Khan) from one to three flights



12. Increased the number of Fly 'n' Ride (Don Mueang - Phitsanulok - Uttaradit) from two to four flights



General Information

General Information

Company Name	NOK AIRLINES PUBLIC COMPANY LIMITED
Type of Business	Low Cost Airline
Head Office	3 Rajanakarn Building, 17 th Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120
Registration No.	0-1075-56000-09-4
Homepage	www.nokair.com
Investor Relations site	www.nokair.com/investor_relations
Telephone	+66 2627 2000
Facimile	+66 2285 6944
Common Stock	<p>As of 31 December 2017, the Company's registered capital and paid-up capital are as follows:</p> <p>Registered capital of 2,499,249,882 shares at par value of 1 baht per share with total value of 2,499,249,882 baht</p> <p>Paid-up capital of 2,271,999,764 shares at par value of 1 baht per share with total value of 2,271,999,764 baht</p>

Other References

Registrar	<p>Thailand Securities Depository Co., Ltd.</p> <p>93 Ratchadaphisek Road, Dindaeng, Bangkok, 10400, Thailand</p>
Telephone	+66 2009 9000
Facimile	+66 2009 9991
Homepage	www.set.or.th/tsd
Auditor	<p>Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.</p> <p>AIA Sathorn Tower, 23rd - 27th Fl.</p> <p>11/1, South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand</p>
Telephone	+66 2034 0000
Facimile	+66 2034 0100



Nature of Business

Business Operation

Nok Air operates a budget airline under the “Nok Air” brand where it provides domestic and international point-to-point air transport services. As of December 31, 2017, the Company has a fleet of 30 leased aircraft, including 20 Boeing 737-800, 8 Bombardier Q400s and 2 ATR-72s. The Company receives investment promotional privileges under the Investment Promotion Act B.E. 2520 (and Amendment) from The Board of Investment of Thailand (BOI) in the large mass and cargo transport business. Details of the investment incentives are as follows:

1. Corporate income tax exemption on net profit generated from the consolidated BOI promoted businesses of not exceeding 100% of the investment capital, excluding land and revolving capital. The incentive is given for 8 years starting from the date the business begins to generate income.
2. The right not to include dividend received from BOI promoted projects with corporate income tax exemption into taxable income throughout the corporate income tax exemption period.
3. Exemption of import duty on imported aircraft
4. The right to allow foreign technicians or experts and their spouse and dependants to travel to Thailand and work in the specified position within the timeframe allowed by the Board of Directors.

In providing outstanding services, Nok Air is recognized for its services like free seat assignment, complimentary in-flight drinks and WIFI onboard service (in an aircraft with supporting equipment) and free minimum check-in baggage allowance. (Economy Class)

Nok Air Route

Nok Air provides extensive flight services covering every region across Thailand. At present, Nok Air has the most domestic route coverage in Thailand. As of December 31, 2017, Nok Air flew 27 routes of which 24 routes are domestic flights, 3 international routes with a total of 603 flights per week. To extend its wing to overseas territories, Nok Air signed the Interline Cooperation Agreement with Singapore’s Scoot Airlines which allowed Nok Air to sell tickets from domestic destination such as Chiang Mai, Chiang Rai, Phuket, Udon Thani, Ubon Ratchathani, Nakhon Si Thammarat in Trang, and Hat Yai to Singapore. The agreement enables passengers to buy one single ticket that covers destinations operated by these two airlines.

The company was corporate with 8 Asia-Pacific low cost airline alliances or “Value Alliance” consist of Nok Air, Nok Scoot, Scoot, Cebu Pacific (including Cebgo Air), Jeju Air, Tigerair Singapore, Tigerair Australia and Vanilla Air which cover more than 160 destinations all over Asia-Pacific region in order to facilitate the passengers.

Nok Air offers flights from its main operation base at Don Mueang International Airport with a focus to service flights on high demand routes as primary routes⁽¹⁾ as well as flights on lower demand but potentially grown routes as secondary routes⁽¹⁾ and feeder routes⁽¹⁾. This is in line with Nok Air's competitive strategies to provide the most comprehensive coverage in Thailand. As of December 31, 2017, Nok Air operates 603 return flights per week.

For international routes, Nok Air provides service to two route in Myanmar which is Don Mueang-Yangon and Mae Sot-Yangon. In addition to Nok Air commenced Charter flight to China. As of 31 December 2017, Nok Air operates 43 round trip flights in this region.

Nok Air also emphasizes on the services to and from the northern, northeast and southern regions. The locations of origin and destination airports in the north and northeast regions are not affected by seasonal monsoon like those in the south. We can therefore regularly operate in those regions all year round. Geographically, the north and northeast regions are closed to neighboring countries in the Indochina region, namely Myanmar, Laos and Cambodia, which is projected to see significantly increasing demand for air transport in the future. As of December 31, 2017, Nok Air operated 434 flights per week to and from airports of origin and destinations in the north and northeast and 334 flights per week, from the south 210 flights per week and central 16 flights per week representing 54%, 34% and 3 of the total flights per week respectively. The remaining 7% of our flights are operated to and from overseas origins and destinations. Nok Air has provided charter flight for group passenger and unschedule flight.

¹ Announcement of the Ministry of Transport: Criteria for Domestic Route Service as of September 27, 2006 as follows:

- Primary route is a route with total passengers over 300,000 a year which Department of Civil Aviation allows all Thai airlines to operate commercial flights along these routes without any restriction of the number of airlines.
- Secondary route is a route with total passengers between 50,000 and 300,000 a year and Department of Civil Aviation allows only three airlines to operate commercial flights in these routes.
- Feeder route is a route with total passengers less than 50,000 a year and Department of Civil Aviation allows only two airlines to operate commercial flights in these routes.

Revenue Structure

Consolidated Financial Statement						
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from transportation						
Total revenue from transportation	12,854.80	89.92	14,762.41	87.15	17,385.99	85.32
Total Ancillary revenues ¹	897.81	6.28	1,463.21	8.64	2,186.11	10.73
Other revenues						
Interest income	44.46	0.31	36.61	0.22	23.91	0.12
Others	499.13	3.49	676.09	3.99	780.69	3.83
Total other revenue	543.59	3.80	712.70	4.21	804.6	3.95
Total revenue	14,296.20	100.00	16,938.32	100.00	20,376.7	100.00

¹ Ancillary revenues include revenue from travel changes, excessive baggage, ticket booking and payment fee and sales from snacks, drinks and souvenirs.

Nok Air's main source of revenues is transportation. In 2017, our transportation revenues were 12,868.38 million Baht, representing 87.03% of the total revenue. Majority of the fare was from scheduled flight services both domestic and international routes which operated under "Nok Air" brand, covering domestic route almost all primary, secondary and feeder domestic routes in the country totaling 27 routes and 3 international routes are schedule flight including international route of NokScoot Airlines Co., Ltd. which fully operate in 2017 after the impacted from the International Civil Aviation Organization (ICAO)'s safety standards, leading its initial plan to Japan and South Korea to temporarily defer. NokScoot therefore shifted its plan to operate flights to China instead since June 2015 onwards. In addition to scheduled flight service, chartered flight service is another source of revenue of Nok Air and NokScoot which most of them are chartered from Thailand to overseas. Such services are provided in addition to schedule flights, which significantly enable us to optimize our aircrafts. The said service revenues in 2017 were 1,257.96 million Baht, representing 8.51% of the total revenues.

Ancillary revenues in 2017 of Nok Air were 1,257.96 million Baht, representing 8.51% of the total revenues. The ratio of other revenues is not very high because Nok Air has a policy to set air fare that already covers main services such as baggage and snacks so as not to collect additional charge on passengers like what other low-cost airlines do. This is one of the main strategies to differentiate Nok Air's service from others.

Other revenues in 2017 were 660.33 million baht, representing 4.46% of the total revenue. Other revenues consist of interest income, insurance refund, aircraft maintenance refund, including gain on sale and leaseback aircraft and others.

Distribution and Payment Channels

As the airline business's leader in the development of new channels of air ticket sales and payment, Nok Air remains committed to introduce new and innovative channels for ticket reservation and payment to cover the needs of all groups of customers. At present, customers can make a reservation through five channels; namely, website (including mobile phone applications), call center, airport counter, ticket agent and Counter Service. Website and electronic channels remain the most popular means for ticket reservation thanks to its convenience, 24/7 availability and zero fee charge. Besides, Nok Air has an exclusive reservation channel for group travelers, corporate clients and government officials.

Distribution and Payment Channels Table

Distribution and Payment Channels	Website	Website on mobile devices	Call Center	Airport Counters	Ticket Agents	Counter Service
1. Cash	x	x	x	✓	✓	✓
2. Credit Cards	✓	✓	✓	✓	✓	x
3. ATM	✓	✓	✓	x	x	x
4. Counter Service	✓	✓	✓	x	x	✓
5. Direct Debit (Available at SCB)	✓	x	x	x	✓	x
6. Krungthai Bank Counters	✓	✓	✓	x	x	x

• Website and electronics channels distribution

Website and electronics are the most popular ticket sales channels, accounting for 71% of the total ticket sales in 2017. Passengers can book their seats at www.nokair.com and www.nokfanclub.com or on mobile site m.nokair.com. These channels offer the highest convenience and most comprehensive services ranging from checking flight routes, schedules, seat reservation, check-in, ancillary service request and reservation for flight connection. Another important channel is application on smart phone that better address the rapid growth of smartphone users, enabling Nok Air to provide more alternative reservation channels and greater convenience for passengers.

In terms of operation, website reservation is the lowest cost channel because of no headcount expense on employee manning the service. Online check-in via website and mobile phone also significantly reduces time and volume of passengers queuing at the airport counters, which also reduce risk on delayed flight. Nok Air anticipates that website and electronic channels will remain the major ticket reservation and sales channel with positive trend in the future. The Company will therefore be able to optimize operation costs thanks to this channel.

• Call Center

Customers can make flight reservation via Nok Air's Call Center 1318 everyday from 6.00 - 24.00 hrs. Nok Fan Club members can also reach special member channel 24 hours. In 2017, Nok Air's ticket sales via Call Center accounted for 3.14% of the total sales. Although the number is small, it is an important channel for customers to request information and communicate their complaint with the Company.

- **Airport Counter**

Nok Air's reservation service is available at all airports it operates. As of December 31, 2017, Nok Air has 30 sales offices. The Company earned 8.66% of the revenue from the reservation made via this channel.

"Nok Dude & Nok Babe" is a new initiative to increase reservation convenience at airports and reduce time for queuing at airport counters. Nok Air employees - "Nok Dude" and "Nok Babe" are stationed at Don Mueang International Airport to facilitate passengers in checking-in via tablets without waiting at the counter. Payment through credit cards and advanced seat bookings also speed up the reservation and check-in process.

- **Ticket Agents**

Customers can also buy tickets via registered ticket agents nationwide and in neighboring countries. As of December 31, 2017 total of passenger making ticket representing 22.96% of the total sales channels. Agent booking is efficient for customers who do not have easy access to the Internet or Call Center. Air fare for customers booking with ticket agents is the same as other channels. It is Nok Air's policy to pay commission fee to ticket agents.

- **Counter Service**

Counter Service and convenient stores offer convenience for customers to buy tickets easily and quickly. Customers can contact Counter Service in 7-Eleven stores and stand alone Counter Service. As of December 31, 2017, there are 10,000 counter services nationwide. These channels provide Nok Air with more ticket sales channels that address all customer groups' demand 0.72%.

- **Others**

Other ticket channels include temporary sales booth in travel fairs and promotion events in department stores and shopping centers. Despite their temporary service, this is an important channel that crucially supports the Company's marketing activities and enhances Nok Air's corporate image. This also provides Nok Air with an opportunity to directly introduce our services to customers.

Considering payment channels, credit card is the most popular channel thanks to its high convenience. Other payment channels are cash, ATM payment (at SCB, KTB, BBL, TMB and KBANK) and Counter Service. Group travelers, corporate customers and government employees may have different payment term as agreed.

Nok Air will continue to increase convenience for our passengers through offering of new ticket reservation and payment channels. Nok Air is the low-cost airline with the largest variety of sales and payment channels. In terms of customer service, Nok Air has designed and offered services that best address demand of our customers, especially Thais who are majority of our customers and need high convenience. All services are offered without extra charges, including advance seat selection, minimum 15 kilograms baggage allowance, in-flight snacks and drinks. We have also continuously developed our services to respond to the changing customers' behaviors, such as reservation, payment and check-in via smartphone application, check-in by telephone and airport and onboard WiFi.

Operations

At present, Nok Air offers a passenger transportation service with the flight operation base at Don Mueang International Airport with its main departments; the Pilot and Crew Center, the Flight Operation Department, the Aircraft Maintenance Department, Quality Safety Security Department and the Customer Service Department. Meanwhile, jet fuel filling is mostly carried out at Don Mueang International Airport thanks to its lowest cost. Fuel is only filled from time to time at a regional airport based on required safety standard.

Product and Services

Aircraft Acquisition

Nok Air's policy is to procure aircrafts that appropriately respond to flight demands in each route whether it's primary, secondary and feeder routes. As of December 31, 2017, Nok Air operated 3 aircraft types in its fleet; namely, Boeing 737-800, ATR 72-500 and Bombardier Q400, for a total of 30 aircraft, all of which are procured through Dry Lease which means only aircraft is leased with neither pilot nor crew. Nok Air's operating lease agreement normally lasts 7 - 12 years.

Details of Nok Air's Fleet as of December 31, 2017

Type of Aircraft	Number of Aircraft	Capacity (seat per aircraft)	Average Age (year)
Boeing 737-800	20	189	7.6
ATR 72-500	2	66 - 72	9.6
Bombardier Q400	8	86	1.5
Total	30		6.2

Boeing 737-800 is a medium-haul narrow-body aircraft with jet engines. The aircraft are required in primary and secondary routes. Meanwhile, ATR 72-500 and Bombardier Q400 are small two-engine turboprop aircrafts designed for short-haul flight. Nok Air mostly flies these two aircraft types in secondary and feeder routes to suit modest demands along the routes.

Aircraft Utilization Rate per Aircraft

As Nok Air aims to maximize its aircraft utilization while ensuring passenger's safety and preventing flight delay that could affect its flight schedules, as of end of 2017, Nok Air had a total of 30 aircraft in its fleet. An average aircraft utilization of all types of aircraft, namely Boeing 737-800, Bombardier Q400 and ATR 72-500 stood at 8.1 hours per day, 6.2 hours per day and 6.0 hours per day respectively, which aircraft utilization rate per each aircraft may not match its plan and effect on revenue and cost per unit significantly, Which aircraft utilization rate per each aircraft may not match its plan and effect on revenue and cost per unit significantly.

The Company also has a policy to minimize the type of aircraft in providing proper services in the primary and secondary routes. A limited type of aircraft will enable Nok Air to optimize maintenance cost and increase pilot flexibility. Operating expenses related to parts for maintenance, training for pilots, crew, engineers and technicians will also vary according to the type of aircraft and engines used in the fleet.

Aircraft Maintenance

Focusing at passenger's safety, Nok Air underlines a perfect flight-ready condition of its aircrafts under the check-up and maintenance criteria of Civil Aviation Authority of Thailand (CAAT), the US Federation Aviation Administration (FAA) and the European Aviation Safety Agency (EASA). As full-service aircraft maintenance and repair is capital-intensive and requires specialized technicians, as of December 31, 2017, Nok Air possessed transit check and daily check permits as well as the A-check and Light maintenance permit but it had no maintenance facility of its own to conduct heavy maintenance. Nok Air hired the third-party service provider with aircraft maintenance expertise and facility as well as CAAT and FAA or EASA accreditation to plan its maintenance and to repair and maintain its aircrafts.

Procurement of Parts and Spare Parts

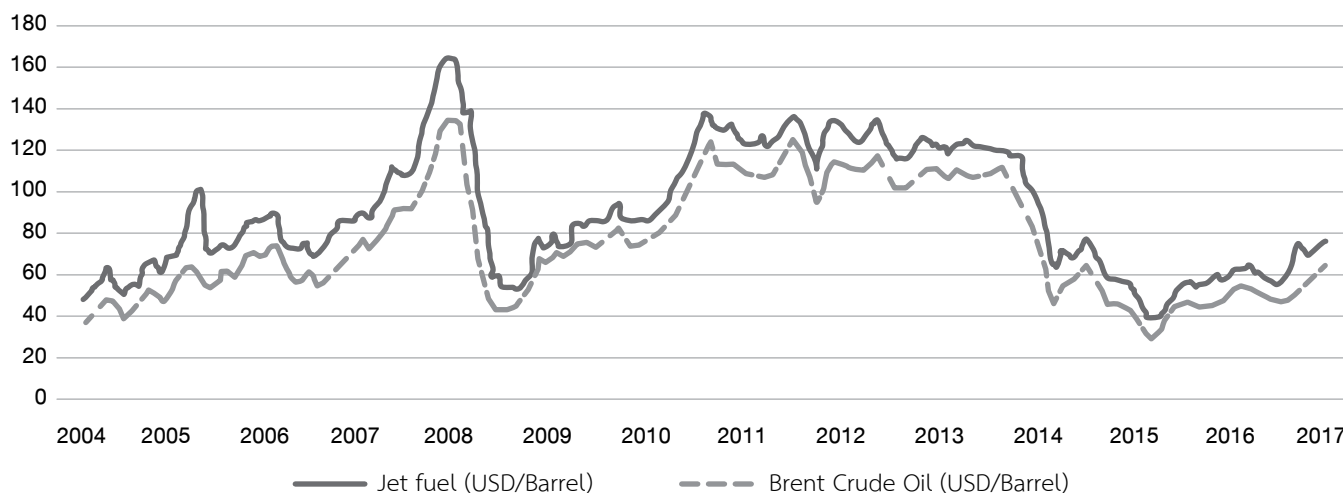
Lufthansa Technik AG is the spare part provider for Nok Air who not only sources aircraft spare and pool parts but also plans maintenance schedules for its aircrafts as stated in the contract. Nok Air considered factors such as an ability to plan maintenance schedules and source spare parts as well as related expenses and experience when selecting a spare part service provider.

Besides, Nok Air sourced out other spare parts on its own for some routine and non routine job to reduce related cost. Spare parts are stored at the warehouse at Don Mueang International Airport.

Procurement of Fuel

Fuel was Nok Air's major expenses in 2017 as it accounted for 25% of the total service costs. Nok Air buys fuel directly from The Shell Company of Thailand Limited and PTT Public Company Limited. In 2017, the company ordered fuel totaling more than 30% of its total fuel costs from a single supplier as the supplier offered a better deal. However, Nok Air did not exclusively rely upon this supplier and it did not have a policy to continue buying fuel from an exclusive source if terms and conditions as well as price wasn't better than others as Nok Air was always able to buy fuel from any distributor. However, by sourcing fuel from the world-class oil supplier, Nok Air was able to procure enough fuel at a reasonable price.

Brent Spot Price 2004 - 2017



Source: Thomson Reuters, report for the year ended December 31, 2017

Due to the volatility of oil prices, the Board of Directors resolved to allow Nok Air to enter an agreement to hedge oil prices for 12 months period by signing an oil price-hedging agreement with a financial institution based on Nok Air's risk management policy where the ratio of risk hedging was around 20 - 50% of the volume of fuel consumed each month (Partial Hedge). This has increased flexibility to our revenue and cost management, enabling Nok Air to adjust ticket prices for the remaining unsold seats to partially compensate impact from the oil price. This also corresponds to Nok Air's dynamic pricing policy where a range of price is offered and to the advanced booking period offered.

In general, Nok Air's aircrafts will mainly have their tanks filled at Don Mueang International Airport as there are a lot of distributors there which allows the firm to procure fuel at a lower price than it filled in other provinces where a single supplier is usually found. Fuel suppliers who deliver their jet fuel at Don Mueang International Airport usually use the service provided by Bangkok Aviation Fuel Services Public Company Limited ("BAFS"), the single provider allowed to provide a fuel-filling service at Don Mueang International Airport, to store and fill aircraft fuel tanks.¶

Airport Services

Nok Air offers both ground service and ground support service to its passengers on its own by renting major equipment at various domestic airports such as check-in counter and aerobridge. However, Nok Air also hires the third party with expertise to handle check-in passenger belongings between airport and aircraft as well as to provide transfer buses from gate to aircraft, airstair and cargo management.

Catering Services

Nok Air provides beverages to passengers by changing all of products image from packagings, snacks, beverages including napkins by concerning the standard of products's qualities for building satisfaction toward passengers.

- **Drinking Water** The company concerns the convenience in traveling. So, the size has been increased from 100 ml. to 150 ml. and changed the packaging of bottle that convenient for drinking and carrying.
- **Napkin** The company modified the image of napkin to match with parts of Nok Kanom and the new napkin also produced from wood pulp that environmental friendly and easy to decay.

Insurance

Nok Air has bought aviation insurance in accordance with the practices of the international aviation industry. All Nok Air's aircrafts are insured with an insurance firm in Thailand who then reinsures them in the overseas reinsurance market based on the aircraft insurance industry's international practices. Nok Air's insurance premiums and its insured sums are in US dollar.

- **Nok Air's aviation insurances comprise insurance policies as follows:**
 1. Hull and Spares and Equipment "All Risks" and Liability Insurance provides coverage for hull with maximum agreed value for not exceeding USD 80 million per one aircraft and liability for property damage and/or passenger injury and assets in the aircraft including passengers, luggage, goods, postal parcels as well as persons and properties outside of the aircraft with maximum agreed value at USD 600 million per one incident. In case of accident, the amount of hull deductible paid to Nok Air is USD 750,000 per each accident. This kind of insurance also covers liability to third-party from war and related risks with limitation of liability at USD 150 million per one incident.

2. Hull and Spares and Equipment War and Allied Insurance with maximum agreed value for not higher than USD 80 million per one aircraft.
3. Hull Deductible Insurance which is an additional insurance to Hull and Spares and Equipment “All Risks” and Liability Insurance. The amount of hull and spares deductible is USD 750,000 per each time. However, The amount of hull and spares deductible provided to Nok Air is reduced to be USD 50,000 per each time in order to reduce Nok Air’s expense on hull deductible of insurance policy as aforementioned in No. 1.
4. Liability to Third-party Insurance from War and Related risks which is an additional insurance to the insurance mentioned in No.1. The maximum agreed value is USD 450 million per incident per year.

Nok Quality, Safety and Security Policy

NOK will maintain an active quality, safety and security management system with an overall purpose of the proactive management of identifiable hazards and their associated risks with the intent to eliminate their potential for affecting aviation safety, and for injury to people and damage to equipment or the environment. To that end, we will continuously examine our operation for these hazards and find ways to minimize them.

The International Civil Aviation Organization (ICAO) visited Thailand in 2015 to audit the country’s aviation standard. The audit showed various areas that required immediate improvement as recommended by ICAO

However, in 2017 Nok Air has passed the inspection and already has been received AOC Re-certification by the International Civil Aviation Organization (ICAO).

NOK will ensure that adequate resources and funding are provided to fulfill all quality, safety and security requirements and all employees must comply with this quality, safety and security policy. Managers and supervisors are accountable for practical safety management implementation and continuous improvement, including establishment of competency requirements, education and training of personnel, as well as making the required tools and equipment, workspace, support services, transportation and communication available for staff to use. Everyone is held responsible for quality, safety and security performance, as this quality, safety and security performance will be an important part of our management/employee evaluation system. We will recognize and value quality, safety and security performance. We will make everyone aware of the quality, safety and security rules and processes as well as one’s personal responsibilities to observe them.

NOK personnel performing quality, safety and security related work must be physically and mentally fit for duty. Staff shall be encouraged to be service-minded, quality-safety-security conscious, and proactive in correcting any weaknesses in regard to quality, safety and security within their own areas of responsibility.

NOK staff will openly communicate information about safety incidents and will share the lessons learned with others. Each of us will be concerned for the safety of others in our organization, and each is encouraged to report any problems or weaknesses in quality, safety and security management in confidence to our superiors for corrective action, without fear of punishment or retribution. Honest human errors are accepted as part of human nature, but reckless, deliberate violations of rules and established procedures are not condoned.

NOK will maintain a formal written quality, safety and security goal, and we shall ensure that everyone understands and accepts that goal. In addition, all staff shall be encouraged to participate in developing quality, safety and security standards and procedures. We will involve relevant staff in the decision-making process.

NOK management will ensure that regular quality, safety and security audits are conducted. Corrective actions as well as their effectiveness in improving operational performance are analyzed and followed up. Quality, safety and security metrics and performance indicators will be regularly reviewed and used to evaluate our quality, safety and security performance.

Only permanent NOK staff will be given responsibility for quality, safety and security oversight duties. In other words, the responsibility for quality, safety and security oversight cannot be out-sourced to other agents acting on behalf of NOK. NOK will ensure that externally supplied systems and services that impacts upon the quality, safety and security of our operations meet appropriate quality, safety and security standards.

NOK relations with all Authorities concerned shall be regular and active, and our performance shall be continuously monitored, evaluated, and improved.

NOK will comply with and, wherever possible, exceed legislative and regulatory requirements and standards.

Relationships with the Business Groups and Major Shareholder

Nok Air is independent from Thai Airways

At present, Nok Air's business framework and management are independent from Thai Airways. Nok Air has its own systems including management, reservation, check-in and accounting. In addition, Nok Air imposed policy on renting of aircrafts from other aircraft renters. As of December 31st, 2017, 30 aircrafts were rented from foreign aircraft renters.

Initially, Nok Air purchased aviation fuel through Thai Airways because its fleet was small and its aviation fuel consumption was not very high. Later, Nok Air's fleet is expanded and it requires higher volume of aviation fuel. Therefore, Nok Air purchases it directly from Oil Company to ensure its business appropriateness and to be able to manage risk derived from oil price fluctuation independently.

Air ticket reservation and payment is the main system of airlines. Nok Air has its own system which is different from Thai Airways' system. In addition, Nok Air has its own cockpit crew and cabin crew training programs as well as air crew training experts.

Nok Air's service features are also different. Thai Airways, which is Nok Air's major shareholder, operates full ranges of airline business by emphasizing on service, airline alliance and passenger's convenience. Nok Air is a low cost carrier emphasizing on passengers who give priority to air ticket prices and accept limitations of service such as the weight limits for baggage or fee charged in case of changing flight. Moreover, Nok Air does not require for the airport that has many flight routes linked to other airports. In other words, networking is not Nok Air's major business factor as its service is to provide passengers transportations from point to point.

Nok Air's business approaches as mentioned above facilitate its independent business management without requiring for dependency on Thai Airways at the present and in the future.

Nok Air's Business Independence

Considering the similar nature of business of Nok Air and its major shareholders, Thai Airways International, as its major shareholders, Nok Air's management and other major shareholders have drawn a clear direction and framework for business management and operations to assure business independence and clarity as follows:

- **Shareholding structure**

Although Thai Airways International holds 21.80% stake, it is not the only one major shareholder who has absolute voting rights. After being listed on the Stock Exchange of Thailand, Nok Air has other significant shareholders, such as the management, other major shareholders and individual shareholders. This provides for the check and balance system for Nok Air to maintain independence in its operations.

- **Board of Directors' Structure**

Under the shareholder's agreement between Nok Air's shareholders, Thai Airways International can send no more than five representatives to be Nok Air's directors out of the airline's total 12 directors which accounts for fewer than half of Nok Air's entire directors. In addition, all representatives from Thai Airways International in Nok Air's board also have the responsibility according to the Section 80 of the Public Company Act requiring that directors with interest in a matter may not vote in such matter.

All members of the Board also have the responsibilities under Section 85, 88/8, 88/9 and 88/10 of the Public Company Act which specify that directors shall perform their duties in compliance with laws, objectives and the Company's regulations as well as resolution of the shareholders' meeting with integrity and honesty for the best benefits of the Company. Directors are required to perform their duty with responsibility and shall not take any action that may cause conflict of interest with the Company, protect shareholders' right and ensure shareholders receive fair treatment and perform all their duties for the mutual benefits of all stakeholders. In accordance with such requirement, directors who are representatives from Thai Airways International have to perform their duties with careful consideration and for the best interest of Nok Air and not for personal or Thai Airways International's benefits.

- **Management Structure**

Nok Air's management structure is independent from Thai Airways International. The Chairman of the Board and all executives are not representatives of Thai Airways International.

Internal information shall not be disclosed for the benefits of others

In addition to the conflict of interest preventive measures deployed to ensure its independent business, the prevention of internal information usage is one of necessary measures expressing that Nok Air commits to conduct business in accordance with the principles of good corporate governance.

