



AAV07/2018

February 5, 2018

Subject: Notification on Receipt Amendment to Opinion of the Independent Financial Advisor on the Tender Offer for Securities of Asia Aviation Plc.

Attention: President
The Stock Exchange of Thailand

Asia Aviation Public Company Limited (the "Company") would like to inform you that today (February 5, 2018) the Company has received Amendment to Opinion of the Independent Financial Advisor on the Tender Offer for Securities of Asia Aviation Plc. as per the attachment.

Please be informed accordingly.

Sincerely Yours,

(Mr. Santhat Sanguandikul)

Chief Financial Officer
Authorized Signatory

(Translation)

No. AP. 006/2561

February 5, 2018

Subject Amendment to Opinion of the Independent Financial Advisor on the Tender Offer for Securities of Asia Aviation Plc.

To Secretary-General of the Securities and Exchange Commission
President of the Stock Exchange of Thailand
Shareholders of Asia Aviation Plc.

Reference: Opinion of the Independent Financial Advisor on the Tender Offer for Securities of Asia Aviation Plc., dated August 11, 2017

Asia Aviation Plc. (the “Company”) submitted the Opinion of the Company on the Tender Offer for Securities (Form 250-2), together with Opinion of the Independent Financial Advisor on the Tender Offer for Securities of the Company – prepared by Advisory Plus Co., Ltd. (the “Independent Financial Advisor”) as the independent financial advisor of the shareholders – to the Office of the Securities and Exchange Commission (the “SEC”), the Stock Exchange of Thailand (the “SET”) and the shareholders of the Company on January 23, 2018.

The Independent Financial Advisor hereby would like to amend our Opinion of the Independent Financial Advisor on the Tender Offer for Securities of the Company Form 250-2 to further clarify some issues and to be consistent with first and second amendment of tender offer dated January 25, 2018 and January 30, 2018 respectively. The additional information is underlined, as follows:

1. Page 4, Executive Summary

Existing wording

The IFA is of the opinion that the shareholders should **reject the tender offer** because the offer price of Baht 4.70 per share is lower than a fair value of AAV shares as measured by the IFA, using the market value approach and discounted cash flow approach, in a range of Baht 5.49 – 7.80 per share. Such fair value is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% - 65.93%.

The minority shareholders who intend not to hold the Company's shares any longer may consider selling the shares on the SET. However, shareholders should take liquidity risk and a drop in share price if there is a large amount of shares are sold into consideration.

Amended to

The IFA is of the opinion that the shareholders should **reject the tender offer** because the offer price of Baht 4.70 per share is lower than a fair value of AAV shares as measured by the IFA, using the market value approach and discounted cash flow approach, in a range of Baht 5.49 – 7.80 per share. Such fair value is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% - 65.93%.

There is no significant impact to minority shareholders who reject the tender offer from changes in plans and policies of the Company because the Offeror has served as director and Chief Executive Officer of the Company since establishment of the Company and the Offeror has no plan to change Company's plans and policies. In addition, the Company's securities will remain listed for the period of 12 months after the end of tender offer period as the Offeror indicated in the tender offer.

The minority shareholders who intend not to hold the Company's shares any longer may consider selling the shares on the SET. However, shareholders should take liquidity risk and a drop in share price if there is a large amount of shares are sold into consideration. The Company's close price from December 28, 2017 (the day the Offeror submitted the Form of Announcement of Intention to Make Tender Offer (Form 247-3)) to January 22, 2018 (last business day before IFA issued this report) ranges between Baht 5.60 – 6.15 per share.

2. Page 5, 1. Appropriateness of the offer price

Existing wording

The Company has discussed with PricewaterhouseCoopers ABAS Ltd., its auditor, regarding whether or not this transaction which the Offeror who is director and management of the Company acquires the Company's shares should be accounted for share based payment. Auditor has opinion that this transaction could be considered as share based payment. However, this transaction has liquidity constraint due to the limitation that the Company's shares must be sold to Thai individual only to comply with condition of Commercial Aviation License of the Company's subsidiary and in combination with the fact that the value of this transaction is over Baht 8,000 million resulting in huge discount from market price. The Company has engaged a financial advisor approved by the SEC to evaluate fair price of the Company's shares. The transaction price is in line with the fair value appraised by such financial advisor.

