



(Translation)

AAV04/2022

February 9, 2022

Subject: Information on the Aircraft Sale and Leaseback Transaction

Attention: President
Stock Exchange of Thailand

Enclosure: Information Memorandum of Asia Aviation Public Company Limited on Acquisition and Disposal of Assets Concerning the Aircraft Sale and Leaseback Transaction

Reference is made to the fact that the Board of Directors of Asia Aviation Public Company Limited (the "Company") resolved in the Board of Directors Meeting No. 4/2021, convened on August 13, 2021, to approve the entering into the aircraft sale and leaseback transaction and the aircraft lease transaction between Thai AirAsia Co., Ltd. ("TAA"), a subsidiary engaging in the main business of the Company, and Aircraft Leasing Company which can be summarised as follows:

1. The Board of Directors approved that TAA enter into the aircraft sale and leaseback transaction with Sky Aero Management Limited or the person designated by Sky Aero Management Limited ("Sky"). The transaction comprises the sale of 4 aircraft and the lease of 4 of the sold aircraft back in order to further use the leasing aircraft in the Company's business operation with the following details.
 - 1.1 The asset disposal transaction by selling the aircraft to Sky. The total value of consideration of this transaction is USD 101.25 million or approximately THB 3,338.56 million¹
 - 1.2 The asset acquisition transaction by leasing the aircraft from Sky. The value of this transaction is approximately USD 79.19 million² or approximately THB 2,610.99 million³.
2. The Board of Directors approved that TAA enter into the aircraft sale and leaseback transaction with Avolon Aerospace Leasing Limited or the person designated by Avolon Aerospace Leasing Limited ("Avolon"). The transaction comprises the sale of 3 aircraft and the lease of 3 of the sold aircraft back in order to further use the leasing aircraft in the Company's business operation with the following details.
 - 2.1 The asset disposal transaction by selling the aircraft to Avolon. The total value of consideration of this transaction is USD 67.30 million or approximately THB 2,219.02 million⁴

¹ Weighted exchange rate between commercial banks as at February 8, 2022, THB 32.972 to USD 1.

² Information based on the calculation of the aircraft rental rate as at February 8, 2022.

³ Please refer to Footnote 1.

⁴ Please refer to Footnote 1.

2.2 The asset acquisition transaction by leasing the aircraft from Avolon. The value of this transaction is approximately USD 43.42 million⁵ or approximately THB 1,431.61 million⁶.

3. The Board of Directors approved that TAA enter into the aircraft lease transaction with Avolon by leasing 1 aircraft which is the asset acquisition by such transaction which will have value approximately USD 8.88 million⁷ or approximately THB 292.79 million⁸.

The details on the Sale Transaction and the Lease Transaction are set out in the Information Memorandum of Asia Aviation Public Company Limited on Acquisition and Disposal of Assets Concerning the Aircraft Sale and Leaseback Transaction (Enclosure).

4. The Board of Directors approved the authorisation of the Chief Executive Office and/or Chief Financial Officer of the Company to undertake any necessary or relevant act, as well as to determine or change any terms, conditions, and details which are relevant to and can facilitate the entering into of the Sale Transaction and the Lease Transaction for the completion of such transactions.

In addition, after the Board of Directors had taken into account the overall benefits to both the Company and TAA, the potential impact, as well as the bargaining power with respect to the entering into of the relevant agreements, the Board of Directors was of the view that on the date on which the Board of Directors approved the aforementioned transactions, the arrangements and conditions were still under the signing process with respect to the agreements relevant to such transactions, which were not yet in effect, and the time of the disclosure is material, the Company, therefore, did not disclose the details on the entering into of the transaction to the investors and the Stock Exchange of Thailand (the “**Stock Exchange**”) immediately after the Board of Directors approved the entering into of the transactions on August 13, 2021. Now that, TAA has entered into the agreements relevant to the aircraft sale and leaseback transaction with Sky and Avolon (with respect to 7 aircraft) including the aircraft lease transaction with Avolon (with respect to 1 aircraft), and the details with respect to the entering into of the transaction are certain and have been concluded, the Company would like to inform you of the material details on the entering into of the transactions, and disclose the information on the entering into of the transaction to the investors and the Stock Exchange. In this regard, the Company expects that the transactions will be completed by the first quarter of the year 2022, unless otherwise agreed.

⁵ Please refer to Footnote 2.