Nok Air imposes the prevention of internal information usage policy that does not allow its directors, executives and employees or its former directors, executives and employees to disclose the internal information or Nok Air and its business partners' confidential information to others (for 1-year period after resignation) although such disclosure of information will not cause damage to Air and its business partners. Its directors, executives and employees shall use the internal information for the benefits of Nok Air only. Additionally, they shall not disclose Nok Air's confidential and/or internal information to companies of which they are holding shares or taking position as directors, executives and employees.

Moreover, all Nok Air's directors are having responsibilities in accordance with the Securities and Exchange Act; Section 89/11, Section 89/12 and Section 89/13 prescribing that directors or related persons shall not use the company's information for their financial benefits other than the normal income or causes damage to the company by using the company's information.

Therefore, Nok Air's directors are obliged to keep its internal information secured and shall not disclose to third persons and/or Thai Airways.

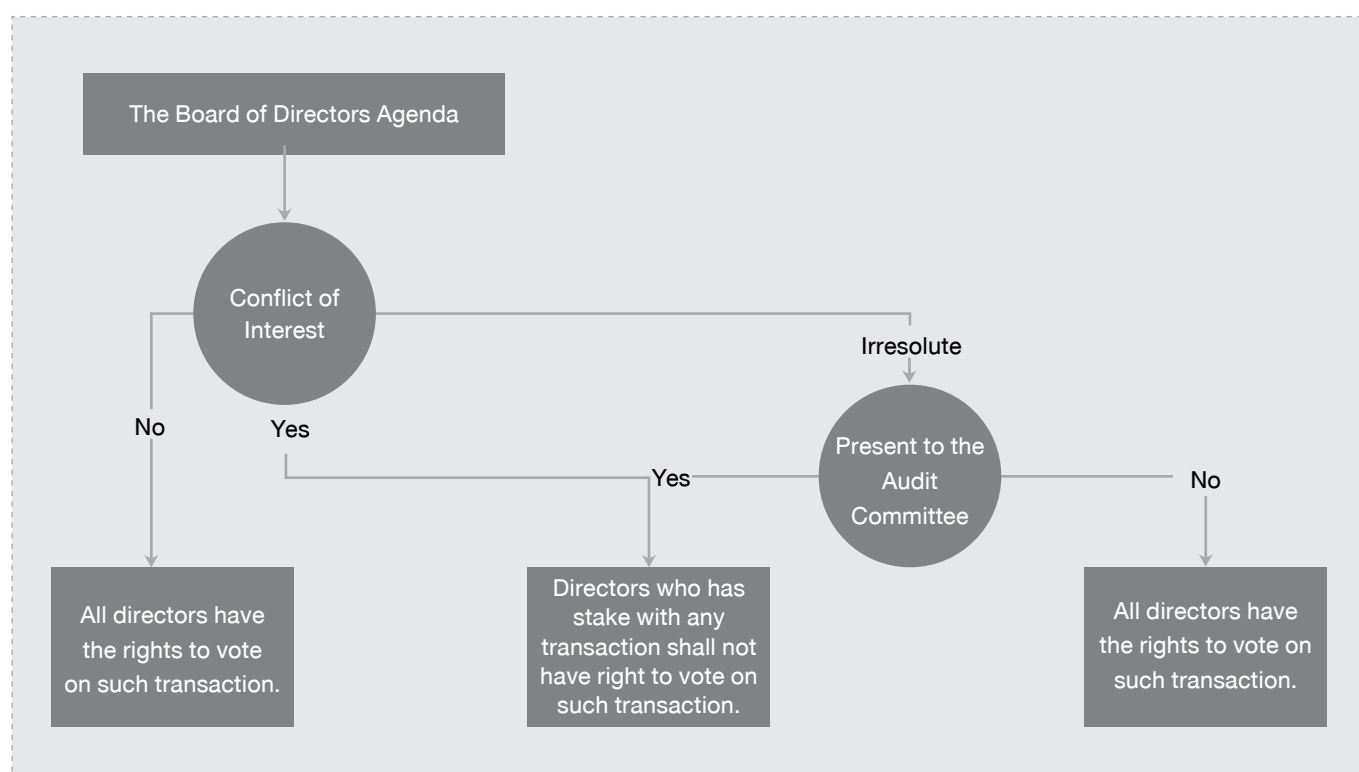
In case Thai Airways' representative directors disclose Nok Air's internal information to Thai Airways, it is deemed violation against Nok Air's policy and the Public Limited Companies Act. Thus, Nok Air's shareholders for not less than 5% are able to exercise their right to claim for damages from such representative director and discontinue transaction that causes damages including dismissal of such representative director. Subsequently, Nok Air's directors shall maintain and undisclosed the internal information.

The Prevention of Conflict of Interest Policy

Nok Air imposes the Prevention of Conflict of Interest Policy to facilitate its independent business and ensure that every transaction is done for the maximum benefits of the Company only. The policy prescribes that related person or person who has stake with the any transaction shall notify the Company regarding his/her relation with or stake of such transaction. Moreover, such person shall not involve in a decision making related to such transaction nor has authority to approve such transaction.

Additionally, the directors and executives shall propose agenda that may cause conflict of interest between the Company and its major shareholders to the Audit Committee for consideration firstly. If the Audit Committee considers on the following: 1) connected transaction; the Audit Committee shall propose to the Board of Directors to proceed in accordance with the Notification of the Securities and Exchange Commission regarding Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company B.E. 2546 or 2) if such issue is in the scope of conflict of interest, the Audit Committee shall notify the Board of Directors for acknowledgement on such potential conflict of interest including name list of directors, who may have conflicts of interest in order that the Board of Directors and such directors will proceed strictly in pursuant to Section 80 of the Public Limited Companies Act.

In case the executive or director has opinion on any transaction that it is obviously in the scope of connected transaction or conflict of interest and intend to comply with the Notification of the Securities and Exchange Commission regarding Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company B.E. 2546 and/or Section 80 of the Public Limited Companies Act regarding abstention of director, who has both direct and indirect stake, such executive or director may propose such agenda directly to the Board of Directors without requiring for the Audit Committee's opinion.





Market and Competition

Market Condition

As of December 31st, 2017, five major airlines offered domestic flights in Thailand. They were divided into two segments, full-service and low-cost airlines. Each had different business directions, strategies and target groups. Because of limited routes and replaceable services, these two segments compete with each other even though the competition may not be as high as the competition within the same segment.

Full-service airlines comprise two major players, namely Thai Airways (including Thai Smile) and Bangkok Airways, which focus on offering a complete range of service. Low-cost airlines consist of three key players such as Nok Air, Thai Air Asia, and Thai Lion Air. Each has different positions and market shares. Besides these five airlines, there are two more players. Kan Air is small-scale full-service airline with operation base in Chiang Mai province. Its routes focus on the northern region. This year, a new international low-cost airline, Thai Viet Jet Air, provides flights between major airports in Thailand and Vietnam, with operation base in Suvarnabhumi Airport.

For full-service airlines, Thai Airways has long operated and is widely known and accepted for high-quality service. The airline can therefore set the higher price than the competitors, which fits the service pattern of premium airline. However, the fiercer competition and increasing popularity of low-cost airlines caused Thai Airways to adjust its strategies by launching Thai Smile that offers light premium service. In spite of being full-service airline, Thai Smile provides a smaller range of service at a lower price. It also focuses on international passengers with domestic connection flights.

Bangkok Airways is a full-service airline with a different position from Thai Airways. As a Boutique Airline, Bangkok Airways flies to destinations with unique characteristics. It also owns airports as the competitive strategy to gain advantage in some routes.

For low-cost airlines, Thai Air Asia is the first operator in Thailand. Its strategy focuses on selling air tickets at the lowest price. The price excludes other related supplementary services such as baggage load, registration, advance seat reservation, and food and beverage. To receive these services, the passengers are required to pay for an extra charge.

Thai Lion Air is a new player entering this low-cost segment at the end of 2017. It formulates the strategy to offer air tickets that include comprehensive services such as luggage load, snacks and advance seat reservation.

In 2017 Nok Air has renovated brand from “Low-cost Airline” to “Lifestyle Airlines” which did not focus on price competition, but offers air ticket and serves in “Segmentation by Lifestyle” under the concept of “Choose Your Nok”. The new way easier booking from Nok Air which reduces complications to make you travel with worry free. In 2019 Nok Air will increase the number of new aircrafts and routes.



For Thai Viet Jet Air, under Viet Jet Airline of Vietnam. It offers domestic flights in three airports, namely Suvarnabhumi - Chiang Mai, Suvarnabhumi - Phuket, and Phuket - Chiang Rai. Its key strategy is zero-baht air ticket, excluding other supplementary services. The airline therefore attracts Thai passengers and price-sensitive segment.

For the number of passengers in 2017, Nok Air served 8.78 million passengers, compare with previous year at 8.56 million passengers or increased 2.57%.

Competition

- **Competition between full-service and low-cost airlines in domestic flights**

The domestic operators are categorized into two segments - full-service and low-cost airlines. In the competition, neither segment completely drives the market because it is easier for low-cost airlines to expand the fleets and routes by using smaller aircrafts, more suitable for shorter flights. As a result, in the past five years (2013 - 2017), full-service airlines started losing the market share to low-cost airlines because they cannot compete on price. The trend is evident that low-cost airlines will have more passengers in the future.

- **Competition among low-cost airlines in domestic flights**

Low-cost airlines focus on point-to-point service for domestic flights. The key players comprise Nok Air, Thai Air Asia and Thai Lion Air. Low-cost airlines are gaining more popularity because domestic flights take short time. The price therefore becomes more important factor in passengers' decision. As a result, the competition among low-cost airlines is more heated than between low-cost and full-service airlines. Moreover, the entry of new service provider, Thai Lion Air and Thai Viet Jet Air, took away the existing players' market share gained from the previous year.



Risk Factors

Risk Relating to Flight Operations

Nok Air needs to depend on many factors. Therefore, there is a risk factor that may occur and this will have a material impact to the firm's business. So the company has preventive measures against for risk, if such incident takes place.

Risk from Adequate Fuel Supply and Fuel Price Fluctuations

Aviation fuel is crucial as a raw material for Nok Air's business operation. In 2017, Nok Air's fuel costs accounted for 25% of the operating costs, which was the highest proportion. If Nok Air cannot provide an adequate supply of fuel for its aviation operations, its business activities will come to a halt. In addition, the fuel volume and price vary according to the world's economy and politics which were uncontrollable and unpredictable. Moreover, the Civil Aviation Authority of Thailand (CAAT) has yet to grant permission to the Company to collect fuel surcharges or other charges apart from the fares for domestic scheduled flights. CAAT has also set maximum price limits on airfares although most airline tickets are released for sale in advance. Therefore, if the fuel price has risen, Nok Air cannot increase its airfares in an adequate manner and may cause a fall in profits or operate at a loss.

However, Nok Air has paid close attention to the fuel supply and cost management and then currently supplies fuel from more than one largest oil company in the country, namely PTT Public Company Limited and the Shell Company of Thailand Limited.

In regard to the fuel cost management, Nok Air entered into partial hedging contracts since it implemented a dynamic pricing strategy or the act of offering multiple ticket prices which increased Nok Air's flexibility in revenue and cost management and enabled Nok Air to make partial price adjustments (only applicable to those tickets which have not been put on sale), thus partly compensating for the impacts of oil price.

With respect to the fuel hedging contracts, Nok Air directly entered into derivative contracts with the oil traders based on tenor periods according to ticketing periods. The primary objective for fuel hedging is to mitigate the risk of fuel price fluctuation and to manage fuel costs without focus on making profits from fuel price fluctuation.

Risk from Dependence on Information Technology (IT) Systems and Internet for business operations

Nok Air must be dependent on IT systems and Internet for its business operations, especially website and reservation systems which were outsourced. If the website and reservation systems of either Nok Air or service providers experience an error, it will severely and significantly affect its business operations.

Nok Air still has to bear a risk from website safety violations, especially a breach of confidentiality of customers who make a seat reservation by unlawful means, which may damage the corporate image and destroy customer confidence in the company that the customers will no longer use the company's services.

However, Nok Air has place great emphasis on IT systems and Internet by setting up measures for the protection of website and reservation system errors while performing a daily data backup and establishing a disaster recovery

site. In the event of the problems with the major data center, the data backed up at the disaster recovery site will be promptly used. Nok Air has also prepared the reserve network to ensure smooth communication between the company and external systems without any effect on the business. In addition, Nok Air has set up measures for the protection of breach of confidentiality of customers who make a seat reservation by unlawful means by designing a system to protect intrusion of a person with malicious intent and encoding the data according to the standardized tests for intrusion to cover the flaws on a yearly basis and collect full details of system access pursuant to the Computer Law.

Risk from Possible Non-compliance in the Future or Failure to Maintain Permits as Required by the Aviation Regulations

Nok Air's business requires licenses and permits from the authorities. The business is also subject to other relevant regulations which, however, are beyond the Company's control. As a result, any new interpretations of the rules or any issuances of new regulations could affect its business. The following are requisite permits;

Air Operating License (AOL)

Nok Air has been granted the Air Operating License for both domestic and international flight routes from Ministry of Transport. The current permit will expire on June 17, 2019. Upon its expiration and without a permit renewal, Nok air won't be able to continue its airline business. However, since its business inception in 2004, Nok Air's AOL has been constantly renewed. The firm has never violated any rules and regulations of the authorities. It's expected to have its AOL renewed on a regular basis.

Air Operator Certificate (AOC)

Nok Air has been granted the Air Operator Certificate from the Civil Aviation Authority of Thailand (CAAT). The current permit will expire on June 17, 2019. Upon its expiration and without a permit renewal, Nok Air won't be able to continue its airline business. However, since starting its business in 2004, Nok air's AOL has been constantly renewed. The firm has never violated any rules and regulations of the authorities. It's expected to have its AOC renewed on a regular basis.

Traffic Right

To fly each domestic and international route, Nok Air has to be allotted the right to flight for each route by Ministry of Transport. It receives this right for good unless it cannot fly any routes for more than one flight schedule (approximately six months) for which the authorities are entitled to terminate such rights to fly.

Despite the risk of license revocation in case of failure to comply with local country's regulations, the Company has a policy to strictly comply with the regulations and laws in different countries to mitigate such risk.

Risk from Maintenance Cost Increasing Due to the Aging of Aircraft

As of December 31st, 2017, an average age of Nok Air's fleet was 7 years. The fleet with older ages means a higher maintenance cost, based on their service life. This is one of the major costs of Nok Air's business. Any significant increase of the maintenance cost could materially affect Nok Air's operations. In addition, as Nok Air hires the third party to do certain maintenance jobs, such as, C-check and engine overhaul, it is exposed to a risk of delays in maintenance services. This may have a significant impact on its operations as it won't be able to operate its flights as scheduled.

Nok Air has hired the third party that possesses extensive expertise and experience and well-recognized in the world's aviation industry, which has been accredited by the European Aviation Safety Agency (EASA), Federal Aviation Administration (FAA), and the Civil Aviation Authority of Thailand (CAAT) to plan and conduct maintenance for its aircrafts. An assessment revealed that hiring the third party is cost-effective in all respects. By doing so, Nok Air has no need to invest in expensive spare parts and equipment and hangars, which are capital-intensive. The Company expects that this choice will materially save the cost of its aircraft maintenance. However, it does have personnel to strictly ensure aircraft maintenance as scheduled.

Risk from Negative Effect as a Result of Accident or Aircraft-Related Incident

Nok Air is exposed to a risk that its aircraft could be involved in an accident, encounter an emergency or involved in a terrorism act or disaster which is beyond its control, which, if occurred, will materially affect the firm in a negative manner.

- An involved airplane won't be able to service passengers based on a flight schedule which could materially lower the Company's future revenue.
- There will be a cost of repairing such an aircraft or replacing it with a new one which will force the firm to shoulder an additional cost.
- The firm may also suffer a negative image in the public's opinion. Passengers tend to be less confident with the airline's safety and may decide not to fly with its service which may materially affect its future operation.
- Nok Air won't be able to claim an entire insured sum from an insurer if the sum is lower than the damaged. Besides, it will face a higher insurance premium in the future.

In addition to flight operations and world-class standard maintenance, Nok Air has preventive measures against the risk of aircraft accident. Such measures include the Aviation Safety Management System (SMS), Security Management system (SeMS) which meets with the International Civil Aviation Organization (ICAO) with strict audit by the Civil Aviation Authority of Thailand (CAAT) in Thailand and other countries to which it operates flight. The measures are to efficiently prevent risk against aircraft accident. In case such risk is unavoidable, Nok Air has other emergency response measures to respond to and control possible damages in order to minimize impact on the Company and enable Nok Air to resume normal operations within a short period of time. In terms of insurance, Nok Air has bought an aviation insurance based on the international aviation industry's practice where every aircraft is insured with a liability amount stated in the aircraft lease agreements anticipated to be enough to accommodate the damage if such incident takes place.

Risk from Dependence on Tourism in Thailand

The airline business depends on tourists' travel. Thai Tourism has played an increasingly significant role in the Thai economy Thailand and resulted in a considerable growth in related businesses. Generally, Thailand's high seasons are in Q1 and Q4 of each year. Over the past four years, there have been approximately 37.3 million tourists visiting Thailand, with an annual growth rate of over 10%. Thailand's sustainable tourism growth strategy should not too heavily rely on existing markets, particularly the Chinese tourist market. Since the government's announcement of the policy towards the serious crackdown against zero-dollar-tour operations, the number of Chinese tourists has declined. Thus, other markets should be looked for to promote existing strengths of Thai tourism. India and Indonesia are potential leisure tourism markets due to an increase in incomes and the number of middle-income people in these countries.

Nok Air has been aware of this risk. However, in 2017, the Company's flight schedules were not severely affected by the zero-dollar tour crackdown. This was because Nok Air's main customers were business travelers and family-visiting travelers rather than tourists. The first two groups of customers traveled on a regular basis - their travel had nothing to do with seasons. Their travel did not significantly decrease from the previous year. However, the Company offered charter flights from Thailand to many cities in China, which were affected by the zero-dollar tour suppression due to the fact that Chinese tourists were its major group of customers. Overall, in 2017, the number of tourist customers was higher than that of the previous year, most of whom preferred an easy ticket-booking method and convenience.

However, the Company still has policy to reduce the risk by relying on the market in the country from the last year by maintain the international flights from Don Mueang to Ho Chi Minh city in Vietnam. In next year the company also has a plan to expand more international flights in South East Asia (AEC). For the international flight to China the company has to keep looking the circumstance situation closely for studying the trend that will increase the routes that can operate immediately.

Risk from Natural Disasters

Natural disasters which are unpredictable impose major obstacles to the airline business. To deal with such risk, Nok Air has measures, staff and support systems in place in an adequate and appropriate manner. Nok Air has also established a unit responsible for handling emergency situations on the belief that it can control the situations and losses. However, since its establishment, Nok Air has never ceased operations because of natural disasters.

Risk from Dependence on Outsourcing Activities that Are Integral to the Nok Air's operations

Nok Air is necessarily dependent on outsource companies to provide facilities and services that are necessary for its business operations along with ground services and other facilities. Although Nok Air has its own personnel to control the performance of duties of the outsource companies, it still cannot exercise full control over them. Any mistakes or delays in the operations may adversely affect the corporate image. In addition, if the contracts entered with the outsource companies come to an end, Nok Air may not be able to outsource other companies that provide services with the same wage rate, thus incurring higher operating costs to the company.

However, outsourcing will incur lower costs on equipment and personnel investments and if errors or delays are made by the outsource companies, Nok Air can then charge additional fees from them and can consider the termination of contracts or discontinue contracts with them if it can outsource other more appropriate companies.

Risk from Intense Competition

To operate a domestic airline, Nok Air has to compete with other airlines offering the same service, which include full-service airlines, e.g. Thai Airways, Thai Smiles, and Bangkok Airways and other low-cost airlines, e.g. Thai AirAsia and Lion Air. With intense competition, full-service airlines focus on offering full services to compete with budget airlines. At the same time, low-cost airlines emphasize on cost leadership to compete with full-service airlines. Price promotion campaigns include offering the plane ticket-hotel (or rental car) package, which aims to steal market shares of domestic routes, and increasing the number and international routes. The marketing factors have resulted in a growing number of domestic passengers, including existing passengers and people who wish to have air transport experience. Tourism situations in Thailand in 2017 enjoyed continuous improvement. A higher growth in international tourist markets was another factor that contributed to an expanding number of domestic route passengers. Some international passengers chose to travel to Bangkok to connect to domestic flights to other destinations in the region.

Apart from fighting with full-service airlines, Nok Air has to compete with other budget airlines, some of which have a larger business size and more funding sources, which means that Nok Air is at a lesser advantage when it comes to servicing costs. In 2017, the Company's maintenance cost experienced a significant increase, which resulted in its unit costs being higher than those in other low-cost airline companies. In addition, price competition, which is inevitable, resulted in a significant decrease in Nok Air's gain rates. However, due to costs management effectively, the company turned profitable in the last quarter. Other transportation modes in Thailand, e.g. bus, train and high-speed train, which will be realized in the future, show a more intense competition in the transport industry.

However, at present, there is no technology that provides speedier and more convenient travel than aircrafts, so air transport is a mass transport mode that enjoys continuous expansion, especially for low-cost airline business. Low-cost airlines can enjoy more popularity very quickly, with a significantly higher growth than full-service airlines. Low-cost airlines in Thailand enjoy a continually increasing market share. Nok Air, however, is confident in its different and outstanding services compared to its competitors. The services deal with diverse air route networks from its alliances and excellent services, ranging from ticket booking, advanced seat selection, check-in service, luggage weight service, on-board services, and after-flight services. Nok Air is, therefore, confident in its advantages and strategies over its competitors.

Risk from Dependence on Boeing 737-800 and Bombardier Q400

Most aircrafts in Nok Air's fleet are Boeing 737-800 as they are single-aisle aircrafts, developed using advanced technology. Equipped with New Generation engines, they have high performance, in terms of fuel efficiency, maintenance and passenger capacity. They are also accompanied with modern, well-designed cabins and fuselages. In addition, thanks to a single fleet, Nok Air can save its operating costs, e.g. maintenance and pilot and crew training costs. As of December 31st, 2017, Nok Air had 20 Boeing 737-800 aircrafts in its 30-aircraft fleet. The Company, therefore, is exposed to operational risks if those aircrafts have technical problems and need to be maintained or improved before returning to service. The problem could prompt aviation authorities to issue additional requirements or tighten up on their safety standard, which may partially lower the Company's performance.

If this aircraft model does have a serious technical problem, Nok Air may need to turn to other models. If it cannot find other replacement models at a cost equivalent to its original fleet within a reasonable timeframe, it can materially suffer from significantly poorer performance or loss. However, Boeing 737-800s are widely used by airlines all over the world, and no serious technical or engine issues have been identified.

Bombardier Q400 is Bombardier's a new-model aircraft, which is small and equipped with two turboprops and 86 seats, which makes it ideal for short-haul flights. It has fuel efficiency and cost per seat is low in the short-haul regional market. With its flexibility and a jet-like high speed, Bombardier Q400 fits well into operations of a short-haul turboprop and mid-haul jet. This becomes Nok Air's strategy to serve minor routes. As of December 31st, 2017, Nok air had eight Bombardier Q400s in its fleet.

Being the only airline in Thailand to operate Bombardier Q400 aircrafts, Nok Air has the risk of aircraft maintenance, especially for parts importation and hangars. Nok Air has to prepare well to ensure fast working when a technical problem occurs. Other risks include an insufficient number of pilots and maintenance technicians if more Bombardier Q400 aircrafts are deployed. Nok Air has in place measures for self-preparing and supporting license training in collaboration with Bombardier, in order to ensure a sufficient number of expert pilots and maintenance technicians. Bombardier Q400 aircrafts are widely used in many countries, and no serious technical or engine problems have been found.

Risk from Currency Fluctuations

Nok Air has major expenses denominated in foreign currencies or quoting in foreign currencies, e.g., aircraft leases, aircraft maintenance costs, aircraft insurance premiums and fuel costs. In 2017, Nok Air had expenses denominated in foreign currencies accounting for about 66% of the total operating expenses. The currency exchange rates depend on domestic and global economic situation which cannot be controlled or forecasted with precision. Currency fluctuations inevitably affect Nok Air's expenses.

However, Nok Air has in place a policy to hedge against currency fluctuations with an aim to manage risks only, with the proportion for the hedge and the period for entering into partial hedging agreements as appropriate for each period of operation.

Risk from Nok Air's Incapability to Insure Some Risks and Provide Full Coverage Insurance

Although the aviation industry insurance covers possible risks to the fuselage together with engine parts, equipment and components, ground support equipment, mobile equipment and uncertified vehicles, passengers, luggage, cargo, freight and mail, liability to third parties as well as war threats and other risks related to wars, such insurance still has exceptions which may not be covered by an indemnity, for example, wear and tear and mechanical breakdown, which are commercial risks that the airline may encounter. If the airline intends to ensure such risk insurance coverage, it may have to pay higher premiums and may not be able to find insurance companies. However, Nok Air has set aside a reserve fund to pay for maintenance costs, in which one partial amount is paid to the aircraft lessee and another partial amount is reserved for internal expenses, thus ensuring adequate reserves for maintenance costs in the event of such situation.

At present, terrorist attacks take place in many countries, especially the terrorist attack in the US on September 11, 2001. The insurance companies worldwide have then determined that the aviation business shall purchase third party liability insurance, a surplus of risk insurance policy covering the fuselage together with engine parts, equipment and components, ground support equipment, mobile equipment and uncertified vehicles, passengers, luggage, cargo, freight and mail, liability to third parties as well as war threats and other risks related to wars, thus incurring additional premium costs to the low-cost carriers. If such situation takes place and cause damages that are higher than the insured amount, there will significantly be a negative impact on Nok Air's operations and may finally cause the company to cease its operations.



Risk from shortage Human Resource and Specialized Experts

In 2017, Nok Air was affected by a shortage of Boeing 737-800 pilots. It had to cancel some flights, which affected the Company's revenues and performance results.

However, it devised emergency measures to address the problem, which started with the aircraft manufacturer cooperation project, aiming to prepare for the recruitment of international-quality aviation individuals for the fleet. The Company focuses on recruitment that conforms to standards, and all staff have to attend capacity-development training on a continuous basis to ensure highest safety throughout the trip.

In 2017 the company has also implemented Student Pilot. By recruiting student aviation to take course Commercial Pilot Licence in the United States (the FAA) or Canada (TC: Transport Canada) to support the expansion of the business in the future.

However, realizing the significance of maintenance engineer. During some periods, the airline industry encounters a shortage of specialists, especially maintenance engineer. In addition, the Company has training plans to enhance its personnel's expertise on a regular basis to match the number of flights, that will increase in the future.

Risk Related to Equity Investments

Risk of Undeserved Returns

Intense competition in the domestic aviation industry, especially among low cost carriers that have continuously competed in the market to gain market share and customers, and vulnerability of aviation business to both domestic and international economy and politics, are two critical factors affecting Nok Air's ability to operate its business according to the plans and both short-term and long-term goals, thus having an effect on its operations and reflecting shareholder returns, i.e., stock price and dividend. However, Nok Air has recognized such risk and therefore developed support plans that can be adjusted as appropriate and consistent with the current situation in a promptly manner.



Capital Structure and Management

As of 31 December 2017, Nok Air's top ten major shareholders together with the number of shares held and their shareholding ratio were as follows:

Shareholders	No. of ordinary shares	
	No. of ordinary	shares (shares) %
1. Mr. Nuttapol Jurangkool	540,060,809	23.770
2. Thai Airways International Public Company Limited	495,390,721	21.804
3. Mr. Thaveechat Jurangkool	418,902,684	18.438
4. Mrs. Hathairat Chulangkul	129,172,282	5.685
5. Mr. Patee Sarasin	18,653,000	0.821
6. Thai NVDR Co, Ltd.	14,558,393	0.641
7. RAFFLES NOMINEES (PTE) LIMITED	14,154,624	0.623
8. Dr. Tham Chirathivat	11,600,000	0.511
9. Mr. Somkiat Chinthammit	10,966,000	0.483
10. Mrs. Kesanee Jirawatwong	10,964,800	0.483

Dividend Payment Policy

Nok Air's policy is to pay its dividend to shareholders at a rate not lower than 25% of its net profit based on the Company's financial statements after deducted corporate income tax and after deducted statutory reserves each year. In each dividend payment, Nok Air will consider dividend payment from various factors to maximize shareholders' interest which will include, among a few, its performance and financial status as well as an investment plan in each period as deemed appropriate by the Board of Directors. The dividend payment meanwhile must not materially affect the Company's normal operations.

