



AAV18/2021

11 November 2021

**Subject:** Invitation to the Extraordinary General Meeting of Shareholders No. 1/2021

**Attention:** Shareholders of Asia Aviation Public Company Limited

**Enclosures:**

1. Copy of Minutes of the 2021 Annual General Meeting of shareholders which was held on 22 April 2021
2. Summary of Terms and Conditions of Convertible Bonds
3. Capital Increase Report Form (F53-4)
4. Information Memorandum on the Issuance and Offering of the Newly-Issued Ordinary Shares of Asia Aviation Public Company Limited
5. Details Pertaining to the Request for Waiver from Mandatory Tender Offer Obligation (Whitewash)
6. Draft of Request Form for Shareholders' Meeting Resolution to Approve Acquisition of Newly Issued Securities without Requirement to Make a Tender Offer for All Securities of The Business (Form 247-7)
7. Opinion of the Independent Financial Advisor Regarding Application for Waiver to Make the Tender Offer for All Securities of the Business by Virtue of the Resolution of The Shareholders' Meeting (Whitewash)
8. Information about the purchase of the remaining shares of Thai AirAsia Company Limited.
9. Preliminary summary of terms on capital increase share subscriptions, convertible bond subscriptions, and Thai AirAsia shares sale and purchase.
10. Profile of the persons nominated for the position of the Company's director
11. Articles of Association of the Company in relation to the shareholders' meeting
12. Voting Criteria and Vote Counting Method
13. Procedures for submitting notice to attend the meeting via electronic media and supporting documents
  - 13.1 Documents attesting to your right to attend the meeting
  - 13.2 Electronic Conferencing System Manual for Webex and Inventech Connect (E-Voting)
14. Proxy Form B. (Form that specifies a variety of items in order to appoint a clear and detailed proxy). Shareholders can download Proxy Form A (general form) and Proxy Form C (only for foreign investors who appoint a custodian in Thailand to act as their share depository and keeper) from the Company's website. [www.aavplc.com](http://www.aavplc.com)

15. Submission of Proxy Documents to Independent Directors and Submission of Questions in Advance
16. Qualifications and Information of Independent Directors for the Proxy of Shareholders

The Board of Directors of Asia Aviation Public Company (the “**Company**”) at the Board of Directors’ Meeting No. 6/2021 on 19 October 2021 has resolved to convene the Extraordinary General Meeting of Shareholders No. 1/2021 on 26 November 2021 at 14.00 hrs. via only electronic meeting which will be conducted in accordance with the Emergency Decree on Electronic Meetings B.E. 2563 (2020) and other relevant laws and regulations. The Meeting would broadcast live from Thai AirAsia Company Limited, Head Office’s meeting room, 222 Don Mueang International Airport, 3rd Fl., Central Office Bldg., Vibhavadee Rangsit Road, Don Mueang, Bangkok 10210 to consider the following agenda items without attendance registration on the meeting date at the meeting event:

**Agenda Item 1: To Consider and Approve the Minutes of the 2021 Annual General Meeting of Shareholder, Convened on 22 April 2021**

The 2021 Annual General Meeting of Shareholders was held on 22 April 2021 and the Minutes were prepared and filed with the Stock Exchange of Thailand (the “**SET**”) within 14 days of the Meeting. The details were publicly disclosed on the Company’s Website ([www.aavplc.com](http://www.aavplc.com)).

**Opinion of the Board of Directors:**

The Board deemed appropriate to propose the Minutes of the 2021 Annual General Meeting of Shareholders, held on 22 April 2021 which was accurately recorded to the Shareholders’ Meeting for adoption. The details are as specified in *Enclosure 1*.

**Voting:**

The resolution for this agenda shall be passed by the majority votes of the Shareholders who attend the Meeting and cast their votes.

**Agenda Item 2: To Consider and Approve the Shareholding Restructuring Plan of the Company and Thai AirAsia Company Limited**

**Background**

As the outbreak of Coronavirus Disease 2019 (“**COVID-19**”), has impacted the aviation industry, including the low-cost airline business of Thai AirAsia Company Limited (“**Thai AirAsia**”) and although Thai AirAsia has made every effort in the past to plan for and operate its business efficiently in a COVID-19 environment, those business actions cannot be carried out to the fullest extent possible, resulting in a

significant negative impact on business and operating results, especially as a result of the government's travel restrictions. As a result, Thai AirAsia has announced that all domestic routes will be suspended from July 12, 2021 to August 8, 2021, and that all domestic routes will be temporarily suspended until August 31, 2021. On September 3, 2021, Thai AirAsia resumed service on some domestic routes to accommodate passengers who require that service. Additionally, the situation affected liquidity and payment of various debts of the Company and Thai Air Asia. Thai Air Asia have been extended the payment period for loans from financial institutions and issued debentures, but It is unable to comply with some conditions of the loan agreement, such as maintaining the interest-bearing debt to equity ratio in which certain conditions under the above financial contracts have been waived (e.g. maintenance of interest-bearing debt to equity ratio).

Historically speaking, the Company and Thai AirAsia have made every effort to increase Thai AirAsia's liquidity, whether through the acquisition of new investors to provide financial assistance, the conversion of Thai AirAsia's current liabilities to equity, or negotiations with various creditors, including efforts to implement the Company's and Thai Air Asia's business and capital restructuring plans, which were approved by the Board of Directors on April 26, 2021. However, the Company's and Thai AirAsia's business and capital restructuring plans are complex and time-consuming to implement. As a result, the Board of Directors determines that it is appropriate to cancel the Company's and Thai AirAsia's business and capital restructuring plans, which were approved by the Board of Directors on April 26, 2021, and to consider a new plan to restructure the Company's and Thai AirAsia's shareholding (hereinafter referred to as the "**Restructuring Plan**").

#### **Objectives of the shareholding Restructuring Plan of the Company and Thai AirAsia.**

The primary goal of the Company's and Thai Air Asia's shareholding restructuring plan is to raise funds to increase liquidity for the Company's and Thai AirAsia's business operations, as well as to increase the Company's shareholding in Thai AirAsia to 100 percent. AirAsia Aviation Limited ("**AAA**") (formerly known as "AirAsia Investment Limited") will instead increase its shareholding in the Company by up to 45.2 percent, as follows:

- 1) Increase capital in Thai AirAsia by 3,900 million baht in order to increase its shareholding from 55.0 percent to 69.2 percent and for

Thai AirAsia to use the capital increase to repay 3,900 million baht<sup>1</sup> in outstanding debt. The Company will raise capital for Thai AirAsia through loan commitments from financial institutions.

- 2) Purchase the remaining Thai AirAsia shares for another 30.8 percent, bringing the Company's ownership of Thai AirAsia to nearly 100%.

The funds to purchase the remaining shares in Thai AirAsia will come from a capital increase received from new investors (newly issued shares subscriber and convertible bonds subscriber), AAA (which will switch to holding shares in the Company instead of Thai AirAsia), and existing shareholders.

The Company and Thai AirAsia's shareholding restructuring plan will help raise funds from new investors (newly issued shares subscribers and convertible bond subscribers), AAA, and the Company's existing shareholders. The remaining funds from loan repayment to financial institutions, as well as after purchasing the remaining Thai AirAsia shares, allow the Company to reserve a portion of the funds as liquidity for Thai AirAsia to increase its capital and/or borrow further.

The Restructuring Plan has been negotiated and agreed upon by lending financial institutions, new investors (newly issued share subscribers and convertible bond subscribers), AAA, and Thai AirAsia's main creditor group (AAGB)), where related parties have already signed a preliminary summary of terms with the Company.

If the Company does not implement the Restructuring Plan outlined above (for example, the company does not buy shares of Thai AirAsia to be almost only shareholders of Thai AirAsia, etc.), lending financial institutions, new investors (newly issued shares subscribers and convertible bond subscribers), and AAA will be unwilling to subscribe for the Company's newly issued shares and convertible bonds, resulting in the Company being unable to obtain financial assistance to resolve the Group's liquidity crisis.

### **Benefits of the Restructuring Plan of the Company and Thai Air Asia towards the Company and Thai Air Asia**

- After the restructuring, the Company will own almost all of the shares in Thai AirAsia, resulting in favorable results for the Company in terms of the consolidated financial statements of the Company as follows:

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<sup>1</sup> Thai AirAsia currently owes AirAsia Group Berhad ("AAGB"), a major shareholder of AAA, approximately Baht 4,182 million in outstanding liabilities (as of June 30, 2021). The majority of these liabilities stem from Thai AirAsia's various general business operations, including aircraft and aircraft engine rental fees, air ticket booking fees, share of loss from fuel price swap contracts, and so on.

- If the COVID-19 epidemic situation improves and travel and tourism return to normal, Thai AirAsia's operating results are expected to grow. The company will be able to fully recognize the said operating results, that is, from 55 percent to 100 percent. However, as the Company will own a 100 percent shares in Thai AirAsia, the Company will also be affected by all financial of Thai AirAsia, if the performance of Thai AirAsia does not meet the target.
- Equity of the Company's shareholders increase of approximately THB 14,000 million (as of 30 June 2021, the equity of the Company's shareholders equal to THB 10,820 million) from the consolidation of non-controlling interests in subsidiaries, from an increase in paid-up capital, and share premium from the issuance and offering of newly issued ordinary shares of THB 11,8000 million and from the conversion of convertible bonds of THB 2,200 million.
- Thai AirAsia will be able to reduce a significant amount of debt (THB 3,900 million), easing the burden of debt and reducing the risk of entering the rehabilitation process, as has been the case with other airlines. The purpose of reducing Thai AirAsia's debt to the AAGB group is to reduce the substantial debt incurred by Thai AirAsia's operations. The majority of Thai AirAsia's 3,900 million baht past-due debt to AAGB (most of them are overdue for more than 1 year) is for aircraft repair and maintenance costs and expenses, as well as losses from aviation fuel price hedging contracts entered into by AAGB Group on Thai AirAsia's behalf to hedge against aviation fuel price fluctuations. The repayment of such debt will result in the Company's and Thai Air Asia's debt to equity ratios decreasing, as agreed with lending financial institutions, new investors (newly issued shares subscribers and convertible bond subscribers), and AAA.

- The Company will have remaining liquidity from the capital increase (new shares and convertible bonds) at this time with the amount of THB 6,200 million, which the Company will consider increasing the capital in Thai AirAsia and/or lending to Thai AirAsia to enhance the liquidity for Thai AirAsia in the unusual conditions that the world faces with the COVID-19 pandemic.

Please see **Enclosure 4 item 4.6** for the details of Thai AirAsia's financial structure analysis before and after the restructuring.

**Summary of the fund's utilization plan in accordance with the shareholding restructuring plan of the Company and Thai AirAsia.**

Source of funds	Fund's utilization plan
(a) Loan from financial institutions with the amount of THB 3,900 million.	Paid as capital increase in Thai AirAsia totaling THB 3,900 million (THB 193.88 per share capital increase) to increase the shareholding of the Company in Thai AirAsia from 55.0 percent to 69.2 percent. Thai AirAsia plans to use the said capital increase to pay off outstanding liabilities of THB 3,900 million by 2021.
(b) Capital increase from the issuance of new shares to investors which are 6 individuals and AAA with the amount of THB 8,800 million.	The Company will use for paying off loans from financial institutions with the amount of THB 3,900 million plus interest within 2021. The rest will be used to pay for the purchase of the remaining shares in Thai AirAsia, which is 30.8 percent, amounting to THB 3,900 million and used as working capital of Thai Air Asia.
(c) Funds from the issuance of convertible bonds to Bangkok Bank Public Company Limited and North Haven Thai Private Equity, L.P. totaling THB 2,200 million.	When combined with the remaining money from (b) above, the Company will pay for the remaining of 30.8 percent share purchase in Thai AirAsia, amounting to THB 3,900 million within the first quarter of the year 2022. The rest will be used as working capital of Thai Air Asia
(d) Capital increase from the issuance of new shares to each	The Company will use as working capital of Thai AirAsia.

Source of funds	Fund's utilization plan
shareholder in proportion to the total amount of THB 3,000 million.	
(e) the remaining money from (b) (c) and the capital increase under (d).	<p>The remaining approximately of THB 6,200 million (subject to change after deducting various expenses from related operations) will be used to raise capital in Thai AirAsia and/or lend to Thai AirAsia for it to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount of 2,800 million baht, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation etc., and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months.</p> <p>The above-mentioned plan of the Company is consistent with the Company's current business plan and expense assessment, and it is best estimation of allocation of the proceeds from the offering of such securities. However, the Company's future plans and actual expenses may differ depending on the recovery of the aviation industry and tourism which may fluctuate from the epidemic or the cost of fuel, etc. Therefore, the actual utility of funds may differ from the plans stated above. Nonetheless, the Company will allocate the proceeds to be sufficient for the period mentioned above by its best effort.</p>

### Summary of the Restructuring Plan with brief details

The Restructuring Plan can be briefly summarized as follows:

1. *Financial institutions will provide loans to the Company in the amount of 3,900 million baht*

Such loans are intended to enable the Company to purchase newly issued shares of Thai AirAsia as detailed in Clause 2, which was approved by the Company's Board of Directors to borrow 3,900 million baht from financial institutions, with Thai AirAsia (a subsidiary of the Company that operates an airline business (operating company)) serving as the guarantor of the loan and the loan being repaid from the capital increase that the Company will have completed.

According to the Connected Transaction Notification<sup>2</sup>, the Company's loan guarantee transaction with Thai Air Asia is not considered a connected transaction, despite the fact that the Chief Executive Officer and authorized director of the Company and Thai AirAsia will be the same person<sup>3</sup>. The Chief Executive Officer and the authorized director of the Company serving as the Chief Executive Officer and authorized director of Thai AirAsia is due to the fact that the Company has assigned the said person to oversee Thai AirAsia (which is a subsidiary of the Company). The Company and Thai AirAsia have no other connected transactions in any other way.

The Company has signed a preliminary memorandum on loan agreements with financial institutions that make loans (Indicative Terms and Conditions). The terms and conditions are in line with standard business practices.

## *2. Capital increase in Thai AirAsia*

Thai AirAsia will increase its registered capital by offering newly issued shares in the amount of 20,115,789 shares to existing Thai AirAsia shareholders in proportion to their shareholding at a price of 193.88 baht per share (par value of 10 baht per share), for a total value of 3,900 million baht.

Furthermore, all shareholders other than the Company have informed Thai AirAsia that they will not exercise their right to subscribe for newly issued shares if Thai AirAsia raises its capital.

The Company will pay for the capital increase shares in Thai AirAsia with the loan received from financial institutions as stated in item 1 above.

The Company will become a shareholder of Thai AirAsia as a result of this capital increase, holding 69.2 percent of Thai AirAsia's total shares.