Therefore, there is no expense regarding share based payment recording in consolidated financial statement of the Company from this transaction.

Amended to

The Company has discussed with PricewaterhouseCoopers ABAS Ltd., its auditor, regarding whether or not this transaction which the Offeror who is director and management of the Company acquires the Company's shares should be accounted for share based payment. Auditor has opinion that this transaction could be considered as share based payment. However, this transaction has liquidity constraint due to the limitation that the Company's shares must be sold to Thai individual only to comply with condition of Commercial Aviation License of the Company's subsidiary and in combination with the fact that the value of this transaction is over Baht 8,000 million resulting in huge discount from market price. The Company has engaged a financial advisor approved by the SEC to evaluate fair price of the Company's shares (for consideration of share based payment purpose only). The transaction price is in line with the fair value appraised by such financial advisor. Therefore, there is no expense regarding share based payment recording in consolidated financial statement of the Company from this transaction.

3. Page6, 1.2 Adjusted Book Value Approach

Existing wording

Using this approach, the shares are appraised based on the book value derived from the Company's consolidated financial statements as of September 30, 2017, adjusted by the items that have material impacts on value of assets and liabilities in order to reflect the most current net asset value. These assets are, for instance, trade accounts receivable overdue more than 12 months, aircraft, leasehold improvements and equipment, operating lease obligations, interim dividend payment, etc.

Nonetheless, the Company has not made any revaluation of the aircraft, leasehold improvements and equipment, which are its core operating assets worth Baht 22,737.53 million or 37.91% of total assets or 62.69% of tangible assets (total assets minus intangible assets and goodwill) under its consolidated financial statements as of September 30, 2017 and the adjustment to which will accordingly have the most effect on the share valuation by this approach. As such, the share value appraised by this approach without an adjustment made to such item that will most affect the net asset value could not reflect the true value of the Company. Therefore, we have not appraised the Company's shares by the adjusted book value approach based on the reasons discussed above.

Amended to

Using this approach, the shares are appraised based on the book value derived from the Company's consolidated financial statements as of September 30, 2017, adjusted by the items that have material impacts on value of assets and liabilities in order to reflect the most current net asset value. These assets are, for instance, trade accounts receivable overdue more than 12 months, aircraft, leasehold improvements and equipment, operating lease obligations, interim dividend payment, etc.

Nonetheless, the Company has not made any revaluation of the aircraft, leasehold improvements and equipment, which are its core operating assets worth Baht 22,737.53 million (book value of aircraft and aircraft engine is approximately 90% of book value of the aircraft, leasehold improvements and equipment) or 37.91% of total assets or 62.69% of tangible assets (tangible assets equals total assets minus intangible assets and goodwill) whereby other tangible assets mainly consist of cash, short-term investment, aircraft maintenance reserves under its consolidated financial statements as of September 30, 2017 and the adjustment to which will accordingly have the most effect on the share valuation by this approach. As such, the share value appraised by this approach without an adjustment made to such item that will most affect the net asset value could not reflect the true value of the Company. Therefore, we have not appraised the Company's shares by the adjusted book value approach based on the reasons discussed above.

Independent Financial Advisor considers and has opinion that the Company still benefits from using aircraft, leasehold improvement and equipment and such assets have consistently generated income for the Company without any sign of impairment which is consistent with the fact that the Company's auditor has never impaired such assets.

4. Page 7, Market Comparable ApproachExisting wording

There are three SET-listed companies operating airline business, namely (1) Thai Airways International Plc. ("THAI"), (2) Bangkok Airways Plc. ("BA") and (3) Nok Airlines Plc. ("NOK"). Since THAI and BA are classified as full service carriers (FSC), whereas AAV is a low-cost carrier (LCC), we have excluded THAI and BA from the reference data used for valuation of the Company's shares. However, as there is only NOK that operates business similar to the Company, we have additionally taken into consideration the listed entities on foreign stock markets that engage in business about the same as the Company to be used as reference data for valuation of the Company's shares (hereinafter referred to as "Peer Group"), the details of which are as follows:

Amended to

There are three SET-listed companies operating airline business, namely (1) Thai Airways International Plc. (“THAI”), (2) Bangkok Airways Plc. (“BA”) and (3) Nok Airlines Plc. (“NOK”). Since THAI and BA are classified as full service carriers (FSC), whereas AAV is a low-cost carrier (LCC) (although THAI has operation in LCC via Thai Smile Airways Co., Ltd. , a 100% subsidiary, its main revenue and business is still an operation in FSC. In 2016, THAI has total revenue of Baht 181,446 million while Thai Smile Airways Co., Ltd. posts total revenue of Baht 7,832 million), we have excluded THAI and BA from the reference data used for valuation of the Company’s shares. However, as there is only NOK that operates business similar to the Company, we have additionally taken into consideration the listed entities on foreign stock markets that engage in business about the same as the Company to be used as reference data for valuation of the Company’s shares (hereinafter referred to as “Peer Group”), the details of which are as follows:

5. Page 9, Market Comparable Approach

Existing wording

IFA exclude Southwest Airlines and Ryanair from Peer Group because their market capitalization are much higher than the Company and other companies in Peer Group.

Amended to

IFA exclude Southwest Airlines and Ryanair from Peer Group because their market capitalization are much higher than the Company and other companies in Peer Group.

Although some reference companies in Peer Group have differences in customer bases, flying route and geography but due to the fact that business model of LCC does not materially differ from each other. Therefore, the information of such reference companies in Peer Group is somewhat acceptable to use in share valuation.

6. Page 14 Definition of operating lease obligations of aircraft

Existing wording

Provisions for aircraft finance = 8 x aircraft rental in the past 12 months up to September 30, 2017
lease liabilities

Amended to

Operating lease for aircraft obligations = 8 x aircraft rental in the past 12 months up to September 30, 2017 (This is common practice for credit rating agency to estimate operating lease for aircraft obligations)

7. Page 17, 1.5 Paragraph 3Existing wording

Since AAV operates as a holding company and has not engaged in any significant business other than investment in 55% of shares in TAA only, we have accordingly measured value of the Company's shares through a sum of the parts analysis. By this method, we have at first prepared a financial projection of TAA, which is the core business, and then reconciled value of TAA's equity, pro rata to the percentage of shareholding by the Company, with the items in the separate financial statement of the Company to arrive at a fair value of its shares.

Amended to

Since AAV operates as a holding company and has not engaged in any significant business other than investment in 55% of shares in TAA only, we have accordingly measured value of the Company's shares through a sum of the parts analysis. By this method, we have at first prepared a financial projection of TAA, which is the core business, and then reconciled value of TAA's equity, pro rata to the percentage of shareholding by the Company, a fair value of investment which is the Company's major assets, then deduct by net financial liabilities in the separate financial statement of the Company to arrive at a fair value of its shares.

8. Page 17, 1.5 (1)Existing wording**(1) Passenger revenues**

Passenger revenues are generated from sales of tickets to customers. TAA has witnessed ongoing growth in its passenger revenues, due to a policy to expand its fleet by 5-6 aircraft per year which helped to increase its capacity from 15.31 million seats in 2014 to 20.48 million seats in 2016. TAA management plans to maintain its fleet expansion at such rate throughout the projection period, leading to a continuous increase in TAA's capacity throughout the projection period.

Amended to**(1) Passenger revenues**

Passenger revenues are generated from sales of tickets to customers. TAA has witnessed ongoing growth in its passenger revenues, due to a policy to expand its fleet by 5-6 aircraft per year which helped to increase its capacity

from 15.31 million seats in 2014 to 20.48 million seats in 2016. TAA management plans to maintain its fleet expansion at such rate throughout the projection period, leading to a continuous increase in TAA's capacity throughout the projection period with CAGR of approximately 11% per annum.

9. Page 20, 1.5 (9)

Existing wording

(9) Terminal growth rate

Terminal growth rate is estimated by the perpetuity growth model. TAA expects to maintain a terminal growth rate of 1% per year after the end of the projection period.