Management Structure

Nok Air's management structure consists of 7 committees as follows: the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Corporate Governance Committee, Executive Committee and Sub Committee on Lufthansa Technik AC

Board of Directors

As of December 31, 2017, Nok Air's Board of Directors comprises a total number of 11 directors who represented various groups of shareholders and the third party as follows:

Name	Position
1. Mr. Sommai Phasee*	Independent Director/Chairman of the Board
2. Mrs. Naline Ngamsetthamas**	Director / Member of the Executive Committee
3. Mrs. Usanee Sangsingkeo***(1)	Director / Member of the Executive Committee
4. Mr. Rathapol Bhakdibhumi****(1)	Director / Member of the Nomination and Remuneration Committee
5. Mrs. Chiraporn Chemnasiri*****	Independent Director/Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee
6. Mr. Pravej Ongartsittigul*****	Director/Chairman of the Risk Management Committee/ Chairman of the Corporate Governance Committee / Chairman of Executives
7. Mr. Teerapol Chotichanapibal(1)	Director / Chairman of the Subcommittee on Lufthansa Technik AG
8. Mr. Visit Tantisunthorn	Independent Director Member of the Audit Committee
9. Mr. Apichart Chirabandhu	Independent Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee / Subcommittee on Lufthansa Technik AG
10. Mrs. Suphatee Suthumpun	Independent Director / Member of the Audit Committee / Member of the Corporate Governance Committee
11. Mr. Piya Yodmani*****	Director / Chief Executive Officer / Executives / Subcommittee on Lufthansa Technik AG

Ms. Sunun Witthawatpongton serves as the Company Secretary.

- Note: *
- Mr.Sommai Phasee was appointed a Chairman of the Board replacing Mr. Somchainuk Engtrakul, effective from September 11, 2017.
- **
- Mrs. Naline Ngamsetthamas was appointed a Director replacing Mr. Chokchai Panyayong, effective from February 28, 2017.
- ***
- Mrs. Usanee Sangsingkeo was appointed a Director replacing Mr. Charnporn Jotikasathira, effective from March 9, 2017.
- ****
- Mr. Rathapol Bhakdibhumi was appointed a Director replacing Mr. Niphon Hakimi, effective from April 19, 2017.
- *****
- Mrs. Chiraporn Chemnasiri was appointed a Director replacing Mr. Montree Jumrieng, effective from September 11, 2017.
- *****
- Mr. Pravej Ongartsittigul was appointed a Director replacing Mr. Narongchai Wongthanavimok, effective from September 11, 2017.
- *****
- Mr. Piya Yodmani was appointed a Director replacing Mr. Chotisak Asapaviriya, effective from October 12, 2017 and a Chief Executive Officer replacing Mr. Patee Sarasin, effective from September 14, 2017.
- (1)
- Representative from Thai Airways International Public Company Limited.

Authorized directors who may sign on the Company's behalf based on its Certificate of Incorporation

As of December 31, 2017, Nok Air has authorized directors who are authorized signatories; namely, two out of the following four directors who may co-sign a document to be affixed with the Company's seal.

1. Mrs. Usanee Sangsingkeo
2. Mr. Rathapol Bhakdibhumi
3. Mr. Teerapol Chotichanapibal
4. Mr. Piya Yodmani

Roles and Responsibilities of the Board of Directors

1. To perform duties in accordance with the laws, objectives and Articles of Association of the Company as well as resolutions adopted by the shareholders' meeting with integrity, honesty and for the Company's best interest.

2. To set the Company's vision, formulate its policy and operation direction and to supervise the management to fulfill policy with efficiency and effectiveness in order to add the highest value possible for the Company and shareholders.
3. To formulate a policy, business strategy, operation plan and annual budget of the firm; to monitor and supervise the management's administration as well as the Company's quarterly-based performance and operation results compared to its plan and budget and to anticipate the trend in subsequent periods of the year.
4. To executive a business plan, budget and transaction with material sense based on the authorization table of the Board of Directors.
5. To constantly evaluate the performance of the management and to oversee and ensure a proper payment mechanism of remunerations to senior executives.
6. To set up a framework and policy under which salary will be offered and adjusted and under which bonus, allowances and other awards will be given to the Company's employees.
7. To have the management set up the accounting system, the financial reporting system and a reliable auditing; to ensure that the Company has an adequate and appropriate internal control system.
8. To approve an acquisition or disposal of assets, any investment in a new business and any action to ensure its legal compliance and compliance with all relevant announcements, terms and regulations.
9. To consider and/or give an opinion regarding a connected transaction and/or the execution of such transaction (if the transaction size isn't subject to an approval by the Shareholders' Meeting) of the Company and its subsidiaries to ensure compliance with relevant laws, announcements, terms and regulations.
10. To prevent conflict of interest among the Company's stakeholders.
11. To approve an interim dividend payment to shareholders.
12. To consider various matters by fairly taking into consideration the interest of shareholders and all groups of stakeholders. Directors are to immediately notify the Company, should they have any interest in an agreement executed with the Company or should they hold more or fewer shares of the Company or its subsidiaries. As for a transaction executed at arm's length with a director or an individual with a potential conflict of interest or who could pose any conflict of interest to the firm or its subsidiaries, directors with such interest shall have no rights to vote and approve the transaction.
13. To supervise the business with ethics under the Code of Conduct; to review the Company's corporate governance policy and to evaluate the policy compliance at least once a year.
14. To report own responsibility regarding the preparation of financial statements by publishing such report along with the auditor's report in the Annual Report of which the contents must cover major issues based on the Stock Exchange of Thailand's (SET) best practice policy for directors of listed companies.
15. To assign one or several directors or any other person to do anything on the Board of Directors' behalf; such authorization however must not be an authorization or a sub-delegation that will allow the director or his substitute to approve a transaction in which he or anyone who may possibly have a conflict will have any interest or other forms of profit that is conflicting with the interest of the Company or subsidiaries.
16. To appoint a sub-committee to oversee the management and the internal control system to meet the policy formulated by, among a few, the Executive Board and the Audit Committee.
17. To appoint a Company Secretary who will oversee that the Board of Directors and the Company comply with the laws and relevant rules and regulations.

The Audit Committee

Director's Name	Position
1. Mrs. Chiraporn Chemnasiri*	Chairman of the Audit Committee
2. Mr. Visit Tantisunthorn	Member of the Audit Committee
3. Mr. Apichart Chirabandhu	Member of the Audit Committee
4. Mrs. Suphajee Suthumpun	Member of the Audit Committee

Mr. Thanabhat Wongwit Secretary to the Audit Committee

Note: * Mrs. Chiraporn Chemnasiri was appointed the Chairman of the Audit Committee replacing Mr. Visit Tantisunthorn, effective from September 27, 2017.

Mrs. Chiraporn Chemnasiri has enough competency and experience in accounting to audit the credibility and reliability of the Company's financial statement.

Roles and Responsibilities of the Audit Committee

- To review that the Company has accurately and adequately reported its financial statements.
- To review that the Company's has an effective and appropriate internal control and internal audit system; to review the independence of the internal audit unit and to approve the appointment, transfer and termination of chief of the internal audit unit and/or the hiring of an internal audit company or any other agency to be responsible for the internal audit.
- To review that the Company has duly complied with the laws on securities and exchange, the stock exchange's requirements and the laws relating to the firm's business.
- To review, select and nominate an independent individual to be the Company's auditor and to propose his/her remuneration; to attend the meeting with the auditor with no management presence at least once a year.
- To review a connected transaction or any transaction at arm's length basis to underline its legal compliance and compliance with the stock exchange's requirement; this is to ensure that the transaction is reasonable and for the Company's best interest.
- To prepare the Audit Committee's report by disclosing it in the Company's Annual Report. The report shall be signed by the Audit Committee Chairman and include at least the following information:
 - Opinions on the accuracy, completeness and reliability of the financial statements
 - Opinions about the sufficiency of the Company's internal control system
 - Opinions about the compliance to the laws related to the securities and exchange, regulations of the Stock Exchange of Thailand (SET) or laws related to the Company's business
 - Opinions about the appropriateness of the auditor
 - Opinions about related transactions that may have conflict of interest
 - Number of Audit Committee meetings and attendance of individual Audit Committee member
 - Collective opinions or notices of the Audit Committee after performing its duties in accordance with the Audit Committee Charter
 - Other items that shareholders or general investors should know within the scope of responsibility assigned by the Board of Directors
- In performing its duty, if the Audit Committee finds or has doubts that there is one of the following items or actions which may have significant impact on the financial status or the Company's operating performance, the Audit Committee must report to the Board of Director for correction within the time frame set by the Audit Committee.

- (1) Items causing conflict of interest
- (2) Fraudulent action or irregularities or significant mistakes in the internal control system
- (3) Breach of law on securities and the security exchange, the regulations of the Stock Exchange of Thailand and laws related to the Company's business.

If the Board of Directors or executives fail to correct or improve such issues within the given timeframe, any of the Audit Committee members can report such item or action to the Securities and Exchange Commission or the Stock Exchange of Thailand.

8. Perform other actions as assigned by the Board of Directors and approved by the Audit Committee

The Nomination and Remuneration Committee

Director's Name	Position
1. Mr. Apichart Chirabandhu	Chairman of the Nomination and Remuneration Committee
2. Mrs. Chiraporn Chemnasiri*	Member of the Nomination and Remuneration Committee
3. Mr. Rathapol Bhakdibhumi**	Member of the Nomination and Remuneration Committee

Ms. Sunun Witthawatpongton Secretary of the Nomination and Remuneration Committee

Note: * Mrs. Chiraporn Chemnasiri was appointed to the Nomination and Remuneration Committee replacing Mr. Chokchai Panyayong, effective from September 14, 2017.

** Mr. Rathapol Bhakdibhumi was appointed to the Nomination and Remuneration Committee replacing Mr. Narongchai Wongthanavimok, effective from September 27, 2017.

Roles and Responsibilities of the Nomination and Remuneration Committee

1. To review a nomination policy and criteria to recruit qualified personnel as company director, CEO and senior executives as well as to select and nominate qualified persons and propose them to the CEO and/or the Board of Directors Meeting and/or the Shareholders' Meeting for appointment as a company director.
2. To review a remuneration policy and criteria on remunerations and other benefits to company directors, the CEO and senior executives.
3. To recommend the Board of Directors who will submit remunerations to be paid to company directors, the CEO and senior executives to the Board of Directors' Meeting and/or Shareholders' Meeting for approval. The Board will approve remunerations and benefits of the CEO and senior executives while the Board proposes remunerations and benefits of its directors to the Shareholders' Meeting for approval.
4. To perform other duties as assigned by the Board of directors

The Risk Management Committee

Director's Name	Position
1. Mr. Pravej Ongartsittigul*	Chairman of the Risk Management Committee
2. Mr. Sorasit Soontornkes**	Member of the Risk Management Committee
3. Mr. Norahuch Ployyai	Member of the Risk Management Committee

Mr. Nippon Suthimai Secretary of the Risk Management Committee

Note: * Mr. Pravej Ongartsittigul was appointed the Chairman of the Risk Management Committee replacing Mr. Narongchai Wongthanavimok, effective from September 27, 2017.

** Mr. Sorasit Soontornkes was appointed the Member of the Risk Management Committee replacing Mr. Nippon Hakimi, effective from September 27, 2017.

Roles and Responsibilities of the Risk Management Committee

1. To establish an appropriate and efficient risk management direction and policy with significant meaning to the Company's business.
2. To provide recommendations on the risk management direction that aligns with the Company's direction of business strategy and its business plan to the Board of Directors.
3. To provide support to corporate risk management activities to ensure that company risk remains at the acceptable level and in line with the corporate risk management policy.
4. To review and update the corporate risk management policy and process to ensure their effectiveness and adequacy to reflect changing circumstances.
5. To support the development of risk management to be materialized at all levels in the entire corporation.
6. To supervise, monitor and review the risk management report; to provide recommendations to ensure that the firm does have an efficient and appropriate risk management process that suits its business.
7. To report significant risk management results to the Board of Directors.
8. To perform other tasks as assigned by the Board of Directors.

The Corporate Governance Committee

Director's Name	Position
1. Mr. Pravej Ongartsittigul*	Chairman of the Corporate Governance Committee
2. Mrs. Suphajee Suthumpun**	Member of the Corporate Governance Committee
3. Gen. Pornchai Kranlert***	Member of the Corporate Governance Committee

Mr. Nipphon Suthimai Secretary of the Corporate Governance Committee

Note: * Mr. Pravej Ongartsittigul was appointed Chairman of the Corporate Governance Committee replacing Mr. Charamporn Jotikasathira, effective from September 27, 2017.

** Mrs. Suphajee Suthumpun was appointed the Member of the Corporate Governance Committee effective from September 27, 2017.

*** Gen. Pornchai Kranlert was appointed the Member of the Corporate Governance Committee, effective from November 8, 2017.

Role and Responsibilities of the Corporate Governance Committee

1. To propose corporate governance policy to the Board of Directors.
2. To supervise, monitor, distribute and encourage the Board of Directors, senior executives and employees to perform their duties in accordance with the corporate governance principles.
3. To regularly monitor and review corporate governance policy to ensure it complies with international practice and standards set by related organizations.
4. To consider practice guidelines for the Board of Directors, committees, executives and employees.
5. To perform other duties as assigned by the Board of Directors.

Executive Committee

Name	Position
1. Mr. Pravej Ongartsittigul	Chairman of the Management
2. Mrs. Naline Nangamsetthamas	Member of the Executive Committee
3. Mrs. Usanee Sangsingkeo*	Member of the Executive Committee
4. Mr. Piya Yodmani	Member of the Executive Committee
5. Mr. Norahuch Ployyai	Member of the Executive Committee

Mr. Ranond Mintarkhin Secretary of The Executive Committee

Remark : *Mrs. Usanee Sangsingkeo assigned Mr. Teerapol Chotichanapibal to attend the meeting of the Executive Committee instead of not being able to attend the meeting.

Subcommittee on Lufthansa Technik AG

Name	Position
1. Mr. Teerapol Chotichanapibal*	Chairman of the Subcommittee on Lufthansa Technik AG
2. Mr. Nipphon Hakimi	Member of the Subcommittee on Lufthansa Technik AG
3. Mr. Apichart Chirabandhu	Member of the Subcommittee on Lufthansa Technik AG
4. Mr. Patee Sarasin**	Member of the Subcommittee on Lufthansa Technik AG
5. Mr. Piya Yodmani	Member of the Subcommittee on Lufthansa Technik AG

Mr. Piya Yodmani Secretary of the Subcommittee on Lufthansa Technik AG

Note: * Mr. Teerapol Chotichanapibal was nominated to replace Mr. Montree Jumrieng as a Chairman of the Subcommittee undertaking works related to Lufthansa Technik AG; effective from October 12, 2017.

** Mr. Patee Sarasin resigned from his position as a board member of the Subcommittee undertaking works related to Lufthansa Technik AG; effective from December 22, 2017.

The Management

Name	Position
1. Mr. Piya Yodmani	Chief Executive Officer
2. Mr. Brian Leslie Jeffery *	Chief Financial Officer
3. Mr. Yodchai Sudhidhanakul **	Chief Commercial Officer
4. Mr. Norahuch Ployyai	Chief Operating Officer

Note: * Mr. Brian Leslie Jeffery resigned from his position, effective from December 5, 2017 and Mr. Piya Yodmani was appointed an acting Financial Officer.

*** Mr. Yodchai Sudhidhanakul was appointed the Chief Executive Officer NokScoot Airlines Co., Ltd (Subsidiary), effective from November 1, 2017 and Mr. Piya Yodmani was appointed an acting Commercial Officer

Roles and Responsibilities of the Chief Executive Officer

1. To control and manage the Company's day-to-day operations and/or execution; to supervise the overall operation in alignment with the Company's policy, business strategy, goal and operation plan, financial goal and corporate budget approved by the Board of Directors and/or the resolution of the Shareholders' Meeting.
2. To formulate a business plan; to establish management authority and to prepare budget for use in the business and the annual expenditure budget for submission to the Board's approval; to report progress based on the plan and budget already approved to the Board of Directors.
3. To establish an organizational structure, management procedures, recruitment, training, termination, wage rates, salary, remuneration, bonus and other benefits for employees.
4. To monitor and report the Company's situation and position and to propose an alternative strategy that is in line with the policy and market conditions.
5. To supervise and control the Company's various operations such as finance, risk management, internal control, flight operation, support office and human resources.

6. To represent the Company and to be authorized as its representative to contact with government and other supervisory bodies.
7. To communicate with the public, shareholders, customers and employees to promote the Company's reputation and image.
8. To put in place the corporate governance of the Company
9. To be authorized to issue, amend, add and improve orders, rules and work regulations relating to, among a few, the nomination, appointment and removal of employees, disciplines of employees and workers, wages, salary and other remunerations as well as welfare and other fringe benefits.
10. To negotiate, discuss and approve the execution of any legal act and/or daily management of the firm within an amount approved by the Board of directors as stated in the authorization table; to be empowered and to have any role and responsibility as designated by or based on a policy entrusted by the Board of Directors.
11. To be authorized to appoint a substitute and/or to designate other individuals to specifically act on his behalf through the appointment of a substitute and/or such authorization shall however remain within the scope of the authorization stated in the given Power of Attorney and/or in alignment with the regulations, terms or orders given by the Board of Directors. The authorization of roles and responsibilities by the CEO mentioned above however must not be an authorization or a substitution that allows the CEO or his authorized representative to approve a transaction that he or the person with a potential conflict of interest (as defined in the notification of the securities and Exchange Committee or the Notification of the Capital Market supervisory Board) may have an interest therein or may benefit in any manner or may have any other conflict of interest with the Company or its subsidiaries unless it concerns an approval of transaction on the basis of the policy or criteria already approved by the Shareholders' Meeting or the Board of Directors.

On January 24, 2013, according to the resolution of Board of Directors' Meetings no. 1/2013 has approved Authorization Table and October 1, 2016 has approved Authorization Table (amended) to separate authority and function that appropriately respond to the Company's business. In Authorization Table gave authority to Chief Executive Officer for an efficient management process that suits its business, which involves the following substantive matters:

1. Use of Flight Operation budget not exceeding 100 million baht
2. Use of Normal Operation not exceeding 30 million baht
3. Operate / non Operate domestic flights

Nomination of Directors and Executives

Board of Directors

The Board of Directors consists of at least five directors, no fewer than half of whom must be domiciled in Thailand. The Company directors may or may not be the Company's shareholders when being appointed. The Nomination and Remuneration Committee is responsible for considering policy and criteria in nominating the person with the right qualifications to become directors and propose the persons to the Board of Directors and/or Shareholders' Meeting for consideration and appointment.

Nok Air has a policy to recruit and nominate qualified persons as its directors on the basis of their experiences, knowledge and competency found useful to the business. They must possess comprehensive qualifications and have no forbidden characters as stated under the Public Company Act, B.E. 2535 (1992) (including the amended), the Securities and Exchange Act, B.E. 2535 (1992) (including the amended) and related notifications of the Securities and Exchange Commission (SEC) and the Capital market Supervisory Board.

An appointment of a new director requires an approval by the Board of Directors and/or Shareholders' Meeting (as the case may be). Company director will be appointed on the basis of the criteria and procedures stated in the Company's Articles of Association of which details are as follows:

1. At every Annual General Shareholders' Meeting (AGM), one-third of all directors at the time shall resign on rotation. If the number of retiring directors could not be exactly divided, the nearest number to the one-third amount shall apply. Retired directors may be re-elected.
2. The Shareholders' Meeting may elect a company director based on the following procedures:
 - (1) One shareholder shall have one vote.
 - (2) Each shareholder shall exercise his entire votes under (1) to elect one or several persons as director. If he/she elects several persons as directors, he may not give more or fewer votes to one person than the other.
- (3) Those receiving the highest votes will be elected in a respective order as the Company's directors for a number of directors the Company may have or may elect on that occasion. If the persons being elected in a subsequent order enjoy a tie but their presence however will exceed a required number of directors the Company is to have or shall elect on that occasion, chairman of the meeting shall have a casting vote.
3. If a company director becomes vacant due to other reasons than rotation, the Board shall elect a qualified person who has no forbidden characters as stipulated in the laws on public limited company and the laws on securities and exchange to replace such person at the next Board of Directors' meeting unless the director's office term remains fewer than two months. The replacing person meanwhile shall remain in the office for the remaining term of the director whom he replaces only.

Audit Committee/Independent Directors

The Audit Committee shall consist of at least three independent directors where one of whom shall have enough competency and experience to review and audit the reliability and credibility of the Company's financial statements. The Audit Committee shall possess full qualifications as stated in the Notification of the Capital Market Supervisory Board as follows.

1. Holding no more than one percentage of all shares with voting rights of the Company, the parent company, a subsidiary, an associated company, a major shareholder or a person with the Company's controlling interest. The counting shall include shares held by related persons of such independent director.
2. Not being or never be a director with management role, worker, employee, consultant receiving a fixed salary or a person with the controlling power of the Company, the parent company, a subsidiary and an associate company, a subsidiary company of the same level, a major shareholder or a person with the Company's controlling interest unless the person has no longer been in such position for no fewer than two years from the day the application is filed to the Securities and Exchange Commission (SEC). These forbidden qualifications do not include when the independent director used to be a civil servant or an advisor to government agency who is the Company's major shareholder or a person with controlling interest.
3. Not having a blood relationship or any legal relationship through registration as father, mother, spouse, sibling or children including spouses of children of other directors, executives, major shareholders, persons with controlling interest or persons to be nominated as a director, an executive or a person with controlling interest of the Company or its subsidiary.
4. Not having or never had any business relationship with the Company, the parent company, a subsidiary, an associate company, a major shareholder or a person with controlling interest of the applicant in a way that could hinder an independent exercise of his discretion including not being or never be a shareholder with a significant holding ratio or a person with controlling interest of anyone having a business relationship with

the Company, the parent company, a subsidiary and an associate company, a major shareholder or a person with the controlling interest unless he/she has no longer have such relationship for no fewer than two years from the applying date with the SEC.

Business relationship under paragraph one refers to transaction during ordinary course of business to undertake the lease or rental of a real estate property, any transaction relating to assets or services, or a provision of or the receipt of financial assistance by getting or extending loan, guarantee, an offer of asset as a debt guarantee and other similar behaviors which results in the Company or a contractual party having an obligation to repay the other starting from 3% of the Company's net tangible assets or from 20 million baht, whichever is lower. The calculation of this debt obligation will have to be based, mutatis mutandis, on a calculation method of connected transactions under the notification of the Capital Market Supervisory Board Re: Rules governing connected transactions. However, when considering this debt obligation, one is required to include debt obligations accumulated within a year before such business relationship was formed with the same person.

5. Not being or never be an auditor of the Company, the parent company, a subsidiary, an associate company, a major shareholder or a person with the controlling interest. Neither shall be a shareholder with a significant meaning, a person with controlling interest or a partner of an auditing office in which the auditor of the Company, the parent company, a subsidiary and an associate company, a major shareholder or a person with the Company's controlling interest works unless he/she is no longer in such status for no fewer than two years prior to the applying date with the SEC.
6. Not being or never be any professional service provider which shall include a legal or financial advisor who received more than two million baht service fee annually from the Company, the parent company, a subsidiary an associate company, a major shareholder or a person with the Company's controlling interest. Neither shall he be a shareholder with significant meaning, a person with controlling interest or a partner of such professional service provider unless the person is no longer in such status for at least two years prior to the applying date to the SEC.
7. Not being a director who has been appointed to represent a company director, a major shareholder or a shareholder who is related to a major shareholder.
8. Not undertaking a business with the same nature and which materially competes with the business of the Company or its subsidiary; neither shall be partner with significant sense in a partnership; or a director with a management role, a worker, an employee and an advisor who earns a regular income or who holds more than 1% of other companies' entire shares with voting rights which undertakes the same business and which significantly competes with the Company or its subsidiary.
9. Not having other characteristics that indicate that he/she may not be able to express the opinion independently with regard to the Company's operations.
10. Not being a director who has been designated by the Board of Directors to make a decision in the operation of the Company, the parent company, a subsidiary, an associate company, a subsidiary of the same level, major shareholder and any person with the Company's controlling interests.
11. The independent director shall not be director of the parent company, a subsidiary or any subsidiary company of the same level limited however to listed companies. Neither shall be an independent director who may be designated by the Board to make a decision in regard to the operation of the Company, the parent company, a subsidiary of the same level; a major shareholder or a person with the Company's controlling interest where the decision making can be in a form of a collective decision.

If a person appointed as an independent director has or used to have a business relationship or provides or used to provide a professional service for a value that exceeds the level stated under Clause 4 or Clause 6 above, the board of Directors may relax the rule if it is of the view that such appointment won't affect his/her independent performance and expression of opinion. However, the following information shall be disclosed in the invitation letter to attend the Annual General Shareholders' meeting in the agenda relating to the appointment of independent directors:

1. Nature of a business relationship or a professional service that prevents the person from having required qualifications as stated in the criteria.
2. Reason and necessity to still retain the person or to appoint the person as an independent directors.
3. The Board of Directors' opinion when nominating the person to be appointed as an independent director.

Senior Executives

The Nomination and Remuneration Committee is responsible for considering policy and criteria for nominating the persons with required qualifications to serve as the Chief Executive Officer and senior executives of the Company. The committee also selects and nominates the persons with the required qualifications for the Chief Executive Officer and/or the Board of Directors to approve the appointment. The authority to appoint the Chief Executive Officer therefore belongs to the Board of Directors.

Considering that Chief Executive Officer is a very important position and to ensure that the person holding this position has the knowledge, competency and experience and independence in management, the Board of Directors has assigned the Nomination and Remuneration Committee to be responsible for recruiting the person suitable for such position, in case the position is vacant.

To maintain operational independence, the Chief Executive Officer is authorized to appoint other senior executives and without informing the Board of Directors.

Remunerations of Directors and Executives

Remuneration of Directors and Committee members

Remunerations of Directors

Position	Remuneration
<u>Monthly remuneration</u>	
- Chairman of the Board of Directors	Baht 30,000 per person/month
- Director	Baht 20,000 per person/month
<u>Meeting Allowance</u>	
- Chairman of the Board of Directors	Baht 30,000 per person/attendance (Should there be more than 1 meeting per month, the Chairman will receive meeting allowance of Baht 30,000 only)
- Director	Baht 20,000 per person/attendance (Should there be more than 1 meeting per month, each Board member will receive meeting allowance of Baht 20,000 only)

Remuneration for the Audit Committee (on top of the remuneration of company director)

Position	Meeting allowance for the Audit Committee (Baht/meeting)
1. Chairman of the Audit Committee	30,000
2. Member of the Audit Committee	20,000

Remunerations for the Nomination and Remuneration Committee (on top of the remuneration of company director)

Position	Meeting allowance for the Nomination and Remuneration Committee (Baht/meeting)
1. Chairman of the Nomination and Remuneration Committee	30,000
2. Member of the Nomination and Remuneration Committee	20,000

Remunerations for the Risk Management Committee (on top of the remuneration of company director)

Position	Meeting allowance for the Risk Management Committee (Baht/meeting)
1. Chairman of the Risk Management Committee	30,000
2. Member of the Risk Management Committee	20,000

Remunerations for the Corporate Governance Committee (on top of the remuneration of company director)

Position	Meeting allowance for the Corporate Governance Committee (Baht/meeting)
1. Chairman of the Corporate Governance Committee	30,000
2. Member of the Corporate Governance Committee	20,000

Remunerations for the Subcommittee on Lufthansa Technik AG (on top of the remuneration of company director)

Position	Meeting allowance for the Subcommittee on Lufthansa Technik AG (Baht/meeting)
1. Chairman of the Subcommittee	15,000
2. Member of the Subcommittee	10,000

Remunerations for Executives Committee (on top of the remuneration of company director)

Position	Meeting allowance for Executives (Baht/meeting)
1. Chairman of the Executive Committee	30,000
2. Member of the Executive Committee	20,000

The Advisor to Chairman of the Board or Executive Consultant, who was appointed the Directors and Committee members have received the meeting allowance. For Senior Executives, who was appointed Directors and Committee members will not receive any compensation.

