

Information Memorandum of the Acquisition of Assets 2

of

Sakol Energy Public Company Limited

The Meeting of the Board of Directors of Sakol Energy Public Company Limited (“the Company” or “SKE”) No. 2/2018, held on 23 February 2018, resolved to approve the Company to invest in biomass power plant project for generating the electricity on the size capacity of 9.90 MW and sell at the maximum capacity of 8.00 MW to the Provincial Electricity Authority at Moo 3, Ban Mae Krating, Paitoan Sub-district, Rongkwang District, Phrae Province. Due to the policy of purchasing the electricity from the small power producer (for power generated from renewable energy), Mae Krating Power Company Limited (“MKP”) has entered into sale and purchase agreement with the Provincial Electricity Authority #VSPP-PEA-011/2014 on 23 June 2014 and the amendment of VSPP-PEA-011/2014 No.1 which the investment amount of 798,840,000 Baht is divided into:

- 1) The Company will buy 2,000,000 ordinary shares of MKP at a price of 40 Baht per share (at par value of 10 Baht each) from STFE Company Limited (“STFR”) which equal to 80 per cent of registered and paid-up capital of 25,000,000 Baht at the amount of 80,000,000 Baht.
- 2) After completion of procedure in No.1, MKP will increase its share capital by 25,730,000 shares (at par value of 10 Baht each) totaling to 257,300,000 Baht by way of Right Offering. The Company will subscribe the shares to preserve the shareholding right of 80 per cent at 10 Baht per share, totaling to 205,840,000 Baht.

After completion of procedure in No.1 and No.2, MKP will have registered and paid-up capital of 28,230,000 shares which the Company holds 22,584,000 shares (80 per cent).

- 3) Additional investment for biomass power plant project and its working capital will be 513,000,000 Baht.

Hereby, STFE Company Limited, the existing shareholder of MKP is not related party with the Company (“the Transaction”) and the details are as follows:

Date of the Transaction

The Company will invest in MKP within quarter 2 this year after the General Meeting of Shareholders of the Company for 2018, held on 19 April 2018, resolves to approve to enter into the Transaction.

1. Details of Buyer and Seller

Buyer : Sakol Energy Public Company Limited

Seller : STFE Company Limited (“STFE”)

Relationship with the registered company : The seller is not a related party with the Company.

List of Shareholders of STFE and companies that hold shares in STFE

No.	Name	STFE	Renewable Energy and Sustainability Co., Ltd.	Energy Development Co., Ltd.	BMG Energy Pcl.
1	Renewable Energy and Sustainability Company Limited	60.00	-	-	-
2	Energy Development Company Limited	14.41	-	-	-
3	BMG Energy Public Company Limited	-	22.29	-	-
4	Sri U-Thong Company Limited (Hong Kong)	-	33.33	-	-
5	<u>Cholvanich Group</u>	23.50	40.77	45.00	28.59
	Mr. Pattanapong Cholvanich	23.50	-	15.00	-
	Mr. Napol Cholvanich	-	14.69	-	8.69
	Mr. Suppawat Cholvanich	-	14.69	-	8.69
	Ms. Viravadee Cholvanich	-	11.39	-	8.69
	Mr. Sukrit Cholvanich	-	-	15.00	-
	Mr. Nuttapon Cholvanich	-	-	15.00	-
	Mr. Veerawat Cholvanich	-	-	-	2.52
6	<u>Aiem-Charoenying Group</u>	-	-	-	7.50
	Mr. Narongrit Aiem-Charoenying	-	-	-	3.21
	Ms. Yaninee Aiem-Charoenying	-	-	-	1.43
	Ms. Pailin Aiem-Charoenying	-	-	-	1.43
	Mr. Mano Aiem-Charoenying	-	-	-	1.43
7	<u>Prapasirikul Group</u>	-	-	-	6.09
	Mrs. Roongrat Prapasirikul	-	-	-	3.59
	Mr. Taveerat Prapasirikul	-	-	-	2.50
8	<u>Mahittivanich Group</u>	-	-	-	5.63
	Ms. Kanya Mahittivanich	-	-	-	2.50
	Mr. Tunwa Mahittivanich	-	-	-	2.50
	Mr. Pittaya Mahittivanich	-	-	-	0.63
9	<u>Er-karawa Group</u>	-	-	-	5.58
	Mr. Chatchai Er-karawa	-	-	-	2.79
	Mrs. Nunsiri Er-karawa	-	-	-	2.79
	<u>Others</u>				
10	Mrs. Sirisook Riewruengsook	-	-	20.00	-

No.	Name	STFE	Renewable Energy and Sustainability Co., Ltd.	Energy Development Co., Ltd.	BMG Energy Pcl.
11	Mr. Tulyawat Kulkiatvanich	-	-	20.00	-
12	Mrs. Punrapee Soothiwan	-	-	15.00	-
13	Mr. Chamni Chanchai	-	-	-	38.13
14	V & V Management Consultant Company Limited	-	-	-	8.50
15	Other shareholders	2.09	3.61	-	-
	Total	100.00	100.00	100.00	100.00

2. General Characteristics and Size of the Transaction

2.1 General Characteristics of the Transaction

The Company will invest in the business of power plant and sell out the electricity which investment amount of 798,840,000 Baht is divided into:

- 1) The Company will buy 2,000,000 ordinary shares of MKP at a price of 40 Baht per share (at par value of 10 Baht each) from STFE Company Limited which equal to 80 per cent of registered and paid-up capital of 25,000,000 Baht at the amount of 80,000,000 Baht.
- 2) After completion of procedure in No.1, MKP will increase its share capital by 25,730,000 shares (at par value of 10 Baht each) totaling to 257,300,000 Baht by way of Right Offering. The Company will subscribe the shares to preserve the shareholding right of 80 per cent at 10 Baht per share, totaling to 205,840,000 Baht.

After completion of procedure in No.1 and No.2, MKP will has registered and paid-up capital of 28,230,000 shares which the Company holds 22,584,000 shares (80 per cent).

- 3) Additional investment for biomass power plant project and its working capital will be 513,000,000 Baht.

MKP has entered into the power purchase agreement from the small power producer (for power generated from renewable energy) with the Provincial Electricity Authority # VSPP-PEA-011/2014 on 23 June 2014 and its amendment No.1.

After investment of the Company, MKP will sign contract with Advance Power Conversion Company Limited ("APCON") for construction of power plant in turnkey project, including construction work, building work, system work, machinery installation & testing and others which expect to take about 14 months.

2.2 The Calculation of the Size of the Transaction

The mentioned Transaction is constituted as an asset acquisition transaction under the Notification of The Capital Market Supervisory Board, TorJor. 20/2008 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (including the amendment of the announcement), 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 or Disposition of Assets, 2004 (including the amendment of the announcement) (“The Notification of the Acquisition or Disposition”). When calculated according to the criteria from the mentioned announcement, the maximum transaction size equal to 76.74 per cent regarding the criteria on total value of consideration, which is in reference to the consolidated financial statements of the Company ended 31 December 2017, and such transaction size together with the acquisition of assets during the past 6 months regarding the criteria on total value of consideration equal to 11.54 per cent, causes the transaction size equal to 88.28 per cent which is considered as Class 1.

The Calculation of the Size of the Transaction

Unit : Million Baht

Financial Information	The Company ¹	MKP ²
Total assets	1,040.95	13.10
Intangible assets	3.89	-
Total liabilities	155.03	0.02
Minority interest	-	-
Net tangible assets (NTA)	882.04	13.08
Registered and paid-up capital	465.00	15.00
Net profit for the year	73.02	(1.35)
Total consideration	798.84	-

Remark: ¹The consolidated financial statements of the Company ended 31 December 2017

²The consolidated financial statements of MKP ended 31 December 2017

Details of the calculation of the transaction size are as follows:

Calculation Method	Size of the Transaction
1. Criteria on net tangible assets	1.19%
2. Criteria on net profit from operation	Cannot be calculated
3. Criteria on total value of consideration ¹	76.74%
4. Criteria on total value of capital shares	No new shares issued

Remark: ¹Criteria on total value of consideration calculated from (1) Value from purchase existing shares and increase shares of 285.84 Million Baht and (2) 513.00 Million Baht of Loans from the financial institutions

Therefore, the Transaction will have the maximum transaction size based on the criteria on total value of consideration equal to 76.74 per cent. When added by the value of acquisition of assets for the past 6 months equal to 11.54 per cent, the transaction size equal to 88.28 per cent regarding the criteria on total value of consideration, the size of which will be greater than 50 per cent but not exceed 100 per cent, and that is considered as the Acquisition of Assets Class 1. Therefore, the Company is responsible to disclose the Information Memorandum of the Acquisition of Assets to the SET, and request for an approval to enter into the Transaction from the shareholders' meeting of the Company with affirmative votes of not less than three-fourth of the votes attending the meeting and having the right to vote, excluding the votes from the shareholders who have conflict of interest. In addition, the Company is required to appoint an Independent Financial Advisor to give opinion regarding the rationale of the Transaction, the fairness of the price and the conditions of the Transaction, and present to the shareholders of the Company for consideration.

3. Details of the Purchased Assets

MKP operates as power plant who generate electricity according to biomass power plant project on the size capacity of 9.90 MW and sell electricity at the maximum capacity of 8.00 MW to the Provincial Electricity Authority. The Company will buy MKP shares from STFE Company Limited and subscribe the increased share in order to preserve the shareholding right.

Details of MKP

Company name	:	Mae Krating Power Company Limited
Address	:	388, 2 nd Floor, SP Building, Phaholyothin Road, Samsennai Sub-district, Phayathai District, Bangkok
Registered and paid-up capital	:	25,000,000 Baht, divided into 2,500,000 shares at par value of 10.00 Baht each
Board of Directors	:	<u>Before the Transaction</u> Mr. Parl Pasajarksathru

After the Transaction

Mr. Parl Pasajarksathru and four representative persons from the Company

No.	Name	Before Transaction		After Transaction ¹	
		No. of shares	%	No. of shares	%
1	STFE Company Limited	2,000,000	80.00	-	-
2	Mr. Parl Pasajarksathru	498,500	19.94	5,629,062	19.94
3	Mr. Prasong Limsirichai	1,500	0.06	16,938	0.06
4	Sakol Energy Public Company Limited	-	-	22,584,000	80.00
	Total	2,500,000	100.00	28,230,000	100.00

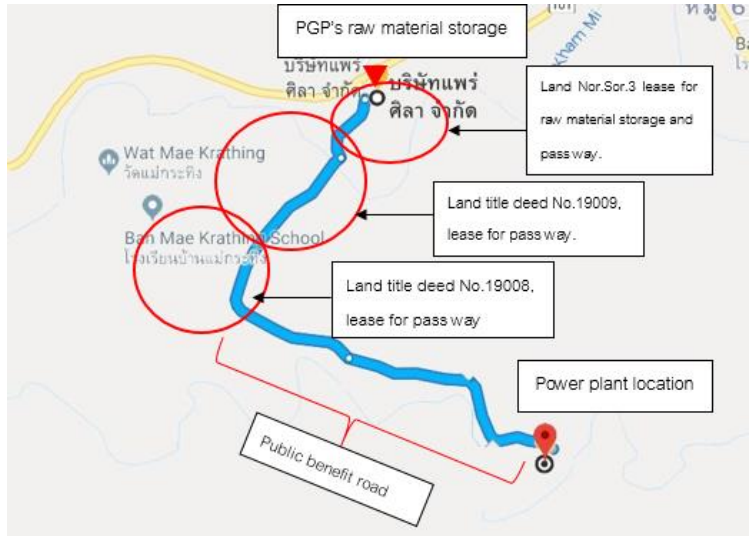
Remark: ¹MKP will increase the registered share capital by 25.73 Million Shares.

MKP will invest in Phrae Green Power Company Limited (“PGP”) according to the precedent condition to the agreement to buy and sell shares of MKP. Hereby, PGP have registered and paid-up capital of 5,000,000 Baht (par value at 100 Baht each) and MKP will hold 60 per cent of shareholding. The other 40 per cent will be hold by (1) Miss Kamonwan Karthongthung for 10 per cent (2) Mr. Worachart Tavichai for 10 per cent and (3) Miss Varanya Wiangthong for 10 per cent and (4) Mr. Sarakorn Suklor for 10 per cent.

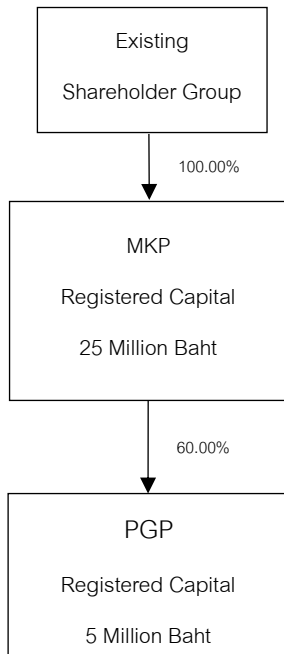
At present, MKP use staff from STFE Company Limited and hired as consultants to coordinate with agencies in Phrae province.

