

Information Memorandum on the Allocation of the Newly Issued Ordinary Shares

The Board of Directors' meeting No. 12/2019 of Nok Airlines Public Company Limited (the "Company"), held on 12 December 2019, has approved to decrease the Company's registered capital of Baht 99,030,527 from the existing registered capital of Baht 3,408,049,800 to Baht 3,309,019,273 and to increase the Company's registered capital of Baht 888,147,358 from the existing registered capital of Baht 3,309,019,273 to Baht 4,197,166,631 by issuing the newly issued 888,147,358 ordinary shares, at the par value of Baht 1.00 to accommodate the allocation of the newly issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Right Offering), which will be proposed to the Extraordinary General Meeting of Shareholders of the Company No. 1/2020 to be held on 14 January 2020 for further consideration.

Details of the offering of the newly issued ordinary shares to the existing shareholders proportionate to their respective shareholdings are shown in the Capital Increase Report (F 53-4) (*Enclosure 1*) and this Information Memorandum regarding the Allocation of the Newly Issued Ordinary Shares.

1. Details of the issuance and offering

The Company will allocate the newly issued ordinary shares of the Company up to 888,147,358 shares, at the par value of Baht 1 to the existing shareholders proportionate to their respective shareholdings (Right Offering) at the ratio of 3.5 existing ordinary shares to 1 newly issued ordinary share (amounting to the total number of 888,147,358 shares for the allocation) at the offering price of Baht 2.50 per share, with the total value up to Baht 2,220,368,395. The offering period is during 3 to 7 February 2020 (totaling 5 business days). The Company has specified the date for the determination of the list of shareholders entitled to be allocated the newly issued ordinary shares proportionate to their respective shareholdings (Record Date) on 21 January 2020.

If there are remaining the newly issued ordinary shares after the first allocation to the existing shareholders proportionate to their respective shareholdings, the Company shall allocate the remaining newly issued ordinary shares to the oversubscribing shareholders, based on their respective existing shareholding and at the same offering price. In such allocation of the newly issued ordinary shares, the Company shall allocate the remaining shares until there is no remaining newly issued ordinary share or until there is no shareholder expresses their intention to subscribe the newly issued ordinary shares.

In this regard, the issuance and the offering of the newly issued ordinary shares to the existing shareholders are uncertain until an approval from the Extraordinary General Meeting of Shareholders No. 1/2020 is granted.

In case there is any shareholder expressing intention to subscribe the newly issued ordinary shares over his existing shareholding, causing him and persons in Section 258 of the Securities and Exchange Act B.E.

2535 (1992) (including the amendments thereof) of such shareholder to increasingly hold the number of shares of the Company which reach or exceed the trigger point requiring a tender offer, such shareholder shall have to make the tender offer for the purchase of the entire securities in the Company pursuant to the Notification of Capital Market Supervisory Board No. TorChor. 12/2554 (2011) Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers ("**Notification on the Acquisition of Securities for Business Takeovers**"), unless such shareholder is exempted from making the tender offer for the purchase of the entire securities of the Company according to the Notification on the Acquisition of Securities for Business Takeovers.

In such allocation of the newly issued ordinary shares, the Company reserves the right to consider not allocating the shares to any subscriber, if such allocation causes or may cause the infringement of foreign shareholding restriction as specified in the Articles of Association of the Company which, at present, allows foreigners to collectively hold the Company's shares not exceeding 49 percent of the total number of sold shares of the Company.

2. Objectives of the issuance of the newly issued shares and plans for utilizing proceeds

The Company's purpose of the capital increase is to reinforce the Company in the part of operation and capital. The Company has planned to utilize proceeds received from the capital increase for working capital, reducing indebtedness, improving fleet, including expanding air routes and aviation network which will enhance the Company's capability in competition and result in the better performance.

In this regard, the abovementioned plans for utilizing proceeds may be may be changed, depending on turnover, cash flow, business operation plan, investment plan, an amount of proceeds received from the capital increase, necessity and other suitability as deemed appropriate by the Board of Directors with taking the benefits of the Company and the shareholders into consideration.

3. Effects from the issuance and offering of the newly issued ordinary shares to the existing shareholders

3.1. Effects to the shareholding ratio of shareholders (Control Dilution)

In the event that all of the existing shareholders subscribe for the newly issued ordinary shares as per their respective rights, there will be no effect to the shareholding ratio; and the shareholding ratio of the existing shareholders will not be affected.

3.2. Effects to price of share (Price Dilution)

The formula to calculate the decrease of price = $(P_o - P_n) / P_o$ by which;

P_o = Weighted average price of the shares of 15 consecutive business days prior to the date of the Board of Directors' meeting No. 12/2019 held on 12 December 2019 (during 19 November to 11 December 2019) (information based on SETSMART) which equals to Baht 2.04.

Pr = Offering price of the newly issued ordinary shares to the existing shareholders which equals to
Baht
2.50 per share.