In addition to the remunerations in financial form, the Company's Directors receive benefit in a form of 24 passenger tickets a year along flight routes offered by the Company (excluding fees and expenses such as fuel surcharge, airport charge, insurance, operation fee and VAT, etc.)

In 2017, the Company paid remuneration for 18 directors in the form of monthly allowance and meeting allowance, totaling 6,062,500 baht, excluding the remunerations of the strategic and Long-term Plan Committee and Steering Committee (Turnaround Plan) Remunerations for the directors and committees are as follows:

(Unit: Baht)

Name	Board of Director	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Governance Committee	Executives	The Subcommittee on Lufthansa Technik AG	The Study of the Efficiency in Aircraft Maintenance Improvement Committee	Total
1. Mr.Sommai Phasee	240,000	-	-	-	-	-	-	-	240,000
2. Mrs. Nalinee Ngamsettas*	310,000	-	-	-	-	120,000	-	-	430,000
3. Mrs. Usanee Sangsingkeo**	290,000	-	-	-	-	-	-	-	290,000
4. Mr. Rathapol Bhakdibhumi***	220,000	-	40,000	-	-	-	-	-	260,000
5. Mrs. Chiraporn Chemnasiri****	160,000	30,000	60,000	-	-	-	-	-	250,000
6. Mr. Pravej Ongartsittigul*****	160,000	-	-	30,000	30,000	180,000	-	-	400,000
7. Mr.Teerapol Chotichanapibal*****	380,000	-	-	-	-	80,000	30,000	-	490,000
8. Mr. Visit Tantisunthorn	380,000	110,000	-	-	-	-	-	-	490,000
9. Mr. Apichart Chirabandhu*****	400,000	80,000	225,000	-	-	-	30,000	-	735,000
10. Mrs. Suphajee Suthumpun*****	350,000	40,000	-	-	20,000	-	-	-	410,000
11. Mr. Patee Sarasin	370,000	-	-	-	20,000	-	10,000	10,000	410,000
12. Mr. Somchainuk Engtrakul ⁽¹⁾	360,000	-	-	-	-	-	-	-	360,000
13. Mr. Charamporn Jotikasathira ⁽²⁾	80,000	-	-	-	-	-	-	-	80,000
14. Mr. Chokchai Panyayong ⁽³⁾	80,000	-	40,000	-	-	-	20,000	30,000	170,000
15. Mr. Niphon Hakimi ⁽⁴⁾	160,000	-	-	-	-	-	20,000	20,000	200,000
16. Mr. Narongchai Wongthanavimok ⁽⁵⁾	220,000	-	50,000	-	-	-	-	-	270,000
17. Mr. Montree Jumrieng ⁽⁶⁾	230,000	-	-	-	-	-	7,500	-	237,500
18. Mr. Chotisak Asapaviriya ⁽⁷⁾	270,000	-	70,000	-	-	-	-	-	340,000

Note: * Mrs. Nalinee Ngamsettas was appointed an Executive, effective from September 27, 2017

** Mrs. Usanee Sangsingkeo was appointed a Director and an Executive, effective from February 28, 2017 and September 27, 2017, respectively.

*** Mr. Rathapol Bhakdibhumi was appointed a Director and a Member of the Nomination and Remuneration Committee, effective from April 19, 2017 and September 27, 2017, respectively.

**** Mrs. Chiraporn Chemnasiri was appointed an Independent Director, the Chairman of the Audit Committee and a Member of the Nomination and Remuneration Committee, effective from September 11, 2017, September 27, 2017 and September 14, 2017, respectively.

***** Mr. Pravej Ongartsittigul was appointed a Director, the Chairman of the Risk Management Committee, the Chairman of the Corporate Governance Committee and the Chairman of Executives, effective from September 27, 2017.

***** Mr. Teerapol Chotichanapibal was appointed the Chairman of the Subcommittee on Lufthansa Technik AG, effective from October 12, 2017.

***** Mr. Apichart Chirabandhu was appointed a Member of the Subcommittee on Lufthansa Technik AG, effective from April 7, 2017.

***** Mrs. Suphajee Suthumpun was appointed a Member of the Corporate Governance Committee, effective from September 27, 2017.

***** Mr. Piya Yodmani was appointed a Member of the Subcommittee on Lufthansa Technik AG, an Executive and a Director, effective from April 7, 2017, September 27, 2017 and October 12, 2017, respectively.

(1) Mr. Somchainuk Engtrakul resigned from his positions as the Chairman of the Board, effective from August 11, 2017.

(2) Mr. Charamporn Jotikasathira resigned from his positions as the director and committee, effective from February 10, 2017.

(3) Mr. Chokchai Panyayong resigned from his positions as the director effective from February 17, 2017 and resigned from Member of the Subcommittee on Lufthansa Technik AG effective from November 1, 2017.

(4) Mr. Niphon Hakimi vacated the office, effective from April 19, 2017.

(5) Mr. Narongchai Wongthanavimok resigned from his positions as the director and committee, effective from August 1, 2017.

(6) Mr. Montree Jumrieng resigned from his positions as the director and committee, effective from August 23, 2017.

(7) Mr. Chotisak Asapaviriya resigned from his positions as the director and committee, effective from September 27, 2017.

Remunerations of Executives

As of December 31, 2017, Nok Air had 5 executives who were remunerated in a form of salary, bonus and other benefits such as social security, provident fund, titled allowance and lump-sum vehicle expenses. Directors' bonus is based on operating profit and performance of individual director. In 2017, Nok Air paid 30.7 million baht in a form of salary for 5 executives.

In addition to the remunerations in financial form, the Company's executives receive benefit in a form of 20 passenger tickets a year along flight routes offered by the Company (excluding fees and expenses such as fuel surcharge, airport charge, insurance, operation fee and VAT, etc.).

Board of Directors' Meetings

In 2017, Nok Air convened 19 Board of Directors' meetings, 5 Audit Committee meetings, 8 Nomination and Remuneration Committee meetings, 1 Risk Management Committee meeting, and 1 Corporate Governance Committee meeting. The company set up an Executives and the Subcommittee on Lufthansa Technik AG.

Nevertheless, the strategic and Long-term Plan Committee and the Study of Efficiency in Aircraft Maintenance Improvement Committee were cancelled. Details of the attendance of the Board of Directors' meeting are as follows:

Name	No. of Attendance Meeting Attendance							
	Board of Director	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Governance Committee	Executives	The Subcommittee on Lufthansa Technik AG	The Study of the Efficiency in Aircraft Maintenance Improvement Committee
1. Mr.Sommai Phasee	6/6	-	-	-	-	-	-	-
2. Mrs. Nalinee Ngamsetthamas*	12/16	-	-	-	-	6/6	-	-
3. Mrs. Usanee Sangsingkeo**	8/15	-	0/1	-	-	1/6	-	-
4. Mr. Rathapol Bhakdibhumi***	9/13	-	2/2	-	-	-	-	-
5. Mrs. Chiraporn Chemnasiri****	5/6	1/1	3/3	-	-	-	-	-
6. Mr. Pravej Ongartsittigul*****	6/6	-	-	1/1	1/1	6/6	-	-
7. Mr. Teerapol Chotichanapibal*****	16/19	-	-	-	-	4/6	3/3	-
8. Mr. Visit Tantisunthorn	17/19	5/5	-	-	-	-	-	-
9. Mr. Apichart Chirabandhu *****	18/19	5/5	8/8	-	-	-	6/6	0/2
10. Mrs. Suphajee Suthumpun *****	14/19	2/5	-	-	1/1	-	-	-
11. Mr. Patee Sarasin	16/19	-	-	-	1/1	-	3/6	1/2
12. Mr. Piya Yodmani *****	2/3	-	-	-	-	6/6	3/3	-
13. Mr. Somchainuk Engtrakul ⁽¹⁾	11/12	-	-	-	-	-	-	-
14. Mr. Charamporn Jotikasathira ⁽²⁾	2/2	-	-	-	-	-	-	-
15. Mr. Chokchai Panyayong ⁽³⁾	2/2	-	1/2	-	-	-	4/4	2/2
16. Mr. Niphon Hakimi ⁽⁴⁾	3/6	-	-	-	-	-	5/6	2/2
17. Mr. Narongchai Wongthanavimok ⁽⁵⁾	11/11	-	3/3	-	-	-	-	-
18. Mr. Montree Jumrieng ⁽⁶⁾	9/12	-	-	-	-	-	1/2	-
19. Mr. Chotisak Asapaviriya ⁽⁷⁾	13/15	-	4/4	-	-	-	-	-

Note: * Mrs. Nalinee Ngamsetthamas was appointed a Director and an Executive, effective from February 28, 2017 and September 27, 20167, respectively.

** Mrs. Usanee Sangsingkeo was appointed a Director and an Executive, effective from March 9, 2017 and September 27, 2017, respectively.

*** Mr. Rathapol Bhakdibhumi was appointed a Director and a Member of the Nomination and Remuneration Committee, effective from April 19, 2017 and September 27, 2017, respectively.

**** Mrs. Chiraporn Chemnasiri was appointed an Independent Director, the Chairman of the Audit Committee and a Member of the Nomination and Remuneration Committee, effective from September 11, 2017, September 27, 2017 and September 14, 2017, respectively.

***** Mr. Pravej Ongartsittigul was appointed a Director, the Chairman of the Risk Management Committee, the Chairman of the Corporate Governance Committee and the Chairman of Executives, effective from September 11, 2017 and September 27, 2017, respectively.

***** Mr. Teerapol Chotichanapibal was appointed the Chairman of the Subcommittee on Lufthansa Technik AG, effective from October 12, 2017.

***** Mr. Apichart Chirabandhu was appointed a Member of the Subcommittee on Lufthansa Technik AG, effective from April 7, 2017.

***** Mrs. Suphajee Suthumpun was appointed a Member of the Corporate Governance Committee, effective from September 27, 2017.

***** Mr. Piya Yodmani was appointed a Member of the Subcommittee on Lufthansa Technik AG, an Executive and a Director, effective from April 7, 2017, September 27, 2017 and October 12, 2017, respectively.

(1) Mr. Somchainuk Engtrakul resigned from his positions as the Chairman of the Board, effective from August 11, 2017.

(2) Mr. Charamporn Jotikasathira resigned from his positions as the director and committee, effective from February 10, 2017.

(3) Mr. Chokchai Panyayong resigned from his positions as the director effective from February 17, 2017 and resigned from Member of the Subcommittee on Lufthansa Technik AG effective from November 1, 2017.

(4) Mr. Niphon Hakimi vacated the office, effective from April 19, 2017.

(5) Mr. Narongchai Wongthanavimok resigned from his positions as the director and committee, effective from August 1, 2017.

(6) Mr. Montree Jumrieng resigned from his positions as the director and committee, effective from August 23, 2017.

(7) Mr. Chotisak Asapaviriya resigned from his positions as the director and committee, effective from September 27, 2017.



Corporate Governance Policy

Corporate Governance Policy

With commitment to operating the business with responsibility towards all stakeholders and transparent, fair and accountable operations, Nok Air understands the value of corporate governance (CG) to enhance our competitiveness and management efficiency, which should lead to value added to the company, our shareholders and all stakeholders in the long run.

Nok Air has considered, reviewed, and adjusted Corporate Governance practice and policy in line with ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard), which is a tool to measure “listed companies’ corporate governance level” in ASEAN countries. It will upgrade Nok Air’s corporate governance (CG) practice in response to changing situations. This will also raise the company’s Corporate Governance standard and operations, which promotes sustainable growth. Corporate governance policy is divided into five sections as below:

Section 1: Right of Shareholders

The Board of Directors equally values and respects the rights of each shareholder. It is well aware that shareholders have the right of ownership to oversee Nok Air business by appointing the Board as their representatives, entitled to make a decision about the company’s major change. As a result, Nok Air facilitates the shareholders by offering fundamental legal rights or the rights they deserve, such as the right to sell or transfer shares, the right to share in the profit, the right to receive accurate, comprehensive and adequate company information in a timely and equitable manner to make decisions, right to propose additional meeting agendas before the shareholders’ meeting, the right to attend shareholders’ meetings to vote for appointment or dismissal of directors, the right to set directors’ remuneration rate, the right to appoint auditors, and the right to set the auditing fee. This includes the issues that affect the company. Nok Air will never take an action to violate or limit the rights of shareholders.

As a result, the Board defined the practice guidelines to facilitate and encourage shareholders to attend the shareholders’ meetings, along with other related rights of shareholders as below:

Holding Shareholders’ Meeting

1. Before the Shareholders’ Meeting Date

- 1.1 Thailand Securities Depository Company Limited (TSD), securities registrar of Nok Air, will send the shareholders an invitation letter, also available in English for foreign shareholders. Enclosed with the letter are supporting documents that contains key information to help shareholders decide, such as objectives and rationality as well as the Board’s opinions stated in all meeting agendas. Shareholders will be able to study the information at least seven days prior to the Shareholders’ Meeting. Moreover, Nok Air will announce the Shareholders’ Meeting in newspapers to comprehensively inform the shareholders about date, time, venue and agenda of meeting in Thai and English in compliance with law.
- 1.2 Nok Air adds communication channels of shareholders through its website <http://nok-th.listedcompany.com/home.html> where information and update will be exclusively posted there. The invitation letter to the meeting will be posted in advance before the meeting day for shareholders to conveniently and comprehensively download the meeting agendas.

- 1.3 If a shareholder cannot attend the meeting himself/herself, Nok Air allows that shareholder to appoint an independent director or any individual to attend the meeting on his/her behalf using any of three proxy appointment forms provided with the invitation letter as regulated by law. Nok Air will also help them with proxy instruction and prepare complimentary stamp duty for the proxy.
- 1.4 Nok Air will prepare venue and facilities to equally facilitate all shareholders who attend the meeting, such as adequate parking space for shareholders who drive and easy access for all shareholders, with map of venue attached to the invitation letter.
- 1.5 The meeting must not take place on public holidays or long weekends. Its timing must be appropriate.

2. On the Shareholders' Meeting Date

- 2.1 The Board of Directors will assign adequate staff members to review the participants' documents to ensure prompt, accurate, and auditable process. At the shareholders' registration point, the bar code system was implemented to expedite process of registration, vote counting, and result display to ensure quick and precise outcome.
- 2.2 Nok Air will appoint independent individuals to count or check the shareholders' votes in the meeting. Shareholders must use ballots to vote for every agenda required, which will ensure transparency and auditability in case that any arguments later arise. Nok Air will clearly count the ballots, disclose the results, and record the meeting's resolution in the minutes of meeting.
- 2.3 In the Shareholder's Meeting, Nok Air will arrange for a consideration and a voting based on an order of the meeting agendas without changing any material information or without adding any meeting agenda at the meeting without prior notice. Shareholders will vote for each item in case of multiple items under one agenda, such as appointment of directors.
- 2.4 Shareholders will be equally allowed to examine Nok Air's operation and to inquire and express their opinions as well as recommendations. Directors and executives will attend the Meeting to answer questions there. They are also allowed to ask chairperson of each committee in related issues.
- 2.5 Before the meeting, the Board of Directors, executives, and auditor (s) will be introduced to the participants. The Chairman will announce the quorum, consisting of the number of participating shareholders, the number of proxies, and the number of shareholders who appoint independent directors of Nok Air as a proxy. Moreover, the voting procedures and counting of shareholders' votes for each session will be clarified.
- 2.6 The Chairman of the meeting will allocate adequate meeting time to equally give each shareholder a chance to inquire or comment on related issues. Shareholders' key questions will be comprehensively answered. All major questions, explanation and opinion will be recorded in the minutes of meeting to further inform the shareholders who cannot attend the meeting.

3. After the Shareholders' Meeting Date

- 3.1 The minutes of the meeting, which discloses the meeting resolution, must be completely recorded with accuracy and transparency, consisting of following details:
 - Name list and title of directors, committees, high-ranking executives and auditors' representative who attends and cannot attend the meeting (if any).
 - Quorum, consisting of the number of participating shareholders, the number of proxies, and the number of shareholders who appoint an independent director as proxy
 - Voting procedure in each agenda, counting of total shareholders' votes before the meeting, and ballot instruction

- Every approving vote, disapproving vote, and abstention in each agenda that requires voting, including names of non-eligible voters and his/her number of shares (if any)
 - Key questions, explanation and comments recorded in the minutes of meeting
- 3.2 The meeting's resolution will be announced in SET's media channel the next working day, declaring the number of approving votes, disapproving votes, and abstentions in each agenda. Both Thai and English report will be issued and submitted to SET and related agencies. The information will be posted on Nok Air website within the timeline specified by law so that the shareholders can review it without waiting until the next meeting. Moreover, the minutes of meetings are kept in an effective storage system to refer to auditable reference.
- 3.3 Nok Air will increasingly facilitate convenient approach for shareholders to receive their dividend by transferring it to their bank accounts (if any dividend is paid) to allow shareholders to get paid on a timely basis and to also avoid any defect or loss or bank cheques or any delayed delivery.

Section 2 : Equitable Treatment of Shareholders

Nok Air takes it as its mission to equally treat all shareholders with fairness regardless of the shareholders' status, be they executive and non-executive shareholders and foreign shareholders. The Company is committed to facilitate shareholders in exercising their rights across all areas that they are eligible for. The Board of Directors therefore implemented a policy as follows:

1. Nok Air will send meeting schedule, agenda, and directors' opinions the Stock Exchange of Thailand (SET), which will further post them on SET website (<http://nok-th.listedcompany.com/home.html>).
2. Shareholders has the voting right of one share equals one vote. For the same type of share, the shareholders have equal right based on one-share-one-vote principle.
3. Nok Air offers shareholders a chance and right to appoint each director.
4. Nok Air shall study a possibility to allow minor shareholders to nominate directors or to propose any additional meeting agenda prior to the Shareholders' Meeting.
5. To facilitate the shareholders who are unable to attend the meeting, the Company will deliver all three types of proxy appointment forms, which are Form A, Form B and Form C, for shareholder to choose, along with invitation letter and instruction on proxy, to ensure that the shareholders are well prepared and avoid the difficulties for proxies. Such information is also published on the Company's website (<http://nok-th.listedcompany.com/home.html>) as another channel for shareholders to download.
6. Nok Air allows the shareholders to appoint at least one independent director as a proxy to attend the meeting. The name of the appointed independent director is to be stated in an invitation letter for the Shareholders' Meeting.
7. Nok Air will organize the meeting in orders of the agenda in the invitation letter and will not add agenda that are not listed in the invitation letter to the meeting without prior notice to shareholders. This is to ensure the fair treatment to the shareholders who do not attend the meeting.
8. Shareholders must use ballots for every agenda that requires voting to ensure transparency and auditability in case that any arguments later arise. Nok Air will clearly count the ballots, disclose the result, and record the Meeting's resolution in the minutes of meeting.
9. All shareholders, be they major or minor, Thai or foreigner shareholders, will be treated equally. For equal treatment of shareholders, the Board of Directors has provided measures for preventing directors' and executives' abuse of internal information to seek benefits for themselves and others, which is unfair to other shareholders of the Company. Examples of the abuse include selling securities using internal information and disclosing internal information to individuals related to directors and executives, which may cause damage to the Company's shareholders as a whole. The Company's policy towards internal information use is as follows:

Use of Internal Information

1. Educating directors and executives regarding their duties to report the securities that they, their spouses and non-matured children are holding to The Securities and Exchange Commission according to Section 59 and penalties under Section 275 of the Securities and Exchange Act, B.E. 2535 (1992) (and the amended); reporting the acquisition or disposal of securities of one's own, one's spouse and non-matured children to The Securities and Exchange Commission under Section 246 and penalties under the Section 298 of the Securities and Exchange Act, B.E. 2535 (1992) and the amended.
2. Directors and company executives as well as spouses and non-matured children are required to prepare and disclose their securities-holding report and a report indicating the change of their holding of the Company's securities to The Securities and Exchange Commission under Section 59 and penalties under Section 275 of the Securities and Exchange Act, B.E. 2535 (1992) (and the amended). A copy of these reports is to be sent to the Company on the same day they are submitted to The Securities and Exchange Commission
3. Directors, executives, employees and workers of the Company and its subsidiaries getting access to internal information that is material enough to affect the price of the Company's securities are to exercise their caution when trading the Company's securities within one month before the financial statements or such internal information is disclosed to the public and within 24 hours after such internal information was disclose to the public. Those relating to the internal information must not disclosed the information to any one unless the information is notified to the SET. Regarding the penalties, in case of violation, Nok Air will consider it as a disciplinary violation against the Company's work regulations and will penalize the person based on the circumstance in the following manners: verbal warning, written warning, probation and termination by firing, dismissing or discharging, as the case may be.
4. Directors, executives, employees and workers are prohibited to use the Company's internal information not yet released to the public that has or may have an effect to the Company's securities price and that they have known due to their position in the buying or selling or to offer to buy or sell or to persuade someone else to buy or sell or to offer to buy or sell the Company's other shares or securities (if any) whether directly or indirectly in a manner that could negatively affect the Company directly or otherwise and whether or not such an action is executed for one's interest or for someone else's or to disclose such fact for someone else to undertake these foregoing actions whether or not the directors, executives, employees and workers stand to benefit from it.
5. Directors, executives, employees and workers of the Company are prohibited to disclose its internal information or trade secrets as well as confidential information of the Company's suppliers that became known to them during their performance to the third party although such disclosure won't pose any negative effect to the Company and its suppliers.
6. Directors, executives, employees and workers of the Company shall have a duty to keep the Company's secret and/or internal information as well as a duty to use such internal information for the benefit of the Company's business only. Directors, executives, employees and workers of the Company are prohibited to use the Company's secret and/or internal information for the benefit of other companies in which they are shareholders, directors, executives, employees and workers.
7. Directors, executives, employees and workers of the Company are obliged to comply with the guidelines on the use of internal information under the Securities and Exchange Act and the Act on Public Limited Company as well as other regulations.

Nok Air underlines transparency and interest of its business when it comes to reviewing transactions. That's why it emphasizes the prevention of any transaction that could cause a conflict of interest, a connected transaction or a related transaction, all of which has been translated into the policy with the main contents as follows:

Policy of Connected Transactions

1. Executives and employees are to comply with Nok Air's Code of Conduct which is considered important and has to strictly comply with for the purpose of reliability and confidence by all stakeholders. The information in the Code of Conduct will be communicated to all employees for their understanding.
2. Company directors and executives are to inform the Company of their relationship or any connected transaction in any business which may cause a conflict of interest.
3. A connected transaction will be submitted to the Audit Committee for its opinion before the matter is proposed to the Board of Directors for approval based on the principle of good corporate governance. The Company will oversee the compliance with rules and regulations of the SET and the Office of Securities and Exchange Commission (SEC).

The Board of Directors obliges directors and executives to disclose information about their own and related individuals' interests in order to enable the Board to consider Company's transactions that may have a conflict of interests and perform decision-making to ensure interest of the Company as a whole. The directors and executives who have interest in a transaction with the Company will not be involved in decision-making about the transaction. The Company's policy for preventing a conflict of interest is provided as follows:

Policy for Prevention of Conflict of Interest

The Board has formulated a policy for prevention of conflict of interest on the principle that any business decision is to be executed on the basis of the best interest of the Company only and any action that could lead to a conflict of interest shall be avoided at all costs where those relating to the matter or having an interest in the matter under the review must notify the Company of his relationship or interest in the transaction and will not be involved in a decision-making process, nor shall they be authorized to approve the transaction.

In addition, directors and executives are to submit a meeting agenda expected to cause a conflict of interest between the Company and any major shareholder to the Audit Committee in advance. If the Audit Committee finds the transaction as either of the following:

1. A connected transaction - The Audit Committee is to request the Board to comply with the Notification of the SET Re: Disclosure of Information and action of listed companies relating to connected transactions, B.E. 2546 (2003); or
2. A conflict of interest - The Audit Committee is to inform the Board of Directors issues of possible conflict of interest and the director's name who could have a conflict of interest for the Board and the director to strictly comply with Section 80 of the Public Limited Company Act.

In addition, if an executive or a company director is of the view that a transaction is clearly qualified as either a connected transaction or a transaction with a conflict of interest and he intends to comply with the Notification of the SET Re: Disclosure of information and action of listed companies relating to connected transactions, B.E. 2546 (2003) and/or Section 80 of the Public Limited Company Act Re: Abstention of directors with direct or indirect interest, he/she may submit the agenda directly to the Board of Directors without first seeking the Audit Committee's opinion.

Section 3: Roles of Stakeholders

Nok Air realizes and recognizes the rights of all stakeholders, be they internal stakeholders; namely, shareholders and employees, or external stakeholders; namely, customers, suppliers, creditors, competitors, the public sector and other agencies and neighboring communities. This is simply because the Company has been supported by all stakeholders to be able to nurture our competitiveness and to generate profits to the business, an action which is considered enhancing our values in the long run. Stakeholders should therefore be treated well according to their legal rights. Related policy is as follows:

Policy and practice toward employees

Nok Air realizes that our employees are truly a key of our success to achieve our valuable goal. That's why it's our policy to fairly treat our employees either in terms of their career opportunity, remunerations, appointment, job transfer and capacity-building. To correspond with this policy, Nok Air has the following practices:

1. Treating employees politely and with respect to their individual rights.
2. Offering fair remunerations to employees; setting up a provident fund for employees and underlining the importance of employee welfare
3. Maintaining an environment which is safe as a place to work and a safe place for employees' properties.
4. Appointment, transfer, award and disciplining employees will be conducted with integrity and on the basis of individual employee's knowledge, capacity and proper circumstance.
5. Underlining the importance of employee's skill enhancement and capacity-building where all employees will be thoroughly and constantly given an opportunity to have their capacity developed to fulfill their professional potential, Nok Air does have an employee training plan drafted on an annual basis.
6. Listening to advices and recommendations based on employee's professional capacity.
7. Strictly complying with all employee-related laws and regulations

Policy and practice toward shareholders

Constantly realizing that shareholders are the owner of our business and the Company has a duty to add values to shareholders in the long run, Nok Air requires its directors, executives and employees alike to comply with the following practices:

1. Performing duties with integrity; making a decision on the professional principle with caution, care and fairness to major and minor shareholders for the best interest of all shareholders.
2. Carefully reporting the Company's status, financial statements, financial and accounting information and other reports.
3. Preventing from seeking an interest for oneself and other using the Company's information which has not yet been disclosed to the public that could result in the Company's conflict of interest.

Policy and practice toward customers

Recognizing the importance of our customers, the Company has set customer treatment policy as follows:

1. Providing customer service with politeness, enthusiasm and a service mind where the service is provided with sincerity, willingness, care and attention. All customers are treated as our close relatives. The service is offered with speed, accuracy and reliability.
2. Keeping customer's confidential information and refrain from illegally using their information for the interest of ourselves or related persons
3. Informing customers with accurate, adequate and timely information about the services provided by us by not overly advertising our products that could lead customers to misunderstand their quality or any service conditions.
4. Providing advice regarding the Company's means of providing the service to be as efficient as possible and for the best interest of our customers

Policy and practice toward suppliers and/or creditors

Nok Air has a policy through which employees shall treat all suppliers and/or creditors in a fair and sincere manner without taking their advantage and by taking into consideration the Company's best interest and on the basis of fair returns to both parties while avoiding any circumstance that could lead to a conflict of interest. Any discussion for resolution shall be based on the business relationship. The practice is as follows:

1. Not demanding or accepting or paying any unscrupulous business benefit to supplier and/or creditor.
2. If there is any information indicating that a demand or receipt or payment of any unscrupulous benefit was made, such information must be disclosed to supplier and/or creditor and the parties shall mutually resolve the problem with fairness and speed.
3. Strictly complying with all previously-agreed conditions. If any condition can't be complied with, creditors have to be quickly notified to find a possible solution together.

Policy and practice towards competitors

Nok Air has a policy to treat business competitors without violating or learning their confidential information in a fraudulent manner. The policy in this area is as follows;

1. Acting on the basis of the good competition framework.
2. Not seeking the competitor's confidential information in an inappropriate and fraudulent manner.
3. Not destroying the competitor's reputation by slandering him.

Policy and practice towards the society and community

Nok Air has a policy to conduct our business that will benefit the economy and the society as a committed corporate citizen who complies with the laws and related regulations without violating the basic human rights while promoting and upgrading the quality of our society and the communities.

Environmental Policy

The Company's policy in this area is to provide quality-enhancement activities as well as those relating to occupational health and the environment. We will maintain our work environment to make it safe to employee's life and property. Employees will be encouraged to have awareness in the society and the environment through activities which our employees will be constantly encouraged to participate.