⁶ Please refer to Footnote 1.

⁷ Please refer to Footnote 2.

⁸ Please refer to Footnote 1.

Please be informed accordingly.

Sincerely yours,

(Mr. Santisuk Klongchaiya)

Chief Executive Office

Authorised to sign on behalf of the Company

(Translation)

Information Memorandum of Asia Aviation Public Company Limited
on Acquisition and Disposal of Assets
Concerning the Aircraft Sale and Leaseback Transaction

The Board of Directors of Asia Aviation Public Company Limited (the “Company”) resolved in the Board of Directors Meeting No. 4/2021, convened on August 13, 2021 to approve the entering into the aircraft sale and leaseback transaction and the aircraft lease transaction between Thai AirAsia Co., Ltd. (“TAA”), a subsidiary engaging in the main business of the Company, and Aircraft Leasing Company namely, Sky Aero Management Limited or the person designated by Sky Aero Management Limited (“Sky”) and Avolon Aerospace Leasing Limited or the person designated by Avolon Aerospace Leasing Limited (“Avolon”). The transactions are considered as the acquisition and disposal of assets which can be summarised as follows:

1. The Board of Directors approved that TAA enter into the asset disposal transaction by selling the 4 aircraft to Sky and 3 aircraft to Avolon. The total value of consideration of this transaction is USD 168.55 million or approximately THB 5,557.58 million¹ (the “Sale Transaction”);

The Sale Transaction represents the highest transaction value of 8.87 percent, calculated based on the Total Value of Consideration Basis, compared with the total assets of the Company under the Consolidated Financial Statements of the Company for the period ending September 30, 2021, which were reviewed by the auditor. In this regard, there were no other asset disposal transactions during the past 6 months before the date of this transaction. This asset disposal transaction is lower than 15 percent. The Company, therefore, has no duties under the Notifications on Acquisition or Disposal. Nevertheless, in the best interests of the shareholders, the Company deems it appropriate to disclose the information on the Sale Transaction at the same time as the Lease Transaction.

In this regard, the Sale Transaction is not considered a connected transaction of the Company under the 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 the Connected Transactions B.E. 2536 (2003) (including any amendment thereto) (collectively, the “Notifications on Connected Transactions”).

¹ Weighted exchange rate between commercial banks as at February 8, 2022, THB 32.972 to USD 1.

2. The Board of Directors approved that TAA enter into the asset acquisition transaction by leasing 4 of the sold aircraft back from Sky and 3 of the sold aircraft back from the Avolon in order to further use the leasing aircraft in the Company's business operation as well as approved the leasing 1 more aircraft from Avolon. The value of this transaction is approximately USD 131.49 million² or approximately THB 4,335.49 million³ (the "**Lease Transaction**").

The Lease Transaction represents a transaction value of 6.71 percent, calculated based on the Total Value of Consideration Basis, compared with the total assets of the Company under the Consolidated Financial Statements of the Company for the period ending September 30, 2021, which were reviewed by the auditor. Considering that, after such transaction value is combined with other asset acquisition transactions which occurred during the past 6 months⁴, such as 1) Increase capital in Thai AirAsia by THB 3,900 million 2) Purchase the remaining Thai AirAsia shares for another 30.8 percent, bringing the Company's ownership of Thai AirAsia to nearly 100% at the value of THB 3,900 million, which comprise 8.8 percent, the total value of the asset acquisition transaction will be 15.51 percent. This asset acquisition transaction is classified as a Class 2 Transaction, i.e., a transaction with the value of 15 percent or higher but lower than 50 percent as provided by the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (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 the Acquisition and Disposition of Assets B.E. 2547 (2004) (including any amendment thereto) (collectively, the "**Notifications on Acquisition or Disposal**"). Consequently, subject to the Notifications on Acquisition or Disposal, the Company shall have the following duties:

- (a) to seek and obtain approval on the entering into of the transaction from the Board of Directors;
- (b) to disclose the information on the acquisition and disposal of assets of the Company to the Stock Exchange of Thailand (the "**Stock Exchange**"); and
- (c) to deliver a letter to the shareholders informing them of the asset acquisition and disposal of the Company and its subsidiaries within the period of 21 days from the date on which the Company discloses the transaction to the Stock Exchange.

² Information based on the calculation of the aircraft rental rate as at February 8, 2022.

³ Please refer to Footnote 1.