As the offering price of the newly issued ordinary shares (at Baht 2.50 per share) is higher than market price (at Baht 2.04 per share), there will be no effect to price of share (Price Dilution).

3.3. Effects to earning per shares (EPS Dilution)

The Company has had net loss from operation, thus, the Effects to earning per shares (EPS Dilution) cannot be calculated.

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

(1) Reason and necessity for the capital increase

The Company has necessity to increase its capital in order to have capital to accommodate business operation plan, thus, the Board of Directors of the Company has considered to issue the newly issued ordinary shares to the existing shareholders for utilizing such proceeds received from the capital increase for working capital, reducing indebtedness and accommodating business operation plan, for instance, improving fleet, including expanding air routes and aviation network which will enhance the Company's competition potential.

(2) Feasibility of the plan for utilizing proceeds received from the offering of the newly issued ordinary shares

The Company expects to completely issue and offer the shares to the existing shareholders and receive proceeds from the said offering of the newly issued shares by February 2020.

(3) Propriety of the capital increase, utilization plan of the proceeds received from the offering of shares and project operation, including sufficiency of fund

The Company has necessity to raise additional fund of Baht 2,220 million, approximately, for accommodating business operation plan. The Company has planned to improve fleet and expand air routes and aviation network in order to enhance the Company's potential to complete with other organizations, including reducing indebtedness, causing the Company to require more working capital. Considering the method to raising fund, the Board of Directors of the Company has an opinion that the offering of the newly issued shares to the existing shareholders is the most appropriate method to raise fund in the current situation of the Company since the Company has had loss from operation and shareholder's equity has been negative, according to the separate financial statements and consolidated financial statements of the Company which were audited by the certified public accountant of the Company, ended 30 September 2019. In this regard, this offering of the newly issued shares will enable the Company to raise Baht 2,220 million, approximately, and to have sufficient fund for activities in the business operation plan.

(4) 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 proceeding of the utilization plan

The capital increase by way of issuance and offering of ordinary shares to the existing shareholders of the Company will strengthen the Company's performance and financial position. The Company will utilize proceeds received from such capital increase to improve fleet, expand air routes and aviation network and accommodate the requirement of fund in order to enhance the Company's potential to compete with other organizations in the industry. In this regard, such capital increase will affect the growth and profitability of the Company without affecting the financial liquidity of the Company, including enable the Company to continue its operation and having stable financial position and capital that will eventually benefit the Company and all the shareholders. As of 30 September 2019, shareholders' equity of the Company has been negative in the number of Baht 659 million. Aggregating the number of the capital increase to be offered to the existing shareholder of approximately Baht 2,220 million, shareholders' equity of the Company will become positive.

(5) Expected effects to the Company in the case that the newly issued shares cannot be sold in whole

In the event that the Company cannot offer the shares to the existing shareholders proportionate to their respective shareholdings (Right Offering) in whole, the Company will further allocate as per the objectives, necessity and appropriateness of the gained proceeds and the Company may further seek for an additional fund. The Company will carefully consider with taking the circumstance at that time into consideration.

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

In the case where the directors of the Company do not perform in accordance with laws, the Company's objectives, Articles of Associations of the Company, as well as the resolutions of the Extraordinary of General Meeting of Shareholders with honesty and has carefully preserved the benefits of the Company in relation to the capital increase by action or omission of any duty which causes damage to the Company, the Company may claim for damages from such directors. In case the Company fails to do so, the shareholders holding at least 5 percent of the total sold shares may notify the Company to claim for damages from such directors. Nevertheless, if the Company refrains from claiming as per notification of the shareholders, such shareholders may initiate a legal action to claim for damages from the directors on behalf of the Company in accordance with Section 85 of the Public Company Act B.E. 2535 (1992) (including the amendments thereof). In addition, in the case that the directors' action or omission of any duty in accordance with laws, the Company's objectives, Articles of Associations of the Company, as well as the resolutions of the Extraordinary of General Meeting of Shareholders with honesty and has carefully preserved the benefits of the Company in relation to this capital increase, results in a director or his/her related person obtaining undue benefit, the Company may claim for such benefit from such director or if the Company fails to do so, the shareholders holding at least 5 percent of the total voting rights may notify the Company to proceed as notified by the shareholders. If the Company fails to proceed as notified by the shareholders within 1 month from the date receiving the notice, the shareholder may initiate a legal action against that director on behalf of the Company in accordance with Section 89/18 of the Securities and Exchange Act, B.E. 2535 (1992) (including the amendments thereof).

Please be informed accordingly.

Faithfully yours,

Nok Airlines Public Company Limited

(Company's seal)

- Wutthiphum Jurangkool -

(Mr. Wutthiphum Jurangkool)

Authorized director

- Pravej Ongartsittigul -

(Mr. Pravej Ongartsittigul)

Authorized director