Nok Air provides complaint-making and whistle-blowing channels as below:

Letter	:	Corporate Governance Committee Nok Airlines Public Company Limited 3 Rajanakarn Building 17 th Floor South Sathorn Road, Yannawa, Sathorn Bangkok 10120
E-mail	:	nok_cg@nokair.com
Tel.	:	0-2627-2000 ext. 2785
Fax.	:	0-2285-6944

Section 4: Disclosure of Information and Transparency

The Board of Directors has a policy to disclose financial and other information relating to Nok Air's business and its performance that is accurate, comprehensive and adequate on a regular and timely fashion and that reflects its actual financial status and operation results as well as its future.

The Board of Directors is strictly committed to legal compliance as well as compliance with rules and regulations relating to the disclosure of information and transparency. Information has been posted in Nok Air's website and the SET's media channel for shareholders and other related parties to get a thorough access. The Company is ready to update or change any information to align with what the SET and the SEC have notified and enforced.

Nok Air underlines the importance of its financial reports which should reflect the Company's actual financial status and operation results on the basis of accurate, complete and adequate accounting information based on the generally-accepted accounting principles (GAAP). The Company will also disclose information related to each director as well as roles and responsibilities of the Board of Directors and other committees in the Annual Report Form (Form 56-2) and the Annual Information Declaration Form (Form 56-1). It will also disclose remunerations of its directors and executives in its Annual report (Form 56-2) and the Annual Information Declaration Form (Form 56-1). Nok Air therefore formulates the policy and guideline as below:

Policy of Investor Relations

Nok Air delegates the staff to contact and communicate with investors or shareholders, including institutional investors and minor shareholders. It not only holds meetings to regularly analyze the performance, but also disseminates the corporate information, such as financial and general information, to shareholders, securities analysts, credit rating agencies, and relevant government agencies, via different channels, such as report submitted to the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the company's website (<http://nok-th.listedcompany.com/home.html>).

Recognizing the importance of regular information disclosure, Nok Air keeps the shareholders informed via the company's website that always updates its content, namely vision, mission, financial statement, press releases, annual reports, organization and management structure, shareholding structure and major shareholders. Shareholders or investors may inquire about the information at:

Letter	:	Investor Relations Department Nok Airlines Public Company Limited 3 Rajanakarn Building 17 th Floor South Sathorn Road, Yannawa, Sathorn Bangkok 10120
E-mail	:	nok_ir@nokair.com
Tel.	:	0-2627-2000 ext. Investor Relations Department
Fax.	:	0-2285-6944

Section 5: Responsibility of the Board

The Board of Directors is responsible for shareholders in overseeing the Company's business to meet corporate goal and to steer the business in a direction that will maximize shareholders' interest taking into consideration benefits of all stakeholders.

The Board of Directors' duty is to ensure compliance with the laws, objectives, Articles of Association and resolutions of the Shareholders' Meeting. The Board is to perform its duty with integrity and to take care of the interest of shareholders and stakeholders both in the short and long run. To ensure that Nok Air's business is in a direction that will maximize the interest of shareholders and stakeholders, the Board will supervise the preparation of the Company's

vision, mission, goal, objective, business direction, strategic plan, operation plan and annual budget. The Board will express its opinions for a mutual understanding of the business's overview before making an approval. It will monitor the management to ensure that corporate goals will be achieved on the basis of the SET and SEC guidelines.

Nok Air has 12 directors who will stay in the office for three years each. Of this, one is from the management while the remaining 11 are non-executive directors. Five out of these are directors with independence based on criteria stated by the Office of the SEC which aligns with the SEC's regulation that requires listed companies to appoint independent directors equivalent at least to or more than one-third of their entire directors. Nok Air's Board of Directors consists of competent personnel from various industries ranging from business to accounting and finance, all of which are related and supporting Nok Air's business.

The Company's Article of Association requires one-third directors to resign at the Annual General Shareholders' Meeting (AGM). If the entire number of directors cannot exactly be divided into three portions, the closest number to one-third director who are to retire from their position in Year 1 and Year 2 after being listed shall do so using a drawing method. For subsequent years, directors who stay in their office for the longest period shall resign. However, directors resigning on rotation may be re-elected.

Nok Air has clearly divided roles and responsibilities between the Board of Directors and executives. While the Board will formulate policies and oversee the management of executives at a policy level, executives will execute corporate management in alignment with the policy. Chairman of the Board is independent director and is not the same person as the Chief Executive Officer. The two have clearly-separated roles and responsibilities for the purpose of management balance. No one has an absolute power. Chairman of the Board has no relationship with the Company's management. The Chairman's role is to formulate a policy and to provide advice only. The Board appointed committees as below:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Risk Management Committee
4. Corporate Governance Committee
5. Management Subcommittee
6. Subcommittee on Action on Lefthansa Teehnik AG

To supervise and help overseeing Nok Air's operation, Chief Executive Officer (CEO) has established five committees as follows.

1. The Management Committee (MC) whose role and responsibility is to formulate a business strategy, a business plan and budget to align with the corporate policy. The MC is also responsible for making decisions and orders under its authority entrusted by the Board. It will also act in accordance with what the Board of Directors has approved. In addition, the MC will supervise the management's performance to ensure that it aligns with what the Board has entrusted and the management's compliance with resolutions legally adopted by the Shareholders' Meeting and by the Board.
2. The People Management Committee is to manage and formulate internal rules and regulations and other related matters to meet the Company's policy
3. The Commercial Management Committee will manage and formulate rules and regulations relating to commercial tasks, set ticket prices and plan flight schedules and flight routes to reflect the Company's policy.

4. The Operating Management Committee will manage and draft rules and regulations relating to flight operation and other matters to reflect the Company's policy.
5. The Safety Management System Committee will handle the safety management system within the Company to be in compliance with what the International Civil Aviation Organization (ICAO) has required.

In addition, the Board of Directors established an internal control system that covers all business areas, including finance and operations, in compliance with related laws, rules, and regulations. It provides effective checks-and-balances mechanism, with written operational regulations, to protect the company's assets. The approval authority ranking and responsibilities are assigned to the executives and employees while the internal control department, working independently, oversees the operations of each department to ensure its compliance with regulations. The Department also evaluates the effectiveness and sufficiency of internal control within each department of company.

Code of Conduct

Policy

The Code of Conduct applies to all management staff of the Company and all its subsidiaries at all levels, no matter if they have signed for acknowledgment or not. In the Company's business operation principles, the Company's reputation for integrity is an invaluable asset to its achievement and has influence on its business growth and profitability, so are management staff's reputation and decency. Thus, this practice standard has a direct impact on the overall confidence in the Company.

Legal compliance

The Company's objective is operating lawful business in compliance with requirements while respecting the rights of its traders and clients.

Policy and Code of Conduct

1. Compliance with the Company's regulations, notifications and orders The Code of Conduct is an additional part to the Company's regulations, notifications, and orders. If any statements in the regulations, notifications, and orders are in disagreement with the Code of Conduct, the Code of Conduct shall be applied. All management staff shall abide by the regulations, notifications and orders of the Company and their supervisors. That is, they shall:
 - 1.1 Strictly endorse the Company's policies and the compliance with its regulations, notifications, orders, and circular letters announced to all staff.
 - 1.2 Perform their duties with integrity and fairness and promptly report incidents that may ruin the Company's reputation and assets.
 - 1.3 Be polite, and give honor and respect, to their colleagues.
 - 1.4 Perform their duties with assiduity and perseverance and observe the Company's regulations and good governance to serve as a role model for other staff to ensure the Company's advancement and righteousness.
 - 1.5 Strictly retain interests and secrets of the Company and clients or those related to any activities that the Company should not disclose - Dissemination of the Company's information on financial business and

individuals shall be done in a proper manner with permission, prudence, and efficiency. Hence, throughout, and after the termination of, the employee status period, all staff shall agree to keep the aforementioned information confidential. If they disclose or send it to other people or use it beyond their duties they perform for the Company, they shall agree to make restitution for all actual damages.

- 1.6 Take care of the Company's assets and protect them against damage or loss from any individuals or disasters with their full capacity and bring nothing from the Company, whether it is equipment or asset, for personal or others' interests that are irrelevant to the Company's business operations.
- 1.7 Conduct business administration while adhering to morality and ethics, promote morality and ethics at all levels of the Company, as well as monitor and manage potential conflicts of interests in the Company.
- 1.8 Closely and fairly supervise subordinates.
- 1.9 Be ready to work as a team and open to others' opinions.
- 1.10 Strictly comply with, and encourage their subordinates, while monitoring them, to strictly comply with, the Company's regulations, disciplines and requirements for using the Company's computer system, computer data, and computer traffic data. This aims to ensure their compliance with the computer law, the copyright law, or other relevant laws and to prevent the Company's reputation and image from being ruined.

2. Not-to-do list

All management staff shall refrain from behaving in a way that will ruin the Company and themselves. That is, they shall not:

- 2.1 Spend office hours on personal affairs or interests.
- 2.2 Operate an activity that has the same state and compete with the Company's activities to achieve personal or others' interests or be a dominant shareholder, which may have a direct or indirect detrimental effect on the Company.
- 2.3 Behave in a way that can ruin the Company's position and honor.
- 2.4 Make or use a false statement or conceal a fact that should be informed to the Company.
- 2.5 Work with negligence or take any inappropriate action for being good management, in order to ensure a correct and honest accomplishment.
- 2.6 Conceal or distort a fact to achieve personal or others' interests, which may have a direct or indirect detrimental effect on the Company.
- 2.7 Take any action that prevents legitimate actions of the Company's authorized persons or issue any orders that allow staff's unlawful or unethical behavior.
- 2.8 Commit a civil or criminal offence which has a direct or indirect detrimental effect on themselves or others with or without intention.
- 2.9 Disclose their own or others' wage or salary or salary raise rates with or without intention.
- 2.10 Ask for, or agree to accept, an asset or other benefits from a client, trader, partner, competitor, or any other person who conducts business with the Company or provide entertainment which is proven to be beyond reasonableness. The exception is customary gifts, normal business entertainment, or business promotion costs which will lead to commercial reputation as customary exchange; however, if each item is worth more than [3,000] baht, they shall immediately inform their supervisor from the level [Director].

- 2.11 Offer a bribe directly or through a third party to, and/or misuse their influence on, the representatives of the government, clients, or partners, which conflicts with the Company's policies.
- 2.12 Deliberately add, remove, or correct information in a record or any information, by any means, to change or distort the performance results and account records for any purposes.
- 2.13 Make a payment or conduct business management with a deliberate attempt or in a way that makes it understood that part of the payment or the business management has a purpose/purposes other than purposes specified in the payment or business management documents.
- 2.14 Be insolvent or be assumed to be insolvent on particular legal grounds.
- 2.15 Fail to retain the Company's intellectual property information or intellectual property information that the Company has acquired from staff's action.
- 2.16 Copy other people's works and intellectual property.
- 2.17 Take any action to seek benefits for themselves or other individuals in a wrongful manner.
- 2.18 Request a non-procurement function to ask for support from a trader or partner - if the support is needed for the Company's interests for different functions, consult the procurement function about having it take charge of the process. The exception is marketing activities, which are under the responsibility of the Marketing and Business Development.
- 2.19 Take an action that neglects, or is conducive to, any individuals' exploitation of, access to, or disturbance to the Company's computer system, computer data, and computer traffic data in a wrongful manner or without the Company's permission; or intentionally act to cause, encourage, or allow the occurrence or continuity of wrong acts committed by service providers, based on the computer law, copyright law, or other relevant laws.

Disciplinary penalties

1. Minor breaches : The management staff who have committed a minor breach will receive a warning notice which indicates the characteristics and primary grounds of the breach. They are allowed to object to the accusation before their supervisor. If this issue cannot be solved, it shall be presented to the Disciplinary Committee, appointed by the CEO, for consideration, and the Committee's judgment is the final decision. If they commit the breach for the second time, or if they do not rectify the first breach based on the warning notice, they are subject to strict disciplinary action, which may include employment termination.
2. Serious breaches, e.g. offering or taking a bribe, frauds, disclosing the Company's confidential information or intellectual property information to the third party, taking any action that ruins the Company's honor, and concealing, or failing to report, any information, consultation, or important documents to their supervisor - In the case of a serious breach, the Company may consider non-compensation employment termination without issuing a warning notice.

Investment Policy, Investment in Subsidiaries and Joint Ventures Policy

The Risk Management Committee resolved in its 1/2013 meeting dated January 24, 2013 to formulate investment policy, investment in subsidiaries and joint ventures policy and management of such companies as follows:

• Investment Policy

To ensure sound and efficient investment, Nok Air has formulated the investment policy to be used as a guide line in its operations as follows:

1. Nok Air shall invest in business with potential to constantly generate revenue and profit after investment feasibility analysis has been made.
2. Nok Air shall invest in business with sufficient cash flow to pay debt obligation and interest payment

3. Nok Air shall invest in business that generates attractive return on investment and has acceptable risk level.
4. Nok Air shall provide the experienced managements to look after the Company's Investment.
5. Nok Air shall assign its representatives to act as directors in the company in which it invests.
6. Nok Air shall not invest in illegal and unethical business.
7. Investment projects shall be approved by the Board of Directors or the Shareholders' Meeting according to the Company's regulations or laws related to listed company or securities and exchange or regulations, announcement, order and notifications issued by the Capital Market Supervisory Board and the Stock Exchange of Thailand.
8. The Company shall report to the Board of Directors the operating performance of the company in which it invests on quarterly basis.
9. The Board of Directors is responsible for considering and approving dividend payment of the company in which Nok Air invests.
10. Nok Air does not have a policy to invest in equity instruments listed on the Stock Exchange of Thailand.

- **Investment in Subsidiaries and Joint Ventures**

Nok Air focuses on investing in subsidiaries and joint ventures with high growth potential and good return on investment in order to ensure its leading market position as a budget airline that provides the most comprehensive services. Any investment permission shall be in response to the Capital Market Supervisory Board's announcement on significant transaction related to asset acquisition and distribution and the announcement of the Securities and Exchange of Thailand on disclosure of information and guideline for listed company in Acquisition or Distribution of Assets B.E. 2547 (2004).

Nok Air is interested particularly in long-term investment in the above mentioned businesses by considering the fundamental of the target business and trend in that business sector. In addition, the Company has a policy to make investment in a substantial ratio in order to obtain the right to participate in the management and formulation of business direction of the subsidiary and joint venture or jointly controlled entity. In addition, the Company is committed to supporting these subsidiaries, joint ventures and associated companies to achieve sustainable growth in the future.

The Company may consider investment in other related businesses. Investment made shall directly address the nature of business and the corporate strategy.

Before making investment, Nok Air will conduct a feasibility study for the project, consider project potential and investment risks before submitting the investment plan for the Board of Directors' consideration and recommendation in order to mitigate such investment risks.

- **Management of Subsidiaries, Joint Ventures and Jointly Controlled Entity Policy**

The Company assigns its representative to serve as directors in its subsidiaries to oversee the operations of the subsidiaries. The representatives shall have the qualification and experience in such business and does not have conflict of interest. The representative shall manage the subsidiary in accordance with the policy approved by Nok Air and the Company's rules and regulations as well as laws related to the subsidiaries.

The Company also closely monitors the operations and performance of its subsidiaries, joint ventures and jointly controlled entities and presents the analysis, opinions and recommendation to the Board of Directors of such companies. The analysis will be used for formulating or improving the operations of the subsidiaries, joint ventures and jointly controlled entities to promote continuous expansion and development.

- **Criteria for Trade Agreement with a Business Condition in General for Transactions between the Company or Its Subsidiaries and Directors, Executives or Related Parties**

Directors, executives or related persons can have a transaction with the Company or its subsidiaries only when approval from the General Shareholders' Meeting is granted, except when the transaction involves trade agreement in the same manner a person will do with other contractual parties under the same circumstance with a bargaining power that is influence-free from the fact that the status is the Company's director, executive or a person with relevance. The Company will report transactions exceeding Baht 15 million in value to the Audit Committee and the Board of Director on a quarterly basis.

Connected Transaction Policy

Nok Air will comply with the laws on securities and exchange and regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the SET relating to connected transactions. Executives or stakeholders may not be involved in approving connected transactions.

If the law requires an approval from the Board of Directors' meeting, the Company will have the Audit Committee attend the meeting to consider the matter and to provide an opinion as to the necessity and rationality of such transaction. When executing a transaction which is a trade agreement with or without a general trade condition, one needs to do it on the basis of the following principles:

- **Transaction being a Trade Agreement with a Business Condition in General**

For a connected transaction which is a trade agreement that contains a general condition between the Company and its subsidiary vs. a director, an executive or a person with relevance already approved in principle by the Board, the management may approve such transaction if it contains an agreement in the same manner a person will do to contractual parties in general under the same circumstance with a bargaining power that is influence-free from the fact that its status is the Company's director, executive or a person with relevance.

The Company will report transactions exceeding Baht 15 million in value to the Audit Committee and the Board of Directors on a quarterly basis.

- **Transaction being a Trade Agreement without a Business Condition in General**

For any transaction that is a trade agreement but without a business condition in general, the transaction has to be reviewed first by the Audit Committee before it could be submitted to the Board of Directors and/or the Shareholders' Meeting for further approval. This however has to be in compliance with the laws on securities and exchange as well as regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the SET and compliance with the requirements for disclosure of connected transactions.

If the Audit Committee has no expertise to review the connected transaction that may take place, the Company may appoint an independent expert or its auditor to express an opinion regarding the connected transaction to support a decision of the Audit Committee and/or the Board and/or shareholders, as the case may be, to ensure that the transaction is necessary and reasonable by taking into consideration the Company's interest. Nok Air will disclose connected transactions in the Annual Report Form and notes to financial statements already audited by the Company's auditor.

Future Connected Transaction Policy

The Board of Directors has to ensure that future connected transaction must comply with the securities and exchange laws, regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the SET as well as the regulation on disclosure of connected transaction of company and subsidiaries according to the accounting standard set by the Federation of Accounting Professions.

In case of a transaction being a normal business practice and continuing in the future, the Company has set criteria and framework to make it a trade agreement with business condition in general. The transaction shall be based on the price and conditions that are appropriate, fair, reasonable and transparent. The criteria have been presented to the Audit Committee for review and agreement.

In case of a future connected transaction, the Company requires the Audit Committee to provide opinion on the appropriateness of the transaction. In case the Audit Committee does not have expertise in considering the connected transaction, the Company shall appoint a person with special expertise, such as the auditor or independent property appraiser to provide opinion on the connected transaction. The opinions provided by the Audit Committee or the specialists shall be used in the matter consideration by the Board of Directors or shareholders depending on the nature of the case to ensure that the transaction is not involved with transfer of the interest by the Company or shareholders. The transaction must bring the best benefits to the shareholders.

Auditor's Fee

Audit fee for the Company and subsidiaries for 2017 were 2,550,000 baht and 1,700,000 baht, respectively. There is no other service.

Provident Fund

Nok Air set up the provident fund on July 31, 2011 with SCB Asset Management Co., Ltd. (SCBAM) with an objective to promote employee's savings in the long run and to provide security to employees and their families upon resignation, retirement or death. The provident fund is also an incentive for workers to stay with the Company which will result in a good labor relations between the employer and its employees that could enhance work efficiency. In 2017, Nok Air paid 45,537,715.72 Baht to the provident fund.

Human Resource Development Policy

Human resource is a critical factor that allows Nok Air to grow in a sustainable manner. Realizing the importance of continued development, maintenance and care of its human resources to enhance their potential and to promote the airline's corporate culture, Nok Air organizes regular trainings have been offered. The Eagle Leadership Program (ELP) and Management Trainee Program (MT) were also initiated to recruit persons with high potential, capability and experience to be the successor of top management.

For specialized personnel such as pilot, ground staff and engineer, Nok Air has constantly organized training to sharpen their expertise and specialty according to the aviation industry's regulations and standard. Leadership and management courses as well as soft skills training are also offered to provide specialist with the opportunity to develop their knowledge, skills, attitudes and behavior in parallel with their specialty. These programs are customized to match corporate needs and enhance the airline's professionalism and long-term competitiveness.

Pilot

Nok Air's recruitment guideline for flight personnel who consists of certified flight instructor and pilot is as follows:

1. Captain: Nok Air has a policy to hire personnel with intensive flight experiences and possess all qualifications as required by the Civil Aviation Authority of Thailand. For co-pilot, the airline recruits those with high experience, possess all the qualifications required and pass international standard tests. The new recruits will be trained further to be promoted to captain in the future.

2. Co-pilot: Nok Air organizes a co-pilot examination based on demands for its flight personnel where the consideration is based on the increasing number of aircraft. Qualified persons who are entitled to sit in an examination to be Nok Air's pilot has to be an undergraduate in a field appropriate to become a pilot, complete a flight training from domestic and overseas flight institutes certified by the Civil Aviation Authority of Thailand and possess a commercial pilot license and a health certificate for airborne personnel.
3. Selected pilots will be required to attend the training required by the Civil Aviation Authority of Thailand as follows:
 - General training for commercial pilots
 - Specific training based on the aircraft model to pilot
 - Crew resource management (CRM) training

Once passing the ground training courses, these pilots will have to attend the airborne training which includes simulator training and training with actual aircraft, all of which is responsible by certified flight instructors and carried out in accordance with the rules and regulations of aircraft manufacturers subject to the examination of the Civil Aviation Authority of Thailand in every step.

Nok Air's pilot is to be ready for any auditing at all times whether from the Company's aviation standard department or from the Civil Aviation Authority of Thailand aside from the test of aviation capability held every six months. If failing to pass the test at any step, the pilot won't be allowed to fly and will have to return to a review training as required by the airline until he/she passes the test before being airborne again.

Aside from the flight training, pilot who is considered the Company's valuable resource, will also be trained in other fields such as leadership management and others which are the Company's own training courses as required by the Human Resources Department with a purpose to turn the Company's pilot into a real pro.

Crews

All newly-recruited crews will be required to attend the customer service training, training about aircraft information and safety procedures during emergency training, all of which are held at Thai Airways' premise using Thai's facilities since Nok Air has no policy to invest in its own crew training center. In addition, Nok Air requires all crews to attend this training annually. The Company also has a policy to enhance other types of knowledge for its air hostesses by having them interned or working with other departments within the firm to nurture additional skills and to be able to work in other fields when the contract with the Company as cabin crews expires.

Engineer

Nok Air selects maintenance engineers with no fewer than five years of direct experiences in aircraft maintenance who also possesses the ground engineer license, Class 2, from The Civil Aviation Authority of Thailand. Nok Air's engineer is to complete two main training courses; namely, the Human Factor Training Course which is related to general safety management and accident risk from human factor; and the Type License Course which trains engineers to repair and maintain a particular type of aircraft for its airworthiness. Flight engineer possessing an aircraft maintenance license is to attend the brush-up course every two years. Engineer will not be able to sign Nok Air's airworthiness certificate unless otherwise approved in writing by the Aircraft Maintenance Standard Department.

Labor Dispute

As of December 31, 2017, Nok Air had no labor dispute.



Board of Directors and Executive Officer Profiles

1. Mrs. Usanee Sangsingkeo

Director (Authorized Director) /

Member of the Executive Committee

Appoint Date 9 March 2017

Age 60 Years

Education Background / Training

- Master of Business Administration (MBA)
- Mini Master of Information Technology (MMIT)
- Bachelor of Business Administration (BBA)
- Joint Government-Private Sector Administration of Society's Peace and Order Course Session 3
- Executive Leadership Program, Capital Market Academy (Class 21)
- Advanced Security Management Program (ASMP)
- Thai Institute of Directors Association (IOD)
 1. Director Certification Program (DCP), Class 194/2014
 2. Ethical Leadership Program (ELP) 2017

Training (within 2017)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2016 - Present	Executive Vice President of Corporate Strategy & Sustainable Development Executive Vice President of Commercial Executive Vice President of Aviation Business Unit Thai Airways International Public Company Limited
2012 - 2015	Managing Director of Ground Customer Service Department Thai Airways International Public Company Limited
2009 - 2012	Director of In-Flight Equipment Planning & Control Department Thai Airways International Public Company Limited

Board member/ management in Listed Company

2016 - Present	Director (Authorized Director)/Member of the Executive Committee Nok Airlines Public Company Limited
Present	Acting President Thai Airways International Public Company Limited Executive Vice President of Corporate Strategy & Sustainable Development
Present	Director Bangkok Aviation Fuel Services Public Company Limited

Position in Other Company/ Organization/Institution

Present	Director Thai Smile Airways Company Limited
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2. Mr. Teerapol Chotichanapibal

Director (Authorized Director) /

Chairman of Sub-Committee for the Lufthansa Technik AG

Appoint Date 7 April 2016

Age 61 Years

Education Background / Training

- Master of Science, Operations Research,
University of Southampton, Great Britain
- Bachelor of Arts, Mathematics/
Economics (Joint Honor),
University College of Wales, Great Britain
- 2016 - CMO Academy, INSEAD, Singapore
- 2014 - Public Director Certification program,
Public Director Institute,
King Prajadhipok's Institute
- 2008 - Director Certification Program, Class 111/2008,
IOD- Thai Institute of Directors

Training (within 2017)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2015 - 2017	Executive Vice President, Commercial Thai Airways International PLC.
2014 - 2015	Executive Vice President, Advisor to President Thai Airways International PLC.
2014	EVP, Commercial Department Thai Airways International PLC.
2013	EVP, Strategy and Business Development Department Thai Airways International PLC.
2011	EVP, Customer Service Department Thai Airways International PLC.