Amended to

(9) Terminal growth rate

Terminal growth rate is estimated by the perpetuity growth model using WACC as discount rate. TAA expects to maintain a terminal growth rate of 1% per year after the end of the projection period.

10. Page 27, 3.4 Plan on disposal or transfer of core asset of the Company

Existing wording

Since the Offeror has not mentioned about plan on disposal or transfer of core assets of the Company in the tender offer, we are unable to express opinion on this matter. However, the Offeror has served as, and still is, director and top executive of the Company and TAA for a long period of time and had been the Company's major shareholder from its inception in 2012 until June 2016, and later buy the shares back from Srivaddhanaprabha Group to restore his major shareholding in the Company with the intention to continue his administrative role in the Company. Therefore, we believe that the Offeror will not sell or transfer the core assets that will affect the Company's business operation.

Amended to

Since the Offeror has no plan to change in policy of disposal or transfer of core assets of the Company, we has opinion that as the Offeror has served as, and still is, director and top executive of the Company and TAA for a long period of time and had been the Company's major shareholder from its inception in 2012 until June 2016, and later buy the shares back from Srivaddhanaprabha Group to restore his major shareholding in the Company with the intention to continue his administrative role in the Company, therefore, we believe that the Offeror will not sell or transfer the core assets that will affect the Company's business operation.

11. Page 28, 3.5 Plan on organization and human resourcesExisting wording

Since the Offeror has not mentioned about plan on organization and human resources of the Company in the tender offer, we are unable to express opinion on this matter. However, the Offeror has served as director and top executive of the Company and TAA and, on December 27-28, 2017, nominated his representatives as directors to replace the four representatives of Srivaddhanaprabha Group, leading the Offeror to have six representatives sitting on the Company's Board of Directors out of the total nine board members (three of whom are independent directors). Therefore, we believe that the Offeror will not materially change the plan on organization and human resources within 12 months after completion of the tender offer

Amended to

Since the Offeror has no plan to change in policy of organization and human resources of the Company, we has opinion that as the Offeror has served as director and top executive of the Company and TAA and, on December 27-28, 2017, nominated his representatives as directors to replace the four representatives of Srivaddhanaprabha Group, leading the Offeror to have six representatives sitting on the Company's Board of Directors out of the total nine board members (three of whom are independent directors), therefore, we believe that the Offeror will not materially change the plan on organization and human resources within 12 months after completion of the tender offer

12. Page 28, 3.6 Dividend policyExisting wording

Currently, the Company and TAA have a policy to make dividend payment based on their operational performance, liquidity, cash flow and financial status, the conditions and restrictions on dividend payment as stipulated in the credit facility agreements, debenture agreements or other relevant agreements that the Company and TAA must comply with, the future business plan, the need for investments and other factors deemed appropriate by the Board of Directors of the Company and TAA. As indicated in the tender offer (Form 247-4), the Offeror has no plan to change the dividend policy.

In our opinion, although the Offeror will not change the dividend policy, the Company and TAA have not clearly indicated the rate of dividend payment and, hence, it will be difficult for the shareholders to forecast dividend yield on their investment in the Company's shares. The dividend payment made by the Company from its performance in 2015-2017 is as follows:

Performance period	Dividend (Baht/share)	Payment date	Type
Jan 1, 17 – Nov 10, 17	0.15	Dec 7, 17	Cash dividend
Jan 1, 16 – Nov 11, 16	0.15	Dec 7, 16	Cash dividend
Jan 1, 15 – Aug 31, 15	0.10	Sep 29, 15	Cash dividend

Amended to

The dividend policy of the Company indicated that “the Company may consider paying dividend by taking into account the performance, liquidity, current cash flow and financial status; the provisions and conditions regarding dividend payment as provided in the loan agreements, debentures or any related contracts that the Company is obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the board of directors” and the Offeror has no plan to change the said dividend policy.

