

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

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

Details of offering of newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings are enclosed in Capital Increase Report Form (F53-4) (*Enclosure 9*), and this Information Memorandum regarding the allotment of newly-issued ordinary shares.

1. Details of the issuance and offering

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

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

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

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



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

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

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

3.1 Control Dilution

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

3.2 Price Dilution

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

Whereas:

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

$$\begin{aligned} \text{Market price after the offering} &= \frac{(\text{Market price} \times \text{No. of existing paid-up shares}) + (\text{Rights Offering Share price} \times \text{No. of Offering Shares})}{\text{No. of existing paid-up shares} + \text{No. of Offering Shares}} \\ &= \frac{(4.77 \times 1,135,999,882) + (1.5 \times 1,135,999,882)}{(1,135,999,882 + 1,135,999,882)} \end{aligned}$$

$$= 3.14$$

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

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

3.3 Earnings Per Share Dilution

The Company has suffered loss from the operation.

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

(1) Rationale and necessity for the capital increase

It is necessary for the Company to increase its registered capital and issue newly-issued ordinary shares to enable the Company to have funds to accommodate the business plan.



The Board of Directors therefore approved the issuance of newly-issued shares to the existing shareholders in order to use the proceeds received from such capital increase to use as working capital in the Company's operation and to accommodate the Company's business plan, such as the adjustment of fleet, including the expansion of routes and flight network, to enhance higher potential of competitiveness of the Company.

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

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

(3) Reasonableness of the capital increase, plan to utilize the proceeds derived from the offering of the newly-issued ordinary shares, and projects to be operated, including the sufficiency of the sources of funds

The Company has necessity to raise additional fund approximately Baht 1,700,000,000, to accommodate the business plan of the Company, whereby the Company has the plan to improve the fleet, and expand the routes and flight network to build potentials for the competition with other business operators, causing the Company to have necessities additional working capital. After consideration of fundraising alternatives, the Board of Directors was of the view that the offering of newly-issued ordinary shares to existing shareholders (Right Offerings) is the most suitable fundraising alternative for the Company's current situation, as the Company has been operating at losses and has negative equity from the financial statements ended 30 June 2017. In this regard, should the Company raise fund for approximately Baht 1,700,000,000 from this offering of capital increase shares, it will have sufficient fund for the business plan.

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

This capital increase by issuing and offering newly-issued ordinary shares to existing shareholders will help strengthen the Company's operation and financial position, whereby the Company will use the proceeds received from such capital increase in adjusting fleet, expanding routes and flight network, and supporting the higher need of working capital in order to build the Company's potential in competing with other business operators in the industry. Such capital increase will cause positive results to the growth and profitability of the Company, without affecting the Company's liquidity. In addition, it will help the Company to continue its business with strong financial status and capital base, resulting in benefits to the Company and every shareholder. As of 30 June 2017, the Company has negative equity in the amount of Baht 152 million. Combining this offering of newly-issued ordinary shares to existing shareholders, the Company's equity will be positive.



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

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

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

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

Please be informed accordingly.

Sincerely yours,
Nok Airlines Public Company Limited

-Mr. Rathapol Bhakdibhumi-

-Mr. Patee Sarasin-

(Mr. Rathapol Bhakdibhumi)

(Mr. Patee Sarasin)

Director

Director