⁴ According to the notification of the resolutions of the Board of Directors Re: the Shareholding Restructuring Plan of the Company and Thai AirAsia to the Stock Exchange of Thailand dated October 19, 2021

In this regard, the Lease Transaction is not considered a connected transaction under the Notifications on Connected Transactions.

TAA will enter into the Aircraft Lease Agreement after the Sale Transactions under each Aircraft Sale Agreement are completed.

The Company and TAA are of the view that the asset disposal transaction and the asset acquisition transaction are reasonable and beneficial to the business operation of TAA.

The Company, therefore, would like to inform you of the details of the transactions as required by the Notifications on Acquisition or Disposal.

1. Date of the transactions

1.1 Asset disposal transaction

The Sale Transaction will occur after the conditions precedent under the Aircraft Sale Agreement and other relevant agreement(s) (any one of them or several of them) are fully satisfied or waived. Unless otherwise agreed by the parties, it is expected that the Sale Transaction will be completed by the first quarter of the year 2022.

1.2 Asset acquisition transaction

The Lease Transaction will occur after the conditions precedent under the Aircraft Lease Agreement and other relevant agreement(s) (any one of them or several of them) are fully satisfied or waived. Unless otherwise agreed by the parties, it is expected that the Lease Transaction will be effective by the first quarter of the year 2022.

2. Parties involved and their relationship with the Company

2.1 Asset disposal transaction

Buyer: 1) Sky Aero Management Limited or the person designated by Sky Aero Management Limited

2) Avolon Aerospace Leasing Limited or the person designated by Avolon Aerospace Leasing Limited

Seller: Thai AirAsia Co., Ltd., a subsidiary of the Company in which the Company holds 100 percent of its total issued and sold shares.

Relationship: None. The seller is not a connected person of the Company under the Notifications on Connected Transactions.

2.2 Asset acquisition transaction

Lessor/Sublessor: 1) Sky Aero Management Limited or the person designated by Sky Aero Management Limited

2) Avolon Aerospace Leasing Limited or the person designated by Avolon Aerospace Leasing Limited

Lessee/Sublessee: Thai AirAsia Co., Ltd., a subsidiary of the Company in which the Company holds 100 percent of its total issued and sold shares.

Relationship: None. The lessor or the sublessor is not a connected person of the Company under the Notifications on Connected Transactions.

3. General characteristics, type, and value of the transactions

3.1 General characteristics and type of the transactions

3.1.1 Asset disposal transaction

TAA will sell the aircraft to Sky and Avolon. The Sale Transaction represents a value of USD 168.55 million or approximately THB 5,557.58 million⁵. In this regard, the Sale Transaction will be in accordance with the terms and conditions specified in the Aircraft Sale Agreement and other relevant agreement(s) (any one of them or several of them).

3.1.2 Asset acquisition transaction

TAA will lease the sold aircraft back from Sky and Avolon in order to further use them in its business operation including the leasing 1 more aircraft from Avolon. The Lease Transaction represents a value of approximately USD 131.49 million⁶ or approximately THB 4,335.49 million⁷. In this regard, the Lease Transaction will be in accordance with the terms and conditions specified in the Aircraft Lease Agreement and other relevant agreement(s) (any one of them or several of them).

3.2 Transaction value

3.2.1 Asset disposal transaction

The transaction value with respect to the Selling Aircraft which will be sold to Sky and Avolon will be USD 168.55 million or approximately THB 5,557.58 million⁸. The value of consideration for the transaction will

⁵ Please refer to Footnote 1.

⁶ Please refer to Footnote 2.

⁷ Please refer to Footnote 1.

⁸ Please refer to Footnote 1.

be considered with regard to the useful life of the aircraft, conditions on the repair and maintenance, types and series of the aircraft, etc. In this regard, the calculation of the transaction value under the Notifications on Acquisition or Disposal based on the Consolidated Financial Statements of the Company for the period ending September 30, 2021 which was reviewed by the auditor are detailed as follows:

1. Net Tangible Assets

Not applicable. This transaction is not a disposal of securities.

2. Net Profits

Not applicable. This transaction is not a disposal of securities.

3. Total Value of Consideration

Transaction value	=	<u>Value of the transaction which is paid or received</u>
		Total assets of the Company and subsidiaries
	=	<u>5,729.98*</u>
		64,589.50
	=	8.87%

* In case of assets disposal, compare total value of consideration paid or received and its book value. The book value is higher will be used for the calculation

4. Value of securities which are issued by the listed company for the assets acquired

Not applicable. There is no issuance of securities.