PGP aims to purchase raw materials which mostly are corncobs from retailers, then grind and store raw material. All of raw materials will be sold to MKP at market price based on market price from Suchin’s corn purchasing field and Somchai’s corn purchasing field who are the main sellers, and in general trade terms.

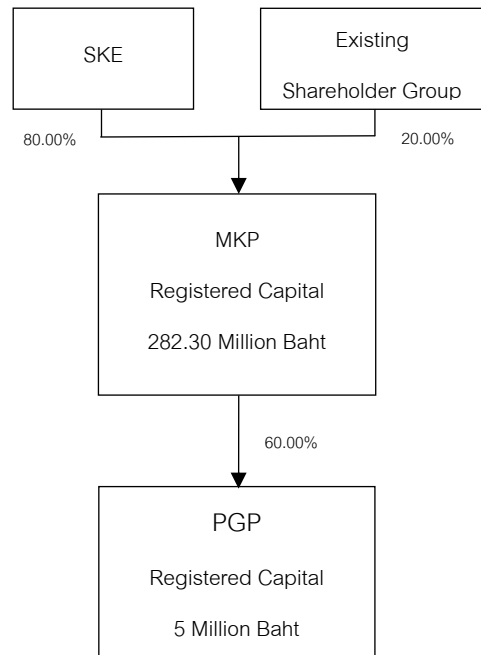
Since the space of biomass power plant, storage, and purchasing field of MKP is not enough and location of power plant is inconvenience to directly purchase raw materials from retailers. Hence, MKP has to look for additional space which should not far from the existing plant. PGP owns the area of 29-1-20 Rai, which is only 2.1 kilometers away from the existing plant. The land is leased for 20 years which is relevant to term indicated in sale and purchase agreement of electricity. There is no raw material storage on rental area. PGP will build raw material storage when it starts to purchase from retailers. At present, PGP does not operate in any business.



Shareholder Structure before the Transaction



Shareholder Structure after the Transaction



Land of power plant location

MKP purchased land from Mrs. Siriwan Pasajarksathru at the beginning of 2018. At present, the right to occupy the land is Nor.Sor.3 with total area of 34-1-36 Rai. According to Legal Due Diligence Report there was an evidence of certificate of tread on land in 1930. Later in 1955, the Department of Land issued a notification of land acquisition (Sor.Kor.1). Later in 1964, the Department of Land issued a certificate of utilization (Nor.Sor.3).

At present, mapping process of land is completed and application process for a title deed is subject to be approved by the relevant governmental committees.

The Summary of Financial Position and Operating Result

Mae Krating Power Company Limited

The financial statement of MKP as of 31 December 2015, 31 December 2016 and 31 December 2017 were audited by the authorized auditor of MKP.

(1) Statement of Financial Position

Unit: Thousand Baht

Statement of Financial Position	For the year ended 31 December		
	2015	2016	2017
Assets			
Current assets			
Cash and cash equivalents	61.90	45.47	2.60
Short-term loans to directors	75.00	-	-
Other current assets	21.42	787.84	853.28
Total current assets	158.32	833.31	855.88
Non-current assets			
Project Development Fee Before Implementation	-	11,867.09	12,246.20
Total non-current assets	-	11,867.09	12,246.20
Total assets	158.32	12,700.40	13,102.08
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Advances from related companies	6.00	11,666.84	-
Short-term borrowings from directors	-	370.01	-
Accrued expenses	10.00	228.62	17.00
Other current liabilities	-	1.50	-
Total current liabilities	16.00	12,266.97	17.00
Total liabilities	16.00	12,266.97	17.00
Shareholders' equity			
Share capital			
Registered share capital			
Ordinary shares, 100,000 shares at par value of 10.00 Baht each	1,000.00	1,000.00	-
Ordinary shares, 1,500,000 shares at par value of 10.00 Baht each	-	-	15,000.00

Unit: Thousand Baht

Statement of Financial Position	For the year ended 31 December		
	2015	2016	2017
Issued and fully paid-up share capital			
Ordinary shares, 100,000 shares at par value of 5.00 Baht each	500.00	-	-
Ordinary shares, 100,000 shares at par value of 10.00 Baht each	-	1,000.00	-
Ordinary shares, 1,500,000 shares at par value of 10.00 Baht each	-	-	15,000.00
Retained earnings (deficit)	(357.68)	(566.57)	(1,914.92)
Total shareholders' equity	142.32	433.43	13,085.08
Total liabilities and shareholders' equity	158.32	12,700.40	13,102.08

(2) Statement of Comprehensive Income

Unit: Thousand Baht

Statement of Comprehensive Income	For the year ended 31 December		
	2015	2016	2017
Revenues	-	-	-
Administrative expenses	(178.94)	(208.89)	(1,348.36)
Profit (loss) before finance costs and income tax	(178.94)	(208.89)	(1,348.36)
Finance costs	-	-	-
Profit (Loss) before income tax	(178.94)	(208.89)	(1,348.36)
Income tax	-	-	-
Net profit (Loss)	(178.94)	(208.89)	(1,348.36)

Detail of Investment in MKP

Unit: Million Baht

Items	Value
Paid for MKP ordinary shares	80
Investment in Biomass Power Plant Project	
Construction Cost	669
Land Improvement Cost	17
Working Capital	35

Unit: Million Baht

Items	Value
Other Expenses	49
Total Investment in Biomass Power Plant Project	770
Sum Total	850

Summary of Important Contract and Draft of Agreement Related to the Transaction

a) Power purchase agreement

Topic	Details
Contract Party	Purchaser: Provincial Electricity Authority (PEA) Seller: Mae Krating Power Company Limited
Date the contract was signed	23 June 2014 and amended (first amendment) on 8 July, 2015 to change from adder to feed-in tariff (FiT) system
Purchase agreement	PEA agrees to buy and MKP agrees to sell at maximum 8 MW of electrical power. The schedule commercial operation date (SCOD) is 29 September 2018.
Term of contract	The term of the contract is 20 years from the date of commercial operation date (COD) and will be effective until termination under the following conditions: 1) The electricity producer formally submits a written letter to PEA for termination of the PPA. 2) If either party does not follow the conditions set forth in the contract, the injured party may submit a notification to the opposing party. If there is no remedy, the injured party has right to terminate the contract. 3) At the maturity of the project according to the support period, which is in line with the conditions set forth in the notification of the Energy Regulatory Commission. 4) If there is no commencement of electricity distribution within 12 months from SCOD, the contract would be terminated (the SCOD date is 29 September 2018).
Termination of contract	1) The electricity producer formally submits a written letter to PEA for termination of the PPA. 2) If either party does not follow the conditions set forth in the contract, the injured party may submit a notification to the

Topic	Details
	opposing party. If there is no remedy, the injured party has right to terminate the contract.

b) Draft of share purchase contract of Mae Krating Power Company Limited

Topic	Details
Contract Party	Buyer: Sakol Energy Public Company Limited Seller : STFE Company Limited
Value	80,000,000 Baht
Details of assets acquired	2,000,000 ordinary shares of Mae Krating Power Company Limited (at par value of 10 Baht each) equal to 80 per cent of registered and paid-up capital of 25,000,000 Baht
Payment term	1) Cash pledged in amount of 40,000,000 Baht (Deposit) 2) Remaining amounts will be paid on the date of share transfer in amount of 40,000,000 Baht Thus, Buyer and Seller will have to process within 10 days after the date of signing the contract.
Precedent Condition	<u>Purchase</u> 1) Must be approved by the Board and shareholders meeting of the Company. <u>Seller</u> 1) Mae Krating Power Company Limited will entered into share purchase agreement of Phrae Green Power Company Limited with the proportion of 60.00 per cent of registered paid-up capital. 2) Revise the lease agreement between Phrae Green Power Company Limited and Mrs. Siriwan Pasajarksathru to rent the land along the road from Mrs. Siriwan's land 3) MKP has permission to use of the land for electrical wiring with an approval by all relevant agencies.
Subsequent Condition	<u>Seller</u> 1) Issue and deliver the land title deed within 6 months since the land title while making the contract is Nor. Sor.3 No.78 located

Topic	Details
	<p>at Moo 3 Paitoan Sub-district, Rongkwang District, Phrae Province within 6 months.</p> <p>2) The seller must not compete with the Company in Phrae Province for 3 years from the completion of share purchase agreement.</p>
Termination of Contract	<p>1) The party who breach the contract does not proceed to remedy the terms and conditions as agreed in this contract within 30 days from the date received the notice from the injured party. The injured party has the right to terminate the contract, resulting in immediate termination of the contract.</p> <p>2) If share purchase of Mae Krating Power Company Limited or Phrae Green Power Company Limited is not completed, the purchaser has right to terminate the contract, resulting in immediate termination of the contract.</p>
Responsible of seller	<p>1) Repayment of deposit and the remaining amount to purchaser within 7 business days from the date of the contract termination and compensate for any other damages that may occur.</p> <p>2) If the seller fails to repay deposit as scheduled, purchaser is entitled to charge interest on the default amount at rate of 15.00 per year until receiving the payment from seller.</p>

c) Draft of Machinery purchase and installation contract and building construction contract

Topic	Details
Contract Party	<p>Owner: Mae Krating Power Company Limited</p> <p>Contractor: Advance Power Conversion Company Limited</p>
Terms of hire	<p>APCON will be responsible for the design, supply of materials and equipment, logistics, construction, and installation of all machinery for the power plant. APCON will have to make sure that the plant is operational from the date of first payment and MKP transfer of the property under APCON's responsibility.</p>
Price of product and payment terms	<p>The contract price of the project is 669 Million Baht (exclude VAT). payment plan can be identified as follows:</p> <ul style="list-style-type: none"> - Advance payment of 15 per cent for the materials and equipment.

Topic	Details
	<ul style="list-style-type: none"> - Payment of 5 per cent within 15 days of APCON's submission of the plant's blue prints. - Payment of 70 per cent monthly as the project progresses within 15 days. - Payment of 10 percent within 15 days of COD.
Contract enforcement	<ul style="list-style-type: none"> - Performance Bond APCON agrees to submit a performance bond to the owner in the amount of 10 per cent of the contract value with a commercial bank to guarantee their work until the project has been accepted by the owner. - Maintenance Bond APCON agrees to submit a maintenance bond to the owner in the amount of 10 per cent of the contract value with a commercial bank to guarantee their work for a period of two years after the project has been accepted and MKP issues receipt document.
Extension of the work	In the case of unexpected events, APCON must formally notify MKP of the event within 15 days. MKP will consider the impact of the event in order to grant an extension to the deadline as unexpected event impacted.
Breach of contract	<ol style="list-style-type: none"> 1) If APCON cannot finish the project by the deadline, MKP can end the contract immediately. If MKP does not end the contract, APCON agrees to let MKP to impose the following: <ul style="list-style-type: none"> - Fine APCON 0.07 per cent of the total contract value per day, from the date the deadline was missed. The total fine will not exceed 10 per cent of the contract value (66.90 Million Baht). - Collect pledged money from the bank (value of pledge is 66.90 Million Baht) - Allow MKP to hire a new contractor and APCON will compensate for the all additional costs incurred. 2) If APCON cannot deliver the quality of the project of specified in the contract, APCON allows MKP to charge as follows:

Topic	Details
	<ul style="list-style-type: none"> - MKP will charge APCON 50,000 Baht/kW if the guaranteed net plant power output is not as specified in the contract. - MKP will charge APCON 50,000 Baht/kJ/kWh if the guaranteed net plant heat rate is not as specified in the contract. <p>Nonetheless, the total fine will not exceed 10 per cent of the contract value (66.90 Million Baht).</p> <p>3) Both parties agree to commence the contract by 1 June 2018 and electricity distribution must be completed within 14 months. In case of the delay from the contractor, which is promised not to be completed later than 29 September 2019 and if the contractor cannot complete until resulting in termination of the contract, the contractor is responsible for all damages unless such delay is not the contractor's fault.</p>

d) Draft of operation and maintenance contract

Topic	Details
Contract Party	<p>Owner: Mae Krating Power Company Limited</p> <p>Contractor: Advance Power Conversion Company Limited</p>
Term of contract	5 years after COD
Term of hire	<p>APCON will be responsible for sourcing all materials, equipment, and chemicals necessary to operate and maintain the power plant and finding competent staff to operate and maintain the power plant. In addition, APCON will inspect quality control of raw materials used in the production process. APCON will manage the environment inside and outside of the power plant and coordinate with the PEA in recording the electricity units sold, and also coordinate with relevant government authorities to make sure that the plant operates smoothly and effectively.</p>
Payment term	<ol style="list-style-type: none"> 1) 3 months preparation period before COD (Pre-COD) in amounts of 4,500,000 Baht 2) Operating expenses of 1,500,000 Baht per month 3) Annual repair and maintenance fee of 10,400,000 Baht per year