Following that, the Company will purchase the remaining 30.8 percent of Thai AirAsia's shares, allowing it to own nearly all of Thai AirAsia's shares (please see Agenda Item 7 of the Restructuring Plan). The offering price of the aforementioned Thai AirAsia shares is contrast with the 199 baht per share

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<sup>2</sup> Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions (including any amendment thereto), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) (including any amendment thereto) (collectively, the “**Notifications on Connected Transactions**”).

<sup>3</sup> Mr. Santisuk Klongchaiya



purchase price of Thai AirAsia shares that the Company will purchase from North Haven Keystone Company Limited<sup>4</sup> (the "Seller"), which is the agreed-upon price. The Company deemed that this price is appropriate because it is reflected cost price of seller. Therefore, the Company will spend a total of 7,800 million baht to acquire a 100% stake in Thai AirAsia, which equivalent to the Company price of 1.75 baht per share (calculated based on the capital increase of AAA in the Company through Private Placement which is  $(7,800 \text{ million baht} / 45.12\%) / 9,878.57 \text{ million shares} = 1.75 \text{ baht per share}$ ), which is the acquisition price of less than the market price of the Company's shares during the past 360 business days (from 17 April 2020 – 18 October 2021), equivalent to the volume weighted-average market price at 2.38 per share. The acquisition price is a discounted price from such market price during the past 360 business days at approximately 26.5 percent (comparing the purchase price of Thai AirAsia with share price of the Company since the Company is a Holding company which hold only Thai AirAsia which is Operating company). The purchase of a 100 percent stake in the company is part of a restructuring plan that will see the Company receive capital from investors who will subscribe for new shares and convertible bonds. Furthermore, the Company believes that Thai AirAsia still has potential and will be able to operate the business and turn around with good results in the future.

### 3. *Repayment of debts to trade account payables of Thai AirAsia*

Thai AirAsia will use the proceeds of the 3,900 million baht capital increase to repay various trade debts owed to the AAGB group<sup>5</sup>.

Thai AirAsia owed approximately 4,182 million baht to the AAGB group as of June 30, 2021.

The purpose of reducing Thai AirAsia's debt to the AAGB group is to reduce the substantial debt incurred by Thai AirAsia's operations. The repayment of such debt will result in the Company's and Thai Air Asia's debt to equity ratios decreasing, as agreed with lending financial institutions, new investors (newly issued shares subscribers and convertible bond subscribers), and AAA.

***Please refer to Enclosure 4 item 4.6 for a detailed analysis of the Debt to Equity Ratio (D/E ratio).***

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<sup>4</sup> North Haven Keystone Company Limited is an investment company incorporated in Hong Kong with NHTPE, a global fund managed by Morgan Stanley Private Equity Asia as its fund manager who is an indirect shareholder by holding shares via another investment company where NHTPE is only shareholder..

<sup>5</sup> Please see footnote 1

4. *Increasing registered capital and offering new shares to private placement at a low price*

The Company will increase its registered capital and offer newly issued shares to the following private placement (PP) at the price of 1.75 baht per share, with a total value of not more than 8,800 million baht.

4.1 AAA<sup>6</sup> in the amount of not more than 4,457,142,857 shares (par value of 0.10 baht per share), representing not more than 45.12 percent of the total issued and paid-up shares of the Company, after the capital increase by issuing and allocating ordinary shares to private placement with total value of not more than 7,800 million baht.

The allocation of shares of not more than, 4,457,142,857 shares will make AAA obliged to make a tender offer for all of the Company's securities pursuant to Notification of Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (the “**Notification No. TorChor. 12/2554**”).

However, AAA wishes to apply for a waiver from the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the Shareholders' Meeting of the Company (Whitewash) with the Office of the Securities and Exchange Commission pursuant to the Notification of the Office of the Securities and Exchange Commission No. SorKor. 29/2561 Re: Rules for the Application for Waiver from the Requirement to Make Tender Offer for All Securities of the Business by Virtue of the Resolution of the Shareholders' Meeting of the Business. The details are provided in ***Enclosure 5 and 6***.

In addition, the Company borrowing money from financial institutions to increase capital for Thai AirAsia to pay off trade debts owed to the AAGB group with part of such loans being used for the purchase of capital increase shares for AAA is not considered a debt restructuring arrangement by way of the Company issuing new shares to pay debts to creditors under the Debt to

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<sup>6</sup> Not a connected person of the Company pursuant to the Notifications of Connected Transaction and is not a related person under Section 258 of the Securities and Exchange Act of other private placements (subscribers for new shares and convertible bonds), nor a person acting in concert with other private placements (subscribers for new shares and convertible bonds) but it currently holds 45% stake in Thai AirAsia (which is a subsidiary of the Company).

Equity Conversion Scheme pursuant to Section 54/1 of the Public Company Limited Act B.E. 2535 (“**Debt to Equity Conversion Scheme**”) because (a) the debt to equity conversion under the Debt to Equity Conversion Scheme must be carried out between the Company and the Company's creditors (excluding the subsidiary's creditors), but in this case the AAGB Group is the creditor of our subsidiary (Thai Air Asia) and (b) the Company will be required to issue shares to AAA as if the shares were fully paid for in exchange for AAA's debts being written off under the Debt to Equity Conversion Scheme. However, in this case, AAA will pay the Company's shares in full with cash. While such a share purchase will have the same effect as a debt to equity conversion, it is not considered a debt to equity conversion transaction that must be carried out in accordance with the rules and procedures prescribed in Section 54/1.

4.2 Six individual high-net-worth investors<sup>7</sup> (details are shown in Agenda 5 and *Enclosure 4*), totaling not more than 571,428,572 shares (par value 0.10 baht per share), accounting for not more than 5.8 percent of the Company's total number of shares issued and sold after the capital increase by issuing and allocating ordinary shares to private placement with a total value of not exceeding 1,000 million baht.

The offering price to PP in Clauses 4.1 and 4.2 at THB 1.75 per share is based on (a) the market price of the Company's shares for the past 360 business days (between 17 April 2020 to 18 October 2021) equaling to THB 1.43 – 3.14 per share, representing a weighted average market price of THB 2.38 per share. The offering price of THB 1.75 per share also represents as a discount from the said market price of approximately 26.5 percent and (b) negotiations with PP where the Company considers other additional factors in determining the offering price such as the urgent need to provide funds to enhance liquidity, and supporting operations in the period of 18-24 months. As of June 30, 2021, the Company's

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<sup>7</sup> The six individual high-net-worth investors are not a connected person of the Company and Thai Air Asia pursuant to the Notifications of Connected Transactions and are not a related person under Section 258 of the Securities and Exchange Act of AAA and other private placements (subscribers for newly issued shares and convertible bonds) nor persons acting in concert with AAA and other private placements (subscribers for capital increase shares and convertible bonds)

current liabilities and current assets were 21,680.05 million baht and 1,714.91 million baht respectively, representing a liquidity ratio of 0.08 times. Current liabilities being much higher than current assets indicates a liquidity crisis. The offering price is also considered based on the possibility of increasing fund to the existing shareholders in accordance with shareholding proportions (RO) (which the Company set the price to be the same price as the offering price to private placement) in order not to be an undue burden on minority shareholders in the Covid-19 epidemic situation. In this regard, calculations of the offering price by other methods such as P/E ratio, discounted cash flow, or book value, cannot be made because the Company still has a loss in operating results and Thai AirAsia's shareholders' equity is still negative.

Furthermore, the offering price of THB 1.75 per share is considered offering at a low price<sup>8</sup> which is lower than 90 percent of the weighted average price of the Company's shares in the SET, representing a discount of approximately 41.0% of the weighted average price of the Company's shares in SET for past 15 business days (between 27 September 2021 and 18 October 2021) prior to the date of the Board of Directors' resolution to propose the agenda to the extraordinary general meeting of shareholders requesting approval for the Company to offer of capital increase shares to PP at a lower price at this time, which is equal to 2.96 baht per share.

In addition, after AAA and the six individual high-net-worth investors have purchased the Company's capital increase shares, both AAA and the six individual high-net-worth investors will be entitled to an allotment of capital increase shares in proportion to their shareholding (RO) according to Clause 6 of the Restructuring Plan. Details of the impact on the shareholders as a result of the sale of capital increase shares after the offering of newly issued shares to the existing shareholders of the Company according to the shareholding proportion (RO) is completed are shown in *Enclosure 4, item 3*.

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<sup>8</sup> Pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 72/2558 Re: Permission for Listed Companies to Offer Newly Issued Shares to Private Placement (and as amended)

The Company, AAA and the six individual high-net-worth investors have already signed a Preliminary Summary of Terms in respect of such share subscription, details of which are shown in *Enclosure 9*.

AAA will send 3 representatives to serve as directors of the Company (details are shown in Agenda 6 and 8).

5. *Offering of convertible bonds and new shares to support conversion of the convertible bonds with conversion price lower than market price*

The Company will issue and offer convertible bonds to 2 private placements, namely North Haven Thai Private Equity, LP (“**NHTPE**”) and Bangkok Bank Public Company Limited, with a maturity of not more than 2 years. The total value of the bonds is approximately 2,200 million baht, with the convertible conversion rate being 0.00175 units of convertible bonds that can be converted into 1 common share at the conversion price of 1.75 baht per share. Convertible bondholders can exercise the convertible bond for unlimited number of times (this can be done for the first time after the date of determining the list of shareholders who are entitled to receive the allotment of the newly issued ordinary shares in proportion to their shareholding (Record Date)). However, if the convertible bonds are not exercised within the maturity dates, convertible bondholders are forced to convert the bonds (details of which are shown in *Enclosure 2*).

In addition, the Company will increase the registered capital and issue new shares in the maximum amount of not more than 1,257,142,857 shares (par value of 0.10 baht per share) to support the conversion of the above convertible bonds.

However, the conversion price to ordinary shares of 1.75 baht per share is considered offering at a low price which is lower than 90 percent of the weighted average price of the Company's shares in the SET for past 15 business days (between 27 September 2021 and 18 October 2021) prior to the date of the Board of Directors' resolution to propose the agenda to the extraordinary general meeting of shareholders requesting approval for the Company to offer of capital increase shares to PP at a lower price at this time, which is equal to 2.96 baht per share.

In addition, the shareholding structure after the exercise of conversion bonds will be in accordance with the topic “The shareholding structure of the Company and Thai AirAsia After the implementation of the Restructuring Plan of the Company and Thai AirAsia” below, whereby, in no way will the subscribers of the convertible bonds be able to subscribe for the Company's shares which are offered for sale to the existing shareholders of the Company according to the shareholding proportion (RO) under Clause 6.

The Company, and the two subscribers for the convertible bonds have already signed a Preliminary Summary of Terms in respect of such share subscription, details of which are shown in ***Enclosure 9***.

Under the Preliminary Summary of Terms, the convertible bond subscribers have the right to send one representative to be the Company's director.

Details on the offering of convertible bonds and new shares to support the conversion of convertible bonds at a conversion price lower than the market price are shown in Agenda 3, Agenda 5 and ***Enclosures 2 and 4***.

6. *Offer for sale of newly issued shares to the existing shareholders of the Company according to the proportion of shareholding (RO) at the price of 1.75 baht per share*

When the Company offers to sell newly issued shares and convertible bonds to the private placement according to the procedures under Clause 4 and Clause 5 above, the Company will increase the registered capital and offer newly issued shares to the existing shareholders of the Company according to the shareholding proportion (RO) and allocate the remaining newly issued ordinary shares to the existing shareholders who wish to oversubscribe (Oversubscription) at the price of 1.75 baht per share.

Existing shareholders, new investors (subscribers for new shares and convertible bonds) and AAA are under no obligation to oversubscribe (Oversubscription) shares.

The Company expects to receive money from the offering of newly issued shares to the existing shareholders of the Company according to the shareholding proportion (RO) in a total amount of not more than 3,000 million baht.

Details of the offering of newly issued shares to the existing shareholders of the Company according to the shareholding proportion (RO) are shown in Agenda 5.2 and **Enclosure 4**.

7. *Purchase of the Thai AirAsia's remaining shares of 30.8%*

When the Company receives money from the capital increase and from the issuance of convertible bonds under Clauses 4 - 6 above, with an expected total value of not more than 14,000 million baht, the Company will use the money to buy the remaining 30.8% of Thai AirAsia's shares from North Haven Keystone Company Limited ( "**Seller**")<sup>9</sup> for the Company to hold almost 100% stake in Thai AirAsia<sup>10</sup> where the Company and the Seller have already entered into the Preliminary Summary of Terms regarding the purchase and sale of the remaining shares, details of which are shown in **Enclosure 9**.

As information for shareholders' consideration, as of the date of the Board of Directors' meeting of the Company on 19 October 2021, as of the date the Company and the Seller have signed the Preliminary Summary of Terms in relation to the sale and purchase of the remaining shares on October 19, 2021 and as of the date of preparation of this invitation notice, AAA still holds 45% of Thai AirAsia's shares, but AAA has informed the Company that AAA intends to sell 30.8% of Thai AirAsia shares (a decrease in proportion from Thai AirAsia's capital increase) after Thai AirAsia's capital increase in accordance with step 2 of the Restructuring Plan above has been completed in order to use the proceeds from the sale of the said 30.8% shares of Thai AirAsia as part of the subscription for the Company's newly issued shares as detailed in item 4 of the Company's and

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<sup>9</sup> North Haven Keystone Company Limited is an investment company incorporated in Hong Kong with NHTPE, a global fund managed by Morgan Stanley Private Equity Asia as its fund manager who is an indirect shareholder by holding shares via another investment company where NHTPE is only shareholder holding all of its shares.

<sup>10</sup> For the remaining portion, there will be 6 shareholders who are natural persons holding of not more than 2 shares each.

Thai AirAsia' shareholding restructuring plan above. Therefore, if the Company intends to purchase the remaining 30.8% shares in order to acquire almost all shares in Thai AirAsia, the Company must purchase the remaining 30.8% of the shares from the Seller.