The value of the Sale Transaction will be equivalent to 8.87 percent, which is the highest value calculated by applying the Total Value of Consideration basis, based on the Consolidated Financial Statements of the Company for the period ending September 30, 2021, which were reviewed by the auditor. In this regard, there were no other asset disposal transactions during the past 6 months.

The Company, therefore, has no duties under the Notifications on Acquisition or Disposal.

3.2.2 Asset acquisition transaction

TAA will lease the aircraft with the lease term as specified under Item 4. *“Details of the assets to be acquired or disposed of”*. The Lease Transaction represents a value of approximately USD 131.49 million⁹ or approximately THB 4,335.49 million¹⁰. In this regard, the calculation of the transaction value under the

⁹ Please refer to Footnote 2.

¹⁰ Please refer to Footnote 1.

Notifications on Acquisition or Disposal based on the Consolidated Financial Statements of the Company for the period ending September 30, 2021 which was reviewed by the auditor are detailed as follows:

1. Net Tangible Assets

Not applicable. This transaction is not an acquisition of securities.

2. Net Profits

Not applicable. This transaction is not an acquisition of securities.

3. Total Value of Consideration

$$\begin{aligned}
 \text{Transaction value} &= \frac{\text{Value of the transaction which is paid or received}}{\text{Total assets of the Company and subsidiaries}} \\
 &= \frac{4,335.49}{64,589.50} \\
 &= 6.71\%
 \end{aligned}$$

4. Value of securities which are issued by the listed company for the assets acquired

Not applicable. There is no issuance of securities.

The value of the Lease Transaction will be equivalent to 6.71 percent, which is the highest value calculated by applying the Total Value of Consideration basis, based on the Consolidated Financial Statements of the Company for the period ending September 30, 2021, which were reviewed by the auditor. In addition, after such transaction value is combined with other asset acquisition transactions which occurred during the past 6 months, which comprise 8.8 percent, the total value of the asset acquisition transaction will be 15.51 percent.

As a result of such value, the Sale Transaction is classified as a Class 2 Asset Disposal Transaction under the Notifications on Acquisition or Disposal.

4. Details of the assets to be acquired or disposed of

No.	Transaction	Details	Approximate Consideration/Rental (million THB)	Approximate Net Book Value (million THB)
1.	Asset disposal transaction			
1.1	Sale of assets	To sell seven A320 Ceo aircraft	5,557.58 ¹¹	5,729.98

¹¹ Please refer to Footnote 1.

No.	Transaction	Details	Approximate Consideration/Rental (million THB)	Approximate Net Book Value (million THB)
		with the useful life of between 7 years to 9 years.		
2. Asset acquisition transaction				
2.1	Lease of assets	<ul style="list-style-type: none"> - To lease seven A320 Ceo aircraft. The lease term of each leasing aircraft will be equivalent to the remaining term from the total of 15 years from the original delivery date, which will vary from 6 years to 7 years. - To lease one A320 Ceo aircraft with the lease term of 6 years 	4,335.49 ¹²	None

5. Total value of consideration and value of assets to be acquired or disposed of and payment method

5.1 Total value of consideration and value of assets to be acquired or disposed of

5.1.1 Asset disposal transaction

The total value of consideration of the Sale Transaction will be in accordance with the terms and conditions specified in the Aircraft Sale Agreement. The total value of consideration of the Sale Transaction is USD 168.55 million or approximately THB 5,557.58 million¹³, and the value of assets from the transaction to dispose of the assets according to book value is USD 173.78 million or approximately THB 5,729.98 million¹⁴.

Details of each asset are set out in Item 4. “*Details of the assets to be acquired or disposed of*”.

5.1.2 Asset acquisition transaction

¹² Please refer to Footnote 1.

¹³ Please refer to Footnote 1.

¹⁴ Please refer to Footnote 1.

The total value of consideration of the Lease Transaction will be in accordance with the terms and conditions specified in the Aircraft Lease Agreement. The total value of consideration of the Lease Agreement will be approximately USD 131.49 million¹⁵ or approximately THB 4,335.49 million¹⁶, and the value of assets from the transaction to acquire the assets under the Lease Transaction is USD 131.49 million¹⁷ or approximately THB 4,335.49 million¹⁸.