Topic	Details																																																					
	Maintenance fee will be agreed 3 months in advance before the contract was expired.																																																					
Billing and payment	Payment within 15 days after the billing date for each month																																																					
Guarantee, fines and bonus	<p data-bbox="651 443 1391 651">APCON agrees to guarantee that it can produce and sell 60,192,000 units of electricity to PEA per year. If APCON's operation leads to electricity production of more than the guarantee amount above, owner will compensate the bonus rate agreed as follows:</p> <table border="1" data-bbox="651 667 1385 1274"> <thead> <tr> <th data-bbox="655 674 898 786">Electric power (MW)</th> <th data-bbox="898 674 1179 786">Annual electricity production (kWh)</th> <th data-bbox="1179 674 1385 786">Bonus rate (%)</th> </tr> </thead> <tbody> <tr><td data-bbox="655 786 898 846">7.65</td><td data-bbox="898 786 1179 846">60,588,000</td><td data-bbox="1179 786 1385 846">+1.25</td></tr> <tr><td data-bbox="655 846 898 907">7.70</td><td data-bbox="898 846 1179 907">60,984,000</td><td data-bbox="1179 846 1385 907">+2.50</td></tr> <tr><td data-bbox="655 907 898 967">7.75</td><td data-bbox="898 907 1179 967">61,380,000</td><td data-bbox="1179 907 1385 967">+3.75</td></tr> <tr><td data-bbox="655 967 898 1028">7.80</td><td data-bbox="898 967 1179 1028">61,776,000</td><td data-bbox="1179 967 1385 1028">+5.00</td></tr> <tr><td data-bbox="655 1028 898 1088">7.85</td><td data-bbox="898 1028 1179 1088">62,172,000</td><td data-bbox="1179 1028 1385 1088">+6.25</td></tr> <tr><td data-bbox="655 1088 898 1149">7.90</td><td data-bbox="898 1088 1179 1149">62,568,000</td><td data-bbox="1179 1088 1385 1149">+7.50</td></tr> <tr><td data-bbox="655 1149 898 1209">7.95</td><td data-bbox="898 1149 1179 1209">62,964,000</td><td data-bbox="1179 1149 1385 1209">+8.75</td></tr> <tr><td data-bbox="655 1209 898 1270">8.00</td><td data-bbox="898 1209 1179 1270">63,360,000</td><td data-bbox="1179 1209 1385 1270">+10.00</td></tr> </tbody> </table> <p data-bbox="651 1346 1391 1496">If APCON's operation leads to electricity production of less than the guarantee amount above, the contractor will compensate the owner at the fine rate agreed as follows:</p> <table border="1" data-bbox="651 1512 1385 2045"> <thead> <tr> <th data-bbox="655 1518 898 1630">Electric power (MW)</th> <th data-bbox="898 1518 1179 1630">Annual electricity production (kWh)</th> <th data-bbox="1179 1518 1385 1630">Fines rate (%)</th> </tr> </thead> <tbody> <tr><td data-bbox="655 1630 898 1691">7.55</td><td data-bbox="898 1630 1179 1691">59,796,000</td><td data-bbox="1179 1630 1385 1691">-1.25</td></tr> <tr><td data-bbox="655 1691 898 1751">7.50</td><td data-bbox="898 1691 1179 1751">59,400,000</td><td data-bbox="1179 1691 1385 1751">-2.50</td></tr> <tr><td data-bbox="655 1751 898 1812">7.45</td><td data-bbox="898 1751 1179 1812">59,004,000</td><td data-bbox="1179 1751 1385 1812">-3.75</td></tr> <tr><td data-bbox="655 1812 898 1872">7.40</td><td data-bbox="898 1812 1179 1872">58,608,000</td><td data-bbox="1179 1812 1385 1872">-5.00</td></tr> <tr><td data-bbox="655 1872 898 1933">7.35</td><td data-bbox="898 1872 1179 1933">58,212,000</td><td data-bbox="1179 1872 1385 1933">-6.25</td></tr> <tr><td data-bbox="655 1933 898 1993">7.30</td><td data-bbox="898 1933 1179 1993">57,816,000</td><td data-bbox="1179 1933 1385 1993">-7.50</td></tr> <tr><td data-bbox="655 1993 898 2045">7.25</td><td data-bbox="898 1993 1179 2045">57,420,000</td><td data-bbox="1179 1993 1385 2045">-8.75</td></tr> </tbody> </table>			Electric power (MW)	Annual electricity production (kWh)	Bonus rate (%)	7.65	60,588,000	+1.25	7.70	60,984,000	+2.50	7.75	61,380,000	+3.75	7.80	61,776,000	+5.00	7.85	62,172,000	+6.25	7.90	62,568,000	+7.50	7.95	62,964,000	+8.75	8.00	63,360,000	+10.00	Electric power (MW)	Annual electricity production (kWh)	Fines rate (%)	7.55	59,796,000	-1.25	7.50	59,400,000	-2.50	7.45	59,004,000	-3.75	7.40	58,608,000	-5.00	7.35	58,212,000	-6.25	7.30	57,816,000	-7.50	7.25	57,420,000	-8.75
Electric power (MW)	Annual electricity production (kWh)	Bonus rate (%)																																																				
7.65	60,588,000	+1.25																																																				
7.70	60,984,000	+2.50																																																				
7.75	61,380,000	+3.75																																																				
7.80	61,776,000	+5.00																																																				
7.85	62,172,000	+6.25																																																				
7.90	62,568,000	+7.50																																																				
7.95	62,964,000	+8.75																																																				
8.00	63,360,000	+10.00																																																				
Electric power (MW)	Annual electricity production (kWh)	Fines rate (%)																																																				
7.55	59,796,000	-1.25																																																				
7.50	59,400,000	-2.50																																																				
7.45	59,004,000	-3.75																																																				
7.40	58,608,000	-5.00																																																				
7.35	58,212,000	-6.25																																																				
7.30	57,816,000	-7.50																																																				
7.25	57,420,000	-8.75																																																				

Topic	Details		
	Electric power (MW)	Annual electricity production (kWh)	Fines rate (%)
	7.20	57,024,000	-10.00

e) Land lease agreement

Topic	Details
Contract party	Lessor: Mrs. Siriwan Pasajarksathru Lessee: Phrae Green Power Company Limited Mrs. Siriwan Parajarksathru is mother of Mr. Parl Pasajarksathru who is the director and shareholders of MKP.
Term of contract	20 years from the date of lessee submits the notice of the lease term to lessor at least 30 days in advance.
Rental rate	30,000 Baht per month (360,000 Baht per year)
Term of payment	The lessee will have to pay the rent in advance throughout the year. Payment will be paid at the contract commenced date of every year until the lease term expires.
Essence of contract	1) Lessor agrees to lease the land and buildings as follows: 1.1) Certificate of Utilization (Nor.Sor. 3) No. 1017 Book 11Kor Page 17 Land No. 153 section with aerial photographs name Amphur Rongkwang No. 5054 I. Located at Paitoan Sub-district, Rongkwang District, Phrae Province total areas of 29-1-20 Rai include buildings. 1.2) Title deed No.19009 Land No.9 Survey page 132 Paitoan Sub-district, Rongkwang District, Phrae Province total areas of 35-0-54 Rai 1.3) Title deed No.19008 Land No.18 Survey page 131 Paitoan Sub-district, Rongkwang District, Phrae Province total areas of 29-3-55 Rai

Topic	Details
	2) Lessor agrees to let lessee or other party whom lessor agree to use of land specified in No.1.2 and 1.3 to connect the public road and transport biomass fuel to Mae Krating power plant.
Termination of contract	In case one party breaks the agreement, another party has right to terminate the agreement by submitting a notice at least 45 days in advance. If there is any damage, the default party has to be responsible for charges based on actual damage amount to the other party.

- f) Sell and purchase agreement of biomass fuel (wood chips, bamboo scarps and bamboo chopped)

Topic	Details
Contract party	Buyer: Mae Krating Power Company Limited Seller: B.P.15 Company Limited
Date of contract was signed	19 October 2017
Term of contract	5 years (effective date on 1 June 2019 to 31 May 2024)
Amount purchase	Seller agrees to sell wood chips, bamboo scarps and bamboo chopped not less than 140 tons per day.
Agree price	Trading price will depend on the market price and market condition. The trading price is based on market price of the seller nearby area or power plant's purchase price (if any). The buyer must inform seller in written notice at least one month in advance.
Product Condition	Trade goods (2 inches wide and 2 inches long approximately or less) have moisture content at destination of the following types of goods: 1) Wood chopped products moisture content no more than 50 per cent by fresh weight. 2) Bamboo products moisture content no more than 50 per cent by fresh weight.

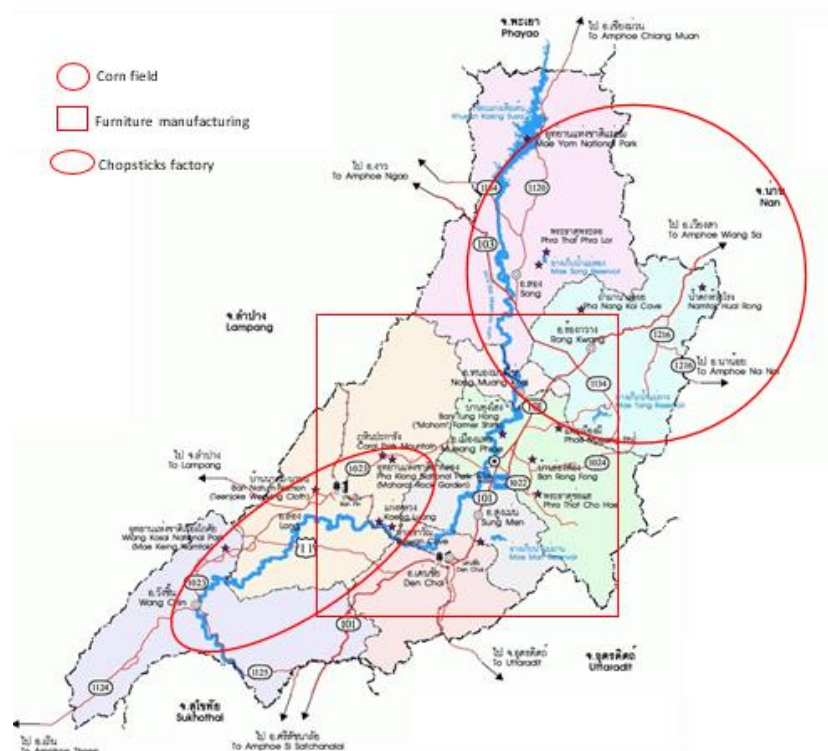
Topic	Details
Term of payment	Buyer agrees to pay seller within 15 days from the date that seller delivers goods at the destination.
Fines	<p data-bbox="651 383 719 409">Seller</p> <ul data-bbox="651 443 1391 622" style="list-style-type: none"> - In case the seller does not complete the order during purchase cycle, the buyer is damaged by lack of fuel in the production process. The seller agrees to pay a fine of 50 Baht per ton by fresh weight. <p data-bbox="651 651 719 678">Buyer</p> <ul data-bbox="651 712 1391 891" style="list-style-type: none"> - If the buyer refuses to receive the goods under the order. The seller cannot sell the goods prepared for the buyer during the purchase cycle, the buyer agrees to pay a fine of 50 Baht per ton by fresh weight and freight cost that the seller actually paid.
Termination of contract	<ol data-bbox="651 920 1391 1776" style="list-style-type: none"> 1) If either party fails to comply with one of the terms in the contract which causes damage to the other party. The injured party must notify the other party in written notice to solve the damages not less than 30 days. If no proceeding within the specific period, parties have the right to terminate the contract and be responsible for any other damages that may occur. 2) If either party wishes to prematurely terminate the contract, the party have to notify in written notice not less than 60 days. 3) In the event that buyer ceases to engage in business during the contract period or operate other types of business different from current business. Buyer can immediately terminate the contract. 4) If other party is a bankrupt or seized by the official receiver. The termination of the above agreement does not affect the right of the party who does not breach the contract to claim damages from breaching of contract or not comply with the terms of contract of the other party.

Remark: Mr. Rapeepat Sumethchotimetha holds 88.18 per cent of B.P. 15 Company Limited's shares is son of Mr. Chatchai Sumethchotimetha the Executive Directors and Chief Executive Officer of the Company and in the same group of major shareholders of the Company.