In our opinion, although the Offeror will not change the dividend policy, the Company and TAA have not clearly indicated the rate of dividend payment and, hence, it will be difficult for the shareholders to forecast dividend yield on their investment in the Company’s shares. The dividend payment made by the Company from its performance in 2015-2017 is as follows:

Performance period	Dividend (Baht/share)	Payment date	Type	Dividend payout ratio (%)
Jan 1, 17 – Nov 10, 17	0.15	Dec 7, 17	Cash dividend	<u>54.5*</u>
Jan 1, 16 – Nov 11, 16	0.15	Dec 7, 16	Cash dividend	<u>39.3</u>
Jan 1, 15 – Aug 31, 15	0.10	Sep 29, 15	Cash dividend	<u>48.1</u>

*annualized

13. Page 29, 3.7 Plan on financial structureExisting wording

Since the Offeror has not mentioned about plan on financial structure of the Company in the tender offer, we are unable to express opinion on this matter. However, the Offeror has not indicated any significant investment plan other than the existing business plan of the Company. We accordingly believe that the Company will not require a substantial amount of additional funding to the extent that will necessitate an increase in its registered and paid-up capital. Besides, the Company may otherwise fulfill its additional funding needs through borrowing from financial institutions or issuance of various types of debt instruments, considering that its D/E ratio as of September 30, 2017 still remained at a low level of just 1.26 times.

Amended to

Since the Offeror has not mentioned about plan on financial structure of the Company in the tender offer, we are unable to express opinion on this matter. However, the Offeror has not indicated any significant investment plan other than the existing business plan of the Company. We accordingly believe that the Company will not require a substantial amount of additional funding to the extent that will necessitate an increase in its registered and paid-up capital. Besides, the Company may otherwise fulfill its additional funding needs through borrowing from financial institutions or issuance of various types of debt instruments, considering that its D/E ratio as of September 30, 2017 is just 1.26 times which is low comparing to other companies engage in LCC business (the companies in Peer Group as indicated in Section 1.3 Market Comparable Approach).

14. Page 30, 5. Conclusion of the IFA's opinionExisting wording

Based on the information and reasons described above, the IFA is of the opinion that the offer price of Baht 4.70 per share is not appropriate since it is lower than a fair value of AAV shares as measured by the IFA, using the market value approach and discounted cash flow approach, in a range of Baht 5.49 – 7.80 per share. Such fair value is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% - 65.93%. Therefore, we recommend that the shareholders should **reject** the tender offer.

In deciding whether to accept or reject the tender offer proposed by the Offeror, the shareholders should study the information in the tender offer (Form 247-4), the opinion of the Company regarding the tender offer (Form 250-2), and the IFA's opinion provided herein to be a basis for your decision-making. The final decision, however, depends primarily on the shareholders' individual judgment.

Amended to

Based on the information and reasons described above, the IFA is of the opinion that the offer price of Baht 4.70 per share is not appropriate since it is lower than a fair value of AAV shares as measured by the IFA, using the market value approach and discounted cash flow approach, in a range of Baht 5.49 – 7.80 per share. Such fair value is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% - 65.93%. Therefore, we recommend that the shareholders should **reject** the tender offer.

There is no significant impact to minority shareholders who reject the tender offer from changes in plans and policies of the Company and the Company's securities will remain listed as the Offeror indicated in the tender offer.

The minority shareholders who intend not to hold the Company's shares any longer may consider selling the shares on the SET. However, shareholders should take liquidity risk and a drop in share price if there is a large amount of shares are sold into consideration. The Company's close price from December 28, 2017 (the day the

Offeror submitted the Form of Announcement of Intention to Make Tender Offer (Form 247-3) to January 22, 2018 (last business day before IFA issued this report) ranged between Baht 56.0 – 6.15 per share.

In deciding whether to accept or reject the tender offer proposed by the Offeror, the shareholders should study the information in the tender offer (Form 247-4), the opinion of the Company regarding the tender offer (Form 250-2), and the IFA's opinion provided herein to be a basis for your decision-making. The final decision, however, depends primarily on the shareholders' individual judgment.

We hereby certify that we have rendered opinion regarding the above transaction with due care based on professional practices and in the best interest of the shareholders.

Yours sincerely,
Advisory Plus Company Limited

- Thawatchai Vorawandthanachai -
(Mr. Thawatchai Vorawandthanachai)
Managing Director

- Thanasak Boulowpetch -
(Mr. Thanasak Boulowpetch)
Supervisor