Board member/ management in Listed Company

2016 - Present	Director (Authorized Director)/ Chairman of Sub-Committee for the Lufthansa Technik AG Nok Airlines Public Company Limited
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Position in Other Company/ Organization/Institution

- None

3. Mr. Rathapol Bhakdibhumi

Director (Authorized Director) /

Member of the Nomination and Remuneration Committee

Appoint Date 19 April 2017

Age 51 Years

Education Background / Training

- Executive Master's in International Logistics and Supply Chain Strategy, Georgia Institute of Technology, Atlanta, USA
- Master of Business Administration (Marketing and International Business) Sasin Graduate Institute of Business Administration
- Bachelor of Sciences (Mechanical Engineering) University of Colorado, Boulder, USA
- Thai Institute of Directors Association (IOD)
 1. Director Accreditation Program (DAP) Class 23/2004
 2. Director Certification Program (DCP) Class 52/2004
 3. Charter Director Class (CDC) Class 9/2015
- Tourism Management Program for Executives (TME), TAT Academy
- Thailand National Defence College (58)
- Top Executive Program in Commerce and Trade (TEPCoT8) (Studying) Commerce Academy, University of Thai Chamber of Commerce
- Executive Program "Bhumipalung Phandin" Chulalongkorn University
- Executive Program in General Management, Strategies for Sustainable Business, MIT Sloan School of Management, USA
- Southeast Asia Regional Program Fellows, Eisenhower Fellowships
- Administrative Law for Executives Class 5 (ALE 5) National Intelligence Agency, Thailand
- National Security Management for Senior Executives Class 1 Thailand Administration Court, Thailand
- Thailand Energy Academy Executive Program Class 1 (TEA 1) Thailand Energy Academy, Thailand
- Government Civil Aviation Training Royal Thai Air Force Class 65
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives King Prajadhipok's Institute, Thailand
- 2009 Directors' Consortium Stanford Graduate School of Business, USA
- Electronic Business and Commerce Executive Program Graduate School of Business Stanford University, USA
- e-Business and Supply Chain Management Program Graduate School of Business Stanford University, USA
- Enrolled as a special student at the Sloan School of Management for two academic term. Course work includes Operation and Financial Management. Massachusetts Institute of Technology Cambridge, MA, USA

Training (within 2016)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2005 Director Datamat Company Limited

Board member/ Management in Listed Company

2017 - Present	Director (Authorized Director)/Member of the Nomination and Remuneration Committee Nok Airlines Public Company Limited
2014 - Present	Director/Member of the Audit Committee/ Member of the Corporate Governance Committee CAT Telecom Public Company Limited
2014 - Present	Director/ Independent Director/ Member of the Nomination and Remuneration Committee/ Member of Strategy and Transformation Committee/Member of the Human Resource Development Committee/Member of the Procurement Improvement Committee/Member of the Audit Committee/Member of the Recruitment of THAI's President Thai Airways International Public Company Limited

Position in Other Company/Organization/Institution

1999 - present	President and CEO General Electronic Commerce Services Co., Ltd.
2014 - Present	Director/ Member of the Audit Committee/ Member of the Corporate governance and Corporate Social Responsibility Committee/ Compensation Committee Thailand Post Company Limited
Present	Director Sahachart Sethakit Company Limited
1990 - Present	President SK Mineral Company Limited

4. Mrs. Nalinee Ngamsetthamas

Director/

Member of the Executive Committee

Appoint Date 28 February 2017

Age 59 Years

Education Background / Training

- Ph.D. (Honorary Degree) in Finance, Sripatum University
- Certificate Master of Marketing Management, Thammasart University & University of Gothenberg
- Master of Business Administration (Financial Management), National Institute of Development Administration (NIDA)
- Bachelor of Science, Srinakharinwirot University
- Thammasat World Leadership Program (TWLP Batch#1), Thammasat University Alumni Association
- Leadership Succession Program (LSP Batch#4), Institute of Research and Development for Public Enterprises (IRDP)
- Thammasat Leadership Program (TLP Batch#3), Thammasat University Alumni Association
- Advance Security Management Program (ASMP Batch#3), Thailand National Defense College
- Capital Market Academy Leadership Program (CMA) Class 8, The Capital Market Academy
- Thai Institute of Directors Association (IOD)
 1. Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016
 2. IOD Exclusive Event (M-IEE) Class 1/2015
 3. Role of Chairman Program (RCP) Class 31/2013
 4. Director Accreditation Program (DAP) Class 61/ 2007

Training (within 2017)

Director Forum 2017: The Board's role in CEO Succession Planning
CAC Conference 2017 "Bright Spots : Lighting the way to a corruption free society

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2004 - 2012 Director
Dharmniti Public Company Limited

Board member/ management in Listed Company

2017- Present	Director/Member of the Executive Committee Nok Airlines Public Company Limited
2011 - Present	Authorized Director/Director of the Nomination and Remuneration Committee/Member of the Executive Committee AIRA Factoring Public Company Limited
2010 - Present	Authorized Director/Chairman of Investment Committee / Chief Executive Officer AIRA Capital Public Company Limited

Position in Other Company/ Organization/ Institution

2017 - Present	Authorized Director / Chairman of the Board of Directors Nok Scoot Airlines Company Limited
2017 - Present	Director Nok Mangkang Company Limited
2017 - Present	Authorized Director AIRA Asset Management Limited
2016 - Present	Authorized Director Travellex (Thailand) Limited
2016 - Present	Authorized Director/Chairman of the Board of Directors AIRA Leasing Public Company Limited
2015 - Present	Authorized Director/ Chairman of Executive Committee/Chief Executive Officer AIRA Property Public Company Limited
2015 - Present	Authorized Director/ Chairman of the Board of Directors Aspiration One Company Limited
2014 - Present	Authorized Director/ Chairman of Nomination and Remuneration Committee/Chairman of Executive Officer Meeting AIRA&AIFUL Public Company Limited
2013 - Present	Authorized Director/Chairman of the Board of Directors AIRA International Advisory (Singapore) Pte., Ltd.
2007 - Present	Authorized Director AIRA Securities Public Company Limited

5. Mr. Visit Tantisunthorn

Independent Director

Member of the Audit Committee

Appoint Date 9 April 2015

Age 59 Years

2000-2001

Director

Lanna Resources Public Company Limited

Education Background / Training

1998 - 2000

President and Chief Executive Office

Grammy Entertainment Public Company Limited

- Bachelor of Business Administration (Statistics), Chulalongkorn University

1992 - 1998

Senior Vice President and Regional Director

- Master of Business Administration, University of Wisconsin-Madison

American International Assurance

Company Limited

- Advanced Security Management Program 1, Harvard Business School, National Defence College Class 2004

Board member/ Management in Listed Company

2014 - Present

Independent Director Member of the Audit Committee

Nok Airlines Public Company Limited

- Thai Institute of Directors Association (IOD)
 - Directors Certification Program (DCP) Class 18 /2002
 - The Role of Chairman Program (RCP) Class 2/2001

2001 - Present

Executive Director

Lanna Resources Public Company Limited

- National Defence College Class 2004

- Capital Market Academy Class 3

- Politics and Governance in Democratic System for Executive, King Prajadhipok's Institute Class 5

Position in Other Company/ Organization/Institution

2014 - Present

Chairman

Trustee Thailand Management Association (TMA)

2007 - Present

Director

Trustee Thailand Management Association (TMA)

2007 - Present

Committee

Property Management Thai Red Cross Society

Training (within 2016)

- None

Share Holding %

Held Personally : Warrant (NOK-W1) 3,000,000 Shares

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2000 - 2014

Director

True Vision Group Company Limited

2000 - 2001

President

Lanna Resources Public Company Limited

2003 - 2009

Director

Dhipaya Insurance Public Company Limited

1983 - 1992

Head of Corporate Lending

Thai Investment and Securities Public Company Limited

2001 - 2009

Chairman

Fitch Rating (Thailand) Company Limited

2001 - 2009

Secretary General

General Government Pension Fund of Thailand

6. Mr. Apichart Chirabandhu

Independent Director/

Chairman of the Nomination and Remuneration Committee/

Manber of the Audit Committee/Member of Sub-Committee for the Lufthansa Technik AG

Appoint Date 7 January 2013

Age 60 Years

2014 - Present

Director, Independent Director, Member of the Audit Committee, Chairman of Nomination and Remuneration Committee, Member of the Corporate Governance

Millcon Steel Public Company Limited

2015 - Present

Director, Member of the Audit Committee, Member of the Corporate Governance, Member of the Nomination and Remuneration Committee

Triple I Logistics Public Company Limited

Education Background/ Training

- Bachelor's degree, Law, Ramkhamhaeng University
- Thai Institute of Directors Association (IOD)
 1. Director Accreditation Program (DAP) Class 103/2013
- Diploma, The Joint State-Private Sector Course (Class 24), The National Defence College of Thailand (NDC) 2011 - 2012
- Politics and Governance in Democratic Systems for Executives (Class 18), King Prajadhipok's Institute

Training (within 2017)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

None

Last 5 years work experience

2012 - 2014	Consultant of the Labour The Senate's Labour and Welfare Committee
2011 - 2014	Honorary Advisory Committee Thai Senate Standing Committee on Corruption Investigation and Good Governance Promotion
2008 - 2013	Chairman of the Board Wattana Capital Public Company Limited
2006 - 2008	Member of the National Assembly the National Assembly

Board member/Management in Listed Company

2013 - Present	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit Committee /Member of Sub-Committee for the Lufthansa Technik AG Nok Airlines Public Company Limited
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Position in Other Company/ Organization/Institution

2009 - Present	Consultant of the Labour Exploitation Committee The Senate's Labour and Welfare Committee
2009 - Present	Director AC Worldwide Company Limited
1990 - Present	Director Siam Premier Services Company Limited
1990 - Present	Executive Partner Siam Premier Internation Law Office Limited

7. Mrs. Suphajee Suthumpun

Independent Director

Member of the Audit Committee

Member of the Corporate Governance Committee

Appoint Date 9 August 2016

Age 53 Years

2011 - 2015

Member of the Executive Committee

Advanced Info Service Public Company Limited

Education Background / Training

- Master's Degree (Business Administration - International Finance and International Accounting), Northrop University, USA
- Bachelor's Degree (Sociology and Anthropology), Thammasat University
- Thai Institute of Directors Association (IOD)
 1. Director Certification Program (DCP) Class 89/2007
 2. Advanced Audit Committee Program (AAP) Class 23/2016
- Capital Market Academy Leader Program Class 16/2013, Capital Market Academy
- The Program me for Senior Executives on Justice Administration Class 19, National Justice Academy
- Thammasat Leadership Program Class 1, Thammasat University Training (within 2017) -

Board member/management in Listed Company

- | | |
|---------------------|---|
| 2016 - Present | Member of the Corporate Governance Committee
Independent Director and Member of the Audit Committee
Nok Airlines Public Company Limited |
| 2016 - Present | Director of Investment Committee
Dusit Thani Freehold & Leasehold Property Fund |
| 2016 - Present | Group Chief Executive Officer
Dusit Thani Public Company Limited |
| 2015 - Present | Director
Dusit Thani Public Company Limited |
| | Position in Other Company/
Organization/Institution |
| Nov. 2017 - Present | Director Asai Holdings Company Limited |
| Apr. 2017 - Present | Director Dusit Colours Company Limited |
| 2016 - Present | Director Phraram 4 Development
Company Limited |
| 2016 - Present | Director Vimarn Suriya Company Limited |
| 2016 - Present | Director Suanlum Property Company Limited |
| 2016 - Present | Director Dusit Thani Properties Company Limited |
| 2016 - Present | Director Le Cordon Bleu Dusit Company Limited |
| 2016 - Present | Director Dusit Management Company Limited |
| 2016 - Present | Director Dusit Worldwide Company Limited |
| 2016 - Present | Director Dusit China Capital Company Limited |
| 2016 - Present | Director DMS Property Investment Private Limited |
| 2016 - Present | Director Dusit Overseas Company Limited |
| 2016 - Present | Director Philippine Hoteliers
International Center for Hospitality Education, Inc. |
| 2016 - Present | Director Philippine Hoteliers, Inc. |
| 2015 - Present | Director Dusit Thai Properties Plc. |
| 2015 - Present | Director Dusit Excellence Company Limited |

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

- | | |
|------------------|--|
| 2015 - Present | Independent Director
KASIKORNBANK PUBLIC COMPANY LIMITED |
| 2015 - Present | Member of the Audit Committee
KASIKORNBANK PUBLIC COMPANY LIMITED |
| 2016 - Oct. 2017 | Director
Saladang Property Management Company Limited |
| 2015 | Adviser to the Chief Executive Officer
Thaicom Public Company Limited |
| 2012 - 2015 | Director TC Broadcasting Company Limited |
| 2011 - 2015 | Director,
Chairperson of the Executive Committee and
Chief Executive Officer
Thaicom Public Company Limited |
| 2011 - 2015 | Member of the Executive Committee and
Chairperson of the Management Committee -
Media & New Business
Intouch Holding Public Company Limited |
| 2011 - 2015 | Chairman of the Board and the Executive
Committee Shenington Investments Pte |
| 2011 - 2015 | Director and Chairman of the Executive
Committee, Member of the Remuneration
Committee and Member of the Nomination
and Corporate Governance Committee
CS LoxInfo Public Company Limited |

Other Affiliations

Honorary Member of the University Council,
Thammasat University
Honorary Member of the University Council,
Navamindradhiraj University
Director, College of Management, Mahidol University
Member of the National Enterprise Corporation
Establishment Preparation Subcommittee Councilor,
Thailand Management Association
Member of the International Advisory Board,
Ecole Hoteliere de Lausanne
Director of Dusit Thani College

8. Mrs. Chiraporn Chemnasiri

Independent Director/

Chairman of the Audit Committee/

Member of the Nomination and Remuneration Committee

Appoint Date 11 September 2017

Age 70 Years

Position in Other Company/ Organization/Institution

2008 - Present	Independent Director and member of the Audit Committee AIRA Securities Public Company Limited
1988 - Present	Director Taraporn Company Limited
1989 - Present	Director Managerial Excellent Limited
1994 - Present	Director Grid Business Solutions Limited
2005 - Present	Director SRI Consultant Limited

Education Background/ Training

- Bachelor Degree in Accounting, Chulalongkorn University
- Institute of Thai Directors (IOD)
 1. Corporate Governance for Capital Market Intermediaries (CGI) Class 0/2014
 2. Advanced Audit Committee Program (AAP) Class 14/2014
 3. Director Certification Program (DCP) Class 172/2013
 4. Audit Committee Program (ACP) Class 25/2009
 5. Director Accreditation Program (DAP) Class 71/2008

Training (within 2017)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

1986 - 2009	Executive Vice President (Planning and Finance) Airport of Thailand Public Company Limited (State Enterprise)
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Board member/ Management in Listed Company

2017 - Present	Independent Director / Chairman of the Audit Committee/ Member of the Nomination and Remuneration Committee Nok Airlines Public Company Limited
2010 - Present	Independent Director and member of the Audit Committee / Member of the Corporate Governance Committee AIRA Capital Public Company Limited

9. Mr. Pravej Ongartsittigul

Director / Chairman of the Risk Management Committee /

Chairman of the Corporate Governance Committee/

Chairman of the Executive Committee

Appoint Date 11 September 2017

Age 62 Years

Education Background/ Training

- MBA in Decision Support Systems from New Hampshire College, Manchester, New Hampshire, USA
- MBA in Finance from New Hampshire College, Manchester, New Hampshire, USA
- Bachelor of Accountancy, Chulalongkorn University
- Thai Institute of Directors Association (IOD)
 1. Ethical Leadership Program (ELP) Class 8/2017
 2. Corporate Governance for Capital Market Intermediaries (CGI) Class 17/2016
 3. Director Certification Program (DCP) Class 86/2007
- Advanced Senior Executive Program, Northwestern University (Kellogg), Class 2552
- Capital Market Academy (CMA), Stock Exchange of Thailand, SET Class 1/2550

Public and Private Joint Management program

- Royal Thai Police, Class 1/2550
- Professional Certification, Chartered Bank Auditor, designation 3167/2530, Bank Administration Institute, Chicago, Illinois, USA
- Professional Certification, Chartered Bank EDP Auditor, designation 898/2533, Bank Administration Institute, Chicago, Illinois, USA

Training (within 2017)

Thai Institute of Directors Association (IOD)

1. Ethical Leadership Program (ELP) Class 8/2017

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

– None

Last 5 years' work experience

2011 - 2015	Secretary General Thailand Office of Insurance Commission.
2005 - 2011	Senior Assistant to the Secretary General Securities and Exchange Commission of Thailand
2011 - 2015	Director, The Credit Information and Protection Board Bank of Thailand
2011 - 2015	Director, Financial Institutions Policy Board Bank of Thailand
2011 - 2015	Director, Anti-Money Laundering Board Prime Minister Office
2002 - 2005	President Bank of America Thailand

Board member/ management in Listed Company

2017 - Present	Director / Chairman of the Risk Management Committee / Chairman of the Corporate Governance Committee/Chairman of Executive Committee Nok Airlines Public Company Limited
2016 - Present	Independent Director/ Member of the Audit Committee CIMB Thai bank public Co.,LTD

Position in Other Company/ Organization/Institution

2016 - Present	Independent Director/Chairman of the Board AIRA Securities Public Company Limited.
2016 - Present	Independent Director Advanced Medical Center Co.,LTD
2006 - Present	Investment Advisory Board The Thai Red Cross Society

10. Mr. Piya Yodmani

Director (Authorized Director) /

Chief Executive Officer / Member of the Sub-Committee for the Lufthansa Technik AG

Appoint Date 12 October 2017

Age 56 (Years)

Education Background/ Training

- Intensive Business Program, Chulalongkorn University
- Bachelor's Degree Business Administration, Boston University, USA
- Thai Institute of Directors Association (IOD)
 1. Director Certification Program (DCP), Class 156/2012
- UCLA Extension Executive Management Academy, Bangkok, Thailand

Training (within 2017)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2014 - 2017	Chief Executive Officer Nok Scoot Airlines Company Limited
2013	Member of the Board of Directors Zoological Park Organization under the Royal Patronage of H.M. The King
2004 - 2017	Deputy Chief Executive Officer Nok Airlines Public Company Limited

Board member/ management in Listed Company

2017 - Present	Director (Authorized Director)/Chief Executive Officer/Member of Sub-Committee for the Lufthansa Technik AG/ Member of the Executive Committee Nok Airlines Public Company Limited
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Position in Other Company/ Organization/Institution

2014 - Present	Director Nok Holidays Co., Ltd
2007 - Present	Director Paraiso Company Limited
2007 - Present	Director Dung Deng Dai Company Limited
2007 - Present	Director Nok Asset Management Company Limited
2007 - Present	Director Pan Am International Flight Training Center (Thailand) Company Limited
2008 - Present	Director ShabuTeaw Company Limited

11. Gen. Pornchai Kranlert

Advisor / Member of the Corporate Governance Committee

Appoint Date 8 November 2017

Age 66 (Years)

Education Background / Training

- Master of Public Administration Program, National Institute of Development Administration
- Role of the Compensation Committee (RCC) 17/2013
- Role of the Nomination and Governance Committee (RNG) 3/2012
- Directors Certification Program (DCP) 161/2012
- Directors Accreditation Program (DAP) 61/2007
- National Defence College (Class 44)
- Executive Leadership Program, Capital Market Academy (Class 8)
- Thai Intelligent Investors Program, Thai Investors Association (Class 1)

Training (within 2016)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2015 - 2016	Chairman of the Board of Directors / Independent Director Triton Holding Public Company Limited
2012 - 2014	Independent Director Ptt Exploration and Production Public Company Limited
2012 - 2014	Chairman of the Board of Directors / Member of the Nomination and Remuneration Committee Ptt Exploration and Production Public Company Limited
2007 - 2011	Special Advisor Ministry of Defence
2006 - 2007	Deputy Chief of Joint Staff Royal Thai Armed Forces Headquarters
2005 - 2006	Assistant Commander in Chief Royal Thai Army
2005 - 2006	Director IRPC Public Company Limited

Board member/ management in Listed Company

2017 - Present	Advisor/ Member of the Corporate Governance Committee Nok Airlines Public Company Limited
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Position in Other Company/Organization/Institution

2012 - Present	Director Mah Boonkrong 2012 Company Limited
2011 - Present	Director APT Bearing Mall Company Limited
2007 - Present	Advisor Thai-German Specialty Glass Company Limited

12. Mr. Sorasit Soontornkes

Advisor / Member of the Risk Management Committee

Appoint Date 27 September 2017

Age 66 Years

Education Background / Training

- B.A. Accountancy, Chulalongkorn University, Thailand
- M.A. Accountancy, Chulalongkorn University, Thailand
- M.A. Economics, Thammasat University, Thailand
- Senior Executive Program, Sasin Institute, Thailand
- Executive Development Program, Wharton School, University of Pennsylvania, U.S.A.
- Certificate, Royal Thai Army Institute, Thailand (Class 46)
- Certificate, Capital Market Academy, Thailand (Class 8)

Training (within 2016)

- None

Share Holding %

Held Personally : None

Held by spouse or minor children : None

Family Relation Among Directors & Executives

- None

Last 5 years work experience

2007 - 2011	Assistant Governor Bank of Thailand
2011 - 2012	Deputy Governor and Member of Board of Director Bank of Thailand
2012 - 2016	President and Member of Board of Director Deposit Protection Agency

Board member/ Management in Listed Company

2017 - Present	Advisor/ Member of the Risk Management Committee Nok Airlines Public Company Limited
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Related Party transactions

The Audit Committee No. 1/2018 dated February 14, 2018 reviewed connected transaction information of the Company in 2017 as well as inquired the information of connected transactions between the firm and individuals/juristic persons with a potential conflict of interest from the Company's management before reviewing the information as stated in the auditor's notes to the financial statements. With this, the Committee is of the view that related transactions between Nok Air and individuals/juristic persons with a possible conflict of interest taking place during 2017 were executed for ordinary course of business and in accordance with general business conditions. The transactions were having the same nature as normal people would do with contractual parties under the same circumstance and at an arm's length basis in case the other party could pose a potential conflict of interest. In addition, no profit has been transferred between the Company and individuals/juristic persons with a potential conflict of interest. Details of Nok Air's related transactions in 2017 are as follows:

Individual/Juristic person with a potential conflict of interest	Transaction	Transaction value (Million Baht)		Necessity/Rationality of the transaction opinion of the Audit Committee
		2016	2017	
Thai Airways International PCL (“THAI”)				
Nature of business THAI is a full service airline operator.	1. Expenditures			THAI is among a few operators in Thailand who possesses the aircraft maintenance permit and that’s why the Company and its subsidiaries have to rely upon THAI’s service. Besides, the maintenance charge is in accordance with market prices. At present, the Company and its subsidiaries continue to use the spare part maintenance service as well as lease maintenance equipment from THAI for use with its aircrafts leased from the overseas lessor.
	1.1 Maintenance The Company hired THAI to maintain both aircraft leased from THAI and from an overseas lessor. - Aircraft maintenance expenses	91.0	93.7	
Relationship • A shareholder who holds the Company with total of 21.8% of the Company’s shares as of December 31, 2017. • As of December 31, 2017. THAI’s representatives in the Board Of Director are : Mr. Teerapol Chotichanapibal Mrs. Usanee Sangsingkeo Mr. Rathapol Bhakdibhumni	1.2 Ground handling fee and food expenses for passengers, pilots and crews Expenses on Ground handling services in the station, which the service provider agreed with the Company’s on normal ground handling services does not have enough equipment. - Ground handling expense - Catering expenses - Passenger shuttle bus expense	22.4 31.3 0.7	3.9 35.6 0.6	Such transactions are necessary for the Company and its subsidiaries business. The service fees are in accordance with the market prices.

Individual/juristic person with a potential conflict of interest	Transaction	Transaction value (Million Baht)		Necessity/Rationality of the transaction opinion of the Audit Committee
		2016	2017	
	1.3 Other expenses Other services are provided by THAI i.e. training, insurance premium. - Other expenses	22.3	9.3	Such transactions are necessary for the Company and its subsidiaries business. The service fees are in accordance with the market prices.
	2. Incomes 2.1 Passenger revenues Revenue from tickets sold through THAI under Code Share Agreement and the Passenger Transfer Agreement. - Passenger revenues	0.002	0.05	The Company has entered into code share agreement with THAI in order to expand its distribution channel. In addition, the ticket price is not lower than the rate of other passengers. The Passenger Transfer Agreement is executed to transfer passengers between airlines in case of flight cancellation or delay.
	2.2 Other incomes The Company provides ground aircraft handling service and license engineer service to THAI. - Service revenue	0.01	0.002	THAI pays a fee for a ground handling and license engineer service at airports that THAI has no its own staffs. And, the rates are based on market prices.
	3. Account payable	55.2	51.2	
	4. Account receivable	0.001	1.3	
	5. Advance payment	1.1	None	

Individual/juristic person with a potential conflict of interest	Transaction	Transaction value (Million Baht)		Necessity/Rationality of the transaction opinion of the Audit Committee
		2016	2017	
Donmueang International Airport Hotel Co., Ltd. (“Airport Hotel”)				
<u>Nature of business</u> Airport Hotel operates hotel under Amari Brand which located nearby Donmueang International Airport.	<u>Accommodation</u> The Company uses the services of Airport Hotel for the pprovincial employees who travel to Bangkok for company’s training. - Accommodation expense - Payable on accomodation	6.0 0.8	5.4 0.2	The Company uses the services of Airport Hotel for the provincial employees who travel to Bangkok for company’s training. Airport Hotel is the hotelthat is located near Don Mueng and has a walkaway that leads directly to the terminals and company’s office, which is convenient for its employee and cost saving. Moreover, airport Hotel offers the lowest rate comparing to other hotels.
<u>Relationship</u> THAI is a major shareholder of the Company and has the authority to control Airport Hotel by holding 40.0% shares.				
THAI Flight Training Co., Ltd. (“THAI Flight Training”)				
<u>Nature of business</u> THAI Flight Training provides aviation training services.	1. Service fee - Training fee	3.2	3.8	Such transaction is necessary for the Company’s business. If the Company operates at its own expense, such expenses would be higher.
<u>Relationship</u> THAI is a major shareholder of the Company and has the authority to control in Thai Fllight Training by holding 49.0% shares.	2. Account payable	0.3	0.4	
Thai Smile Airways Co., Ltd. (“Thai Smile”)				
<u>Nature of business</u> Thai Smile is a lowcost airline which is affiliate of THAI. Thai Smile offers a new alternative for customer who is looking for a short-haul low cost flight.	1. Expenditure <u>1.1 Air fare</u> The Company used its services under the Passenger Transfer Agreement. - Air fare	34.5	0.1	The Company has entered into Passenger Transfer Agreement with Thai Smile Airways in case of flight cancellation or delay at the price agreed in advance.

Individual/juristic person with a potential conflict of interest	Transaction	Transaction value (Million Baht)		Necessity/Rationality of the transaction opinion of the Audit Committee
		2016	2017	
<u>Relationship</u> THAI is a major shareholder of the Company and has the authority to control Thai Smile by holding 99.99% shares.	2. Revenues 2.1 Passenger revenues The Company provides an air transport service to Thai Smile's passengers under the Passenger Transfer Agreement. - Passenger revenue 2.2 Other revenues The Company provides ground aircraft handling service and license engineer service to Thai Smile. - Service revenue	0.7	0.3	The Company has entered into Passenger Transfer Agreement with Thai Smile to transfer passengers in case of flight cancellation or delay at a price agreed in advance. Thai Smile has hired the Company to provide the ground aircraft handling service at airports to which Thai Smile flies but has no staff of its own there. The service fee is in accordance with the market prices.
	3. Account receivable	0.8	0.3	
	4. Account payable	1.9	0.09	
	Dhipaya Insurance Public Company Limited ("Dhipaya Insurance")			
<u>Nature of business</u> Dhipaya Insurance operates as an insurance company covering non-life service, including fire, maritime, motor, aviation and miscellaneous.	1. Expenditures 1.1 Insurance premium The Company pays insurance premium for its crews to Dhipaya Insurance - Insurance premium expense	95.7	53.6	The Company provides insurance for all of its crews with Dhipaya Insurance which is a leading aviation insurance company in Thailand. Also, Dhipaya Insurance offered the lowest premium relative to other insurance companies according to the bidding process.
	2. Incomes 2.1 Other fee income The Company received insurance fee from other transportations fee awaiting delivery. - Other transportation fee income	20.2	199.1	The Company has entered into an agreement with Dhipaya Insurance, making it one of the insurance companies covering the Company's passengers. The Company received insurance premium from passengers on behalf of Dhipaya Insurance. In return, the Company receives insurance premium fee at the rate stated in the agreement, which is in accordance with the market rate.
<u>Relationship</u> Mr. Somchainuk Engtrakul, the Company's Director, is a director at Dhipaya Insurance until August 11, 2017, which was the date when there was no more common director.				

Individual/juristic person with a potential conflict of interest	Transaction	Transaction value (Million Baht)		Necessity/Rationality of the transaction opinion of the Audit Committee
		2016	2017	
	2.2 Other income The Company provides information service on website. - Service revenue	None	5.8	
	3. Account receivable	5.0	None	
	4. Accrued income	1.6	None	
	5. Other payable	5.5	None	
Pan Am International Flight Training Center (Thailand) Co., Ltd. ("Pan Am International Flight Training Center")				
Nature of business Pan Am International Flight Training Center is the international flight training institute in Thailand as the country's first comprehensive flight and aviation training centre.	1. Expenditures 1.1 Training fee The Company sent its pilots and co-pilots to be trained at Pan Am International Flight Training Center. - Training fee	36.8	19.63	The Company has entered into an agreement with Pan Am International Flight Training Center for its pilot and co-pilot training, which saved the expenses on overseas training.
	2. Incomes The Company sent its pilots and co-pilots to participate in flight simulator training at Pan Am Training Center. - Service revenue	None	0.04	The Company provides pilots and co-pilot to support flight simulator training for Pan Am training license, which the service revenue is the agree rate and in accordance with the market rate.
	3. Account payable	2.6	2.1	
Siam Premier International Law Office Limited ("Siam Premier")				
Nature of business Siam Premier is a legal advisor company.	1. Legal consultation fee	7.5	21.4	The Company has entered into an agreement with Siam Premier for consulting. Such transactions are necessary for the Company's business. The service fee is charged in accordance with the market prices.
	2. Other payable	2.0	2.7	
Relationship Nok Air's director, Mr. Apichart Chirabandhu, is a director of Siam Premier				

Individual/juristic person with a potential conflict of interest	Transaction	Transaction value (Million Baht)		Necessity/Rationality of the transaction opinion of the Audit Committee
		2016	2017	
Haad Thip Public Company Limited (“Haad Thip”)				
<u>Nature of business</u> Manufacturing and distribution of soft drinks.	1. Expenditures - Food & Drinks for Passenger	0.01	0.01	The Company offers passengers limited coupons for food and beverage manufactured and distributed by Haad Thip in case the flights delay. Food and beverage is priced on par with the market rate.
<u>Relationship</u> Spouse of common director.	2. Incomes - Passenger revenue	0.2	0.2	
	3. Account receivable	0.02	0.05	
Thailand Post Co., Ltd. (“Thailand Post”)				
<u>Nature of business</u> Thailand Post operates postal service.	1. Expenditures - Postal Service Fee	None	0.6	The Company used the domestic postal service between its customers and the Company for its business operations. The service fee is charged in accordance with the market prices.
<u>Relationship</u> Nok Air’s director, Mr. Rathapol Bhakdlbhum, is a director of Thailand Post.				
CAT Telecom Public Co., Ltd. (“CAT”)				
<u>Nature of business</u> CAT operates telecommunications business.	1. Expenditures - International call service	None	0.01	The Company used the international call service by CAT. The service fee is charged in accordance with the market prices.
<u>Relationship</u> Nok Air’s director, Mr. Rathapol Bhakdlbhum, is a director of CAT.				