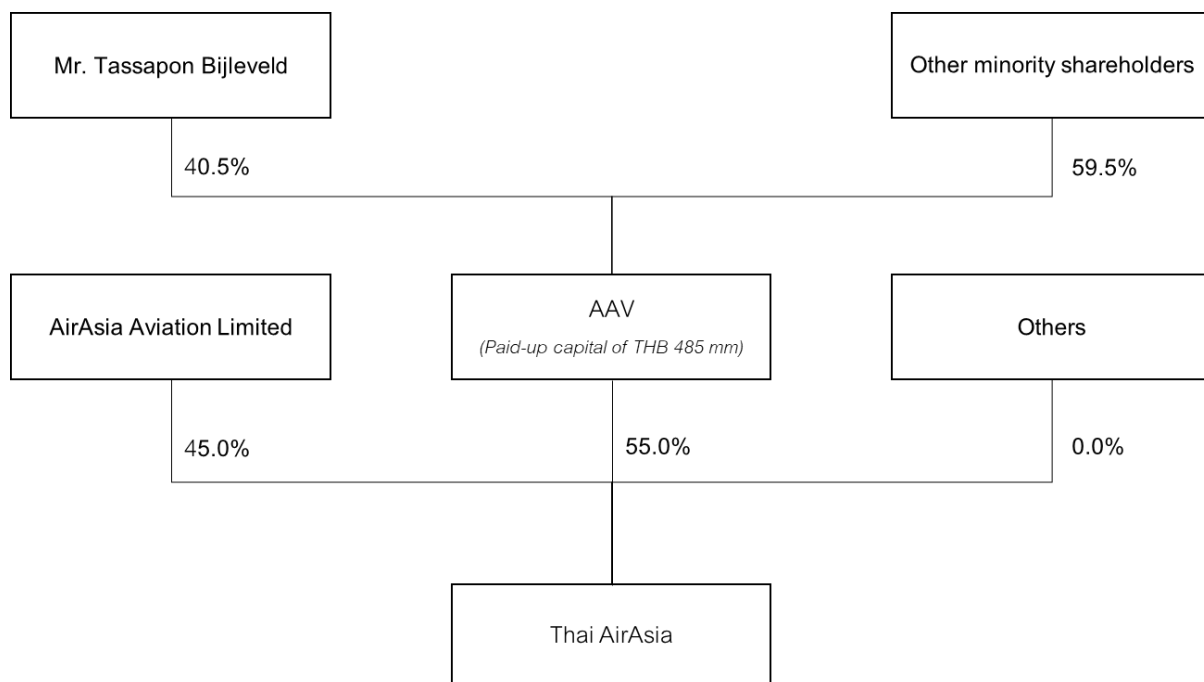
For this reason, the Company has entered into a Preliminary Summary of Terms regarding the sale of remaining shares with the Seller on October 19, 2021 and the Seller will become a shareholder of Thai AirAsia in several period.

Aside from the information that the Company have disclosed or referred to in this invitation notice, the Company has no relationship nor other agreement with AAA and the Seller. The Board of Directors' approval on the Restructuring Plan was passed based on the Restructuring Plan had been previously negotiated and agreed with the relevant parties (including AAA and the Seller) until final agreement was reached. The purchase price of all Thai AirAsia shares (both existing and new shares) of 7,800 million baht is a reasonable price for the reasons stated above (item 2 of the Company's and Thai AirAsia's shareholding restructuring above) and implementing the Restructuring Plan will address the Company's liquidity crisis which is an issue that needs to be quickly resolved.

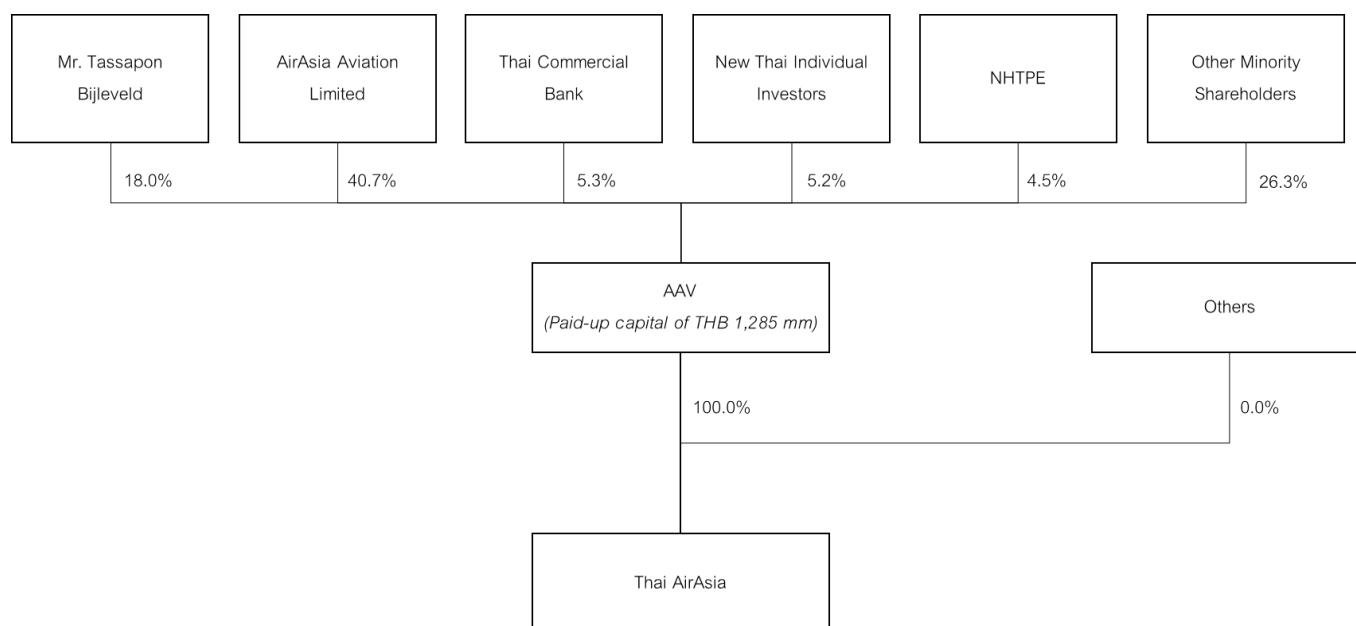
The structure of the Company and Thai AirAsia at present and after the shareholding restructuring plan is completed (including in the event that the convertible bond holders convert the bonds in full) will be as follows:

**Shareholding Structure of the Company and Thai Air Asia at present**





**Shareholding Structure of the Company and Thai Air Asia following completion of the structuring plan**



*Note: The shareholding structure of the Company is prepared on the assumption that investors and existing shareholders of Thai AirAsia subscribe for the whole amount of newly issued ordinary shares and the convertible bond holders subscribe for convertible bonds in full and all convertible bonds are converted to new ordinary shares with some investors not holding the Company's shares directly, but investing in Thai NVDR that have the Company's shares as underlying securities.*

The Company has entered into the Preliminary Summary of Terms with investors and AAA regarding the subscription for newly issued shares, subscription for convertible bonds and the sale of Thai AirAsia shares on October 19, 2021, details are shown in **Enclosure 9** (the Company is required to sign various Definitive Agreements (i.e. share subscription agreement, subscription agreement for convertible bonds and Thai AirAsia shares purchase agreement, etc.) with investors and AAA later).

Under the Preliminary Summary of Terms , major conditions precedent of the shareholding restructuring plan are:

- (a) the shareholders' meeting of the Company approves the plan to restructure the shareholding of the Company and Thai Air Asia.
- (b) the Company receives credit facilities from financial institutions as set out in the shareholding restructuring plan with has terms and conditions of the credit facilities agreement as the Company deems appropriate.
- (c) the Company has been granted permission and/or any applicable and necessary waivers from government agencies or relevant regulatory agencies with conditions of the waiver acceptable to the Company or related persons (for example, obtaining permission from the SEC Office to offer securities to private placement, obtaining a waiver from the SEC in the case of whitewash, obtaining approval from the Department of Business Development, Ministry of Commerce to register the Articles of Association (amended version) of the Company, etc.)
- (d) investors and related persons (which have signed the Preliminary Summary of Terms with the Company) enter into various Definitive Agreements (i.e. Subscription Agreement for Newly Issued Ordinary Shares, Subscription Agreement for

- convertible bonds and Thai AirAsia share purchase agreement between the Company and the Seller, etc.) with the Company on terms and conditions that are not different from the those stated in the Preliminary Summary of Terms or on other terms and conditions acceptable to the Company and the condition precedents as stated in those contracts have been all fulfilled (or a waiver is obtained, as the case may be).
- (e) No events occur which will have a material adverse effect on the Company or the implementation of the shareholding restructuring plan.

The Company will use its best efforts to complete the above conditions precedent by 2021.

The following transactions are considered the acquisition of assets of the Company pursuant to the notification on the acquisition or disposition of assets<sup>11</sup>.

- (1) The Company purchases new shares in Thai AirAsia in a total value of 3,900 million baht<sup>12</sup>.
- (2) The purchase of all 30.8% remaining shares of Thai AirAsia so that the Company can own almost all Thai AirAsia shares with a total value of 3,900 million baht.

Upon calculating transaction size, the highest size of both acquisitions of assets of the Company above is at 8.8% based on the total value of consideration calculation method, which is not more than 15% (the Company has no prior asset acquisition transactions during the past 6 months prior to this). Therefore, the Company is under no obligation to disclose the transaction to the SET, nor is it required to seek approval from the shareholders' meeting of the Company, pursuant to the notification on the acquisition or disposition of assets.

In addition, the offering of capital increase shares to investors of private placement, the issuance and offering of convertible bonds and issuance of new shares in support of the bond conversion and the Company's acquisition of all 30.8% remaining shares of Thai AirAsia (as stated in Clause 7) are not considered a connected transaction of the

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<sup>11</sup> Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Significant Transactions categorized as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 ("**Notification on Acquisition or Disposition of Assets**")

<sup>12</sup> The calculation of the transaction size will be calculated only for the subscription value of the Company's newly issued shares, which exceeds the shareholding of the Company in Thai AirAsia, which will be equal to 1,755 million baht.

Company pursuant to the Notification on Connected Transaction because no person involved in those transactions is a connected person of the Company as explained above.

However, even if the Seller is not a connected person of the Company but the Seller is in the process of buying shares of Thai AirAsia from AAA, the Company has therefore disclosed such transaction with the Seller, details of which are shown in *Enclosure 8*.

Below table gives a brief timeline of the implementation of the Restructuring Plan.

<b>Event</b>	<b>Period</b>
Meeting of the Board of Directors to approve the Restructuring Plan other related matters	19 October 2021
Extraordinary General Meeting of Shareholders No. 1/2021 to approve the Company's and Thai AirAsia' shareholding restructuring and other related matters	26 November 2021
Thai AirAsia increases its registered capital and the Company increases the shareholding of Thai AirAsia to 69.2%.	Within 2021
The Company issues and offers capital increase ordinary shares and convertible bonds to PP	Within 2021
The Company issues and offers capital increase ordinary shares to existing shareholders according to their shareholding proportion (RO)	Within the first quarter of 2022
The Company purchases Thai AirAsia's shares, resulting in the Company holding 100% shares in Thai AirAsia.	Within the first quarter of 2022

#### **Opinion of the Board of Directors**

The Board of Directors deems appropriate to propose the shareholding structuring plan of the Company and Thai AirAsia to the shareholder meeting for approval since the shareholding restructuring plan will give the Company several benefits as follows.

1. The company will have sufficient funds to increase capital in Thai AirAsia, allowing Thai AirAsia to repay its outstanding debt of 3,900 million baht, relieving pressure on the airline and reducing the risk of entering the rehabilitation process, as other airlines have done.
2. The Company will have sufficient capital to purchase the remaining 30.8% of the capital increase shares of Thai AirAsia (after the capital increase of Thai AirAsia), which will make the Company acquire almost all shares of Thai AirAsia and become the sole owner and have sole control over Thai AirAsia. The new shareholding structure of the Group of companies will be attractive to investors and financial institutions as long-term funding sources.
3. The subscription price of the newly issued shares in Thai AirAsia (193.88 baht per share) and the purchase price of Thai AirAsia (199 baht per share) are appropriate because the subscription price of 193.88 baht per share is the price for the capital increase in Thai AirAsia while the purchase price of 199 baht per share is the price that the Company is able to negotiate with the Seller (North Haven Keystone Company Limited) (***Please see item 7 of the shareholding restructuring plan for more information***) whereby the Company will spend a total of 7,800 million baht on holding a 100% stake in Thai AirAsia. The Board of Directors is of the opinion that the price of 7,800 million baht for holding a 100% stake in Thai AirAsia is appropriate. Since the purchase price of 100% stake in Thai AirAsia at 7,800 million baht is equivalent to the Company price of 1.75 baht per share (calculated based on the capital increase of AAA in the Company through Private Placement which is  $(7,800 \text{ million baht} / 45.12\%) / 9,878.57 \text{ million shares} = 1.75 \text{ baht per share}$ ), which is the acquisition price of less than the market price of the Company's shares during the past 360 business days (from 17 April 2020 – 18 October 2021), equivalent to the volume weighted-average market price at 2.38 per share. The acquisition price is a discounted price from such market price during the past 360 business days at approximately 26.5 percent (comparing the purchase price of Thai AirAsia with share price of the Company since the Company is a Holding company which hold only Thai AirAsia which is Operating company). Also, the acquisition of a 100% stake in Thai AirAsia is an important condition of the shareholding restructuring plan of the

Company and Thai AirAsia, which has agreed with a private placement investor to subscribe for capital increase shares and convertible debentures. If the Company rejects the condition (For whatever reason, the selling price per share or any other reason), private placement investors who subscribe for capital increase shares and convertible debentures will not be willing to put additional capital in the Company and the Company will not be able to solve the liquidity problem and may not be able to continue the business. However, the Board of Directors believed that the approval of the shareholding restructuring plan of the Company and Thai AirAsia will benefit the Company, because the Company believes that Thai AirAsia still has potential and will be able to operate the business and turn around with good results in the future.

4. The shareholding restructuring plan will help the Company secure funds to carry out the shareholding restructuring plan as required in a short time and can reduce the risk of lack of funding capacity that may arise from the current volatile economy. Besides, there will be another capital of 6,200 million baht left (figures may change after deducting related expenses) for the Company to increase capital in Thai AirAsia and/or lend to Thai AirAsia to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount of 2,800 million baht, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation etc., and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months.
5. Entering into a share purchase transaction with the Seller does not constitute a connected transaction as the Seller is not a connected person with the Company pursuant to the Notification on Connected Transaction because the Seller is not a person who will be nominated to be an executive or controlling person of the Company nor is it a juristic person with a major shareholder or a controlling person who is nominated to be an executive or a controlling person of the Company.

In addition, the Board of Directors has considered the seller's investment structure and found that that no major shareholder or controlling person of the Seller is AAA or a person related to AAA. In addition, the Company has received confirmation from

both AAA and the Seller that AAA and the person connected to AAA are not the owner or beneficial owner of the Seller and the Seller are not representatives of AAA in entering into the Thai AirAsia share acquisition transaction.