Details of Fuel Adequacy

MKP's power plant use wood chips as main raw material and peel and corncobs and bamboo scraps as supplementary raw material. Biomass power plant is located in Phrae Province which is manufacturer of wooden, chopsticks and maize. From an interview with APCON, the designer and installer of machine specify amount of raw materials used by the power plant are comprised of 40 per cent (140 tons per day) of wood chips will be used and the remainder of 60 per cent (210 tons per day) will be mixed between peel and corncobs, and bamboo scraps. In total fuel used per day is 350 tons per day. Currently, technology of machine can support use of peel and corncobs and bamboo scraps proportion of 100 per cent. However, some types of fuel burns contain chemicals that are produced by combustion. The chemical in peel and corncobs and bamboo scraps from the combustion are difference from chemicals in wood chips. This will affects the efficiency of the machine such as boiler or pipe, etc. Therefore, the proportion of fuel consumption in the above mentioned proportions is appropriate. The details are as follows.

Map showing the source of raw materials of MKP



Phrae Province has 8 districts, divided into 3 areas as follows:

- 1) The upper area is corn field.
- 2) The central area is furniture manufacturing.
- 3) The lower area is chopstick and stick factory.

(1) Wood chips

Phrae is one of the country's large source of teakwood furniture. In the process of producing furniture, there will be wood chips which would be the raw material for the power generation of the MKP's power plant. According to the strategic plan of Phrae Province from 2015 to 2018, Phrae Province aims to generate income from golden teakwood furniture industry has grown to 12,000 Million Baht per year. The current trade value is 5,000 Million Baht per year and in 2018, the targeted revenue increased to 20,000 Million Baht per year. Considering land used in Phrae Province, Agricultural area, Type of perennial reference to summary of land used from Land Development Department, Ministry of Agriculture and Cooperatives, It is found that the amount of teak planting on the Agricultural area, Type of perennial is on average proportion of 87.41 per cent. Details are as shown in the following table:

Unit : Rai

Wood	2007	Proportion (%)	2009	Proportion (%)	2012	Proportion (%)	2016	Proportion (%)
Teakwood	160,667	89.16	163,062	88.89	197,931	86.37	258,786	85.20
Miscellaneous wood	19,371	10.75	20,229	11.03	31,047	13.55	43,761	14.41
Other wood	165	0.09	149	0.08	189	0.08	1,189	0.39
Total	180,203	100.00	183,440	100.00	229,167	100.00	303,736	100.00

Source: Summary of land used from Land Development Department, Ministry of Agriculture and Cooperatives, Phrae Province for year 2007 - 2016

Sources of furniture factories' teakwood come from 2 major sources: 1. Private forest plantation and 2. Forest plantation of Forest Industry Organization.

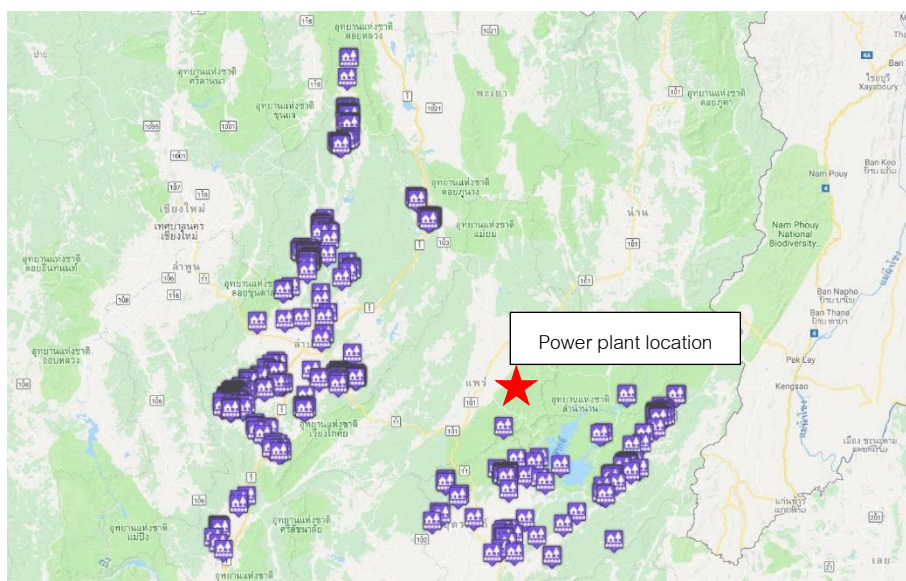
1. Private forest plantation

Private forest plantation in Lampang Province and Uttaradit Province area has 3,324 Rai, which is mostly teak. Details are as shown in the following table:

Province	Area for the year 2016 (Rai-Ngan- Sq.wah.)
Lampang	1,888-0-87.7
Uttaradit	1,435-3-98.0
Total	3,324-0-85.7

Source: Information Center Office of Planning and Information, the Royal Forest Department.

Map of private forest plantation



Source: Information Center Office of Planning and Information, The Royal Forest Department

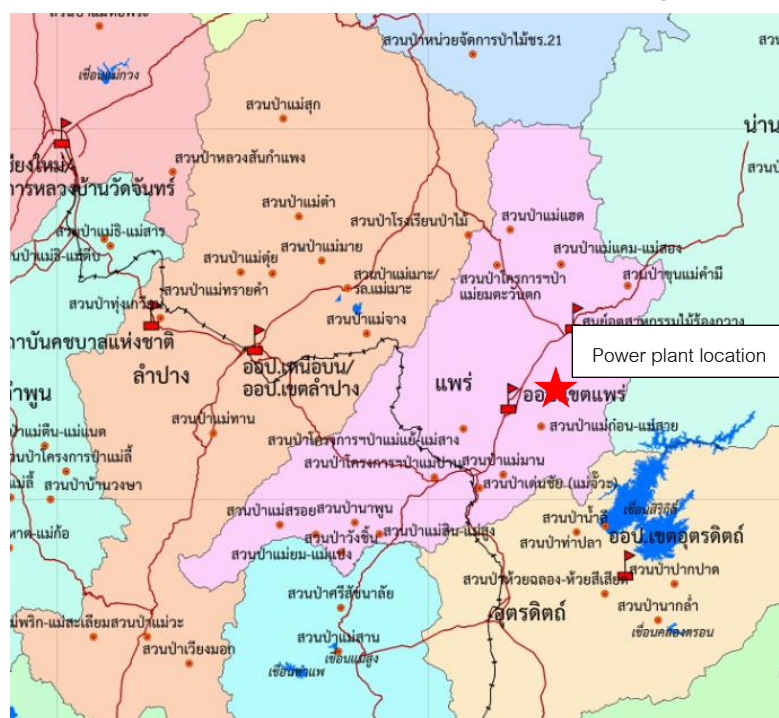
2. Forest plantation of Forest Industry Organization

The Northern Forestry Industry Organization is responsible for the Forestry Industry Organization. There are 6 provinces in the Northern region including Phrae, Nan, Chiang Rai, Lamphun, Chiang Mai and Mae Hong Son. The produce area is near the power plant. Details are as shown in the following table:

Area	Produce area for the year 2016 (Rai)
Lampang	93,361
Phrae	98,658
Total	192,019

Source: The Northern Forestry Industry Organization

Picture of location of forest plantation in Phrae and Lampang Province



Source: The Northern Forestry Industry Organization

MKP has a contract to sell and purchase agreement of biomass fuel in types of wood chips and bamboo chopped with B.P. 15 Company Limited with sales volume of not less than 140 tons per day at market price.

B.P. 15 Company Limited was established on 15 March 2014 with registered capital of 110 Million Baht and paid-up capital of 65 Million Baht conducts business operation in production of wood pallets and wood chips from teak wood and other wood chips. Thus, MKP has signed agreement to procure raw materials for the production of MKP.

The supply of raw materials of B.P. 15 Company Limited comes from various types of wood such as logs, logs from the teak processing industry, sawdust from teak processing, bamboo scraps from the processing industry in making chopsticks and stick. The average volume of 200 tons per day is composed of 120 tons of timber and 80 tons of sawdust.

Hence, sawdust will be compressed in packaged as fuel briquette and sold to the Electricity Generating Authority of Thailand which is the main customer also processed into wood chips sold to power plants in nearby area. The Company also received raw materials from the purchase field network as follows: 1) Chok Boon Mark Limited Partnership with the average sawdust purchase volume of 65 tons per day and the average purchase quantity of wood bark 40 ton per day. 2) Sri Nuan Limited Partnership located near the

Phrae district. The main types of wood purchased are teak, which could purchase at an average of 50 tons per day. Total purchase of wood at 235 tons, where three locations are located in Sung Men District and nearby which is a large furniture manufacture in Phrae Province.

The quantity of the purchase can be increased according to the needs of customers. Logs are purchased at the factory and purchasing field network will be brought into the woodworking machine to sale as wood chips. At present, the production capacity is 120 tons per day (in capacity of 15 tons per hour and 8 hours operation per day) and can be increased capacity in the future according to customer demand by investing on woodworking machines. Currently, wood chips are sold to the Clover power plant in Wang Chin District, Phrae Province.

B.P. 15 Company Limited's factory



Wood from B.P. 15 Company Limited's factory



Wood slab field from Chok Boon Mark Limited Partnership



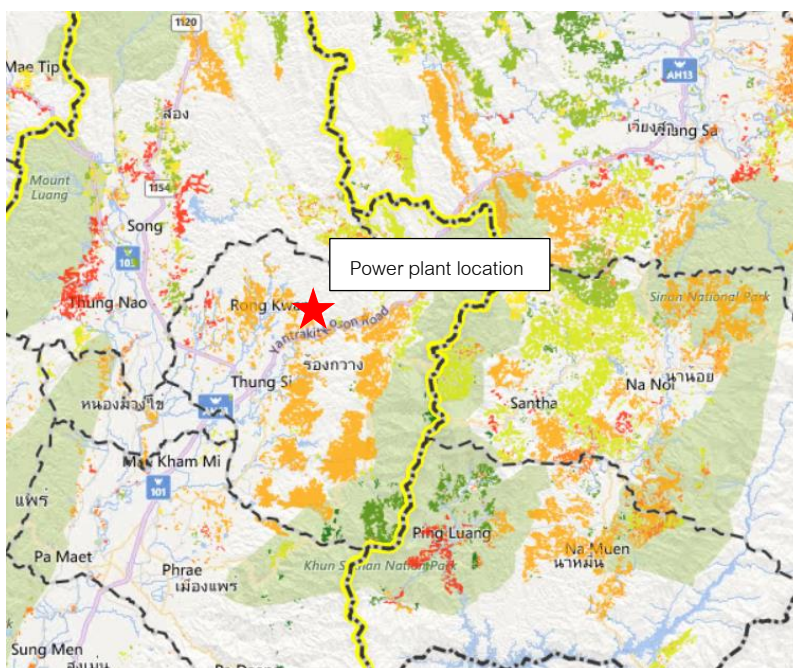
Wood slab field from Sri Nuan Limited Partnership



(2) Peel and corncobs

The maize is grown in Rong Kwang District, Phrae Province, which is the location of power plant. In Na Muen, Na Noi and Wiang Sa, Nan Province, which is adjacent to power plant.

Picture of the area planted maize



Source: Geo-Informatics and Space Technology Development Agency (Public Organization)

The maize will be divided into 2 versions. The second version will only grow in irrigated areas. Productivity in production year 2014/2015 and 2015/2016. Details are as shown in the following table:

Province	Year of cultivation Productivity (Tons)	
	2014/2015	2015/2016
Phrae		
Version 1	173,628	170,437
Version 2	20,942	20,180
Total	194,570	190,617
Nan		
Version 1	488,403	460,195
Version 2	29,146	15,151
Total	517,549	475,346

Source: Ministry of Agriculture and Cooperatives

MKP has contacted with Suchin's corn purchasing field and Somchai's corn purchasing field to purchase peel and corncobs. In each season, Suchin's corn purchasing field and Somchai's corn purchasing field will purchase altogether at least 40,000 tons per year which is comprised of 10,000 tons per year and 30,000 tons per year

respectively. There are peel and corncobs leftover from corn coloring process at least 60,000 tons per year which is divided into 15,000 tons per year and 45,000 tons per year respectively. In addition of two aforementioned purchasing fields, there is PGP's purchasing field that purchase peel and corncobs from farmers in nearby area which has their own corn and do not color the corn at a purchasing field. Therefore, the residue of peel and corncob can be sold to PGP who is responsible for purchasing raw material for MKP based on the market price.

MKP does not sign sell and purchase agreement of biomass fuel with two purchasing fields because corn is a seasonal agricultural product. However, the peel and corncobs can be kept for 2-3 years, making it available for sale all year. From the two aforementioned purchasing fields, the quantity of peel and corncob is not less than 60,000 tons per year (164 tons per day). Nevertheless, the amount of peel and corncobs can be extended further since there are peel and corncobs from leftover of corn coloring process in the field and burned or a field that does not take advantage of peel and corncobs. (In the production season 2015/2016, there are corns in Phrae and Nan Province approximately 660,000 tons, which was peel and corncobs 400,000 tons or an average of 1,100 tons per day).