Management Discussion and Analysis

Executive Summary

In 2017, the company and its subsidiaries generated total revenue of 20,376.71 million Baht and reported the net loss of 1,899.67 million Baht. This net loss was attributable to the loss from the parent company 1,854.29 million Baht and 45.38 million Baht from non-controlling interests. The Company's operating loss of the parent company was a result of higher operating cost than passenger revenue and service revenue. The main operating cost is that fuel cost increased from incremental Jet fuel price compared to the amount of the same period in last year.

For separated financial statements, the company's revenue in 2017 was 14,786.66 million Baht, which increased a 12.71 percent from last year. This is the result of both incremental passenger revenue and service revenue which increased at 10.74 and 53.41 percent respectively from last year mainly from increasing number of charter flights to China. A Revenue per Available Seat-Kilometers (RASK) also rose from 2.02 to 2.06 Baht/Seat-Kilometers, or increased 1.98 percent from last year.

The company had operating cost in amount of 16,612.34 million Baht, which increased 5.50 percent from last year. The cause of decrease resulted from fuel cost increased from incremental Jet fuel price while reduction in aircraft maintenance expenses by cost saving according to the company's turnaround plan. Consequently, Cost per Available Seat-Kilometers (CASK) decreased from 2.51 to 2.40 Baht/seat-kilometers, or decreased 4.38 percent from last year.

As for the subsidiary's financial statements, in 2017, NokScoot Airlines Co., Ltd. had total revenue of 5,580.41 million Baht, up from 3,905.37 million Baht in 2016. This is because NokScoot continually launched new route in China and increased flight frequency in the existing routes, and thus resulting in higher aircraft utilization at 11.7 hours per day. Total expenses rose to 5,656.82 million Baht, up from 4,511.74 million in 2016. NokScoot booked lower net loss by 92.22 percent from 612.00 million Baht loss in 2016 to 47.59 million Baht loss in 2017.

Key Factors and Events affecting the Company's performance

Overall, Thailand's economy expanded gradually with the main support from a private consumption recovery. That was the same direction of an investment of private sectors starting positive signs in several industries of Thailand. Similarly, discernible growth was evident in the tourism industry. There was a marked recovery in Chinese tourists in terms of both quantity and quality which led to the expansion of tourism in other secondary cities after the crackdown of the illegal tours by government measures. In the same way, Airline companies still expanded the new route to connecting other secondary cities in Thailand as well as main cities in foreign countries.

A number of foreign tourists in 2017 increased at the higher rate to 8.92 percent last year, increased from 32.5 to 35.4 million people, especially Chinese tourists also increased from 8.76 to 9.81 million people or 11.99 percent from last year. Additionally, for the year 2017 the company expanded international charter routes to China in order to meet the growth of tourists that reflected on an increasing number of flights to China dramatically from 1,272 to 2,866 flights, or 125.31 percent of the growth rate from last year.

Regarding to external factors, it affected to overall operating cost, substantially such as a foreign exchange rate and Jet fuel price.

A fluctuation of foreign exchange rates brought about total operating cost which was 65.00 percent. It is comprised of Jet fuel price, aircraft operating lease, aircraft maintenance and aircraft insurance which are all above mentioned paid by US dollar currency. In 2017, an average foreign exchange rate was 33.77 from 35.47 THB per USD last year. As a consequence, the company gained benefit to operating cost from a depreciate US exchange rate.

An average Jet fuel price in 2017 was 65.52 USD per barrel which increased from 53.00 US dollar per barrel at the same period in last year. Furthermore, Excise Department started to collect the excise tax on Jet fuel price for domestic routes. It was an impact on company's fuel cost to 4,071.53 million Baht, increased 48.30 percent from last year. However, the company enter into some fuel hedging contracts to reduce the exposure to volatile and potentially rising fuel price.

Key Statistics and Business Ratio (excluding Subsidiaries)

	Unit	2016	2017	Change	
				Amount	Percent
Number of Aircrafts (at the end of period)					
- Boeing 737-800 New Generation	Aircraft	22	20	(2)	(9.09)
- ATR 72-500	Aircraft	2	2	0	0.00
- Q400 NextGen	Aircraft	8	8	0	0.00
- Average Number of Aircraft	Aircraft	30.22	29.95	(0.27)	(0.89)
Available Seat Kilometers: ASK	Mil. Seat-Km	6,264	6,822	558	8.91
Revenue Passenger Kilometers: RPK	Mil. Seat-Km	5,329	5,840	511	9.59
No. of Sectors	Flights	63,915	67,811	3,896	6.10
Cabin Factor	%	85.07	85.61	0.54 pts	
Passenger Carried	Million	8.56	8.78	0.22	2.57
Passenger Yield	Baht/ Seat-Km.	2.18	2.20	0.02	0.92
Revenue per Available Seat Kilometers: RASK	Baht/ Seat-Km.	2.02	2.06	0.04	1.98
Cost per Available Seat Kilometers: CASK	Baht/ Seat-Km.	2.51	2.40	(0.11)	(4.38)
Cost per Available Seat Kilometers exclude Fuel: CASK ex-fuel)	Baht/ Seat-Km.	2.07	1.80	(0.27)	(13.04)

Revenue for the period (Separate Financial Statement)

Unit : million Baht	2016		2017		Change	
	Amount	Percent to total revenue	Amount	Percent to total revenue	Amount	Percent
Passenger Revenue	11,619.85	88.57	12,868.38	87.03	1,248.53	10.74
Service Revenue	819.97	6.25	1,257.96	8.51	437.99	53.42
Other Income	679.85	5.18	660.33	4.46	(19.52)	(2.87)
Total Revenue	13,119.67	100.00	14,786.67	100.00	1,667.00	12.71

Data: Revenue

The company's revenue was 14,786.67 million Baht increased 12.71 percent. It consists of 12,868.38 million Baht to passenger revenue which was 87.03 percent of total revenue, 1,257.96 million Baht to service revenue which was 8.51 percent of total revenue and 660.33 million Baht to other income which was 4.47 percent of total revenue. Therefore, revenue per available seat-kilometer (RASK) was at 2.06 Baht per seat-kilometers, rose by 1.98 percent from last year.

Passenger revenue: In 2017, passenger revenue increased obviously 10.74 percent from last year which resulting from increased in both the total number of passenger and number of flight which increased at 2.57 and 6.10 percent respectively due to increasing number of charter flights to China, also an average air fares increased 8.15 percent from last year. Therefore, passenger yield rose from 2.18 to 2.20 Baht/passenger-kilometers, increased by 0.92 percent from last year.

Service revenue: In 2017, service revenue increased 437.99 million Baht, or 53.42 percent from last year. The main causes of incremental baggage load revenue and service revenue because the Company had changed the policy of baggage allowance fee by cancellation free of charge on loading a 15-kilogram baggage for NOK promotion passengers. However, those can purchase an additional baggage allowance, effective since 20 February 2017 onwards. Additionally, the new concept for booking ticket "Choose Your NOK" has been launched on 9 November 2017 to provide add-on products and services to serve all passenger needs. Furthermore, the Company subleased aircrafts to other airlines for improving aircraft utilization and fixed cost management efficiently.

Other income: In 2017, other income decreased 19.52 million Baht, or 2.87 percent from the last year. It resulted mainly from increase in revenue from insurance claim and gain on exchange rate in amount of 196.86 million Baht and 106.09 million Baht respectively, while decrease in received refund of aircraft maintenance and gain on sale and leaseback aircraft in total of 185.13 million Baht and 69.32 million Baht respectively.

Expenses for the period (Separate Financial Statement)

Unit : million Baht	2016		2017		Change	
	Amount	Percent to total revenue	Amount	Percent to total revenue	Amount	Percent
Cost of passenger and services	14,872.99	94.45	15,645.04	94.18	772.05	5.19
Selling expenses	149.35	0.95	111.94	0.67	(37.41)	(25.05)
Administrative expenses	614.37	3.90	821.09	4.94	206.72	33.65
Financial Costs	109.71	0.70	34.27	0.21	(75.44)	(68.76)
Total Expenses	15,746.42	100.00	16,612.34	100.00	865.92	5.50

Data: Cost & Expenses

The company's operating expense in total was 16,612.34 million Baht increased from 15,746.42 million Baht, or 5.50 percent from last year. It was caused by increased Jet fuel price increased by 48.30 percent whereas aircraft maintenance expenses reduced 20.30 percent by cost saving according to the company's turnaround plan. Consequently, Available Seat Kilometers (ASK) rose by 8.91 percent in 2017, thus Cost per Available Seat-Kilometers (CASK) decreased from 2.51 to 2.40 Baht/seat-kilometers, or decreased by 4.38 percent. Similarly, Cost per Available Seat-Kilometers exclude Fuel (CASK ex-fuel) decreased from 2.07 to 1.80 Baht/seat-kilometers, or 13.04 percent from last year.

Variable cost: In 2017, variable costs were at 9,866.97 million Baht, or increased 1.84 percent from last year mainly due to increased jet fuel cost continually. Fuel cost per ASK (Fuel/ASK) rose from 0.44 to 0.60 Baht/Seat-Kilometers or 36.36 percent from last year, thus aircraft maintenance per ASK diminished 26.98 percent or 0.46 Baht/Seat-Kilometers

Fixed costs: In 2017, fixed cost was 5,119.70 million Baht which was increased at 1.55 percent. It was caused by related expenses of cockpit crew and cabin crew. However, Fixed cost per Available Seat-Kilometers (FC/ASK) was 0.75 Baht/seat-kilometers, or decreased 6.25 percent from last year.

Finance cost: Company's finance cost reduced 68.76 percent from last year to be 34.27 million Baht. It was due to a reduction of company's finance cost from the commitment fees for aircraft deposit from last year.

Profit for the period (Separate Financial Statement)

Unit : million Baht	2016		2017		Change	
	Amount	Percent to total revenue	Amount	Percent to total revenue	Amount	Percent
Profit (Loss) before income tax	(2,626.75)	(20.02)	(1,825.68)	(12.35)	801.07	(30.50)
Income tax expense (income)	0.08	0.00	0.00	0.00	0.08	(100.00)
Profit (Loss) for the period	(2,626.83)	(20.02)	(1,825.68)	(12.35)	801.15	(30.50)
Total comprehensive income (loss)	(2,641.35)	(20.13)	(1,825.68)	(12.35)	815.67	(30.88)
for the period						
Basic Earning Per Share (Baht)	(4.20)		(1.60)		2.60	

From the above mentioned, the total cost of company increased owing to Jet fuel price increase significantly. However, total revenue also increased from incremental passenger revenue and service revenue at higher amount than fuel cost. As a result, the net loss in year 2017 decreased to be 1,825.68 million Baht from 2,641.35 million Baht, or declined by 30.88 percent.

Key milestone for 2017

1. Cancellation of free baggage 15 kilograms for NOK promotion passengers and The new way booking form NOK Air "Choose Your NOK" has been launched

From 20 February 2017 onwards, the Company had cancelled free of charge on loading a 15kg baggage for NOK promotion passengers. However, those can purchase an additional Baggage allowance by NOK website, NOK application or NOK Fan Club website. Nevertheless, a passenger who book either NOK ECO or NOK FLEXI fare, has still received free loading 15kg baggage.

In addition, the new concept for booking ticket "Choose Your NOK" has been launched from 9 November 2017 onwards, to provide add-on products and services to serve all passenger needs. There are 3 new types of ticket consist of

NOK Lite: for those who travel light with 7kg Carry-on baggage NOK X-tra: the service which already included the airfare and the baggage allowance (15kg Checked baggage for Domestic flight and 20kg Checked baggage for International flight) NOK MAX: the service included all above mentioned in 1) & 2) plus well-selected hot meal service

2. The number of aircrafts in NOK's fleet

In 2017, the company phased out 4 Jet aircraft out of fleet according to the company's turnaround plan and totally acquired 2 Jet aircraft (Boeing 737-800 New Generation) in June and September 2017.

3. Open new routes

In 2017, the company expanded international charter routes continually. There were many additional routes to China such as: Don Muang – Nanning, Don Muang – Yinchuan, Don Muang – Yancheng, Don Muang – Zhengzhou, Don Muang – Zunyi, Utao – Haikao, Utao – Yichang, Utao – Baotou, Utao – Changsha, Utao – Zunyi, Utao – Yinchuan, Utao – Nanchang, Utao – Linyi, Utao – Datong, Utao – Meixian, etc.

Furthermore, the company restarted to operate a schedule routes of Mae Sot to Yangon since 19 October 2017 onwards v.v. 3 weekly round trips.

4. The launch of bus transport to nearby destinations under Fly 'n' Ride service

The Company provided bus services to passengers who want to transport to a route that the company did not operated them directly for destination from the airport by transferring to bus service instead. There were new and existing service routes to more frequency services in year 2017 such as

- Don Muang – Nakhon Phanom commencing in March 2017 for 2 trips
- Don Muang – Phitsanulok – Sukhothai from 2 trips to 8 trips starting from 1 June 2017
- Don Muang – Phitsanulok – Uttaradit from 2 trips to 4 trips starting from 5 May 2017
- Don Muang – Loei – Chiangkhan from 1 trips to 3 trips starting from 1 July 2017
- Don Muang – Buriram – Surin from 4 trips to 6 trips starting from 6 July 2017

5. Additional payment channel

The company launched five new additional payment channels in 2017 as follows, BBL Direct Debit, Rabbit LINE Pay, Apple Pay, Payment channel at Big C as well as TESCO Lotus to facilitate our customer for booking ticket and payment as well as sales support to the company.

6. The incident of passenger bus crashed into NOK aircraft

On 30 June 2017, a passenger bus crashed into NOK aircraft (register no. HS-DBK) causing the left front of aircraft to be damaged. Fortunately, no one was injured this aircraft have been already repaired and maintenance, also returned back to NOK fleet.

7. The Resolution of AGM and EGM to approve the increase of registered capital of the Company

- The Resolution of the AGM held on 19 April 2017, approved the increase in the registered capital of the Company by allocation of not exceeding 781,250,000 newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) at the ratio of 1 existing share to 1 newly-issued ordinary share by not exceeding 625,000,000 shares with the offering price of Baht 2.40 and not exceeding 156,250,000 newly-issued ordinary shares to accommodate the exercise of the warrants to purchase ordinary shares of the Company No. 1 (NOK-W1) issued together with the issuance and offering of the newly-issued ordinary shares to the existing shareholders proportionated to their shareholdings without any price

- The Resolution of the EGM held on 20 September 2017, approved the increase in the registered capital of the Company by allocation of not exceeding 1,207,000,000 newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) at the ratio of 1 existing share to 1 newly-issued ordinary share by not exceeding 1,135,999,882 shares with the offering price of Baht 1.50 and not exceeding 71,000,118 newly-issued ordinary shares to accommodate the exercise of the 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

Operating Performance for NokScoot Airlines Co., Ltd.

For 2017 performance of NokScoot Airlines Co., Ltd., total revenue was 5,580.41 million Baht, increasing from 3,905.37 million Baht last year, or increased by 42.89 percent. This is due to increase in both the total number of flight and percent of Cabin factor which increased at 24.63 and 11.90 percent respectively from last year, in-line with the total number of passenger increased by 36.42 percent to 1.07 million passengers. This is because NokScoot Airlines Co., Ltd., continually launched new route in China and increased flight frequency in the existing routes, and thus resulting in higher aircraft utilization. Company's operating expenses was in total 5,656.82 million Baht increased from 4,511.73 million Baht, or 25.38 percent from last year. Operating expense increased at lower rate than the growth of revenue substantially. Additionally, the main increased in operating expense resulted from variable cost according to increasing in a volume of Available Seat-Kilometers (ASK) and jet fuel price. The net loss of operating performance in 2017 was 47.59 million Baht significantly better than from the net loss of last year by 612.00 million Baht or 92.22 percent improvement.

Currently, NokScoot Airlines Co., Ltd operates schedule routes to China and Taiwan with Don Muang international airport being the center of six destinations to China and one destination to Taiwan; such as Nanjing (7 weekly flights), Tianjin (5 weekly flights), Qingdao (4 weekly flights), Shenyang (4 weekly flights), Dalian (3 weekly flights) and Xi'an (3 weekly flights) including Taipei, Taiwan (7 weekly flight).

NokScoot Airlines Co., Ltd., acquired one more aircraft (used Boeing 777-200) in October 2017 for business expansion purpose. Hence, at the end of 2017, NokScoot Airlines Co., Ltd., had total operating lease of 4 Boeing 777-200. New route commencing in December 2017 was 3 weekly flights to Xi'an city in China.

Financial Position (Consolidated)

Unit : Million Baht	Consolidated Financial Statement			
	As of 31 Dec 2016	As of 31 Dec 2017	Change	Percent
Total Assets	6,000.85	7,330.15	1,329.30	22.15%
Total Liabilities	6,340.58	6,639.14	298.56	4.71%
Total Owners of the Parent	238.92	1,315.02	1,076.10	450.40%
Non-Controlling Interests	(578.64)	(624.02)	(45.38)	7.84%
Total Shareholders' Equity	(339.72)	691.00	1,030.72	303.40%

Assets

As of 31 December 2017, the Company and its subsidiaries had total assets of 7,330.15 million Baht, increased by 22.15% from year-end 2016. Total assets can be divided into current assets of 4,781.69 million Baht and non-current assets of 2,548.45 million Baht, accounting for 65.23% and 34.77%, respectively.

Total Non-Current Assets: As of 31 December 2017, the company and its subsidiaries had total non-current assets of 2,548.45 million Baht or increased by 115.77% from as of 31 December 2016. It was attributable to the increasing in long-term aircraft deposits and prepayments by 98.32% caused by the increased of cash outflow to be Aircraft deposits and prepayments for acquired 2 new aircraft and increasing of deposits at bank pledged as collateral by 417.41%, which some cash was pledged for bank's credit facilities to financial institutions.

Liabilities and Shareholder's Equities

Total liabilities: As of 31 December 2017, the company and its subsidiaries had total liabilities of 6,639.14 million Baht or increased by 4.71% from as of 31 December 2016, which aligned with the increase of Trade and Other payables from increased accrued aircraft maintenance as well as unearned revenue passenger compared to that of 31 December 2016.

Shareholder's equities: as of 31 December 2017, the company and its subsidiaries had shareholder's equities of 691.00 million Baht or increased 303.40% from the deficit as of 31 December 2016. It was composed of 1,315.02 million Baht to the parent company and negative 624.02 million Baht to non-controlling interests.

Since the company issued the Rights Offerings to increase of registered capital of the Company according to the Resolution of the AGM on 19 April 2017 as mentioned above. Issuing newly ordinary shares was 781.25 million shares which was composed of 625.00 million shares to the existing shareholders at the ratio of 1 existing share to 1 newly-issued ordinary share with the offering price of 2.40 Baht per share and 156.25 million shares to accommodate the exercise of warrant to purchase the ordinary shares. On 26 May 2017, the company sold newly ordinary shares about 511.00 million shares, or in amount of 1,226.40 million Baht.

Furthermore, on 27 October 2017 the company received cash from increase capital in amount of 1,704.00 million Baht by issued and paid-up share capital totaling 1,136.00 million shares at the offering price of 1.50 Baht per share. In addition, the company has a plan to manage their aircraft fleet, expansion their routes and increasing utilization of aircraft so that financial performance of the company will be recovering.

Cash Flow Statement (Consolidated)

Unit : Million Baht	Consolidated Financial Statement			
	As of 31 Dec 2016	As of 31 Dec 2017	Change	Percent
Net cash provided by (used in) operating activities	(1,383.30)	(2,996.54)	(1,613.24)	116.62
Net cash provided by (used in) investing activities	178.31	(8.90)	(187.21)	(104.99)
Net cash provided by (used in) financing activities	164.56	2,900.83	2,736.27	1,662.78
Effect from foreign exchange rate in cash and cash equivalents	57.89	43.22	(14.67)	(25.34)
Net increase (decrease) in cash and cash equivalents	(982.54)	(61.37)	921.17	(93.75)
Cash and cash equivalents as of 1 January 2017	4,213.76	3,231.22	(982.54)	(23.32)
Cash and cash equivalents as of 30 December 2017	3,231.22	3,169.85	(61.37)	(1.90)

In 2017, the company and its subsidiaries had net cash flow from operating activities totaled negative 2,996.54 million Baht increased from 1,383.30 million Baht, or 116.62 percent. The significant items which highly affected to the cash flow were deposits at bank pledged as collateral, long-term aircraft deposits and prepayments as well as payment to trade and other current payables, etc.

Net cash flows (used) from financing activities was 2,900.83 million Baht, mainly due to the newly-issued ordinary shares to increase of registered capital of the Company in 2017.

Nevertheless, net cash and cash equivalents decreased by 61.37 million Baht as of 31 December 2017.



Report of the Board of Directors' Responsibilities for Financial Statement

The Board of Directors is responsible for separate financial statements and consolidated financial statements of the Company and its subsidiaries, as well as financial information appearing in the Annual Report. The financial statements for the year ended December 31, 2017 were prepared in compliance with Thai Financial Reporting Standard (TFRSs). This involved the accounting policies that are appropriated and regularly complied with prudent discretion, reasonable estimation and adequate disclosure of important information in notes to the financial statements. This aims to reflect the Company's financial status, performance, and cash flow in an accurate and transparent manner that is of benefit to shareholders and investors at large. The financial statements were audited by certified public accountants from Deloitte Touche Tohmatsu Jaiyos Audit co., Ltd. Who expressed unmodified opinion. During the audit, the Company provided the auditors with information and documents to enable them to conduct auditing and express their opinions based on the auditing standards.

The Board of Directors has set up and maintained appropriate and effective risk management, internal control, internal audit and supervision systems to ensure that the accounting information is accurate, compete and sufficient for safeguarding the Company's assets, preventing risks and avoiding corruption or significantly unusual actions.

The Board of Directors has appointed the Audit Committee, all member of which are independent directors, to be responsible for reviewing the accounting policies, ensuring the quality of the financial reports, reviewing the internal control, internal audit and risk management systems and considering the disclosure of connected transaction information to ensure its completeness, adequateness and appropriateness. The Audit Committee's opinions are presented in Audit Committee's Report, which is included in the Annual Report.

The Board of Directors is of the opinion that the Company's overall internal control system is adequate, sound and auditable. The Board is reasonable confident that separate financial statements and consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2017, were reliable and relevant laws and regulations.

Mrs. Usanee Sangsingheo
Director

Mr. Piya Yodmani
Director/Chief Executive Officer



Report of the Audit Committee

Dear Shareholders of Nok Airlines Public Company Limited

The Audit Committee consists of four independent directors: Mrs. Chiraporn Chemnasiri, the Committee Chairman and Mr. Visit Tantisunthorn and Mr. Apichart Chirabandhu and Mrs. Suphatee Suthumpun, committee members. These four people possess qualifications as defined in the notification of the Office of the Securities and Exchange Commission (SEC) and they have duly performed duties and fulfilled responsibilities as entrusted by the Board based on the Audit Committee's Charter, which is also in line with that of the Office of the SEC and the notification of the Stock Exchange of Thailand (SET).

During the fiscal year that ended on December 31, 2017, the Audit Committee had five meetings with the management, the internal auditors, and the auditors. The meeting agenda for the Meeting no. 2/2017 did not include the management. The attendance of each member of the Audit Committee is shown in the meeting attendance table under the "Cooperate Governance of the Audit Committee," which involves the following substantive matters:

1. Reviewing the quarterly financial statements and the 2017 financial statements in conjunction with the auditors and the management, by making inquiries and providing fruitful advice and opinions to directors to ensure that the financial statements are accurate, complete, reliable, and accordance with Certified Account and disclose sufficient, proper information.
2. Reviewing the efficiency and effectiveness of the internal control, risk management and internal audit systems, based on report of the internal auditors and the auditors; and reviewing corruption prevention measures and guidelines in different functions to identify if they are adequate and sound for business operations.
3. Reviewing the adequacy and soundness of the internal control system - The Audit Committee has decided to hire P&L Internal Audit Co., Ltd., (P&L), which offers an internal audit service and has no conflict of interest with the Company, to ensure that the Company's internal audit is effective, efficient, and independent. The Committee is responsible for reviewing the annual internal audit plan and the internal audit report, constantly monitoring the internal audit results with the management, and providing advice on, and guidelines for, internal audit in line with current circumstances.
Based on the internal audit report, the Audit Committee is of the opinion that the Company's internal audit system is appropriate and adequate.
4. Reviewing and providing opinions about connected transactions or transactions with a conflict of interest and disclosure of the information with caution, rationality and taking into account the utmost interests of stakeholders based on the SET's and the SEC's requirements.
5. Reviewing the auditors' performance during the past year and their remuneration, based on their business related knowledge and experiences, appropriateness of their remuneration, and their independence. The Audit Committee has decided to select the Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., will continue to serve as the Company's auditors for another term because they are considered to have a good understanding of the business and impartially and independently perform their profession, including deliver on time. The list of auditors will be presented to the Board of Directors for an approval at the 2018 Annual General Shareholders' Meeting. The list of auditors is as follows:
 - Mr. Suphamit Techamontrikul, Certified Public Accounting Accountant No. 3356 and/or
 - Miss Wimolporn Boonyasthian, Certified Public Accounting Accountant No. 4067 or
 - Mr. Kiatniyom Kuntisook, Certified Public Accounting Accountant No. 4800

Based on the foregoing action, the Audit Committee is of the opinion that in 2017, the Audit Committee have duly performed duties as entrusted by the Board based on the Audit Committee's Charter. The Audit Committee is of the opinion that management and Company's business did have integrity and commitment to performing duties to achieve goals in a qualified and professional manner. They truly attached great importance to efficient and effective, transparent, and accountable operations. In addition, they underlined the importance of corruption prevention in different functions in the Company and prepared and disclosed information in the Company's financial reports in a correct, which is also in line with Thai Financial Reporting Standards (TFRSs) and ensured suitable and circumspect internal control. The Company has duly complied with relevant laws and regulations to ensure its completeness and appropriateness.

Mrs. Chiraporn Chemnasiri
Chairman of the Audit Committee



Report of the Nomination and Remuneration Committee

Dear Shareholders of Nok Airlines Public Company Limited

In 2017, the Nomination and Remuneration Committee completely performed its duties assigned by the Board of Directors within the scope of authority and responsibilities as stipulated in the Nomination and Remuneration Committee Charter. The Committee held 8 meetings in total to consider the following significant matters:

1. Selecting and nominating persons to become directors, independent directors, and subcommittee members, whether those who have completed their term of office or who have been newly appointed. The Committee considers persons that have all the qualifications stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand and do not have prohibited qualifications pursuant to related laws. The nominees shall have the background, experience, knowledge, and capability that yield maximum benefits to the Company. The Committee then proposes the nominees to the Board of Directors meeting for appointment. In case where directors have completed their term of office, the nominees will be proposed to the Annual General Meeting of Shareholders for approval.
2. Considering the remuneration for the directors and subcommittee members with discretion by comparing the rates with the director remuneration survey results prepared by the Thai Institute of Directors and companies in the same business sector to ensure an appropriate remuneration rate.

The 2017 Annual General Shareholders' Meeting, held on April 19, 2017, resolved to approve the remuneration of directors and subcommittee members for the year 2017 in the amount of not exceeding Baht 7,680,000 and authorize the Nomination and Remuneration Committee to allocate such amount of remuneration to each director and other subcommittee members within the amount approved by the Shareholder's Meeting. However, since the Company operated at a loss, the Company therefore informed the meeting that the Board of Directors was willing to receive half of the total remuneration approved by the 2017 Annual General Shareholders' Meeting.