In addition, the Board of Directors asked for additional information from both the Seller and AAA and carefully considered the relevant circumstances and found that entering into the share purchase transaction with the seller is not entering into a connected transaction, assuming that NHTPE (the indirect shareholder of North Haven Keystone Company Limited) has decided to invest in the Company's shares because NHTPE, a global fund managed by Morgan Stanley Private Equity Asia as its Fund Manager, has foreseen the investment opportunity and return on investment, which is normal in the investment business and has conducted due diligence including legal documents financial documents and taxation of the Company and Thai AirAsia thoroughly before investing in accordance with the general investment process. And, throughout the process of negotiating the preliminary summary of terms and the share purchase agreement between the Company and the Seller, all related parties retained their legal counsel to negotiate the memorandum of agreement and the contracts in order to ensure that none of the parties is in a position of advantage or disadvantage in the transaction. And the terms of the memorandum and contracts are generally based on commercial terms and the standard contract terms that are made between parties that are independent of each other. For the reasons stated above, the Board of Directors believes that engaging in a share purchase transaction with the Seller is not a connected transaction because the Seller's transaction is conducted on its own behalf without the involvement of any third parties.

6. The share purchase transaction between the Seller and the Company has normal commercial conditions and the purchase price is reasonable for the reasons stated in Clause 3 above.

To ensure the implementation of the shareholding restructuring plan will be flexible and convenient, it is appropriate to delegate the power to Executive Chairman and/or Chief Executive Officer of the Company or a person assigned by Executive Chairman and/or Chief Executive Officer of the Company to take any action related to the shareholding restructuring plan in all respects. This includes but is not limited to the appointment of advisors, entering into loan

agreements with financial institutions, entering into, signing, negotiating various contractual documents related to investors and other persons involved in the shareholding restructuring plan, contacting relevant regulatory agencies including corrections, improvements or changes in details as approved by the Board of Directors meeting at this time, if comments or suggestions are received from the relevant regulatory authorities or details are not material and the Chairman of the Executive Committee and/or Chief Executive Officer of the Company see that any corrections, improvements or changes on such details will be beneficial to the Company and Thai AirAsia so that the shareholding restructuring plan will be successfully achieved.

**Voting:**

The resolution of this agenda must be passed by a majority vote of the shareholders attending the meeting and having the right to vote excluding those of the shareholders with conflicts of interest.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

**Agenda Item 3: To Consider and Approve the Issuance and Offering of Convertible Bonds on a Private Placement Basis**

**(A) Background**

According to the shareholding restructuring in Agenda 2 above, the Company will issue and offer convertible bonds to private placement being NHTPE and Bangkok Bank Public Company Limited.

NHTPE is the parent company of the Seller and has organization structure as shown in the *opinion of the Board of Directors in Agenda 2 above*.

The two convertible bond subscribers are not connected persons of the Company and Thai Air Asia, nor are they a person under Section 258 of the Securities and Exchange Act B.E. 2535 (and as amended) (the "**Securities Act**") nor are they a party acting in concert with AAA or other major investors which subscribe for capital increase shares and convertible bonds and they do not hold shares in the Company at present.

**(B) Basic information on convertible bonds**

The Company intends to issue convertible bonds of a total value of not more than 2,200 million baht, with the conversion rate being 0.00175 units of convertible bonds to be convertible into 1 common share, at a conversion price of 1.75 baht per share.



Basic information about convertible bonds such as price, the expected price or rate of conversion, exercise period, expiration date for the conversion and the reason for the issuance of new shares to support the exercise of conversion of the bonds are detailed in *Enclosure 2*.

**(C) Pricing or how conversion rates are determined; and the period for exercising the right to convert bonds**

The conversion price is 1.75 baht per share, categorized as an offering of newly issued shares at a low price (i.e. less than 90% of the weighted average price of the Company's shares) in the SET, representing a discount of approximately 41.0% of the weighted average price of the Company's shares in the SET for the past 15 business days (between September 27, 2021 to October 18, 2021) prior to the date that the Board of Directors passed a resolution to propose the agenda to the shareholders' meeting for approval for the Company to offer for sale of capital increase shares to private placement, which is equal to 2.96 baht).

Such conversion price is set to be the same price as the offering price of new shares to private placement (PP) and the offering price of new shares to the existing shareholders of the Company in proportion to the number of shares held by each individual shareholder (RO).

The conversion period of 2 years is set based on the Company's and Thai AirAsia's business opportunities in the future. Thai AirAsia's business operations, the Company believes, should resume positive results and a healthy financial position within two years. As a result, the conversion period is set at two years, and convertible bondholders have an unlimited number of conversions. Convertible bondholders are forced to convert their bonds if they are not exercised by the maturity dates.

The criteria for determining the offering price of new shares, the offering price of new shares to private placement (PP) and the offering price of new shares to the existing shareholders of the Company in proportion to the number of shares held by each individual (RO) are specified in Agenda 5.1 and Agenda 5.2 below and *Enclosure 4*.

**(D) Purpose for issuing convertible bonds at a low price and fund utilization plans**

- Objective of issuing convertible bonds at a low price

The issuance of convertible bonds is part of the Company's restructuring plan, with the main objective being to raise funds to increase liquidity in the Company's and Thai AirAsia's business operations and increase the shareholding in Thai AirAsia to 100% (please refer to the objectives of the shareholding restructuring plan in agenda 2). Besides, fundraising by issuing convertible bonds, aside from generating funds for the Company, will allow the Company to maintain the shareholding proportion of shareholders whose qualifications meet the criteria of Air Navigation Act, B.E. 2497 and its amendments as well as related secondary laws ("**Air Navigation Act**") as well.

- Plans to use the proceeds from the issuance of convertible bonds

The Company has plans to use the proceeds from the issuance of convertible bonds with those from the issuance of newly issued ordinary shares to private placement (PP) totaling 11,000 million baht as follows:

- 1) Payment for the purchase of the remaining shares in Thai AirAsia 30.8% amounting to 3,900 million baht to increase the shareholding in Thai AirAsia to 100% according to the objectives of this restructuring, details of which are explained in the restructuring plan in item 7 (*please refer to agenda 2 for more information*).
- 2) Increase capital in Thai AirAsia and/or lend to Thai AirAsia by using the remaining money from the restructuring of approximately 6,200 million baht (figures may change after deducting various expenses from related operations) to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount of 2,800 million baht, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation etc., and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months.

The above-mentioned plan of the Company is consistent with the Company's current business plan and expense assessment, and it is best estimation of allocation of the proceeds from the offering of such securities. However, the Company's future plans and actual expenses may differ depending on the recovery of the aviation industry and tourism which may fluctuate from the epidemic or the

cost of fuel, etc. Therefore, the actual utility of funds may differ from the plans stated above. Nonetheless, the Company will allocate the proceeds to be sufficient for the period mentioned above by its best effort.

**(E) Conversion period**

Convertible bondholders can exercise the convertible bond for unlimited number of times within 2 years from the date of issuance of each tranche of convertible bonds. Convertible bondholders are forced to convert their bonds if they are not exercised by the maturity dates. More details can be found in *Enclosure 2*.

**(F) Impact on the Company's shareholders (dilution effect) if the conversion rights are fully exercised**

Effect on the Company's shareholders (dilution effect) if the convertible rights are fully exercised (i.e. effect on the market price of the shares (price dilution) and impact on profit sharing or impact on voting rights of shareholders (control dilution) are detailed in *Enclosure 4*.

**(G) Methods of allocation of convertible bonds**

The Company has offered convertible bonds by allocating to specific persons or private placement (PP) of not more than 10 persons in any four-month period, i.e. to

- (a) Bangkok Bank Public Company Limited<sup>13</sup>; and
- (b) NHTPE<sup>14</sup>

If there are remaining convertible bonds after the allocation of shares to PP in this agenda, the remaining convertible bonds will not be allocated to other parties and the rest of the shares issued in support of the convertible bonds will be written down.

**(H) Restrictions on the transfer or sale of shares received from conversion within a period of 1 year**

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<sup>13</sup> Bangkok Bank Public Company Limited is a commercial bank that provides a wide range of financial services and one-stop services to business and individual customers both in Thailand and abroad. It is an institutional investor pursuant to Article 4(2) of the Notification of the Securities and Exchange Commission No. KorJor. 4/2017 Re: Determination of Definitions of Institutional Investors, Special High Net Worth Investors, and High Net Worth Investors (and as amended).

Bangkok Bank is considered a institutional investor pursuant to Article 4(2) of the Notification of the Securities and Exchange Commission No. KorJor. 4/2017 Re: Determination of Definitions of Institutional Investors, Special High Net Worth Investors, and High Net Worth Investors (and as amended).

<sup>14</sup> NHTPE is a private fund that focuses on investments in Thailand and the ASEAN region and is considered an institutional investor under Clause 4(10) in conjunction with Article 4(23) of the Notification of the Securities and Exchange Commission No. KorJor. 4/2017 Re: Determination of Definitions of Institutional Investors, Special High Net Worth Investors, and High Net Worth Investors (and as amended). NHTPE manages funds from investors around the world and is managed by Morgan Stanley Private Equity Asia as a Fund Manager, regulated by the Securities and Exchange Commission of United States (US Securities and Exchange Commission) and managed by a team of professionals consisting of a team of securities analysts, fund manager and the Investment Committee to make investment decisions.

Morgan Stanley Private Equity Asia is a subsidiary of Morgan Stanley, a global financial institution listed on the New York Stock Exchange (NYSE), with an estimated US\$1.5 trillion in investment assets under management (AUM) as of June 2021.

NHTPE, a private fund, may be prohibited from selling the converted shares within a period of one year from the date the convertible bonds are received. After a period of 6 months from the date of receipt of convertible bonds, NHTPE can gradually sell the prohibited shares in the amount of 25% of the prohibited shares in accordance with the rules under the Notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures for Consideration of an Application for the Acceptance of Ordinary Shares or Preferred Shares in a Capital Increase as Listed Securities B.E. 2558.

Bangkok Bank Public Company Limited will not be prohibited from selling the converted shares within a period of one year from the date the convertible bonds are received because it is a financial institution and considered as an institutional investor<sup>15</sup>.

### **Opinion of the Board of Directors**

It is deemed appropriate to propose to the shareholders' meeting to consider and approve the issuance and offering of convertible bonds to private placement for the following reasons.

*(A) Reasons and necessity for the issuance and offering of convertible bonds at a low price*

The issuance and offering of convertible bonds are part of the shareholding restructuring plan which is necessary and beneficial to the Company because it will allow the company to receive funds to carry out the shareholding restructuring plan as required in a short time. And it can reduce the risk of the lack of funding capacity that may arise from the current volatile economy. *(Please see the details of the benefits of the shareholding restructuring plan in Agenda 2)*

*(B) Suitability, justification and necessity for an offer for sale of newly issued shares to a private placement*

Bangkok Bank Public Company Limited, a leading financial institution in Thailand, and NHTPE, a private fund focusing on investments in Thailand and the ASEAN region. It manages funds from investors around the world and is managed by Morgan Stanley Private Equity Asia. Morgan Stanley Private Equity Asia is a subsidiary of Morgan Stanley, a global financial institution listed on the New York Stock Exchange (NYSE) with a value of investment assets under management (AUM) as of June 2021 of approximately

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<sup>15</sup> Notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures for Consideration of an Application for the Acceptance of Ordinary Shares or Preferred Shares in a Capital Increase as Listed Securities B.E. 2558 (2015) in conjunction with Clause 2(4)(c) and (m) of the Notification of the Securities and Exchange Commission No. KorJor. 17/2551 Re: Determination of Definitions in Notifications Regarding Issuance and Offering of Securities

USD 1.5 trillion. Both investors are potential investors in terms of capitalization and able to invest in the Company as well as being investors who see the opportunity for the potential growth in the Company and Thai AirAsia, which will recover after the COVID-19 situation improves, which will be beneficial to the Company in terms of obtaining financial support for its business operations and building confidence of the existing shareholders of the Company including enhancing the image of the Company.

(C) *The worthiness of the benefits that the Company will receive compared with the difference between the offering price of the convertible bonds and the exercise price of the convertible bonds and the market price that the Company will lose;*

With the situation of the Corona Virus (Covid-19) epidemic for a long time which is uncertain when the situation will return to normal, making uncertain business of the Company, that is, not easy to find creditors and investors to provide financial support and invest in the Company in this uncertain situation.

The fact that financial institution who is willing to give credit to the Company for shareholding restructuring of the Company and Thai AirAsia, and the acquisition of investors (such as AAA and major individual investor), including investors who invest in the Company's convertible debentures, are to help the Company's liquidity in this situation and to invest in the Company will greatly enhance confidence in investing in the Company's business. These investors are institutional investor and major investor who are considered as having expertise, quality, and experience in the aviation business, such as AAA. These investors will help strengthen the Company's business and to strengthen confidence in investing in the Company's business to other investors.

Furthermore, although the offering price to such investors at the price of THB 1.75 per share is lower than the market price, which is lower than 90 percent of the weighted average price of the Company's shares in the SET for past 15 business days (between 27 September 2021 and

18 October 2021) prior to the date of the Board of Directors' resolution to propose the agenda to the extraordinary general meeting of shareholders requesting approval for the Company to offer of capital increase shares by clearly stated offering price at this time, the Company has considered that the said price already reflects the appropriate value of the Company. The issuance and offering of newly issued ordinary shares and convertible bonds at such price is sensible and considered advantageous to shareholders as the Company will receive money from the offering of the newly issued ordinary shares and convertible bonds totaling approximately of THB 14,000 million. Moreover, after the shareholding restructuring, this will make the Company to be a shareholder in Thai AirAsia as an operating company increasing from 55 percent to 100 percent.

In addition, this capital increase will result in a decrease in the Company's and Thai AirAsia's liabilities of 3.9 billion baht due to the fact that Thai AirAsia will repay various trade debts to the group of companies of AAGB, which is a major shareholder of AAA, thereby increasing the equity of the Company and Thai AirAsia. As a result, the debt to equity ratio is reduced. *(Please see details in Enclosure 4, item 4.6)*

*(D) Impact on expenses and financial position of the Company arising from the issuance of new shares through the exercise of convertible bonds to the private placement under the Financial Reporting Standard on share-based payments.*

The issuance of new shares from the exercise of convertible bonds to the private placement is a share-based payment transaction in accordance with the Financial Reporting Standard on share-based payment

However, the Company has appraised its fair value per share and view that the offering price of THB 1.75 per share is consistent with the fair value per share of the Company, since such offering price of THB 1.75

per share is the price specified for all restructuring transactions, including the offering of capital increase shares and capital increase shares in reserve of convertible bonds to PP and the offering of capital increase shares to the existing shareholders in accordance with their shareholding proportions held by each shareholder. Therefore, the Company does not have to record the expenses on share-based payments basis.