Currently, there is a sole buyer of peel and corncobs in Phrae Province, which is the Clover power plant. It is located about 96 kilometers away from the MKP's power plant that has a total usage of 160 - 220 tons of peel and corncobs per day. In case of additional buyers, the two purchasing fields will buy peel and corncobs from farmers to sell to MKP power plant, which will be sufficient for both power plants.

Suchin's corn purchasing field





Somchai's corn purchasing field



(3) Bamboo scraps

MKP will purchase bamboo scraps from Phrae Thanarat chopstick factory. The nature of business is Phrae Thanarat will let villagers used their machine to produce chopsticks and stick. Then the factory buy back the sticks and bamboo scraps left over from chopsticks production at the purchasing field located at Wang Chin District and the factory in Denchai District. There are average bamboo scraps total of 100 - 200 tons per day throughout the year from two purchasing fields.

Currently, there is power plant located in Lampang Province where is a buyer of bamboo scraps. Meanwhile, the distance is quite far and the Clover power plant's machine does not support the use of bamboo scraps. Therefore, MKP power plant can buy chopped bamboo scraps from the Phrae Thanarat chopstick factory that there are 100 - 200 tons of bamboo scraps per day available to be used as fuel, alternating with peel and corncobs.

MKP does not sign sell and purchase agreement of biomass fuel with Phrae Thanarat chopstick factory. Since there are few buyers and excess supply and bamboo scraps is leftover from chopsticks production, there is not necessary to sign an agreement.

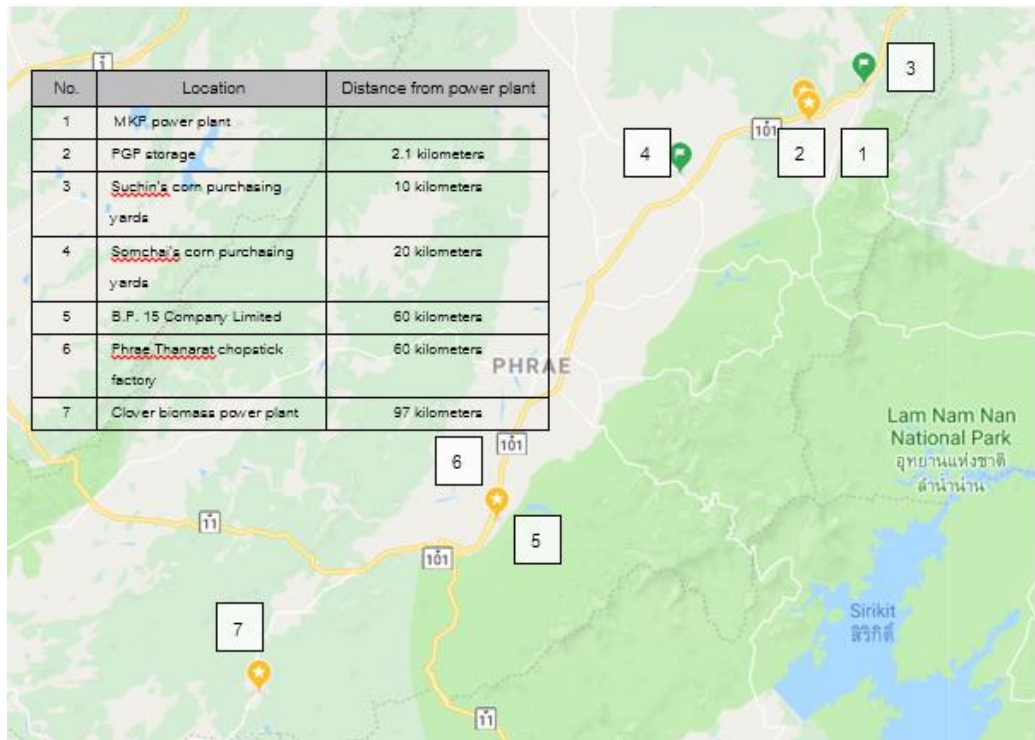


Table show quantity and ability to supply raw materials of suppliers

Unit: Tons per day

Raw Material	Quantity of raw materials in area	Ability to supply raw materials of suppliers (A)	Fuel consumption per day of MKP (B)	Proportion of fuel consumption of MKP to ability to supply raw materials of suppliers B/A (%)
1. Wood chips	No information from government agencies	210 ¹	140	66.67
2. Peel and corncobs	400,000 (tons per year)	164 ²	105	64.02
3. Bamboo scraps	No information from government agencies	100 – 200 ³	105	52.50 – 105.00
Total			350	

Remark: 1. Ability to supply raw material of wood chips consists of:

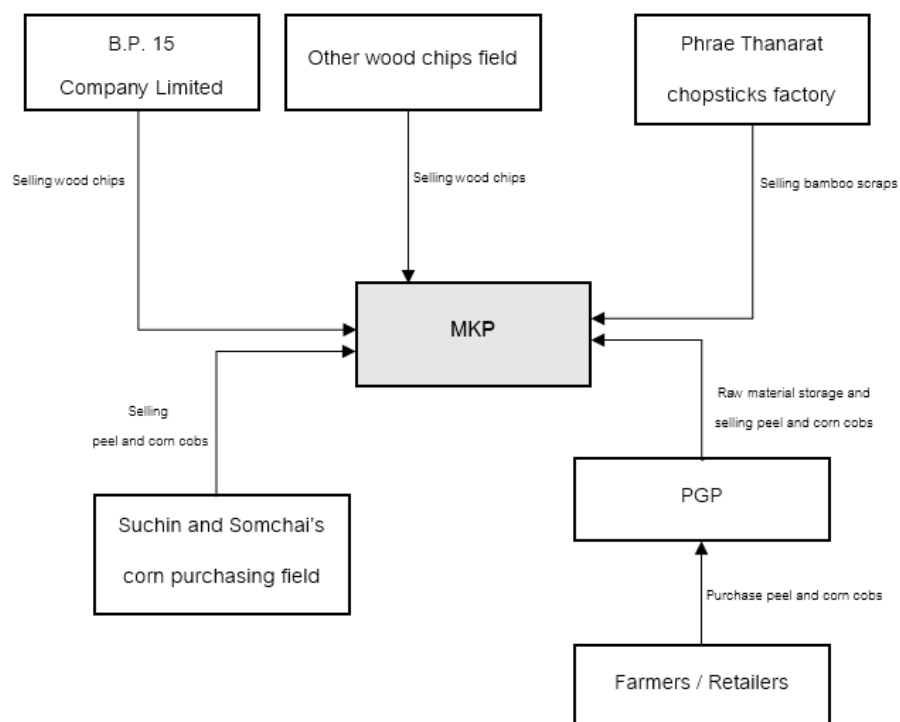
- 1.1 B.P. 15 Company Limited total of 120 ton with production capacity at 120 tons per day (in capacity of 15 tons per hour and 8 hours operation per day) and can increase capacity in the future according to customer demand by investing on woodworking machines.
- 1.2 Purchasing field network include Chok Boon Mark Limited Partnership and Sri Nuan Limited Partnership has total ability to supply raw material of 40 tons per day and 50 tons per day respectively totaling to 90 tons per day.

2. Ability to supply raw material of peel and corncobs supplier consists of:

- 2.1 Suchin's purchasing field and Somchai's purchasing field has ability to supply raw material of 15,000 tons per year and 45,000 tons per year respectively totaling to 60,000 tons per year (Average 164 tons per day)
- 2.2 Currently, PGP does not operate and will purchase raw material from retailers as supplement for item 2.1.

3. Ability to supply raw material from Phrae Thanarat chopsticks factory is 100 – 200 tons per day.

MKP raw material procurement diagram



4. Total Value of Consideration and Criteria to Determine the Value of Consideration

1. The purchase price of MKP ordinary shares from STFE Company Limited amounting of 80,000,000 Baht is the agreed price between the buyer and the seller. The Company considers from the return on total project investment. Which is consisted of:

Purchase of MKP shares from STFE:	80,000,000 Baht
Increase of registered capital in MKP:	205,840,000 Baht
Investment for biomass power plant project and its working capital	513,000,000 Baht

The Company expects to receive an approximately return as following:

Project Returns (IRR):	12.54%
Return on Equity (EIRR):	16.92%
Net Present Value (NPV):	361,000,000 Baht
Payback Period (PB):	6.82 years
Average Debt Repayment (AVG:DSCR)	1.88 times

2. Capital Increase in MKP amounting to 205,840,000 Baht by 80 per cent of registered and paid up capital.

3. Additional investment for biomass power plant project and its working capital will be 513,000,000 Baht.

Sum of total value of consideration from No. 1) – 3) equal to 798,840,000 Baht.

Remark: The remaining amount of investment in biomass power plant project amounting of 51,460,000 Baht will come from capital increase by MKP existing shareholder.

5. The Benefits Expected to be Received by the Company

To invest in biomass power plant project for generating and selling the electricity on the size capacity of 9.90 MW which promoted and supported by the government, the company will benefit from the diversification and can have profit continuously in the future. Moreover, the shareholders also have good returns in the long term.

6. Sources of Fund

For entering into the Transaction, the Company will get the fund from the following sources:

- The paid-up capital of MKP from the former ordinary shares and initial public offering shares (IPO) totaling to 285,600,000 Baht.
- The left of investment in biomass power plant project and current working capital amounting to 513,000,000 Baht will be loans from financial institutions which the Company, in the name of MKP, has already accept the offering from the financial institutions.

7. The Condition to Enter into the Transaction

To enter into the Transaction, the Company must obtain approval from the shareholders' meeting of the Company with affirmative votes of not less than three-fourth of the votes attending the meeting and having the right to vote, excluding the votes from the shareholders who have conflict of interest. However, there is no shareholder with conflict of interest to be entitled to vote for the Transaction. In addition, the Board of Directors of the Company appointed Capital Link Advisory Limited to be an Independent Financial Advisor to give opinion to the shareholders of the Company when considering approval for the Transaction.

8. The Opinion of the Board of Directors Regarding the Transaction

The Board of Directors of the Company has the opinion that the acquisition of the assets of the Company as mentioned above is appropriate transaction due to project's potential which can generate profits consistently and lead to the creation of added value to the shareholders. Thus, the Board of

Directors of the Company has approved the Transaction and to propose to the shareholders for consideration and approval.

9. The Opinion of the Audit Committee and/or the Directors of the Company Which Differs from the Opinion of the Board of Directors of the Company in No.9

No member of the Audit Committee has opinion that is different from the opinion of the Board of Directors of the Company. Whereby, the shareholders or investors are requested to take the opinion of the Independent Financial Advisor into consideration and decision.

10. Statement Indicating the Board of Directors' Responsibility for the Information Memorandum in the Documents Being Sent to Shareholders

The Company's Board of Directors certifies that the statement in this Information Memorandum is correct, complete, and consistent with the fact, has no information materially misleading other persons, and does not conceal any material information which should, otherwise, be disclosed.

11. Opinion and/or Report of Independent Specialist (If Any)

Qualification of the Legal Advisor

Company Name	Shareholding and Relationship with the Company	Consent for Opinion Dissemination
The Juris Company Limited	-None-	Yes

Qualification of the Technical Advisor

Company Name	Shareholding and Relationship with the Company	Consent for Opinion Dissemination
Green Grow Energy Company Limited	-None-	Yes

Qualification of the Independent Financial Advisor

Company Name	Shareholding and Relationship with the Company	Consent for Opinion Dissemination
Capital Link Advisory Limited	-None-	Yes

12. (1) Total Amount of Debt Instruments Being and Not Being Issued

-None-

(2) Total Amount of Loan with Maturity by Specifying Obligation in Placing Assets as Collateral

No.	Category of Liability	Outstanding Amount as of 31 December 2017 (Million Baht)	Collateral
1	Term Loans	56.25	Land at Kaeng Khoi District, Saraburi Province, total area of 31-0-59 Rai with buildings and machines.
2	Financial Lease	2.59	-
	Total	58.84	

(3) Total Amount of Other Categories of Debts Including Overdraft by Specifying Obligation in Placing Assets as Collateral

Category of Liability	Outstanding Amount as of 31 December 2017 (Million Baht)	Collateral
Overdrafts	40.00	Land 2 plots at Kaeng Khoi District, Saraburi Province

(4) Contingent Liabilities

In the case that the Company is approved by the shareholders' meeting to enter into the Transaction, MKP as the Company's subsidiary will borrow money from a financial institution amount of 438.97 Million Baht for the implementation of MKP's Biomass Power Plant Project.