As such, the Board of Directors voluntarily reduced the remuneration rate to half of the total remuneration until the Company's financial situation was ameliorated, which was effective from May 2017 to August 2017. In September 2017, the remuneration was paid in the amount previously approved by the 2017 Annual General Shareholders' Meeting due to the Company's financial improvement and clear business plans, which would lead to successful operations as planned and would not have any effects on the Company's liquidity. The adjustment in the remuneration package for the directors and subcommittees members was in accordance with the resolution of the 2017 Annual General Shareholders' Meeting to authorize the Nomination and Remuneration Committee to allocate such amount of remuneration to each director and other subcommittee members within the amount approved by the Shareholder's Meeting.

3. Developing self-assessment forms for the Board of Directors and Subcommittees as a whole and individual members of the committee in accordance with the guidelines of the Stock Exchange of Thailand. With these forms, they are required to conduct self-assessment and review their performance, problems, and obstacles in the previous year in order to optimize their performance and comply with the good corporate governance principles.
4. Developing the Chief Executive Officer evaluation form to enable the Board of Directors to consider whether the Chief Executive Officer has fully performed within the scope of authority and responsibilities assigned by the Board of Directors.

The Nomination and Remuneration Committee has performed its assigned duties with due care, transparency, impartiality, and independence as in line with the good corporate governance principles while taking into account the utmost interests of the Company and all its stakeholders accordingly.

Mr. Apichart Chirabandhu
Chairman of the Nomination and Remuneration Committee



Corporate Social Responsibility: CSR

Over the years, the Company recognizes the importance of corporate social responsibility (CSR) not only good corporate governance policy, but also both internal and external stakeholders, including employees, shareholders, partners/creditors, customers, competitors, communities, and the environment. CSR activities that are part of in-process and after-process activities are in accordance with the following eight CSR principles.



CSR Activities Related to In - process of Business operations

1. Fair business practice

Nok Air has been operating business with fair treatment of all stakeholders, ranging from shareholders, employees, customers, partners, contractual parties, communities, society as a whole, and the environment. Not limited to legal requirement, its responsibility for the stakeholders includes refraining from any action that may infringe or impinge on the stakeholders' rights. Nok Air has formulated the Code of Conduct to ensure fair business practices as it considers that corporate reputation for integrity, as well as the top management's reputation and goodness, is a valuable factor in its cooperate success, progress, and profitability. This practice standard therefore has a direct impact on its corporate credibility. The Company's business operations shall comply with laws and regulations and respect its partners' and customers' rights.

2. Anti-corruption Policy

Nok Air Public Company Limited places a priority to anti-corruption and is committed to operating its business by adhering to moral, integrity, transparency and responsibility toward its stakeholders. Following this principle, the Company has come up with the best practice of the Board of Directors, the management and employees at all levels as reflected in the business Code of Conduct and the employee's Code of Conduct which are considered part of its corporate governance that will drive the Company toward sustainability.

- **Objectives**

1. To provide the Board of Directors, the management and employees with an opportunity to express their commitment to and embrace anti-corruption practice to their own
2. To provide criteria and clear practice guideline to prevent the Company and its employees from breaching the Company's anti-corruption policy
3. To review and monitor overall operations to ensure that the Company and employees strictly follow the anti-corruption policy
4. To encourage the entire organization and employees to monitor and report fraudulent action or corruption via secured communication channel

- **Definition**

Corruption refers to “an act or an omission not to act in one's duty or an unscrupulous exercise of one's power and violation of the laws, the Code of Conduct, regulation or policy of the Company in order to seek unqualified benefit in various manners such as demanding, accepting, offering or giving a property or any other benefit to a public official or any other individual who is doing a business with the Company or subsidiaries.”

“Political assistance means directly or indirectly offering assets, money, goods, and privileges to support and help or for other benefits to political parties, politicians and people involved with politics or political events.

“Related persons means spouse, children, father, mother and close family relatives of the directors, executives and employees at all levels of the Company and subsidiaries.”

- **Policy**

Nok Air has formulated the anti-corruption policy as a guideline for its practice as follows:

1. Directors, executives and employees shall in no case corrupt or support the corruption and will strictly comply with the anti-corruption measures
2. Directors, executives and employees have a role to comply with the good corporate governance policy and the anti-corruption policy. The Board of Directors has entrusted the management to communicate and implement anti-corruption measures.
3. Directors, executives and employees shall strictly respect and comply with anti-corruption laws enacted in every country or locations that the Company operates business.
4. To nurture the corporate culture of integrity and honesty
5. To provide employee training to encourage sincerity, integrity towards their work and to enable them to embrace the principle and ethical standard under the corporate governance policy to their own
6. The Company puts in place the human resource development process that reflects Nok Air's commitment to anti-corruption practice, from selection, training, assessment, remuneration and promotion

7. An internal audit is put in place for the Company to achieve its goal and to audit every department to see if they have complied with rules and regulations as well as to find out weaknesses and loopholes. In addition, the internal audit should provide advice regarding how to improve the operation system to become effective and efficient under the good corporate governance guideline.
8. Cooperating with the public sector by requiring every department who becomes a contractual party with the state to disclose their incomes and expenses to the National Anti-Corruption Commission of Thailand (NACC).
9. Designating the Company Secretary and the internal audit manager as persons who shall realize the corporate governance

- **Practice guideline**

The Company has set up practice guideline as follows:

1. Directors, executives and employees shall strictly follow the Company's anti-corruption policy and shall not be directly or indirectly involved in any fraudulent action or corruption in any form
2. Director, executive and employee shall not take any action that shows an intention to corrupt, give or take bribes to and from stakeholders who have relationship with the Company and subsidiaries in the matter that the person has direct or indirect responsibility in exchange for benefits of the Company or one's own or related persons.
3. In risk assessment, all executives shall be aware of risk of bribery, fraud and corruption related to business operations in order that they can properly manage such risks and regularly review risk prevention measures
4. In any operations or work that may involve risk of corruption and fraud or being against the anti-corruption policy, employees of all levels and also those in the subsidiaries shall take careful action in the following areas:
 - 4.1 Giving and receiving gifts and entertainment: employees shall follow the good corporate governance practice and Code of Conduct as well as anti-corruption policy
 - 4.2 Do not demand or accept assets, gifts and other benefits from customers, trade, partners, suppliers, competitors and others being engaged in a business with the Company, or involve in an entertainment or meals of excessive value than appropriate that may induce the employees to wrongly refrain from performing duty. In case the employee cannot avoid accepting such gifts or benefits, the person shall make sure that he/she strictly complies with related laws and that the gift presented has appropriate value, except for seasonal gifts or normal business reception. In case the value of such gift or offer exceeds 3,000 baht (three thousand baht), the person shall immediately inform the supervisor at Director level for acknowledgement.
 - 4.3 Business reception expenses and other expenses related to the Company's business operations are acceptable if reasonable. Such action must be carried out in accordance with the Company's regulations and transparent manner.
 - 4.4 Employees shall refrain from taking inappropriate action through convincing, influencing or an intention to obtain advantages or benefits.
 - 4.5 Donation to charity organizations shall be done on behalf of the Company and the charity organizations shall be reliable ones with clear objectives to operate for the society and not for profit. Receipt or certification shall be presented. Closely monitoring and audit shall be implemented to ensure that the donation is spent according to the objective and not used as an excuse for bribery.
 - 4.6 Sponsorship in any form, including cash, service, assets or items, given to any projects or activities as part of business support or corporate image of the Company and subsidiaries must clearly be done on behalf of the Company and subsidiaries in transparent and legal manner as well as in accordance with the process specified by the Company and can be audited.
5. An appropriate and regular internal audit system is put in place to prevent employees from involving in inappropriate action, especially in sales, marketing and procurement activities that have to meet with the Company's regulations and process and are transparent

6. The Company has a policy to be politically neutral. All of its personnel have the political right and freedom as allowed by law. They should be aware of and do not take action or activity or use any resources of the Company and subsidiaries for political activity that may damage the political neutrality of the Company and subsidiaries caused by political involvement. The Company will not directly or indirectly provide political assistance to any political party.
7. Nok Air provides regular training for employees at all levels on anti-corruption and bribery to raise awareness on the anti-corruption policy. The trainings are incorporated with new employees' orientation.
8. All supervisors are responsible for communicating and ensuring good understanding among subordinates and ensuring that all employees have sufficient skills to appropriately implement and apply anti-corruption policy in the activities under their responsibility. The training also ensures that employees are aware of the Company's expectation and penalty in case of breach of the policy.
9. Employees shall not ignore when experience or encounter fraudulent activity or corruption related to the Company and subsidiaries. The employees shall immediately inform the supervisors or responsible person through whistleblowing channel specified in this policy and cooperate well to assist the investigation.
10. The Company shall protect employees and other persons reporting clues or evidence of fraudulent action or corruption related to the Company and subsidiaries, including employees denying to be involved in such corrupted action by implementing the measure to protect complainant or whistleblowers as specified in this policy.
11. The Company can assure employees that none will be demoted, punished or affected if denying the offer and reception of bribery although such rejection causes the Company to lose business or opportunity. The Company shall not allow anyone to threaten or delay or interrupt the employees who strictly comply with this policy.
12. A person involved in fraudulent action and corruption is considered breaching the policy and shall be subject to disciplinary penalty and legal penalty if the action breaks related laws.
13. The Company shall regularly review the guideline and measures to ensure that they are up-to-date and correspond to the changes in related laws, business environment and corporate governance.

- **Scope of complaint and whistleblowing**

When encountering an action that breaches the following:

1. Fraudulent action directly or indirectly related to the Company and subsidiaries, for example, when an employee is found to offer or receive bribes from government or private organization that have business relationship with the Company or subsidiaries
2. An action that causes the Company to directly or indirectly lose benefit or damages the Company's reputation
3. Action that does not follow operational process or regulations which doubtfully allow an act of fraud or corruption
4. An illegal, immoral and unethical action
5. Breach of this policy and good corporate governance principles
6. Being unfairly treated at work.

- **Clue reporting and whistleblowing channel**

The Board of Director has assigned the Audit Committee to receive clue or complaint related to an act doubtfully to be directly and indirectly involved with fraud and corruption against the Company through complaint reporting channel under this policy. The complainant shall provide true details of the issue or complaints, name, address and telephone number to the Company through the following channels:

1. Sealed post

1.1 Chairman of the Audit Committee

Nok Airlines Public Company Limited
3 Rajanakarn Building, 17th FL., South Sathorn Road,
Yannawa Sathorn, Bangkok 10120

1.2 Company Secretary

Nok Airlines Public Company Limited
3 Rajanakarn Building, 17th FL., South Sathorn Road,
Yannawa, Sathorn, Bangkok 10120

2. Opinion box provided at the Human Resource Division

• The person who report the complaint

The person who can file the complaint related to fraud and corruption is all stakeholder groups, including shareholders, customers, trade competitors, creditors, public organizations, community, the public at large, executives and employees of the Company and subsidiaries. Regardless of the channel the complaints are lodged, the person who reports such irregularities will be protected by law and practice guideline.

• Measures to protect the person who complain or report clues related to corruption and fraud

1. The Company will keep highly confidential the information, name, address and other informations that may identify the person who reports irregularity. Only the authorized persons responsible for the investigation shall have access to such information.
2. The person who receives the complaint and report has the duty to keep confident the information, complaints and evidence from the complainant or the person who file the complaint and must not disclose such information to other persons not involved in this matter, except only required by law.
3. The Company will disclose the information only when necessary and has to give top priority to the safety and damage on the complainant or the person who report the irregularity or the source of information and related persons.
4. The affected persons will be compensated through the fair and appropriate process.

• Investigation and penalty

If an investigation shows that the information and evidence received provides sufficient reason to believe that the accused is involved in fraudulent action or corruption, the Company will give the accused the right to have access to the allegation and the right to prove himself/herself. The accused will be given the opportunity to present additional information and evidence showing that he/she is not involved with such fraudulent action or corruption as accused.

If the accused is actually involved with the fraud or corruption, the person is considered breaking the Company's anti-corruption policy and shall receive disciplinary penalty according to the Company's regulations. In case such fraudulent action or corruption is also illegal, the person will be subject to legal penalty. The Audit Committee's decision on disciplinary penalty is final.

• Promotion of anti-corruption policy

To ensure that all employees are aware of the anti-corruption policy, the Company shall take the following actions:

1. Posting the anti-corruption policy on the notice board at the Company's offices at all locations it operates business
2. Distributing the anti-corruption policy via corporate communication channels, such as email to all employees and corporate website (www.nokair.com/investor_relations)

3. The Annual Report Disclosure (56-1) and the Annual Report (56-2), etc.
4. Training on anti-corruption policy for new employees
5. Review and update the anti-corruption policy to ensure it corresponds with related announcement and policy

- **Anti-corruption policy and code of conduct training**

In 2017, the Company held training in the anti-corruption policy and code of conduct to ensure employees' compliance 8 times, as follows:

No.	Date	Number of participants
1	16 January 2017	24
2	15 February 2017	39
3	15 March 2017	49
4	18 April 2017	48
5	15 May 2017	47
6	1 June 2017	19
7	18 September 2017	24
8	20 December 2017	34
Total		284

3. Human right protection

Realizing the importance of, and promotes, human right protection, Nok Air provides services to passengers regardless of their nationality, race, gender, age, language, religion, etc. and provides them with equal treatment under the principles of dignity, humanity, independence and freedom. Nok Air does not infringe on others' rights, both legal rights and the rights that do not depend on legal provisions but on standard-based rights, which aims to ensure righteousness, fairness and justice. For example, the Company provides services for passengers who need special assistance, fair-price tickets, and compensation in the case of the Company's failure to provide the services as required. However, this will be in compliance with relevant laws, requirements, and regulations.

4. Fair treatment of labor

Considering that employees are the Company's key component and the most valuable assets, Nok Air has a policy to offer fair compensation in accordance with relevant laws. Valuing occupational safety, which in the end has an impact on passenger safety, the Company provides employees, supervisors and executives with enhanced relevant knowledge through safety training courses. In addition, it prepares monthly Safety Bulletin to promote safety and thoroughly communicate this to their staff. In 2017, Nok Air held training in occupational safety and health and the working environment 8 times, as follows:

No.	Date	Number of participants
1	16 January 2017	24
2	15 February 2017	39
3	15 March 2017	49
4	18 April 2017	48
5	15 May 2017	47
6	1 June 2017	17
7	18 September 2017	26
8	20 December 2017	34
Total		284

Nok Air developed the Occupational Safety Manual for its staff to ensure compliance with ministerial regulations and defined the administration and management standards for occupational safety and health and the working environment. All these aimed to raise their awareness of work hazards and practice guidelines to ensure safety at work because any types of jobs involve risks of accidents due to negligence and ignorance. The main causes of accidents are related to individual actions, such as being careless, taking a shortcut in a work process, disobeying rules and regulations, and failing to wear personal safety protection equipment. Actually, these can be prevented by the staff themselves, to ensure their better health and quality of life. The Company realizes that safety will strengthen their spirit and morale, which will eventually lead to corporate success and efficiency.

Nok Air attaches great importance to the recruitment and selection process to ensure high-quality personnel well-suited to its nature of business and corporate culture. It also provides job opportunities for persons with disabilities under the intention of the Article 33 of the Person with Disabilities Empowerment Act, B.E. 2550 (2007) and the Amendment (No. 2), B.E. 2556 (2013). This aims to improve the quality of life of persons with disabilities in terms of guaranteed jobs. This will enable them to use their capabilities to generate income and rely on themselves while reducing burden on their families and society. At the same time, this will empower them to strengthen the economy of their family and country.

The Company has implemented the compensation management policy that adheres to fairness, reasonableness, and consistency with staff's knowledge, abilities, and performance, through performance evaluation. In addition, the Company surveyed compensation of outside labor markets and companies in the same business to ensure that compensation procedure is appropriate, competitive, and attractive for new talents.

Nok Air underlines the importance of staff development by reviewing training courses to enhance the skills and capabilities of each level of staff. This is based on annually planned and designed training schedules, especially all management training courses for supervisors, junior management, and senior management. In 2017, the Company provided internal and external training for 2,226 staff, with per-head training period being 6.13 days per year on average.

Corporate communication has been continually focused on, and corporate activities have been organized all-year-round to develop and enhance bonds among staff. The activities include Nok Sanuk (Outing), Nok Khon Kai (Badminton match), Nok Krit (Singing contest), Nok Quotes (Communicating management's ideas), Nok Rurueang (Communication-related knowledge), and Nok Rak Nok (Communicating bond enhancement techniques). Nok Air also has the programs "Nok Huang Yai" and "Nok Klai Chit," which serve as channels through which staff directly communicate, share ideas, and make an inquiry with the Human Resource Department.

New staff members are provided with an orientation program and training program concerning Basic Airline Knowledge, which aims to equip them with knowledge and understanding about components of the aviation business as well as the relationships between the aviation business and industry. New staff members are exposed to actual work systems and procedures of all functions, including Flight Operations. They also have to learn about the Company's anti-corruption policy, which aims to create their awareness of the significance of this matter.

Nok Air has provided fair treatment to the workforce with full commitment to deliver "safety, development, bonding, and communication" to all employees.

5. Responsibility for Customers

In 2017, Nok Air focused on providing high-quality, safety, and customer-satisfaction oriented services. It focused to create customer confidence by providing new-model aircrafts – Boeing 737-800 and Bombardier Q400 and engaging a world-leading aircraft maintenance expert to provide maintenance services. Consumers can be of high confidence in its internationally-recognized safety standards for production and maintenance. This aims to comply with Nok Air's safety policy, its top-priority policy, obligation, and highest responsibility for its consumers.

Considering that aviation safety is its top priority, Nok Air has continually provided training for its pilots to ensure the highest standards. As a result, it has been certified by the Federal Aviation Administration (FAA), the most-recognized organization in aviation. Its pilots are equipped with extensive flying hours and extensive experience in flying, routes, topography, and local weather. Consumers can have complete confidence in, and trust, its high-quality personnel whenever they travel by Nok Air flights. Trained in international standards, Nok Air's flight attendants are ready to ensure passenger safety, convenience, and smiling throughout the flight.

In addition to safety confidence, Nok Air emphasizes on services that provide customers with utmost convenience and satisfaction, including advance seat selection, in-flight snacks and beverages, and minimum baggage allowance without extra charge. It offers channels that allow convenient and quick ticket booking and payment. In case of flight delay or cancellation, passengers will be provided with prior notification via email, SMS, or telephone. Passengers who cannot be reached via these channels will be informed at the check-in counter.

Responsibility for consumers has always been one of its considerations. Nok Air has developed its service process to ensure travel flexibility and convenience. "Nok Call Home" was set up to take care of advance check-in and response to customers' feedback and complaints. The "Nok Care" and "Nok Feedback" Programs are dedicated to receiving customer complaints, which will be analyzed to optimize services in line with consumer needs.

6. Responsibility for the Environment

Being aware that it is part of environmental protection, Nok Air has searched for ways of reducing natural resource usage in the production and service processes. Nok Air has chosen New Generation Boeing 737-800, which uses 'carbon brakes,' an innovation that significantly reduces the aircraft weight, compared with its traditional brakes - 'steel brakes.' This new brake system helps to save fuel and reduces carbon dioxide emissions. Using carbon materials, which are more durable and have a longer service life than steel materials, the carbon brake can significantly shorten maintenance periods.

Nok Air also uses the NextGen Bombardier Q400 for short-haul routes. It is the only turboprop model that is accompanied with the active noise and vibration suppression (ANVS) system, which reduces noise pollution. It can decrease fuel consumption by 7% and carbon emissions by 35%. Thus, Nok Air passengers can enjoy a convenient, quiet, fast, and environmental friendly short-haul flight, exclusively offered in Thailand by Nok Air.

In addition to using the aircraft with innovation that helps to reduce natural resource usage, Nok Air has introduced the "Mobile Boarding Pass." With this system, passengers can do online check-in via its website and mobile application, supported by various devices, e.g. iPhone, iPod Touch, iPad, Blackberry and Android devices. This significantly reduces paper consumption in the production and service processes, which promotes campaigning against global warming.

7. Possession and Dissemination of Innovation Derived from Activities Related to Responsibility for Society, the Environment, and Stakeholders

With good understanding about passengers' service expectations, Nok Air has introduced innovations to achieve enhanced convenience and confidence of its passengers, as follows:

- **Transit Service by Value Alliance**

Value Alliance is the alliance of 8 leading best-value airlines in Asia Pacific region, comprising Cebu Pacific (including Cebgo), JEJUair, Nok Air, Nok Scoot, Scoot, Tiger Air (Singapore), Tiger Air (Australia) and Vanilla Air. The alliance accesses more than 160 destinations across Asia Pacific, covering one third of the world, with more than 176 aircraft. This new route connection will strengthen the market expansion to other areas. With only a single step of reservation, the alliance introduces new dimension of travel and full service, which will enhance the passengers' experience.

In this collaboration, members share routes to create value and increase travel options, which connect the routes in Southeast Asia, North Asia and Australia and facilitate the passengers in travelling.

Passengers may select flights and reserve airline tickets directly on the website of each airline. They can book a seat of one airline to fly to the destination of other member airlines. The system will select the best flight from all airlines. The advanced technology developed by Air Black Box (ABB), top multi-carrier booking system, connected all flights in only one transaction. This service will offer more choices of destinations and the passengers of each airline will enjoy more convenience.

- **Onboard WiFi**

Nok Air Plc., together with Thaicom Plc., offers high-speed broadband internet connectivity via onboard WiFi so that the passengers can use 3G internet and enjoy the entertainment. This first inflight satellite communication in Asia Pacific makes sure that the passengers stay connected even 35,000 feet above the ground.

- **Nok Air Mobile**

Nok Air introduces mobile application as a new alternative to help the passengers reserve the ticket and manage booking. Working on any operation system (iOS and Android), this paperless system can alleviate the global warming. The passengers can download the application to enjoy the following service by Nok Air anytime anywhere:

- Booking domestic and international flights and enjoying Fly 'n' Ferry and Fly'n' Ride service in some routes.
- Payment by credit card or ATM or at service counter
- Nok Air news, promotion and privileges
- The passengers may turn the mobile phone into boarding pass and conveniently wait in front of the gate.
- Checking the price of low-cost tickets with "low-cost ticket" functionality.
- The passengers can check the booking and boarding pass offline on mobile phone.

- **Nokair Check and Shop**

This service, available at Central Airport Plaza, facilitates all passengers who fly from Chiang Mai to other destinations. Instead of waiting for boarding at the airport, they can check in and shop high-quality products. All they need to do is simply bringing citizen identification card and confirmation number, together with luggage, to "Nok Air Check & Shop" between one and two hours before the departure time. The shop, located on G floor of Central Airport Plaza, will issue the boarding pass one hour before departure time. It will also arrange shuttle bus to take the passengers to the airport.

Social responsibility beyond normal business conduct (After-Process)

Nok Air recognizes the importance of business conduct with social responsibility. It also has good intention to take part in community and social development, especially children development. That is because the company is aware that they will become the qualified citizen in the future. As a result, Nok Air comes up with tangible community and social development plans under four topics, namely Sharing Nok, Learning Nok, Visionary Nok and Delighted Nok, as a guideline for its activities every year.

In 2017, Nok Air implemented the following projects:

- **Nok Baeng Pun (Sharing Nok)**

- “NOK Gives Life”, project aimed to raise fund for the Cardiac Children Foundation of Thailand under the royal patronage of HRH Princess Galyani Vadhana, which helped disadvantaged children with heart disease. Nok Air invited the interested public to buy “NOK Gives Life” souvenirs and contributed the total proceeds, without deducting any expense, to The Cardiac Children Foundation of Thailand. In 2017, the company donated proceeds from NOK Gives Life souvenirs to the Foundation to support its implementation
- “Sharing Nok for disadvantaged children” project offered passengers a chance to donate useful books and toys to children. It was intended to promote the development of needy children in three regions, namely Sakad Pattana School, Nan province, in the North; Ban Ta Em Border Patrol Police School, Ubon Ratchathani province, in the Northeast; and Ban Kao Panom School, Krabi province, in the South.
- “Nok Happy Feet”, project offered passengers a chance to donate 500 pairs of shoes to over 20 schools at Omkoi, Chiang Mai.

- **Nok Rien Roo (Learning Nok)**

Recognizing the importance of children’s learning and education, Nok Air initiated NOK Library project. It aimed to build Ban Din library as the children’s source of knowledge. Moreover, Nok Air cultivated a reading habit among children in the communities or schools in remote areas and encouraged them to constructively use their spare time. During implementation, Nok Air allowed the interested people to take part in this project. These people must have the qualifications that met the company’s requirements. They must be responsible for the communities or schools in remote areas, which were the target for improving the children’s education. They should be able to stay with the project until it is complete. The fully qualified people must submit “NOK Library” plan for Nok Air’s consideration. If the project was selected, Nok Air would build a library and subsidize all expenses, including equipment and materials necessary for the learning, education and way of life of children in remote area.

Building Ban Din library will not only boost the collaboration between Nok volunteers and local children and residents but also encourage them to take pride in the project together. They first started with finding the natural materials available in local areas, taking time learning, and making effort together. This library therefore had a great sentimental value for local youth and Nok Air. In 2017, Nok Air helped build the library in Jo Ma Lo Lue La Learning Center, South Sameng sub-district, Chiang Mai province, and Rang Mai Library, Prao district, Chiang Mai province. Moreover, it painted Ban Mae Wan School, Doi Saked district, Chiang Mai province, and Chaeng Koo Ruang School, Prao district, Chiang Mai province.

- **Nok Mong Klai (Visionary Nok)**

Visionary Nok has key objective to encourage children in remote areas to appreciate and cherish nature, starting from the surrounding nature in their communities. The project opened their view by letting them experience the nature in further areas. In 2017, Nok Air implemented Visionary Nok projects as below:

- Visionary Nok: Capital City Tour took the children of inflicted people by the unrest in three southernmost provinces to visit different places in Bangkok, namely Siam Ocean World, Siam Paragon and Dream World, and do activities together.
- Visionary Nok: Let’s Swim has been held for three years. It took children from Ban Ta Em Border Patrol Police School in Ubon Ratchathani province to the sea at Wing 5, Royal Thai Air Force.

- Visionary Nok: Experiencing Simulated Reality took 50 students in grade 12 of Bodindecha (Singhaseni) School to visit Pan Am International Flight Training Centre at Assumption University, Suvarnabhumi Campus, where they tried full flight simulator. This activity was held to promote learning outside the classroom and inspire the children interested in flying to choose the career path of professional pilots. Pan Am International Flight Training Centre provides flight training of Boeing 737 and Airbus 320. Every student had a chance to experience full flight simulator, with the instructor demonstrating how to control the airplane and educate them closely step by step. This activity was cooperated by Pan Am International Flight Training Centre - Thailand established by Pan Am International Flight Training Centre - USA, All Nippon Airways, Nok Air and Assumption University. As the most advanced flight training centre in Southeast Asia, it trains pilots in different courses that meet the international standard and serve the needs of aviation business.

- **Nok Im Jai (Delighted Nok)**

Delighted Nok aims to promote Buddhist activities. The project helps foster moral and ethics in children by allowing them to study the principle and follow the Buddhist path. Nok Air is well aware that children are the root of society. With great care and nurture, these children will become the driving force that makes the society a better place in the future. The company therefore educated them on Buddhism to make sure that they not only learn and correctly understand Buddhist practice but also let dharma guide their life. As a result, during school break, Nok Air offered complimentary air tickets to children who attended “Novice Ordination Project”, joined the ordination ceremony in April 2017 at the shrine of Rama 9 Golden Jubilee Temple, and stayed at King Rama 9 Meditation Center.

- **Other activities**

- Nokair has been signed a MOU with Princess Mother’s Medical Volunteer Foundation in order to support tickets for volunteer doctors.
- Nokair has been contributed water and snack to people who attend pay respected to the body of the late King Bhumibol for 1 year.
- Nokair has been a sponsor for giving tickets and donated money to “Step by Step Project”
- Due to the floods in the south have people suffered, the company and employee teams prepared survival kit more than 1,000 bags per day and send them to the flood victims in the South. However, the company has provided free transport of supplies and consumables from government, foundations and the public starting from 12-20 January 2017 to Nakhon Si Thammarat, Surat Thani, Krabi, Phuket, Hat Yai and Chumphon and proceed to the flood victims.
- Designed the product “Nok Limited Camo Collection” and the income earned from souvenirs selling was donate to soldiers in three southernmost provinces.

Business conduct affecting social responsibility

In 2017, Nok Air did not conduct any business that affected social responsibility.



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