*(E) Plans to use the proceeds from the offering of convertible bonds and the possibility of the plans to use the proceeds from the offering of convertible bonds including the adequacy of funds in the event that the proceeds from the offering of convertible bonds do not cover the total budget required to implement the restructuring plan;*

The Company will use the proceeds from the issuance of convertible bonds to private placement (PP) for the following purposes:

1. (When combined with the remaining money from the plan to use the proceeds of the issuance of newly issued ordinary shares to the private placement) to use to buy the 30.8% remaining shares of Thai AirAsia, amounting to approximately 3,900 million baht. The purchase of the remaining Thai AirAsia shares is part of the shareholding restructuring plan. The Company expects to purchase the remaining shares of Thai AirAsia within the first quarter of 2022.
2. Use for Increasing capital in Thai AirAsia and/or lend to Thai AirAsia to to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount of 2,800 million baht, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation etc., and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months.

3. The above-mentioned plan of the Company is consistent with the Company's current business plan and expense assessment, and it is best estimation of allocation of the proceeds from the offering of such securities. However, the Company's future plans and actual expenses may differ depending on the recovery of the aviation industry and tourism which may fluctuate from the epidemic or the cost of fuel, etc. Therefore, the actual utility of funds may differ from the plans stated above. Nonetheless, the Company will allocate the proceeds to be sufficient for the period mentioned above by its best effort.

The Board of Directors is of the opinion that the Company is able to proceed according to fund utilization plan as scheduled and the amount that will be received from the restructuring is sufficient for the fund utilization plan as set out in the summary of the plan for using the capital under the shareholding restructuring plan as detailed in Agenda 2.

*(F) Expected impact on the Company's business operations as well as the financial position and operating results of the Company due to the offering of convertible bonds and the implementation of the fund utilization plan including an analysis of the Company's debt repayment ability to the holders of convertible bonds who do not exercise their right to convert the bonds at maturity.*

The issuance and offering of new ordinary shares and convertible bonds of the Company will affect the market price of the shares (Price Dilution), the shareholding proportion (Control Dilution) and the profit (Loss) sharing (Earnings / (Losses) per share dilution). (Please see the details ***in Enclosure 4, item 3).***

In addition, the issuance and offering of newly issued ordinary shares and convertible bonds of the Company will result in a decrease in the Company's and Thai AirAsia's liabilities and Thai AirAsia of 3.9 billion baht due to the fact that Thai AirAsia will repay various trade



debts to the group of companies of AAGB, which is a major shareholder of AAA, thereby increasing the equity of the Company and Thai AirAsia. As a result, the debt-to-equity ratio is reduced. *(Please see details in Enclosure 4, item 4.6)*

For convertible bonds that the Company prepares for this offering, there will be no issues regarding the Company's ability to repay its debts to the convertible bondholders who do not exercise their right to convert at maturity because if the convertible bond is not exercised within the maturity dates, the bondholders will be compelled to convert them into ordinary shares of the Company in all cases.

*(G) Representations of the Board of Directors*

- Representation regarding investors of the private placement

The Board of Directors has carefully considered the qualifications of (a) Bangkok Bank Public Company Limited and (b) NHTPE and is of the opinion that the investors of the said private placement are potential investors and have capability to invest in the Company.

- Representation regarding their fiduciary duties, integrity and due care to protect the interests of the Company in regards to the issuance of convertible bonds at a low price.

In the event that the directors of the Company fail to perform duties in accordance with the law, objectives and articles of association of the Company as well as the resolutions of the shareholders' meeting with integrity and due care to protect the interests of the Company for matters relating to the issuance of convertible bonds at a low price by acting or refraining from any act which is a failure to perform such duty; and causing damage to the Company, the Company can claim compensation from that directors. But if the Company does not claim such compensation, shareholders who hold a total of not less than 5 percent of the total issued shares are able to notify the Company to make such claim and if the Company fails to perform as requested by the shareholders, such shareholders can sue for damages from such

directors on behalf of the Company in accordance with Section 85 of the Public Limited Companies Act B.E. 2535 (including any amendments thereto).

In addition, if any act or omission of any director which is a failure to perform their duties in accordance with the law, objectives and the Company's Articles of Association as well as the resolutions of the shareholders' meeting with integrity and due care to protect the interests of the Company for matters relating to the issuance of convertible bonds at a low price results in the directors, executives, or related persons gaining unlawful benefits, the Company may sue the directors for returning such benefits to the Company, or the shareholders holding shares and having voting rights of not less than 5% of the total voting rights of the Company shall notify the Company to do so. If the Company fails to carry out as requested by the shareholders within 1 month from the date of the notice, such shareholders can exercise the right to sue to recover benefits from such directors on behalf of the Company in accordance with Section 89/18 of the Securities and Exchange Act B.E. 2535 (including any amendments thereto).

In addition, in issuing and offering convertible bonds to private placement (PP), the Board of Directors deems appropriate to authorize Executive Chairman and/or Chief Executive Officer of the Company or a person assigned by Executive Chairman and/or the Chief Executive Officer of the Company to have the power to perform the following actions:

- (a) consider prescribing additional details or amend the details of the issuance and offer for sale of convertible bonds and new shares to support the conversion to PP to ensure compliance with the laws and regulations related to the issuance and offer for sale of securities.
- (b) determine or amend the method of allocation of convertible bonds and new shares in support of the conversion to PP investors, such as the method of

payment; or details of other allocations and offerings under the terms of the relevant laws.

(c) sign applications for permission, applications for a waiver, notice letters, as well as any documents or contracts related to the issuance and offering of convertible bonds and new shares in support of the conversion to PP investors; This includes contacting and submitting documents to any officer or representative of any related government agency related as well as listing the Company's newly issued ordinary shares on the Stock Exchange of Thailand and take any necessary and relevant actions for the allocation of the newly issued ordinary shares in all respects under the terms of the relevant laws.

**Voting:**

The resolution for this agenda must be passed by a vote of not less than three-fourths of the shareholders attending the meeting and having the right to vote excluding those of the shareholders with conflicts of interest and there are no shareholders holding more than 10 percent of the total votes of the shareholders attending the meeting and voting against the offering of convertible bonds with a low conversion price.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

**Agenda Item 4: To Consider and Approve the Increase of the Company's Registered Capital and the Amendment to Clause 4 of the Company's Memorandum of Association Re: Registered Capital to correspond with the Increase of Capital of the Company**

**(a) Background**

To be in line with the Restructuring Plan in Agenda Item 2 above.

**(b) Increase of Registered Capital**

The Company intends to increase its registered capital for offering shares to various investors and existing shareholders of the Company. The increase of the registered capital of the Company from the existing registered capital of THB 485,000,000 to the new registered capital of THB 1,285,000,000 by issuing 8,000,000,000 newly-issued

ordinary shares, with a par value of THB 0.10 per share for the allocation as follows:

- (1) The allocation of the newly-issued ordinary shares in the amount of not exceeding 5,028,571,429 shares to be offered to a private placement basis (PP) (as details appeared in Agenda Item 5);
- (2) The allocation of the newly-issued ordinary shares in the amount of not exceeding 1,714,285,714 shares to be offered to the existing shareholders of the Company proportionate to their respective shareholdings (Rights Offering) (as details appeared in Agenda Item 5); and
- (3) The allocation of the newly-issued ordinary shares in the amount of not exceeding 1,257,142,857 shares to be reserved for the conversion of Convertible Bonds (as details appeared in Agenda Item 3).

Please consider additional details in the Capital Increase Report Form (F53-4), *Enclosure 3*.

**(c) The Amendment of the Company's Memorandum of Association**

Additionally, in order to be consistent with the Company's registered capital increase above, the Company's Memorandum of Association shall be amended by cancelling the original text and replacing it with the following text:

“Clause 4.	Registered Capital Amount	THB 1,285,000,000	(One Billion Two Hundred Eighty-Five Million Baht)
	Divided into	12,850,000,000 shares	(Twelve Billion Eight Hundred Fifty Million Shares)
	Par Value	THB 0.10	(Ten Satang)
	Separated into:		
	Ordinary Shares	12,850,000,000	(Twelve Billion Eight Hundred Fifty Million

	shares	Shares)
Preference Shares	-	(-)"

### **Opinion of the Board of Directors:**

The Board deemed appropriate to propose the shareholders' meeting to consider and approve the increase of the Company's registered capital and the amendment of the Company's memorandum of association to be in line with the increase of the registered capital of the Company with the information as detailed above and in order to comply with the Restructuring Plan.

In addition, in the registration process, there must be various related actions. Therefore, it is appropriate to propose to the meeting for approval and propose to the shareholders' meeting to consider and approve the authorization of the executive chairman and/or chief executive officer of the Company or the persons authorized by the executive chairman and/or the chief executive officer of the Company, to have the power to prepare documents, including the amendment and addition of words in the memorandum of association in accordance with the orders of the registrar as well as carrying out any necessary and relevant actions until the amendment of the memorandum of association is complete.

### **Voting:**

The resolution for this agenda shall be passed by the votes of not less than three-quarter of the shareholders who attend the Meeting and have the right to vote, excluding those of the shareholders with conflicts of interest.

In this agenda, there are no shareholders with conflicts of interest and having no right to vote.

### **Agenda Item 5: To Consider and Approve the Allocation of the Newly-Issued Ordinary Shares to (1) Investors on a Private Placement Basis (PP), (2) the Existing Shareholdings Proportionate to Their Respective Shareholdings (Right Offering) and (3) Reserve the Conversion of Convertible Bonds**

#### **(a) Background**

To be in line with the Restructuring Plan in Agenda Item 2 above and the increase of the registered capital of the Company from the existing registered capital of THB 485,000,000 to the new registered capital of

THB 1,285,000,000 by issuing 8,000,000,000 newly-issued ordinary shares, with a par value of THB 0.10 per share presented in Agenda Item 4.

**(b) The Allocation of the Newly-Issued Ordinary Shares**

The Company intends to allocate the newly-issued ordinary shares, whereby important details are as follows:

**Agenda Item 5.1 Allocation of Newly-Issued Ordinary Shares to Private Placement (PP) at a low price, which the offering price is clearly set**

**(a) Details of the offering such as number of offered shares and investor type**

The Company plans to allocate the newly issued ordinary shares in the amount of not more than 5,028,571,429 shares with a par value of THB 0.10 to PP with the following details:

<b>List of Private Placement*</b>	<b>Maximum Number of Shares to be Allocated</b>	<b>Representing a Percentage of the Company's Total Shares After the Issuance of Shares to the Private Placement</b>
1. AAA	4,457,142,857 shares	45.12
2. Mr. Pitharn Ongkosit	362,049,116 shares	3.7
3. Mr. Palin Lojanagosin	150,947,980 shares	1.5
4. Mr. Bundit Pitaksit	14,607,869 shares	0.1
5. Mrs. Piyaporn Vichitbandha	14,607,869 shares	0.1
6. Mr. Suwaphon Suwaruchiporn	14,607,869 shares	0.1
7. Mr. Vorapote	14,607,869	0.1

<b>List of Private Placement*</b>	<b>Maximum Number of Shares to be Allocated</b>	<b>Representing a Percentage of the Company's Total Shares After the Issuance of Shares to the Private Placement</b>
Amnueypol	shares	

*\* Details of the private placement are included in **Enclosure 4**.*

#### **(b) Methods to determine offering price and market price**

The offering price is equal to 1.75 baht per share, which is the same price that the Company will offer new ordinary shares to the shareholders of the Company in proportion to the number of shares held by each individual.

The offering price on a private placement basis in item 4.1 and 4.2 above at THB 1.75 is based on (a) the market price of the Company's shares during the past 360 business days (from 17 April 2020 – 18 October 2021) equal to THB 1.43 – 3.14 per share, equivalent to the volume weighted-average market price at 2.38 per share. The offering price at THB 1.75 per share is a discounted price from such market price during the past 360 business days at approximately 26.5 percent and (b) the negotiation with private placement investors. The Company has taken into consideration other factors in order to determine the offering price, such as the urgent need to seek funds to improve liquidity and support the Company's operation for the period of 18 to 24 months including the possibility of increasing its capital on a rights offering basis, (which the offering price is the same as the offering price on private placement), in order to not create any more burden on minority shareholders during the COVID-19 pandemic. In this regard, the use of other methods to determine the offering price, such as P/E ratio, discounted cash flow and book value, are not available as the Company is still suffering an operating loss and the equity of Thai AirAsia still has a negative value.

In addition, the offering price of THB 1.75 per share is considered an offering at a low price, that is, less than 90% of the weighted

average price of the Company's shares in the SET, representing a discount of approximately 41.0 percent of the weighted average price of the Company's shares in the SET for the past 15 business days (between 27 September 2021 and 18 October 2021) prior to the date that the Board of Directors has a resolution to propose the agenda to the Extraordinary General Meeting of Shareholders requesting approval for the Company to offer newly- issued ordinary shares to the private placement equaling to THB 2.96.

In this regard, details of the capital increase and the allocation of the newly-issued ordinary shares are shown in Agenda Item 4, Agenda Item 5, and *Enclosure 4*.

**(c) Offering and allocation methods**

It is an offering and allocation for newly-issued shares to specific investors, which is not more than fifty investors, within a period of twelve-month. In this regard, if there are shares remaining from the allocation to specific investors in this agenda, the Company will not allocate shares to other persons and will cut off the remaining shares in full.

**(d) Objectives of the issuance and plans for the use of proceeds from the IPO**

- *Objectives of the issuance of shares*

To raise funds in accordance with the shareholding restructuring plan with primary goals of the purchase of newly issued shares in Thai AirAsia and the purchase of the remaining shares of Thai AirAsia and reduction of the outstanding liabilities of Thai AirAsia in a total of 7,800 million baht so that the Company acquire almost all shares of Thai AirAsia and become the sole owner and have sole control of Thai AirAsia. The remaining amount of approximately 6,200 million baht (figures may change after deducting related expenses) can be used to raise capital in Thai AirAsia and/or lend to Thai AirAsia for Thai AirAsia to use as working capital, resulting in a long-term benefit to the group of companies.

- *Fund utilization plans from the share offering*



The Company has plans to use the proceeds from the issuance of newly issued ordinary shares to private placement (PP) as follows:

- 1) Repayment of loans from financial institutions in the amount of 3,900 million baht plus interest which has been borrowed to raise capital in Thai AirAsia according to the restructuring plan in item 1 and 2 (*see the details of the restructuring in agenda 2*).
- 2) Payment for the purchase of the 30.8% remaining shares in Thai AirAsia, amounting to 3,900 million baht to increase the shareholding in Thai AirAsia to 100% according to the objectives of this restructuring. The details are in accordance with the restructuring plan in item 7 (*see the details of the restructuring in agenda 2*).
- 3) Increase capital in Thai AirAsia and/or lend to Thai AirAsia by using the remaining money from the restructuring of approximately 6,200 million baht (figures may change after deducting various expenses from related operations) to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount of 2,800 million baht, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation etc., and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months.