13. Information of the Company

(1) Information about the Business and Business Trend of the Company and Subsidiaries

The Structure of Shareholding in Subsidiaries and the Nature of Business

As of 31 December 2017, the Company has 2 subsidiaries as follows:

No.	Company Name	Share Proportion	Nature of Business
Subsidiaries that the Company holds shares directly			
1.	SK 15 Company Limited Paid up capital of 140 Million Baht	99.99%	Real estate rental business
2.	Sakol Energy Biomass Power 15 Company Limited Paid up capital of 62 Million Baht	99.99%	Under the feasibility study of the biomass power plant business

Currently, the Company and its subsidiaries are operate in 3 types of business as follows:

(1) Energy Service Business – Operated by Sakol Energy Public Company Limited

The Company operates as service station of PTT Public Company Limited ("PTT") for transportation to NGV service stations outside the gas pipeline or subdivision, as well as the Private Mother Station (PMS) by providing NGV natural gas compression services to its natural gas transportation vehicles. To comply with the standards set by the law of Natural Gas Quality before being used in other parts. There are two main gas stations: 1) the main natural gas station located at Tumbol Chiang Rak Noi, Amphoe Sam Khok, Pathum Thani Province has maximum natural gas capacity of 350 tons per day and 2) the main natural gas station located at Tumbol Kaengkhoi Amphoe Kaengkhoi, Saraburi Province has the maximum gas compressive capacity of 400 tons per day.

(2) Real Estate Rental Business – Operated by SK 15 Company Limited

SK 15 Company Limited was established on September 11, 2014, holding land in Nakhon Sawan Province total area about 57 Rai. Land has been divided for rent to other parties and the rest of the land has been prepared for development in the future.

(3) Biomass Power Plant Business – Operated by Sakol Energy Biomass Power 15 Company Limited

Sakol Energy Biomass Power 15 Company Limited (formerly Sakol Wind Power Company Limited) established to study the feasibility of biomass power plant business and the head office is located at Tumbol Chiang Rak Noi, Amphoe Sam Khok, Pathum Thani Province. At present, Sakol Energy Biomass Power 15 Company Limited has prepared vacant land total area of 101 Rai in Songkhla Province for future development.

Revenue Structure of the Company's Group during 2015 – 2017

Unit : Million Baht	2015		2016		2017	
	Value	%	Value	%	Value	%
1. Revenue from Services	340.36	93.72	385.55	93.04	310.15	92.94
2. Revenue from Financial Lease	19.94	5.49	22.18	5.35	21.43	6.42
3. Other Revenue	2.87	0.79	6.65 ³	1.60	2.12	0.64
Total Revenues	363.17	100.00	414.38	100.00	333.70	100.00

(2) Company's business trend and its subsidiaries

The Company plans to expand its business that related to compressed natural gas and energy businesses to diversify business risk such as natural gas transportation, gas station, conventional ex-pipeline, compress bio-methane gas (CBG), biomass power plant and agricultural processing businesses.

Statement of Financial Position

Unit: Million Baht

Statement of Financial Position (Consolidated)	Audited as of 31 December		
	2015	2016	2017
Current assets			
Cash and cash equivalents	12.62	8.57	21.78
Current investments	6.53	96.77	425.40

Unit: Million Baht

Statement of Financial Position (Consolidated)	Audited as of 31 December		
	2015	2016	2017
Trade account receivable	72.82	122.75	57.27
Current portion of financial lease receivable	15.11	20.12	16.70
Other current receivables	1.09	1.18	1.65
Current spare parts and supplies	1.65	0.91	1.26
Total current assets	109.82	250.30	524.07
Non-current assets			
Financial lease receivable	231.90	221.66	210.61
Non-current spare parts and supplies	-	1.29	1.48
Investment properties	-	12.12	171.62
Property, plant and equipment	315.38	273.42	128.31
Intangible asset	0.42	3.38	3.89
Other non-current assets	-	-	0.98
Total non-current assets	547.70	511.87	516.89
Total Assets	657.52	762.18	1,040.95
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings from financial institution	-	-	40.00
Trade accounts payable	44.04	31.49	28.80
Other current payables	10.76	14.70	15.85
Current portion of long-term borrowings from financial institution	13.56	14.04	14.68
Current portion of finance lease and hire purchase liabilities	1.57	1.62	1.08
Total current liabilities	69.93	61.85	100.41
Non-current liabilities			
Long-term borrowings from financial institution	70.25	56.25	41.57
Finance lease and hire purchase liabilities	4.21	2.59	1.51
Deferred tax liabilities	9.82	9.80	9.85
Non-current provisions for employee benefit	0.77	1.11	0.60
Provisions for non-current liability	-	-	1.09
Total non-current liabilities	85.05	69.74	54.62
Total liabilities	154.98	131.60	155.03
Shareholders' equity			
Share capital			
Registered share capital			

Unit: Million Baht

Statement of Financial Position (Consolidated)	Audited as of 31 December		
	2015	2016	2017
Ordinary share 1,600,000 shares at par value of 100 Baht per share	-	-	-
Ordinary share 3,464,000 shares at par value of 100 Baht per share	346.40	-	-
Ordinary share 930,000,000 shares at par value of 0.50 Baht per share	-	465.00	465.00
<u>Issued and paid up capital</u>			
Ordinary share 1,600,000 shares at par value of 100 Baht per share	-	-	-
Ordinary share 3,464,000 shares at par value of 100 Baht per share	346.40	-	-
Ordinary share 692,800,000 shares at par value of 0.50 Baht per share	-	346.40	-
Ordinary share 930,000,000 shares at par value of 0.50 Baht per share	-	-	465.00
Share premium on ordinary shares	-	-	297.62
Retained earnings			
Appropriated			
Legal reserve	16.00	22.20	26.00
Unappropriated	140.08	261.52	96.40
Other components of shareholders' equity	0.07	0.46	0.90
Total shareholders' equity	502.55	630.58	885.92
Total liabilities and shareholders' equity	657.52	762.18	1,040.95

Statement of Comprehensive Income

Unit: Million Baht

Statement of Comprehensive Income (Consolidated)	Audited Annual Year		
	2015	2016	2017
Revenues			
Revenue from rendering of services	340.36	385.55	310.15
Revenue from financial lease	19.94	22.18	21.43

Unit: Million Baht

Statement of Comprehensive Income (Consolidated)	Audited Annual Year		
	2015	2016	2017
Other income	2.87	6.65	2.12
Total revenues	363.17	414.38	333.70
Expenses			
Cost of rendering of services	199.62	236.63	190.13
Administrative expenses	39.27	47.74	61.25
Finance costs	4.41	4.11	8.35
Total expenses	243.30	288.49	259.73
Profit before income tax expense	119.87	125.89	73.98
Income tax expense	0.86	0.31	0.06
Profit for the year/period	119.01	125.58	73.92
<u>Other comprehensive income</u>			
Profit for the year from discontinued operation – net of tax	(2.44)	2.06	-
Total comprehensive income for the period	116.57	127.64	73.92

Statement of Cash Flows

Unit: Million Baht

Statement of Cash Flows (Consolidated)	Audited Annual Year		
	2015	2016	2017
Net cash provided by (used in) operating activities	134.31	74.23	165.10
Net cash provided by (used in) investing activities	56.11	(58.98)	(348.15)
Net cash provided by (used in) financing activities	(184.35)	(19.30)	196.26
Net increase (decrease) in cash and cash equivalents	6.07	(4.05)	13.21
Opening balance of cash and cash equivalents	6.55	12.62	8.57
Closing balance of cash and cash equivalents	12.62	8.57	21.78

Financial Ratios

Financial Ratio	2015	2016	2017
<u>Liquidity Ratios</u>			
Current ratio (times)	1.57	4.05	5.22
Quick ratio (times)	1.32	3.69	5.02
Operating cash flow ratio (times)	2.40	1.13	2.04

Financial Ratio	2015	2016	2017
Account receivable turnover (times)	5.47	3.94	3.45
Average collection period (days)	65.83	91.31	104.48
Inventory turnover (times)	n/a	n/a	n/a
Days sales of inventory (days)	n/a	n/a	n/a
Account payable turnover (times)	6.15	6.27	6.31
Payment days (days)	58.56	57.45	57.07
Cash cycle (days)	7.27	33.85	47.41
Profitability Ratios			
Gross profit margin (%)	41.35	38.62	38.70
Operating profit margin (%)	36.51	33.72	26.54
Other margin (%)	0.79	1.60	0.64
Cash to profitability ratio (%)	108.07	57.10	200.56
Net profit margin (%)	32.10	30.80	22.15
Return on equity (%)	22.12	22.53	9.75
Efficiency Ratios			
Return on assets (%)	17.32	17.98	8.20
Return on fixed assets (%)	21.88	24.78	18.29
Asset turnover (times)	0.54	0.58	0.37
Financial Policy Ratio			
Debt to equity ratio (times)	0.31	0.21	0.17
Debt service coverage ratio (times)	31.68	19.12	20.79
Financial obligation ratio (times)	0.28	3.53	0.34
Dividend payout ratio (%)	293.56	192.10	-

The Analysis of Financial Position and Performance Results for the year ended 2017

Assets

The main assets of the Company and its subsidiaries consist of property, plant and equipment, financial lease receivable and current investments. Total assets of the Company and its subsidiaries as at 31 December 2017 and 2016 were 1,040.95 Million Baht and 762.18 Million Baht. The total assets had increased by 278.78 Million Baht or 36.58 per cent.

As of 31 December 2017, the Company and its subsidiaries have the total current assets of 524.07 Million Baht increased by 273.77 Million Baht as of 31 December 2016 or representing 109.37 per cent due to the increase in current investment from cash

management based on the Group's policy which the significant transaction was fund raising through the initial public offering (IPO). For the non-current assets as of 31 December 2017 is equal to 516.89 Million Baht similar total when compared to year 2016 which was 511.87 Million Baht.

Liabilities

Total liabilities of the Company and its subsidiaries as at 31 December 2017 and 2016 were 155.03 Million Baht and 131.60 Million Baht accounting for 14.89 per cent and 17.27 per cent of the total assets. Most of liabilities were in form of trade account payable, short-term borrowings and long-term borrowings from financial institution.

As of 31 December 2017, the Company and its subsidiaries have total current liabilities of 100.41 Million Baht accounting for 64.77 per cent compared to total liabilities whereby the Company and its subsidiaries' current liabilities increased to 38.56 Million Baht or 62.33 per cent from 31 December 2016 due to the increase in short-term borrowings from financial institutions. For the non-current liabilities as of 31 December 2017, it was equal to 54.62 Million Baht decreased 15.12 Million Baht or 21.68 per cent compared to as of 31 December 2016 resulting from the repayment of long-term borrowings from financial institution that was due and payable.

Shareholders' equity

As at the end of 2017 and 2016, the shareholders' equity of the Company and its subsidiaries were 885.92 Million Baht and 630.58 Million Baht. As at 31 December 2017, the shareholders' equity of Group had increased 255.34 Million Baht or 40.49 per cent from as at 31 December 2016 because of the initial public offering (IPO) which increased the issued and paid-up share capital by 118.60 Million Baht, totaled of 465.00 Million Baht and incurred share premium on ordinary shares of 297.62 Million Baht. In addition, unappropriated retained earnings of Company and its subsidiaries has decreased due to the dividend payment on 6 March 2017, of which, the shareholders' meeting has resolved to approve the dividend payment in the amount of 0.3406 Baht per share, totaling of 235.97 Million Baht. Such dividend payment is in accordance with the dividend policy of the Group.

Revenues

1) Revenue from rendering of services

Revenue from rendering of services for the year ending 31 December 2017 amount to 310.15 Million Baht a decrease of 75.40 Million Baht or 19.56 per cent compared to the previous year as a result of 1) a decrease of the revenue from the improvement of quality due to the decrease of volume NGV quality improvement according to PTT's policy 2) the decrease of volume of natural gas compression partially and 3) the decrease of service rate of natural gas compression and the improvement of quality due to the service rate formula.

Nonetheless, since September 2017, the Company increases in volume of natural gas the result from PTT's mother station in Pathumtani Province has been partial temporary close for maintenance for approximately of 12 months. In the result, the total volume of natural gas in September 2017 was higher than the past.

2) Revenue from financial leases

For the year ending 31 December 2017 and 2016, the Company and its subsidiaries generated income from financial leases in the amount of 21.43 Million Baht and 22.18 Million Baht or 6.42 per cent and 5.35 per cent of the total income. The decrease in revenue from financial leases was due to the normal characteristic of financial lease contract.

3) Other income

The Company and its subsidiaries generated other income including 1) revenue from utility services to lessees including related companies and other companies 2) interest income 3) profit from sale of open-end fund whereby remaining cash was used to invest in liquid and low-risk fixed-income fund and 4) other income such as income from sale of scrap.

For the year ending 31 December 2017 and 2016, other income of the Company and its subsidiaries were equivalent to 2.12 Million Baht and 6.65 Million Baht. The decrease in other income caused by gain from sale of land in May 2016, however, this year is no sale of land transaction.