In this regard, details on the lease term and approximate value of each asset are set out in Item 4. "*Details of the assets to be acquired or disposed of*".

5.2 Payment method

5.2.1 Asset disposal transaction

Sky and Avolon will pay TAA the price of the assets in cash. The payment method for the Sale Transaction will be in accordance with the terms and conditions specified in the Aircraft Sale Agreement.

5.2.2 Asset acquisition transaction

The payment for the Lease Transaction will be made in advance on a monthly basis in accordance with the terms and conditions specified in the Aircraft Lease Agreement.

6. Basis used to determine the total value of consideration

6.1 Asset disposal transaction

The basis used to determine the total value of consideration will be based on an arm's length transaction, having the terms and conditions as specified in the Aircraft Sale Agreement. The transaction value will be equivalent to USD 168.55 million or approximately THB 5,557.58 million¹⁹ and the value of assets according to the Book Value at USD 173.78 million or approximately THB 5,729.98 million²⁰. The price of the assets will be subject to the agreement between the relevant contractual parties by taking into consideration the relevant factors, e.g., bidding, useful life of the aircraft, conditions on the repair and maintenance, types, series of the aircraft and the situation of aviation industry.

6.2 Asset acquisition transaction

¹⁵ Please refer to Footnote 2.

¹⁶ Please refer to Footnote 1.

¹⁷ Please refer to Footnote 2.

¹⁸ Please refer to Footnote 1.

¹⁹ Please refer to Footnote 1.

²⁰ Please refer to Footnote 1.

The basis used to determine the total value of consideration will be based on an arm's length transaction, having the terms and conditions as specified in the Aircraft Lease Agreement. TAA will lease the assets with the lease term as specified under Item 4. "*Details of the assets to be acquired or disposed of*". The transaction value will be approximately USD 131.49 million²¹ or approximately THB 4,335.49 million²².

7. Expected benefits to the Company

- The entering into of the aircraft sale and leaseback transaction is part of TAA's fleet management strategy, to manage any risks related to changes in the future value of the aircraft due to any changes in technology which cause newer models of aircraft to be more efficient. TAA will enter into the Sale Transaction during the period in which the value of and demand for the aircraft are still high.
- After the repayment of the loans which were secured from the financial institutions for the finance lease of the Selling Aircraft, TAA will have net cash of approximately THB 1,689.93 million which can be used as working capital. However, TAA will be subject to higher maintenance expenses, with recognition arising from a change in the nature of transactions, from that of finance lease to operating lease. Such change may affect the business operations of the Company for a period of time.

8. Sources of funds for the acquisition of assets

The funds to be used for the Lease Transaction will be obtained from the cash flow from the business operation of TAA.

9. Utilisation of funds derived from the disposal of assets

The Company and/or TAA may use the funds received from Sky and Avolon as working capital and/or for other purposes which the Board of Directors deem to be of the most benefit to the Company and/or TAA.

10. Conditions on entering into of the transactions

10.1 Asset disposal transaction

The asset disposal transaction will occur after the conditions specified in the Aircraft Sale Agreement are fully satisfied, e.g., obtaining approval for the entering into of the transaction from the Board of Directors and/or any other relevant agency (if any), to fully repay the outstanding amounts of the finance lease agreements and/or the loan agreements to the financial institutions in relation to each aircraft, etc.

²¹ Please refer to Footnote 2.

²² Please refer to Footnote 1.

10.2 **Asset acquisition transaction**

None.

11. **Opinions of the Board of Directors on entering into of the transactions**

Board of Directors Meeting No. 4/2021, convened on August 13, 2021, has, with its duty of royalty and duty of care, taken into consideration the details relevant to the Sale Transaction and Lease Transaction in the best interests of the Company, in resolving to approve that TAA enter into the Sale Transaction and Lease Transaction. The Board of Directors is of the view that the entering into of the transactions is reasonable and in the best interests of the Company and its shareholders, for it is TAA's fleet management strategy to manage any risks related to changes in the future value of the aircraft due to any changes in technology which cause newer models of aircraft to be more efficient. Moreover, this will increase working capital for TAA's business operation.

12. **Opinions of the Audit Committee and/or directors which are different from those of the Board of Directors under Item 11.**

None.

Sincerely yours,

(Mr. Santisuk Klongchaiya)

Chief Executive Office

Authorised to sign on behalf of the Company