The above-mentioned plan of the Company is consistent with the Company's current business plan and expense assessment, and it is best estimation of allocation of the proceeds from the offering of such securities. However, the Company's future plans and actual expenses may differ depending on the recovery of the aviation industry and tourism which may fluctuate from the epidemic or the cost of fuel, etc. Therefore, the actual utility of funds may differ from the plans stated above. Nonetheless, the Company will allocate the proceeds to be sufficient for the period mentioned above by its best effort.

- *Expected impact on the Company if the shareholding restructuring plan cannot be carried out successfully and risks associated with the project implementation including its expected*

*initial budget and the total budget expected to be required for the project to generate income for the Company (if any).*

If the Company is unable to complete the shareholding restructuring plan successfully, the Company will be unable to purchase the newly issued shares of Thai AirAsia and the remaining shares of Thai AirAsia and will not be able to own almost all shares in Thai AirAsia and there will not be sufficient liquidity for the Company's further business operations. This will have a material adverse impact on the existence of the Company and Thai Air Asia.

If the Company can successfully complete proceed the shareholding restructuring plan, the Company will own almost all of the shares in Thai AirAsia which produces good results for the Company in terms of the Company's consolidated financial statements. If the COVID-19 situation improves and travel and tourism resume normalcy, Thai AirAsia's operating results will resume growth and the Company will be able to recognize the corresponding operating results in their entirety.

However, because the Company will own nearly all of Thai AirAsia's shares, the Company will also be impacted by Thai AirAsia's overall financial performance if Thai AirAsia fails to meet the target.

- (e) Impact on shareholders from the share offering by at least specifying the impact on the market price of the shares (price dilution) when the newly issued shares are offered and the impact on control dilution and benefits the shareholders will reap when compared to the impact on the shareholders' share of profit or voting rights.**

Details of dilution effect from the share offering (being the effect on the share market price (price dilution) and the effect on profit sharing or the effect on shareholders' voting rights (control dilution)) are explained in *Enclosure 4, item 3*.

In addition, the issuance and offering of newly issued ordinary shares and convertible bonds of the Company will result in a decrease in the Company's and Thai AirAsia's liabilities of 3,900 million baht as Thai AirAsia will repay various trade debts to the

group of companies of AAGB, which is a major shareholder of AAA, thereby increasing the equity of the Company and Thai AirAsia. As a result, the debt-to-equity ratio is reduced. *(Please see details in Enclosure 4, item 4.6).*

**(f) Amendment of the Company's Articles of Association to support the allocation of shares to the private placement who are not Thai nationals**

The Company will amend the Company's Articles of Association to increase the shareholding percentage of foreigners to support the allocation of shares to private placement (PP) who are non-Thai nationals (i.e. AAA).

Allotment of shares to private placement (PP) (i.e. AAA) who are non-Thai nationals will be carried out in accordance with the Articles of Association (amended version) of the Company, that is, it will not cause any person who does not have Thai nationality to hold shares in the Company exceeding the foreign shareholding proportion as specified in the Articles of Association (amended version) of the Company (with details as specified in Agenda 6).

**(g) One-year silent period**

If the offering price of the newly issued ordinary shares offered to the private placement at this time is considered an offering of newly issued shares at a price lower than 90 percent of the market price before the SET will accept shares in the capital increase as listed securities of private placement (PP) who will receive the allotment of such newly issued ordinary shares, such shareholders will be prohibited from selling all newly issued ordinary shares received from this offering within a period of 1 year from the date of the Company's newly issued ordinary shares starts trading on the stock exchange. After the date on which the Company's newly issued ordinary shares are traded on the Stock Exchange of Thailand for a period of 6 months, such shareholders can gradually sell the prohibited shares in the amount of 25% of the total shares subject to the silent period pursuant to the Notification of the Stock Exchange of Thailand Re: Criteria, Conditions and Procedures for

Consideration of Request for Listing Ordinary Shares or Preferred Shares as Listed Securities B.E. 2558.

**Opinion of the Board of Directors**

It is deemed appropriate to propose to the shareholder meeting to approve the allocation of the newly issued shares to PP for the following reasons.

- (a) *Reasons and necessity of the allocation of newly issued shares at a low price;*

The issuance and offering of capital increase ordinary shares is part of the Company's shareholding restructuring plan, which is necessary and beneficial to the Company because it will allow the Company to receive funds in a timely manner to complete the shareholding restructuring plan, as well as mitigate the risk of a lack of funding capacity as a result of the current volatile economy. ***(Please see the details of the benefits of the shareholding restructuring plan in Agenda 2).***

- (b) *Suitability, justification and necessity for the allocation of the newly issued shares at a low price to a private placement;*

AAA has knowledge, capability and experience in operating the airline business that will help promote the operations and support the business of the Company and Thai AirAsia. AAA is a subsidiary in which AAGB holds 100 percent. AAGB is a listed company on the Bursa Stock Exchange, which is the stock exchange of Malaysia and AAA also holds shares in companies operating airlines under the brand "AirAsia" in many countries such as Indonesia, the Philippines, India, as well as in Thailand. In this regard, AAA will use its knowledge, ability and experience in operating the airline business to support Thai AirAsia's business operations as an indirect shareholder through the Company's shareholding as same as supporting as a direct shareholder in Thai AirAsia. In addition, the capital increase by AAA is part of the shareholding restructuring plan of the Company and Thai Air Asia which necessarily causes benefits to the Company and Thai Air Asia. Moreover, the restructuring plan was negotiated and approved from relevant parties according to the details shown in Agenda 2.

The six individual high net worth investors are financially capable investors. They are businessmen, executives, and investors in various companies listed on the Thai Stock Exchange, as well as an investor who sees an opportunity for the Company's and Thai AirAsia's growth after the COVID-19 situation is resolved, which will benefit the Company in obtaining financial support for use in business

operations and building confidence for the Company's existing shareholders, as well as enhancing the Company's image.

- (c) *The worthiness of the benefits that the Company will receive compared with the difference between the offering price and the market price that the Company will lose;*

With the situation of the Corona Virus (Covid-19) pandemic that lingers for a long time which is uncertain when the situation will return to normal, making uncertain business of the Company, that is, not easy to find creditors and investors to provide financial support and invest in the Company in this uncertain situation.

The fact that financial institution who is willing to give credit to the Company for shareholding restructuring of the Company and Thai AirAsia, and the acquisition of investors such as AAA and major individual investor, including investors who invest in the Company's convertible bonds, are to help the Company's liquidity in this situation and to invest in the Company will greatly enhance confidence in investing in the Company's business. These investors are institutional investor and major investor who are considered as having expertise, quality, and experience in the aviation business, such as AAA. These investors will help strengthen the Company's business and to strengthen confidence in investing in the Company's business to other investors.

The price offered to such investors and the conversion price of the convertible bonds at 1.75 baht per share is lower than the appraised value as reported by the independent financial advisor (Discover Management Company Limited) based on the market value approach of 2.38 – 3.03 baht per share. The existing shareholders may be put at a disadvantage as a result of the impact of the theoretical average share price decline. As a result, the shareholding proportion and voting rights of other existing shareholders (Control Dilution) will be reduced. However, the Board of Directors has an opinion consistent with the independent financial advisor that the transaction is necessary because there is an urgent need to raise capital to solve liquidity problems which will help the

Company and the Group improve its financial position so that they can continue the business and fulfill the conditions of various loan and bond agreements.

With regard to the price offered to such investors at the price of 1.75 baht per share, although the offering price is lower than the market price which is lower than 90% of the weighted average price of the Company's shares in SET, representing a discount of approximately 41.0% of the weighted average price of the Company's shares in the SET during the past 15 business days (between September 27, 2021 to October 18, 2021) prior to the date that the Board of Directors resolved to propose the agenda to the Extraordinary General Meeting of Shareholders to request approval for the Company to offer for sale of newly-issued shares with clearly fixed offering price at this time and the price is lower than the book value which the Board of Directors considers that the book value is not based on the cash flow that the Company is facing liquidity problems (as of June 30, 2021, the Company's book value attributable to shareholders of the Company is 2.23 baht per share and may be further reduced from the net loss of Thai AirAsia if the situation of the COVID-19 pandemic has not improved). The consolidated financial statements of the Company as of 30 June 2021 consist of goodwill and intangible assets of 23,691.72 million baht or 4.88 baht per share. And such goodwill and intangible assets can be recognized when the Company can find investors to raise capital at this time so that it can use the money to improve liquidity for the Company and Thai AirAsia, at the restructuring price of 1.75 baht per share.

In addition, the Company considers that the above price is a price that reflects the appropriate value of the Company since it is a reference of: (a) the market price of the Company's shares during the past 360 business days<sup>16</sup>, equal to 1.43 - 3.14 baht per share, equivalent to a weighted average market price of 2.38 baht per share, which is the offering price of 1.75 baht per share, representing a discount of about 26.5 percent from the said market price (b) negotiation with investors of PP where the Company considers other additional factors in determining the offering

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<sup>16</sup> From 17 April 2020 to 18 October 2021

price, such as the urgent need to obtain funds to enhance liquidity and support operations for the next 18 - 24 months. As of June 30, 2021, the Company has current liabilities and current assets of 21,680.05 million baht and 1,714.91 million baht, respectively, representing a liquidity ratio of 0.08 times. Current liabilities are much higher than current assets indicate a liquidity crisis and may result in default on payment, including the possibility of increasing capital to the existing shareholders proportionately (RO) (which the offering price is the same price as the offering price to the private placement) in order not to be unduly burdensome to the shareholders holding minority shares during the Covid-19 pandemic. The offering price determined by other methods such as price-to-earnings ratio (P/E ratio), discounted cash flow) or book value cannot be calculated because the Company still has operating losses and Thai AirAsia's shareholders' equity remains negative.

The issuance and offering of newly issued ordinary shares and convertible debentures at such prices are considered worthwhile and beneficial to shareholders because the Company will receive money from the issuance and offering of newly issued ordinary shares and convertible bonds totaling approximately 14,000 million baht and The Company's shareholding in Thai AirAsia, an operating company, will increase from 55 percent to 100 percent following the shareholding restructuring. The increase in the proportion of shareholding of the Company is part of the shareholding restructuring plan of the Company and Thai Air Asia, which was negotiated and agreed between the Company, financial institutions that lend money, new investors (new subscribers and convertible debenture subscribers) and AAA. Those parties will benefit together because the Company will be able to receive the full amount of Thai AirAsia's profits when the COVID-19 epidemic situation has eased and travel and tourism have returned to normal. As a result, Thai AirAsia's operating results have the opportunity to grow back in the future

In addition, the issuance and offering of newly issued ordinary shares will result in a decrease in the Company's and Thai AirAsia's liabilities of 3,900 million baht as Thai AirAsia will repay various trade debts to the group of companies of

AAGB, which is a major shareholder of AAA, thereby increasing the equity of the Company and Thai AirAsia. As a result, the debt-to-equity ratio is reduced. *(Please see details in Enclosure 4, item 4.6).*

- (d) *Impact on expenses and financial position of the Company arising from the issuance of new shares through the exercise of convertible bonds to the private placement under the Financial Reporting Standard on share-based payments;*

The issuance of new shares to the private placement is a share-based payment transaction in accordance with the Financial Reporting Standard on share-based payment. However, the Company has appraised its fair value per share and view that the offering price of THB 1.75 per share is consistent with the fair value per share of the Company, since such offering price of THB 1.75 per share is the price specified for all restructuring transactions, including the offering of capital increase shares and capital increase shares in reserve of convertible bonds to PP and the offering of capital increase shares to the existing shareholders in accordance with their shareholding proportions held by each shareholder. Therefore, the Company does not have to record the expenses on share-based payments basis.

- (e) *Plans to use the proceeds from the offering of newly issued shares and the possibility of the plans to use the proceeds from the offering of newly issued shares including the adequacy of funds in the event that the proceeds from the offering of newly issued shares do not cover the total budget required to implement the restructuring plan;*

The Company will use the proceeds from the issuance of newly issued shares to private placement (PP) for the following purposes:

1. To repay the loans to financial institutions in the amount of approximately 3,900 million baht plus interest, which the Company will borrow the money to buy new shares issued by Thai AirAsia which will increase the shareholding proportion of the Company in Thai AirAsia from 55 percent to 69.2% of the total shares of Thai AirAsia. This is part of the shareholding restructuring plan and the Company expects to repay the said loan within 2021.



2. To buy the remaining shares of Thai AirAsia, the remaining 30.8% of the total shares of Thai AirAsia, amounting to approximately 3,900 million baht. The purchase of the remaining Thai AirAsia shares is part of the Company's shareholding restructuring plan. The Company expects to purchase the remaining shares of Thai AirAsia within the first quarter of 2022.
3. Use for Increasing capital in Thai AirAsia and/or lend to Thai AirAsia to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount of 2,800 million baht, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron charges, and employee compensation etc., and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months.

The above-mentioned plan of the Company is consistent with the Company's current business plan and expense assessment, and it is best estimation of allocation of the proceeds from the offering of such securities. However, the Company's future plans and actual expenses may differ depending on the recovery of the aviation industry and tourism which may fluctuate from the epidemic or the cost of fuel, etc. Therefore, the actual utility of funds may differ from the plans stated above. Nonetheless, the Company will allocate the proceeds to be sufficient for the period mentioned above by its best effort.

The Board of Directors is of the opinion that the Company can carry out the fund utilization plans as scheduled and the amount that will be received from the restructuring is sufficient for the funds utilization plans as set out in ***the summary of the plan for using the capital under the shareholding restructuring plan in Agenda 2.***

- (f) *Expected impact on the Company's business operations as well as the financial position and operating results of the Company due to the offering of newly issued shares to PP and the implementation of the fund utilization plan;*

The issuance and offering of new ordinary shares and convertible bonds of the Company will affect the market price of the shares (Price Dilution), the shareholding proportion (Control Dilution) and the profits / (Loss) sharing (Earnings / (Losses) per share dilution). (Please see the details *in Enclosure 4, item 3*).

In addition, the issuance and offering of newly issued ordinary shares and convertible bonds of the Company will result in a decrease in the Company's and Thai AirAsia's liabilities and Thai AirAsia of 3,900 million baht due to the fact that Thai AirAsia will repay various trade debts to the group of companies of AAGB, which is a major shareholder of AAA, thereby increasing the equity of the Company and Thai AirAsia. As a result, the debt-to-equity ratio is reduced. *(Please see details in Enclosure 4, item 4.6)*

(g) *Representations of the Board of Directors;*

- Representation regarding investors of the private placement

The Board of Directors has carefully considered the qualifications of PP investors and is of the opinion that AAA is knowledgeable, capable and experienced to help promote the operations and support the Company's and Thai AirAsia's business and other investors in the private placement are potential investors and have capability to invest in the Company.