Cost of rendering of services

For the year ending 31 December 2017, the Company and its subsidiaries incurred cost of rendering of services in the amount of 190.13 Million Baht a decrease of 46.50

Million Baht or 19.65 per cent which was in line with revenue from rendering of services. In addition, cost of rendering of services was decreased because of the decrease in price of inert gas and the decrease in electricity rate. Moreover, increase in salary in part of cost of rendering of services was due to the annual adjustment of salary and the increase of number of the personnel.

Gross profit

In 2017, the gross profit of the Company and its subsidiaries was 120.02 Million Baht a decrease of 28.89 Million Baht or 19.40 per cent compared to the previous year. The decrease resulted from the decrease in revenue generated from the service of natural gas compression which is due to the volume of natural gas compression service and the volume of inert gas are decreased, however, the gross profit is 38.70 per cent similar to the gross profit of the previous year.

Selling and administrative expenses

In 2017, the Company and its subsidiaries incurred administrative expenses in the amount of 61.25 Million Baht, an increase of 13.51 Million Baht or 28.31 per cent compared to the last year due to an increase in personnel costs from additional employments in this year and annual salary adjustment. In addition, the Company has relocated office and expanded the office space to reserve for the business expansion in the future resulting in the increase in rental fee. Moreover, the Company has the cost of the initial public offering (IPO) process such as public relationship consultant fee, registration fee and increase of audit fee.

Financial costs

For the year 2017 and 2016, the Company and its subsidiaries incurred finance costs of 8.35 Million Baht and 4.11 Million Baht. The increase of financial costs compared to the last year is due to the Company engagement of short-term loan from financial institutions for business operations, which the outstanding balance is 40.00 Million Baht.

Net Profit

In 2017, the net profit of the Company and its subsidiaries was 73.92 Million Baht a decrease of 53.72 Million Baht or 42.09 per cent compared to the previous year. The decrease resulted from the decrease in revenue from services and the increase in administrative expenses due to additional employment, annual salary adjustment, the office relocation and the expansion of the office space to reserve for the business

expansion in the future and the cost of the initial public offering (IPO) process. The net profit margin of the year 2017 is 22.15 per cent decreased when compared to the previous year.

The Analysis of Financial Position and Performance Results for the year ended 2016

Assets

Total assets of the Company and its subsidiaries as at 31 December 2015 and 2016 amount of 657.52 Million Baht and 762.18 Million Baht. The total assets had increased by 104.66 Million Baht or 15.92 per cent. The Company and its subsidiaries had current assets of 109.82 Million Baht and 250.30 Million Baht accounting for 16.70 per cent and 32.84 per cent of total assets.

As at 31 December 2015 and 2016, the Group's current assets increased by 140.48 Million Baht or 127.92 per cent due to additional investment in short-term investment by utilizing cash flow from operations through investment in fixed-income fund. In the year 2016, the Group had additional short-term investment of 90.24 Million Baht compared to the year 2015.

As at 31 December 2015 and 31 December 2016, the Company and its subsidiaries non-current assets amount of 547.70 Million Baht and 511.87 Million Baht. The non-current assets had decreased by 35.83 Million Baht or 6.54 per cent due to sale of land in Songkhla Province by the Company's subsidiary.

Liabilities

Total liabilities of the Company and its subsidiaries as at 31 December 2015 and 2016 amount of 154.98 Million Baht and 131.60 Million Baht accounting for 23.57 per cent and 17.27 per cent of the total assets. Current liabilities of the Company and its subsidiaries were 61.85 Million Baht and 69.93 Million Baht accounting for 47.00 per cent and 45.12 per cent of the total liabilities.

Current liabilities of the Company and its subsidiaries had decreased by 8.08 Million Baht or 11.55 per cent compared to the year 2015 mainly due to a decrease in trade accounts payable amounting of 12.56 Million Baht and an increase in other payables amounting of 3.94 Million Baht.

As at 31 December 2015 and 2016 Non-current liabilities of the Company and its subsidiaries amount of 85.04 Million Baht and 69.74 Million Baht which decrease 15.30

Million Baht or 17.99 per cent due to partial repayment of long-term loan by the Company and its subsidiaries to financial institution.

Shareholders' equity

As at 31 December 2015 and 2016, the shareholders' equity of the Company and its subsidiaries amount of 502.55 Million Baht and 630.58 Million Baht which increase 128.04 Million Baht or 25.48 per cent as a result of increase in net profit for the year ended 2016 of the Company and its subsidiaries which increased the Group's retained earnings.

Revenue

1) Revenue from rendering services

Revenue from rendering services for the year ended 31 December 2015 and 2016 amount of 340.36 Million Baht and 385.55 Million Baht an increase of 45.19 Million Baht or 13.28 per cent comparing to the year 2015 as a result of: 1) an increase in the quantity of NGV compression by the Company and 2) the Company earned revenue from improving NGV quality of Pathum Thani Station for the whole year, while in 2015 it benefited from such revenue from improving NGV quality only for 4 months (September to December 2015).

2) Revenue from financial lease

Revenue from financial leases for the year ended 31 December 2015 and 2016 amount of 19.94 Million Baht and 22.18 Million Baht which is 5.49 per cent and 5.35 per cent of the total revenue. Due to the Company's entry into additional contract for improvement of NGV quality at Pathum Thani Station which met conditions of financial lease.

3) Other income

The Company and its subsidiaries generated other income including: 1) revenue from utility services to lessees including related companies and other companies 2) interest income 3) profit from sale of open-end fund whereby remaining cash was used to invest in liquid and low-risk fixed-income fund and 4) other income such as income from sale of scrap.

Other income for the year ended 31 December 2015 and 2016 amount of 2.87 Million Baht and 6.65 Million Baht. As a result of gain from sale of land by the Company's subsidiary amount of 6.56 Million Baht.

Cost of services

Cost of services for the year ended 31 December 2015 and 2016, the Company and its subsidiaries incurred cost of services amount of 199.62 Million Baht and 236.63 Million Baht and increase of 37.02 Million Baht or 18.54 per cent when comparing to the year 2015. As a result of an increase in the quantity of NGV compression and a longer period or whole-year improvement of NGV quality at Pathum Thani Station. The Company and its subsidiaries provided NGV quality improvement service for Pathum Thani Station from September 2015 onwards since PTT changed its natural gas distribution from Western Pipeline Operations to Eastern Pipeline Operations resulting in an increase in heating value of NGV from PTT and the Company has to increased service of NGV quality improvement by filling in inert gas.

Gross Profit

In 2016, gross profit of the Company and its subsidiaries amount of 148.91 Million Baht which increase 8.17 Million Baht or 5.81 per cent compared to the year 2015. The increase of gross profit was mainly resulted from an increase of revenue from services. Such increase of revenue from services was due to: 1) an increase in the quantity of NGV compression by the Company which resulted in increase of revenue from services and 2) the Company earned revenue from improving NGV quality of Pathum Thani Station for the whole year while in 2015, the Company benefited from such revenue from improving NGV quality only for 4 months (September to December 2015). The gross profit margin for the year 2016 was decreased to 38.62 per cent from year 2015 due to increase in NGV quality improvement service by the Company.

Administrative expenses

Administrative expenses for the year ended 31 December 2015 and 2016, the Company and its subsidiaries incurred administrative expenses amount of 39.27 Million Baht and 47.74 Million Baht which increase of 8.47 Million Baht or 21.56 per cent when comparing to the year 2015. Due to an increase in personnel costs, salary, and employee benefits. The base salary had been increased and employee benefits were introduced, and also including an increase in directors' remuneration based on the number of board of directors' meetings and sub-committee meetings during the year 2016. In addition, the

Company incurred additional expenses as its subsidiary conducted due diligence of biomass power plant.

Financial cost

Financial costs for the year ended 31 December 2015 and 2016, the Company and its subsidiaries incurred finance costs amount of 4.41 Million Baht and 4.11 Million Baht which decreased 0.30 Million Baht or 6.80 per cent when comparing to the year 2015. Due to repayment of loan to certain financial institutions.

Net Profit

Net profit for the year ended 31 December 2015 and 2016, the Company and its subsidiaries had net profit equal to 116.57 Million Baht and 127.64 Million Baht which increase 11.07 Million Baht or 9.50 per cent when comparing to the year 2015. The increase was mainly resulted from an increase in revenue from services.

Factors Affecting Future Operation

Relying on Major Customers Risk

The Company operates with one major customer, PTT Public Company Limited ("PTT") as the sole distributor of NGV gas with a long-term contract. The Company has signed contract for two natural gas service stations as follows:

- 1) Natural gas private station in Pathum Thani Province has signed contract on March 17, 2009 with 20 years contract term start from the date of signing ended in 2029.
- 2) Natural gas private station in Saraburi Province has signed contract on February 23, 2011 with 20 years contract term start from the date that contractor receives selection date on October 15, 2010 ended 2030.

If the contract has expired or PTT has terminated the agreement, it will have significant effect to the Company's operating result.

However, the Company has policy to reduce the risk by strictly following the contract. In addition, the Company's business development department did feasibility study on various projects. The feasibility study projects for investment is to expand in energy-related business which will reduce the risk of future business concentration.

Relying on Organization or Goods and Services Supplier Risk

The Company's business operate with two majors organization or goods and services supplier such as Provincial Electricity Authority a state-owned enterprise that is a distributor of electricity in the country and Linde (Thailand) Public Company Limited a leader supplier in industrial gas products in Thailand. If Provincial Electricity Authority and Linde (Thailand) Public Company Limited terminate an electricity service agreement, gas sale and purchase agreement and other related agreement, it will has significant effect to the Company's operating result.

In case that Linde (Thailand) Public Company Limited is unable to provide industrial gas service under the contract. Linde (Thailand) Public Company Limited will responsible and pay for fines as stated in the gas sale and purchase agreement. On the other hand, the Company able to find other distributors for replacement because there are 2-3 major gas distributors in Thailand.

The Company has strictly complied with the contract agreement throughout the period of operation in the past. The Company has able to pay for electricity service and also industrial gas regularly. Furthermore, the Company believe that the contract will be able to extend in the future.

Damage from Natural Gas Compressor Risk

There are two private gas station in Amphoe Sam Khok, Pathum Thani Province and Amphoe Kaeng Khoi, Saraburi Province which has 6 natural gas compressors in each station used to compress gas to NGV transport vehicles to deliver to the service station. If the Company is unable to meet an agreement the Company shall compensate for any loss to PTT at 1.5 times of gas compression compensation. As a result, it will decrease in the Company's revenue and increase in expense for compensation.

The Company is aware of the risk throughout the Company's past operation, the Company has repaired and maintained the natural gas compressors according to the schedule, preventive maintenance plan and monthly maintenance throughout the year.

Moreover, the Company has a policy to insure assets at the natural gas stations in Pathum Thani and Saraburi provinces, amounting of 181.52 Million Baht and 190.00 Million Baht. It covers the gas station building, buildings and equipment including coverage to

third parties who have been harmed and the Company has provided business interruption insurance with total insurance amount not exceeding 165.00 Million Baht. In addition, the Company has made additional insurance under the notification of the Ministry of Energy. Rules and Procedures for Providing Legal Liability Insurance for Damaged Persons Resulting from Operation of Control Business Type 3, 2014, in the amount not exceeding 5 Million Baht per station per time.

Natural Gas Shortages Risk

The Company has to rely on natural gas from PTT's gas pipeline. If there is a disruption in PTT's natural gas transmission system or temporary stoppage of natural gas. It may make the Company cannot provide natural gas compression service. Although there is no penalty from PTT, it may cause the Company loss an opportunity to earn income.

However, this risk is very rare because PTT has been monitoring the supply and demand for natural gas according to the trend of natural gas price change in the world market, government policies, as well as close coordination with vendors and customers. To review and improve the gas supply plan and Liquefied Natural Gas (LNG) in both short and long term.

Floating on NGV Price by Government Risk

As of January 20, 2016, the government has decided to float NGV prices to reflect real costs which has effective date on January 21, 2016. NGV prices will announced on 16th of every month. In the past, decreasing of oil prices and increasing of NGV prices resulting in a decrease in the number of NGV-powered vehicles.

As a result, it may affect the Company's revenue in term of operating income while the fixed remuneration will not be affected as PTT will pay compensation for loss to the Company under the contract to compress natural gas. Given the minimum natural gas volume of 200 tons per day for Pathum Thani Station and the minimum natural gas compression of 320 tons per day for Saraburi Station.

Difference between Fuel Prices and NGV Prices and Decrease in Demand of NGV Risk

If the difference between the NGV price and the main fuel price is low, the NGV demand will decrease. The Company is not directly affected by the change in NGV price and oil price. But the NGV gas industry will be affected by falling of demand. If the demand for NGV is reduced, it may result in a decrease in the volume of PTT's gas service or an expansion of NGV gas business, which may affect the Company's revenues and ability to expand compressed gas business in the future.