- Representation regarding their fiduciary duties, integrity and due care to protect the interests of the Company in regards to the issuance of newly issued shares to PP at a low price.

In the event that the directors of the Company fail to perform duties in accordance with the law, objectives and articles of association of the Company as well as the resolutions of the shareholders' meeting with integrity and due care to protect the interests of the Company for matters relating to the issuance of newly issued shares to PP at a low price by acting or refraining from any act which is a failure to perform such duty; and causing damage to the Company, the Company can claim compensation from that directors. But if the Company does not claim such compensation, shareholders who hold a total of not less than 5 percent of the total issued shares are able to notify the Company to make

such claim and if the Company fails to perform as requested by the shareholders, such shareholders can sue for damages from such directors on behalf of the Company in accordance with Section 85 of the Public Limited Companies Act B.E. 2535 (including any amendments thereto).

In addition, if any act or omission of any director which is a failure to perform their duties in accordance with the law, objectives and the Company's Articles of Association as well as the resolutions of the shareholders' meeting with integrity and due care to protect the interests of the Company for matters relating to the issuance of newly issued shares to PP at a low price results in the directors, executives, or related persons gaining unlawful benefits, the Company may sue the directors for returning such benefits to the Company, or the shareholders holding shares and having voting rights of not less than 5% of the total voting rights of the Company shall notify the Company to do so. If the Company fails to carry out as requested by the shareholders within 1 month from the date of the notice, such shareholders can exercise the right to sue to recover benefits from such directors on behalf of the Company in accordance with Section 89/18 of the Securities and Exchange Act B.E. 2535 (including any amendments thereto).

**Voting:**

The resolution of this agenda must be passed by a vote of not less than three-fourths of the shareholders attending the meeting and having the right to vote, excluding those of the shareholders with conflicts of interest and there are no shareholders holding more than 10 percent of the total votes of the shareholders attending the meeting and voting against the offering of newly issued shares to a private placement at a low price at this time.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

**Agenda Item 5.2 Allocation of newly issued ordinary shares to the existing shareholders of the Company in proportion to their shareholding**

The Company plans to allocate the newly issued ordinary shares in the amount of not more than 1,714,285,714 shares with a par value of 0.10 baht per share for offering to the Company's shareholders in proportion to the number of shares held by each person (RO), with an allotment ratio of 5.7625 existing ordinary shares to 1 newly issued ordinary share (with fractions of shares to be discarded) at the price of 1.75 baht per share.

The offering of shares to the existing shareholders of the Company will take place after the offering of the newly issued ordinary shares to the private placement (PP) in Agenda 5.1 is completed where the private placement investors according to Agenda 5.1 will have the right to subscribe for the new shares of the Company in proportion to the number of shares held in the Company.

The shareholding proportion of the private placement investors after the subscription for capital increase shares according to their shareholding proportion in Agenda 5.2 will be as follows:

<b>Private Placement investors*</b>	<b>Maximum shares received following RO</b>	<b>Representing percentage of the total shares of the Company following RO</b>
1. AAA	5,230,616,671	45.12
2. Mr. Pitharn Ongkosit	424,877,596	3.7
3. Mr. Palin Lojanagosin	177,142,857	1.5
4. Mr. Bundit Pitaksit	17,142,857	0.1
5. Mrs. Piyaporn Vichitbandha	17,142,857	0.1
6. Mr. Suwaphon Suwaruchiporn	17,142,857	0.1
7. Mr. Vorapote Amnueypol	17,142,857	0.1

*\* The above information is prepared on the assumption that other shareholders of the Company have exercised their rights to subscribe for shares in proportion to their shareholding.*

In determining the price of the offering of newly issued ordinary shares to the existing shareholders of the Company in proportion to the number of shares held by each person (RO) above, the Company has determined the price equal to the price of the offering of shares to private placement (PP) with a discount of approximately 41.0% of the weighted average price of the shares of the Company in the SET during the past 15 business days (between September 27, 2021 to October 18, 2021) prior to the date that the Board of Directors resolved to propose the agenda to the Extraordinary General Meeting of Shareholders for approval for the Company to offer new shares to the existing shareholders of the Company in proportion to the number of shares held by each individual (RO), which is equal to 2.96 baht.

Shareholders may subscribe for newly issued ordinary shares in excess of their rights at the rate specified above (Oversubscription) only if there are shares remaining from the Company's allocation to existing shareholders who have fully exercised their rights.

With regard to the allocation of newly issued ordinary shares to the existing shareholders of the Company according to the shareholding proportion (RO) this time, in the case that there are shares remaining from the allocation to the existing shareholders of the Company according to the shareholding proportion in the first round, the Company will allocate the remaining newly issued ordinary shares to the existing shareholders who wish to oversubscribe (Oversubscription) in proportion to the original shareholding at the same price as the shares originally allocated to them under their RO. This includes the existing shareholders who wish to oversubscribe and are connected persons with details as follows:

- (a) in the case the remaining shares from the allocation to the existing shareholders of the Company according to the shareholding proportion (RO) in the first round are greater than or equal to the shares that the existing shareholders oversubscribe in proportion to their shareholding, the Company will allocate the remaining shares to all of the shareholders who oversubscribe

and pay the share subscription price, according to the share amounts they have specified to oversubscribe.

(b) In the case remaining shares from the allocation to the existing shareholders of the Company in proportion to their shareholding (RO) in the first round are less than the shares that the existing shareholders oversubscribe in proportion to their shareholding, the Company will allocate the remaining shares to those who oversubscribe in the following manners.

(1) Allocate according to their original shareholding ratio of each oversubscriber by having the existing shareholding ratio of each oversubscriber multiplied by the remaining shares, which will generate the number of shares that each oversubscriber has the right to receive. In the case of fractions of shares, such fractions shall be discarded. However, the number of shares to be allocated must not exceed the number of shares subscribed and paid for by each shareholder.

(2) In the event that there are still shares remaining after the allocation under (b) (1), they shall be allocated to each subscriber who has oversubscribed and has not been allocated in full proportion to their original shareholding, by having the existing shareholding ratio of each oversubscriber multiplied by the number of remaining shares, which will generate the number of shares that each oversubscriber has the right to receive. In the case of fractions of shares, such fractions shall be discarded. The number of shares to be allocated must not exceed the number of shares that have been subscribed and paid for by each shareholder. until there are no shares left from the allocation or unable to allocate. The allocation of shares to those who oversubscribe in accordance with the procedures set forth in this Article will continue until there are no more shares available for allocation or until it is impossible to do so.

If any shares remain after the allocation to existing shareholders, the Company will not distribute them to anyone else and will write down the remaining capital increase shares in their entirety.

The Company may not be able to allocate RO shares to any shareholder of the Company if such allocation will cause the shareholding proportion of the Company's shareholders to violate the Company's Articles of Association (amended version) which specifies the qualifications of the shareholders of the Company under the Air Navigation Act. However, in order to ensure the allocation of RO shares to the shareholders of the Company is done in accordance with Section 33 (3) of the Securities and Exchange Act B.E. 2533, the Company shall request shareholders to provide a waiver of them not receiving the RO shares if such allocation will cause the shareholding proportion to violate the Company's Articles of Association (amended version) which specifies the qualifications of the shareholders of the Company under the Air Navigation Act. The Company will specify the details of the waiver (not receiving the RO shares if such allocation will cause the shareholding proportion of the shareholders of the Company to violate the Company's Articles of Association (amended version)) in the Subscription Form for the Company's Newly Issued Shares, so that the shareholding proportion of the Company's shareholders complies with the Company's Articles of Association (amended version).

The Board of Directors' meeting has set the date to determine the names of the shareholders who are entitled to receive the allocation of the newly issued ordinary shares in proportion to their shareholding (Record Date) on December 16, 2021 and the subscription period for the newly issued ordinary shares of the Company to be from January 10, 2022 to January 14, 2022 (total 5 business days). However, the determination of the rights to subscribe for shares and the allocation of the newly issued shares remains uncertain until it is approved at the Extraordinary General Meeting of Shareholders.

For flexibility reasons, it is appropriate to empower the Chairman of the Board or Chief Executive Officer with the authority to change such date and time if necessary in accordance with the rules set forth in applicable laws.

### **Opinion of the Board of Directors**

It is deemed appropriate to propose to the shareholders' meeting to consider and approve the allocation of newly issued ordinary shares to the existing shareholders of the Company according to their shareholding proportion as detailed in Agenda 5.2 in all respects.

### **Voting**

The resolution of this agenda must be passed by a majority vote of the shareholders attending the meeting and having the right to vote excluding those of the shareholders with conflict of interests.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

### **Agenda Item 5.3 Allocation of newly issued ordinary shares to support the conversion of convertible bonds at a low price**

The Company will allocate not more than 1,257,142,857 shares with a par value of 0.10 baht per share to support the conversion of convertible bonds. The conversion price is 1.75 baht per share.

Please see the details of the allocation of newly issued ordinary shares to support the conversion of convertible bonds at a low price in Agenda 3 above, ***Enclosure 2, Enclosure 3 and Enclosure 4*** for more information.

In addition, the Board of Directors' meeting resolved to propose to the shareholders' meeting to consider and approve give power to Executive Chairman and/or Chief Executive Officer of the Company or a person assigned by Executive Chairman and/or Chief Executive Officer of the Company to undertake the allocation of newly issued ordinary shares as follows:

- (a) Add more details to or amend the allocation of newly issued ordinary shares to ensure compliance with the laws and regulations related to the issuance and offer for sale of securities.
- (b) Determine or amend methods of the allocation of newly issued ordinary shares such as payment method or other details of the allocations and



offerings, and consider allocating shares only one time or several times as they see fit in accordance with the relevant laws.

- (c) Sign applications for permission, applications for a waiver, notice letters, as well as any documents or contracts related to the issuance and offering of new shares; This includes contacting and submitting documents to any officer or representative of any related government agency as well as listing the Company's newly issued ordinary shares on the Stock Exchange of Thailand and take any necessary and relevant actions for the allocation of the newly issued ordinary shares in all respects under the terms of the relevant laws.
- (d) Register the change of paid-up capital with the Department of Business Development Ministry of Commerce and has the power to take any actions necessary to comply with the registrar's order so that the registration process is fulfilled.

The Company has disclosed the risks associated with the allocation of newly issued shares pursuant to Agenda 5.1, 5.2, and 5.3, as well as the amendment of the Company's Articles of Association, in **Enclosure 4**.

#### **Opinion of the Board of Directors**

It is deemed appropriate to propose to the shareholders' meeting to consider and approve the allocation of newly issued ordinary shares to support the conversion of convertible bonds at a low price as detailed in Agenda 5.3 and the delegation of relevant powers as detailed above in all respects.

Please see details about the opinion of the Board of Directors in Agenda 3 above for more information.

#### **Voting**

The resolution of this agenda must be passed by a vote of not less than three-fourths of the shareholders attending the meeting and having the right to vote, excluding those of the shareholders with conflicts of interest and there are no shareholders holding more than 10 percent of the total votes of the shareholders attending the meeting and voting against the offering of convertible bonds at a low price.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

#### **Agenda 6 To consider and approve the amendment of the Company's Articles of Association**

##### **Purpose and reason**

The current Articles of Association of the Company specifies the shareholding proportion of non-Thai nationals to not exceed 0.1% of the total number of shares sold of the Company.

The Company will amend its Articles of Association to increase the shareholding proportion of non-Thai nationals who invest in newly issued shares of the Company and receive newly issued shares of the Company as a result of this restructuring, up to a maximum of 48.17 percent.

The Company's Articles of Association will be amended to include the conditions of the shareholders' qualifications under the Air Navigation Act, as the Company is a major shareholder of Thai AirAsia, which holds an aviation license. The Company reserves the right to refuse to register any shareholder's share transfer if doing so would jeopardize the Company's or a subsidiary's rights under the Air Navigation Act.

Additionally, because the Company's board of directors will increase from nine to twelve to accommodate the new shareholding structure, the Board of Directors deems it is appropriate to amend the Articles of Association of Directors' powers concurrently.

The following are the details of the Company's Articles of Association that will be registered for changes.

<b>Original Articles of Association</b>	<b>Amended Articles of Association</b>
Clause 11 The Company's shares are freely transferable without restriction and the total number of shares held by non-Thai nationals at any time shall not exceed zero-point (0.1) percent of the total number of shares sold by the Company. Any transfer of shares that would result in the non-Thai persons' shareholding in the Company exceeding the above proportion, the	Article 11 Shares of the Company are freely transferable without restriction, and at any time, shares held by persons who are not Thai nationals shall not exceed one point (0.1) percent of the total number of shares sold by the Company.  Apart from the ratio above, persons who are not of Thai nationality may acquire the Company's shares by (1)

Original Articles of Association	Amended Articles of Association
<p>Company reserves the right to refuse the transfer of those shares.</p>	<p>being allocated new ordinary shares, as approved by the resolution of the Extraordinary General Meeting of Shareholders No. 1/2021 held on November 26, 2021 (including transferees of such shares), and (2) being allocated newly issued ordinary shares from the conversion of convertible bonds, as approved by the resolution of the Extraordinary General Meeting of Shareholders No. 1/2021 held on November 26, 2021 (including transferees of such shares). Both (1) and (2) must not result in non-Thai nationals owning more than 48.17 percent of the Company's total paid-up shares.</p> <p>The Company reserves the right to refuse any transfer of shares or to register any person as a shareholder (in whole or in part) if such transfer or registration would violate the provisions of these Articles of Association or would result in the Group losing rights and benefits accrued under the Air Navigation Act B.E. 2497.</p>
<p>Article 30. Directors authorized to sign on behalf of the Company are two (2) directors who jointly sign and affix the Company's seal.</p> <p>The Board of Directors has the power to determine and amend the number and names of the authorized directors to bind the Company.</p>	<p>Article 30. Directors authorized to sign on behalf of the Company are not more than three (3) directors who jointly sign and affix the Company's seal.</p> <p>The Board of Directors has the power to determine and amend the number and names of the authorized directors to bind the Company.</p>

### Opinion of the Board of Directors

It is deemed appropriate to propose to the shareholders' meeting to consider and approve the amendment of the Company's Articles of Association in relation to

the shareholding proportion of non-Thai nationals in order to support the investment in capital increase shares as set out in the shareholding restructuring plan and to ensure that the Company's Articles of Association are in line with the Air Navigation Act, including the amendment of the powers of directors in accordance with the details proposed above in every respect. It is also deemed appropriate to propose to the shareholders' meeting to consider and approve authorizing Executive Chairman and/or Chief Executive Officer of the Company or a person assigned by Executive Chairman and/or the Chief Executive Officer of the Company to have power to amend, add, adjust the wording including make amendments as ordered or given by the Registrar to ensure successful completion of the registration for the Articles of Association's amendments.

### **Voting**

The resolution for this agenda must be passed by a vote of not less than three-fourths of the shareholders attending the meeting and having the right to vote, excluding those of the shareholders with conflicts of interest.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

### **Agenda 7      To consider and approve AirAsia Aviation Limited's waiver of the requirement to make a tender offer for all securities of the Company by means of a resolution of the shareholders' meeting (Whitewash)**

To carry out the shareholding restructuring plan, the Company will allocate no more than 4,457,142,857 newly issued ordinary shares to AAA, representing no more than 45.12 percent of the Company's total voting rights, which triggers the requirement for AAA to make a tender offer for all of the Company's securities at a price equal to 25% of the Company's total voting rights pursuant to the Notification No. TorChor. 12/2554.

When combined with the amount that the waiver applicant has the right to subscribe for newly issued ordinary shares in proportion to their shareholding (RO), which is equal to 773,473,814 shares, the waiver applicant will hold shares

in the total business equal to 5,230,616,671 shares or accounted for 45.12% of the total number of shares sold of the Company (on the assumption that every shareholder of the Company exercises the right to subscribe for the newly issued ordinary shares in proportion to their shareholding). If Mr. Tassapon Bijleveld, AAA and a group of six individual high net worth investors who have been allocated the newly issued ordinary shares on the private placement basis (Private Placement), subscribe for the newly issued ordinary shares offered to the existing shareholders in proportion to their rights (Rights Offering), where other minority shareholders have not subscribed for the newly issued ordinary shares and the remaining shares are discarded, AAA will have a shareholding proportion in the Company equal to 47.16 percent of the issued and paid-up shares of the Company following the allocation of newly issued ordinary shares to specific investors (Private Placement) and to the existing shareholders in proportion (Rights Offering).

However, AAA wishes to apply for a waiver of its obligation to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting of the Company (Whitewash) with the SEC in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorKor. 29/2561 Re: Criteria for applying for a waiver of requirement to make a tender offer for all securities of the business using a resolution of the shareholders' meeting of the business. Application for a waiver must be made in accordance with the relevant notifications and must be approved by the shareholders' meeting of the Company, approving the Company's offer for sale of newly issued securities to the waiver applicant and concurrently agreeing that the waiver applicant does not have to make a tender offer for all securities of the Company after the acquisition of such securities, with a vote of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and have the right to vote. The said resolution shall not include the vote of the waiver applicant, persons under Section 258 of the waiver applicant, persons who act in concert (Concert Party) with the waiver applicant and persons under Section 258 of the concert party acting in concert with the waiver applicant.

In this regard, the Company has appointed Discover Management Company Limited as an independent financial advisor (IFA) to provide opinions to the shareholders on AAA's application for a waiver of requirement to make a tender offer for all securities of the Company by means of the resolution of the shareholders' meeting of the Company (Whitewash).

The Company needs to restructure its shareholders and raise capital for AAA because it and Thai AirAsia have been impacted by the COVID-19 pandemic for an extended period of time and it is uncertain when the situation will return to normal, putting the Company's and Thai AirAsia's business in jeopardy. It is difficult to find creditors and investors to provide financial assistance and to invest in the company in this uncertain situation. The restructuring plan has been negotiated and agreed upon by new investors (subscribers for new shares and convertible bonds), existing shareholders of Thai AirAsia and the main creditors of Thai AirAsia already. If the Company cannot implement the aforementioned shareholding restructuring plan, new investors will be unwilling to subscribe to the Company's capital increase shares and convertible bonds, implying that the Company will be unable to obtain financial assistance to resolve the Company's and Thai AirAsia's liquidity crisis. As of June 30, 2021, the Company had current liabilities of 21,680.05 million baht and current assets of 1,714.91 million baht, representing a liquidity ratio of 0.08 times. Current liabilities exceeding current assets indicates a liquidity crisis and may result in future payment default problems. This issue is viewed as a justification and a critical requirement for the current shareholding restructuring plan.

Shareholders can refer to the details of the application for a waiver of requirement to make a tender offer for all securities of the Company by using the resolution of the Company's shareholders' meeting (Whitewash), including the opinion of the Board of Directors regarding the application of such waiver and a draft letter requesting for a resolution of the shareholders' meeting to approve the acquisition of new securities without a tender offer for all securities of the business (Form 247-7) and the independent financial advisor's report, *in Enclosure 5 – 7*.

### Opinion of the Board of Directors

It is deemed appropriate to propose to the shareholders' meeting to consider and approve AAA's application for a waiver of requirement to make a tender offer for all securities by using the resolution of the shareholders' meeting (Whitewash) as detailed above. This is because it is one of the most important factors in the Company's ability to raise funds for the shareholding restructuring plan. The following are the expected outcomes for the Company if the waiver (Whitewash) is approved or rejected by the shareholders:

Scenario	Expected proceeds from capital increase	Course of Action / Impact
Scenario 1 AAA does not receive approval on the Whitewash waiver	n/a	<p>- Since the shareholding restructuring plan has been approved by the private placement investors (subscribers for newly issued ordinary shares and convertible bonds) and AAA.</p> <p>The proceeds from the capital increase share offering to AAA and the six high net worth individual investors will be used to pay off loans and interest to financial institutions totaling 3,900 million baht plus interest, with the remainder going toward the purchase of the remaining 30.8 percent shares in Thai AirAsia totaling 3,900 million baht, leaving no money in the Company or Thai Air Asia. However, as the shareholding restructuring plan has already been negotiated and agreed upon by new investors (subscribers for new shares and convertible bonds), existing shareholders of Thai AirAsia and the main creditors of Thai AirAsia, if any event specified in the said restructuring plan does not occur, or if AAA does not receive a waiver from the Company's shareholders meeting to make a tender offer for all securities (Whitewash), the shareholding restructuring plan will fail. As a result, financial institutions and private placement investors will withdraw</p>

Scenario	Expected proceeds from capital increase	Course of Action / Impact
		<p>financial assistance from the Company, prolonging the Company's and Thai AirAsia's liquidity crisis.</p> <p>However, if AAA does not receive a waiver from making a tender-offer by virtue of the resolution of the shareholders' meeting of the Company (Whitewash), AAA will not be a major shareholder in the Company, and other shareholders of the Company will not be affected by AAA's power to control the Company's group as well as being able to control the majority votes in the shareholders' meeting. Please consider the details in Enclosure 4 item 5.4 (Management Risk of Major Shareholders)</p>
Scenario 2 AAA receives the Whitewash waiver	14,000 million baht	<ul style="list-style-type: none"> <li>- If the Company's shareholders approve the whitewash waiver for AAA, the Company will be able to proceed with the shareholding restructuring plan, and the Company will acquire almost all of Thai AirAsia's shareholders, providing the Company and Thai AirAsia with sufficient liquidity to continue their operations. Additionally, the Company will retain the remaining 6,200 million baht from the restructuring (figures subject to change after deducting various expenses from related operations) to be used to raise capital in Thai AirAsia and/or lend to Thai AirAsia to repay the long-term bonds that will be due in April and May 2022 and June 2023 where the principal amount of 2,800 million baht, as well as interest at the normal rate of each bond tranche will be settled and/or will be used to fund business operations, which includes aviation-related expenses such as aircraft rental, fuel costs, airport and apron</li> </ul>



Scenario	Expected proceeds from capital increase	Course of Action / Impact
		<p>charges, and employee compensation etc., and the Company anticipates that the amount will be sufficient to operate the business for the next 18-24 months.</p> <p>Although the offering of newly issued shares to AAA will have a dilution effect on the Company's shareholders (price dilution and effect on profit sharing) or on shareholders' voting rights (control dilution), as illustrated in <i>Enclosure 4</i>, this shareholding restructuring will provide value and benefits to the Company, resulting in a reduction in liabilities and increased shareholder equity, as well as helping to improve liquidity for the Company and Thai AirAsia, which has been a long-term issue. Please refer to <i>Enclosure 4, item 4.6</i> for a detailed analysis of Thai AirAsia's financial structure prior to and following the restructuring. Please also note that AAA will influence the resolution on important matters such as director appointments and dividend payments if it becomes a major shareholder in the Company, holding approximately 40 - 45 percent of the total issued shares of the Company. AAA may also prevent important resolutions, such as a future capital increase, from being passed.</p>

The Board of Directors has considered the above scenarios and their implications and believes that scenario 1, in which the shareholders' meeting approves the whitewash waiver for AAA, will be the most beneficial to the Restructuring Plan.

### **Voting**

The resolution of this agenda must be passed by a vote of not less than three-fourths of the shareholders attending the meeting and having the right to vote, excluding those of the shareholders with conflicts of interests (i.e. the waiver

applicant, persons under Section 258 of the waiver applicant, concert party of the waiver applicant, and persons under Section 258 of the concert party of the waiver applicant (if any)), collectively referred to as the **“Shareholders With Conflicts of Interests”**.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

**Agenda 8      To consider and approve the increase in the number of directors and appointment of new directors and the amendment of the authorized director signatories of the Company**

**Purpose and reason**

To ensure consistency with the Restructuring Plans, as well as the Company's sustainable growth, it is deemed appropriate to consider increasing the number of directors by three, from nine to twelve. The Remuneration and Nomination Committee has reviewed the qualifications of the following individuals in accordance with the criteria for nominating new directors, including their suitability in terms of qualifications, experience, knowledge, and abilities, as well as their willingness to devote time to performing duties as a director, including the specific expertise required on the Board of Directors to execute the Company's business strategy, and has formed an opinion to nominate the following individuals.

(a) Mr. Mohamad Kadar bin Merican

(b) Mr. Tarumalingam A/I Kanakalingam; and

(c) Mr. Rozman bin Omar

Appointed as new directors of the Company and appoint

(a) Mr. Sirot Setapanthu as a director to replace M.L. Bovornovadep Devakula

(b) Mr. Yuthaphong Ma as a director to replace Mr. Preechaya Rasametanin and

(c) Mr. Dinesh Nambiar as a director to replace Gp.Capt. Tanapat Ngamplang

On the same day as the Extraordinary General Meeting of Shareholders No. 1/2021, all three former directors will resign from their positions as directors of the Company.

Mr. Sirot Setapanthu will be appointed as an independent director and Mr. Dinesh Nambiar will be appointed as an independent director and member of the Audit Committee instead of Mr. Nuttawut Phowborom while Mr. Nuttawut Phowborom will continue to be a director of the Company.

The remuneration of the new directors will be in accordance with the remuneration approved by the 2021 Annual General Meeting of Shareholders held on April 22, 2021.

The Remuneration and Nomination Committee has carefully considered and reviewed the new directors and has determined, in accordance with its duty of care, that increasing the number of such directors will improve the Group's efficiency in supervising its investment and business operations. Additionally, the individuals nominated to serve as a new director of the Company are suitable in terms of their qualifications, experience, knowledge, and abilities, as well as their willingness to devote time to performing the duties of a director and acquiring the specialized expertise required of the Board of Directors, and are individuals who meet all of the requirements of Section 68 of the Public Limited Companies Act B.E. 2535 and do not possess any prohibited characteristics under the rules of the Office of the Securities and Exchange Commission.

To ensure consistency with the proposed increase in the number of directors and the appointment of new directors outlined above, it is deemed appropriate to propose to the shareholders' meeting that they consider and approve the following amendment to the Company's authorized director signatories:

Current wording

*“Either Mr. Tassapon Bijleveld or Mr. Santisuk Klongchaiya jointly sign with Mr. Phairat Pornpathananangoon or Gp.Capt. Tanapat Ngamplang or M.L.*

*Bovornovadep Devakula or Mr. Preechaya Rasametanin, one of them, a total of two, and affixes the Company's seal.”*

Amended to read

*“Mr. Tassapon Bijleveld co-signs with either Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananangoon, a total of two, and affixes the Company's seal” or “Mr. Santisuk Klongchaiya and Mr. Phairat Pornpathananangoon co-sign with either Mr. Tarumalingam A/L Kanakalingam or Mr. Rozman bin Omar, a total of three, with the Company's seal affixed.”*

Shareholders can review the profiles of the individuals nominated to serve as directors of the Company, which are included in **Enclosure 10**.

### **Opinion of the Board of Directors**

It is deemed appropriate to propose to the shareholders’ meeting to consider and approve the addition of 3 more directors, from 9 to 12, and to nominate

- (a) Mr. Mohamad Kadar bin Merican
  - (b) Mr. Tarumalingam A/l Kanakalingam; and
  - (c) Mr. Rozman bin Omar
- as new directors of the Company and nominate

- (a) Mr. Sirot Setapanthu
- (b) Mr. Yuthaphong Ma and
- (c) Mr. Dinesh Nambiar

as new directors replacing the current directors that are to resign, including the amendment of the authorized director signatories as proposed.

### **Voting**

The resolution of this agenda must be passed by a majority vote of the shareholders attending the meeting and having the right to vote excluding those of the shareholders with conflicts of interest.

In this agenda, there are no shareholders having conflicts of interest and having no right to vote.

**Agenda 9      Consider other matters (if any)**

This agenda is for shareholders to ask questions and/or express various opinions to the Board of Directors (if any) and/or to request clarification and answers to shareholders' questions without bringing any other business to the meeting for approval. No resolutions will be made on this agenda.

Agenda items 2-8 are related and interdependent on one another. If any of those agenda items is not approved, it will be deemed that all previously approved agendas will be cancelled, and no further agendas will be considered.

The Company has set November 2, 2021 as the date for determining the shareholders entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2021.

The Board of Directors, mindful of and concerned about shareholders' health and safety in the wake of the COVID-19 pandemic, has resolved to hold the Extraordinary General Meeting of Shareholders No. 1/2021 via electronic media. Shareholders wishing to attend the meeting in person or appoint a proxy are requested to follow the procedure for attending the meeting via electronic media, which is detailed in *Enclosure 13*. Shareholders can appoint independent directors to attend the meeting and vote on their behalf for the sake of convenience. *Enclosures 15 and 16* contain information on proxy forms to be submitted to independent directors, as well as information on independent directors who serve as proxy representatives.

The Company will register and count votes electronically during the Extraordinary General Meeting of Shareholders No. 1/2021. A representative of a legal advisory firm will be invited to inspect the vote and oversee the meeting to ensure that it is transparent and in accordance with applicable laws, the Company's Articles of Association, and the principles of good corporate governance.

To make information more convenient and accessible to shareholders, the Company has posted this invitation notice to the Extraordinary General Meeting of Shareholders No. 1/2021, proxy forms, and various documents related to this meeting, including a document download manual, on the Company's website at [www.aavplc.com](http://www.aavplc.com) in both Thai and English.

With sincere regards,

*(Mr. Vichate Tantiwanich)*

Chairman of the Board

Asia Aviation Public Company Limited