Operation on Future Projects Risk

The Company has a risk from future projects in setting up Ex-pipeline NGV natural gas station in Nakhon Sawan province. As a result, the Company cannot realized income, if the project outcome is not meet the Company's expectation.

Lack of Experience Employee Risk

The company's business related to engineering machine and natural gas. This is a unique business and need to work with other companies that use international standards. Therefore, employees must have experience and specialist skill. Loss of experienced and skilful employees, such as chief engineer or other important positions, may result in the Company's operation being discontinue. The Company is aware of the risk in this clause. The Company emphasizes on human resources and human resources development by providing seminars in related fields every year.

(3) The Company's Financial Estimation for the Current Year (If Any)

-None-

(4) The Lists of Directors, Management, and the 10 Major Shareholders

- a. The list of the Board of Directors of the Company as of 31 December 2017, is shown as follows:

No.	Name	Position
1.	Mr. Direk Lawansiri	Chairman and Independent Director
2.	Mr. Chutchai Sumethchotimetha	Director and Chairman of Executive Committee
3.	Mrs. Aree Sumethchotimetha	Director
4.	Mr. Thanapon Sumethchotimetha	Director
5.	Miss Natthapahtsorn Jiamwijitkul	Director
6.	Mr. Jakkraphong Sumethchotimetha	Director
7.	Mrs. Tanipa Puangjumpa	Director
8.	Pol. Gen. Worapong Chewprecha	Chairman of Audit Committee and Independent Director
9.	Mr. Witoon Simachokedee	Audit Committee and Independent Director
10.	Mrs. Rawittha Pongnuchit	Audit Committee and Independent Director
11.	Mr. Attawoot Papangkorn	Audit Committee and Independent Director

b. The list of the management of the Company, as of 31 December 2017, is shown as follows:

No.	Name	Position
1.	Mr. Chutchai Sumethchotimetha	Chief Executive Officer
2.	Mrs. Aree Sumethchotimetha	Senior Executive Vice President
3.	Mr. Thanapon Sumethchotimetha	Managing Director
4.	Mr. Jakkraphong Sumethchotimetha	Chief Operation Officer
5.	Miss Natthapahtsorn Jiamwijitkul	Chief Finance Officer
6.	Miss Peangjai Wongproudmas	Accounting Manager

- c. The list of the 10 major shareholders of the Company, as of 15 March 2018 (most updated) which is the book closing date of the Company are shown as follows:

No.	Name	Number of Shares	% of Shareholding
1.	Sumethchotimetha's Family	500,340,305	53.80%
	Mr. Chutchai Sumethchotimetha	289,460,803	31.12%
	Mrs. Aree Sumethchotimetha	206,756,858	22.23%
	Miss Intira Sumethchotimetha	930,661	0.10%
	Mr. Thanapon Sumethchotimetha	930,661	0.10%
	Mr. Rapeepat Sumethchotimetha	930,661	0.10%
	Mr. Jakkraphong Sumethcotimetha	930,661	0.10%
	Miss Ploenpit Sumethcotimetha	200,000	0.02%
	Mr. Thanadol Sumethcotimetha	200,000	0.02%
2.	Nuntee's Family	192,444,400	20.69%
	Mr. Thanakorn Nuntee	57,733,320	6.21%
	Mrs. Thanaporn Nuntee	57,733,320	6.21%
	Miss Kantanika Nuntee	38,488,880	4.14%
	Mr. Thanapat Nuntee	38,488,880	4.14%
3.	Thai Life Insurance Public Company Limited	20,006,500	2.15%
4.	Mr. Saravut Anakatham	5,400,000	0.58
5.	Mr. Affan Hayeeyusoh	5,130,000	0.55
6.	Miss Lawan Bunajinda	5,065,000	0.54
7.	Mrs. Sujitra Kosrisirikul	5,000,000	0.54
8.	Mr. Panupun Thanasetsakul	4,260,000	0.46
9.	Miss Siriwan Usawaarrakwong	4,000,000	0.43
10.	Mr. Phusit Witayawanitchai	3,036,600	0.33
	Total number of shares of 10 major shareholders	744,682,805	80.07
	Other shareholders	185,317,195	19.93
	Total number of shares	930,000,000	100.00

- (5) Other Information that may Materially Affect the Decision of Investors (If Any)

-None-

14. The Board of Directors' Opinion Regarding the Adequacy of Working Capital; in Case of Inadequate Working Capital, Please Specify the Source of Financing for the Transaction

The Board of Directors views that the Company will have sufficient capital to enter into the transaction to acquire such assets, because the Company will partly use its own fund and will also borrow money from a financial institution. During the process, the Company has already requested for credit facility. Therefore, to enter into the transaction of asset acquisition will not affect the Company's working capital and liquidity.

15. Significant Pending Litigation or Claim

-None-

16. Interests or Related Transactions Between the Company, Directors, Executives, and Shareholders Holding Shares Either Directly or Indirectly from 10 Per Cent and Above

Related Parties	Nature of Business	Relationship	Related Transaction Value (Unit : Baht)	
			2016	2017
1. Than Suwan Company Limited	Transportation of agricultural, container products, coal, cement and natural gas NGV	<ul style="list-style-type: none"> - Two common directors are Mr. Chatchai Sumetchotimetha and Mrs. Aree Sumetchotimetha. - Mrs. Aree is the spouse of Mr. Chatchai Sumetchotimetha which Mrs. Aree Sumetchotimetha is Director of the Company and Senior Executive Vice President. - As of 25 July 2016, Mr. Chuthcai Sumetchotimetha and Mrs. Aree Sumetchotimetha are the major shareholder of Than Suwan Company Limited holding of 57.85 per cent and 41.32 per cent 	224,221.30	243,371.68

Related Parties	Nature of Business	Relationship	Related Transaction Value (Unit : Baht)	
			2016	2017
2. Trans Energy Company Limited	Construction of factory and office	<ul style="list-style-type: none"> - One common director is Mr. Jakkraphong Sumethchotimetha - Mr. Jakkraphong Sumethchotimetha is the son of Mr. Chatchai Sumethchotimetha and Assistant Chief Executive Officer of the Company - As of 25 July 2017, Mr. Chatchai Sumethchotimetha is the major shareholder of Trans Energy Company Limited holding of 80.00 per cent. 	10,000.00	-
3. PTC Holding Company Limited	Sales of biomass fuel and office space rental	<ul style="list-style-type: none"> - Two common directors are Mrs. Aree Sumethchotimetha and Mr. Jakkraphong Sumethchotimetha - As of 25 July 2017, Mrs, Aree Sumethchotimetha and Mr. Chatchai Sumethchotimetha are the major shareholders of PTC Holding Company Limited holding of 50.00 per cent and 41.67 per cent. - As of 25 July 2017, Mr. Jakkraphong Sumethchotimetha is shareholder of PTC Holding Company Limited holding of 8.33 per cent. 	1,122,911.75	2,539,200.00

17. Summary of Significant Contracts Over the Past 2 Years

Contract for Private Mother Station (PMS) in Pathum Thani Province

Topic	Details
Contract Party	PTT Public Company Limited
Term of Contract	17 March 2009 – 16 March 2029 (20 years)
Essence of Contract	<ul style="list-style-type: none"> - The contractor need to provide a location including installment cost - Natural Gas Compensation = AP + EP by the investment compensation is constant throughout the contract period and operating cost (EP) are varies according to variable cost. - The contractor has duty to compressed natural gas NGV for not less than 200 tons per day for PTT and has a reserve capacity of 25 per cent throughout the contract period. Subsequently, the contractor wishes to increase its production capacity by 100 tons per day as an allowance (As Call) under the amended agreement dated December 26, 2014. - The parties who wish to extend the contract must inform other party not less than 1 year before due date by written notice.
Termination of Contract	<ul style="list-style-type: none"> - In case of manufacturer has not enough natural gas for deliver to PTT. PTT has the right to terminate the contract and will inform the contractor in written notice at least 180 days. - In case of force majeure and/or third party action which is not any parties faults. The agreement shall terminate upon the expiration of 30 days or other periods as agreed. If there is any damage and/or loss of gas pipeline system and/or natural gas station and it cannot be repaired to good condition and can be used in accordance with general industry standards and safety within 30 days. - The other party has the right to terminate the contract. In case of lawsuit, resolutions, orders for the rehabilitation bankruptcy liquidation or dissolution of the legal entity of any party. Or either party has made a new management, collection, reorganization of the liability, the allocation of benefits or any management for the benefit of the creditors or appoint an official receiver.

Topic	Details
Note	In case of contract expired but both parties have not renew the contract. It will assume that the contract will renew for 1 – 5 years.

Contract for Private Mother Station (PMS) in Saraburi Province

Topic	Details
Contract Party	PTT Public Company Limited
Term of Contract	15 October 2010 – 14 October 2030 (20 years)
Essence of Contract	<ul style="list-style-type: none"> - The contractor need to provide a location including installment cost - Natural Gas Compensation = AP + EP by the investment compensation is constant throughout the contract period and operating cost (EP) are varies according to variable cost. - The contractor has duty to compressed natural gas NGV for not less than 200 tons per day for PTT and has a reserve capacity of 25 per cent throughout the contract period. Subsequently, the contractor wishes to increase its production capacity by 320 tons per day as an allowance (As Call) under the amended agreement dated June 13, 2012. - The parties who wish to extend the contract must inform other party not less than 1 year before due date by written notice.
Termination of Contract	<ol style="list-style-type: none"> 1) In case of manufacturer has not enough natural gas for deliver to PTT. PTT has the right to terminate the contract and will inform the contractor in written notice at least 180 days. 2) In case of force majeure and/or third party action which is not any parties faults. The agreement shall terminate upon the expiration of 30 days or other periods as agreed. If there is any damage and/or loss of gas pipeline system and/or natural gas station and it cannot be repaired to good condition and can be used in accordance with general industry standards and safety within 30 days. 3) The other party has the right to terminate the contract. In case of lawsuit, resolutions, orders for the rehabilitation bankruptcy liquidation or dissolution of the legal entity of any party. Or either party has made a new management, collection, reorganization of

Topic	Details
	the liability, the allocation of benefits or any management for the benefit of the creditors or appoint an official receiver.
Note	In case of contract expired but both parties have not renew the contract. It will assume that the contract will renew for 2 years.

Sell and Purchase Liquid Nitrogen Gas Contract

Topic	Details
Contract Party	Linde (Thailand) Public Company Limited original name is “Thai Industrial Gas Public Company Limited”
Term of Contract	<u>Original Contract</u> 16 July 2011 – 15 July 2017 (6 years) <u>Additional Contract</u> 16 July 2017 – 16 July 2019 (2 years)
Essence of Contract	1) Trading product is 99.9% nitrogen gas with trade volume of 960,000 kilograms per month or 11,680,000 kilograms per year. 2) Selling price based on quantity of gas delivered. (Fixed price at 0 to 525,000 kilograms. If trade volume is more than 525,000 kilograms, unit price will be lower.) 3) The price adjustment will be adjust once a year on every first of January and the price will apply on that year. 4) Total gas trade volume throughout the 6 years contract is 70,080 tons. 5) Memorandum of Understanding on the Gas Agreement dated February 1, 2017, has entered into an agreement to extend the term of the agreement for 2 years starting from July 16, 2017.
Note	If the total gas trade volume is less than 70,080 tons in 6 years period, the contract will automatically continue in the same condition until the total gas trade volume is 70,080 tons. If PTT still has inert gas injection for more than 6 years and gas volume more than 70,080 tons. Both parties agreed that the contract will automatically continue for 2 years.

Sell and Purchase Liquid Carbon Dioxide Contract

Topic	Details
Contract Party	Linde Air Chemical Company Limited
Term of Contract	1 October 2015 – 30 September 2020 (5 years)
Essence of Contract	1) Trading product is 99.9% nitrogen gas with trade volume of 1,440,000 kilograms per month. 2) Selling price base on quantity of gas delivered and unit price per kilograms is fixed. 3) The price adjustment will be adjust once a year on every first of January and the price will apply on that year. 4) Total gas trade volume throughout the 5 years contract is 86,400 tons.
Note	In the event that PTT still has inert gas injections for more than 5 years, both parties agree that the contract will automatically continue for 2 years. However, if the total gas volume reach 86,400 tons at any time before completion. There will be immediate negotiations on the terms of contract.

18. Opinion of the Independent Financial Advisor

Such document can be found in the Enclosure 10 as attached in the shareholders' meeting invitation.

19. Proxy Form and Nomination of Audit Committee as the Shareholders' Proxy

Such document can be found in the Enclosure 4 as attached in the shareholders' meeting invitation.

The Company hereby certifies that the information contained in this Information Memorandum is correct and complete in all respects.

Yours sincerely,



(Mr. Jakkraphong Sumethchotimetha)

Chief Operation Officer

Authorized Person to Disclose Information