

**-TRANSLATED VERSION-**

**Report on Opinion of the Independent Financial Advisor  
Concerning Asset Acquisition Transaction**

**For**



**Thai Solar Energy Public Company Limited**

**Thai Solar Energy Public Company Limited**

**Prepared by**



**Finnex Advisory Company Limited**

**March 17, 2017**

*The English Translation of the Independent Financial Advisor's Opinion Report has been prepared solely for the convenience of foreign shareholders of Thai Solar Energy Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation*

March 17, 2017

To: The Audit Committee and Shareholders

Thai Solar Energy Public Company Limited (the "Company" or "TSE")

Subject: Opinion of the Independent Financial Advisor regarding the acquisition of solar power plant in category of ground mounting with the accredited power generation of 154.98 MW in Onikobe, Miyagi Prefecture, Japan

Attachment:

1. Details of Onikobe Project
2. Summary information of Thai Solar Energy Public Company Limited
3. Summary Information of Sino-Thai Engineering and Construction Public Company Limited
4. Summary information of PurpleSol G.K.
5. Summary information of SolarOne G.K.
6. Summary information of Kamisol Limited

References:

1. Resolution of the meeting of Thai Solar Energy Public Company Limited's Board of Directors No. 1/2017 held on February 20, 2017
2. Information Memorandum on Asset Acquisition of Thai Solar Energy Public Company Limited on February 21, 2017 and additional information version
3. Annual Disclosures (56-1 Form) of Thai Solar Energy Public Company Limited
4. Audited financial statements of Thai Solar Energy Public Company Limited and its subsidiaries for the year ended December 31, 2014 – 2016
5. Legal Due Diligence Report as prepared by legal advisor dated February 7, 2017
6. Tax Due Diligence Report as prepared by tax advisor dated February 17, 2017
7. Technical Due Diligence Report as prepared by Vector Cuatro Japan Co., Ltd. dated February 8, 2017
8. A joint-venture agreement between the Company and Sino-Thai Engineering and Construction Public Company Limited
9. Various documents and agreements related to the investment in solar power plant in category of ground mounting with the accredited power generation of 154.98 MW in Onikobe, Miyagi Prefecture, Japan
10. Certificate of company registration, Memorandum of Association, other documents, and interviews with executives of Thai Solar Energy Public Company Limited and its subsidiaries, including relevant team

The meeting of the Company's Board of Directors No. 1/2017 held on February 20, 2017 resolved to approve investment by the Company and Sino-Thai Engineering and Construction Public Company Limited ("STEC") in solar power plant in category of ground mounting in Onikobe, Miyagi Prefecture, Japan ("Onikobe Project") through an established joint-venture company in Singapore ("Joint Venture Company" or "JV Company"). The investment proportion between the Company and STEC is 60:40 of the total investment which is JPY 61,240 million or equivalent to approximate of THB 19,658 million<sup>1</sup>. Onikobe Project has been granted to operate the solar power plant in category of ground mounting with the accredited capacity of 154.98 megawatts (MW) (installed capacity of 182.76 MW) as specified in the power distribution certification issued by the Ministry of Economy, Trade and Industry (METI Certification) and achieved a 20-year concession to sell electricity to Tohoku Electric Power Co.,Inc., with the Feed-in Tariff (FIT) at the rate of JPY 36. The Board also approved the JV Company to acquire all issued and paid-up shares of SolarOne G.K. and PurpleSol G.K. to obtain METI certification, other required and necessary licenses, agreements regarding grid connection with electricity utility provider of Onikobe Project, including an ownership and possessory right to the project land in the approximate area of 2,080 Rai, divided into the land ownership of 1,848 Rai and leased land of 232 Rai. Under this project, the Company will invest in the JV Company through a subsidiary named TSE Overseas Group Co., Ltd. ("TSE Overseas")<sup>2</sup> which 100% shareholding by the Company.

The investment into this Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand's new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 ("Notification of the Revenue Department"). In this regard, TSE Overseas will apply for approval as an international headquarter (IHQ)<sup>3</sup> to the Director-General of The Revenue Department in accordance with measures promoting establishment of the international headquarter to obtain incentives of tax reduction on the investment in Onikobe Project. The Company expects that the process of the application for such approval will not exceed one accounting period from the date of establishment of the subsidiary.

In addition, the entry into the transaction is considered as asset acquisition pursuant to the Notification of the Capital Market Supervisory Board No. Thor.Jor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated August 31, 2008 (including additional amendments) and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET")'s Board Re: Disclosure of Information and Practice of Listed Companies Concerning the Acquisition or Disposal of Assets B.E. 2547 (2004) dated October 29, 2004 (including additional amendments) ("Notification of Asset

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<sup>1</sup> The exchange rate is based on the monthly average exchange rate from February 2016 to January 2017 of the Bank of Thailand. The exchange rate is 0.321 THB/1 JPY.

<sup>2</sup> In the process of the incorporation of a subsidiary which will be completed prior to presenting to the meeting of shareholders for approval of entering into the transaction

<sup>3</sup> After the establishment of TSE Overseas, the Company will apply for approval of TSE Overseas as the International Headquarter (IQH) to the Director-General of the Revenue Department

Acquisition or Disposal”). The maximum transaction size equals 234.73% on the consideration paid basis subject to the Company’s consolidated financial statements for the year ended December 31, 2016.

When combined with the transaction size for the last six months, the Company’s transaction size is equivalent to 42.80% based on the consideration paid. As a result, the total asset acquisition transaction size equals 277.53%, considered a Class 4 transaction, under the Notification of Asset Acquisition or Disposal, with the transaction value equivalent to or above 100% or deemed under Backdoor Listing. Nevertheless, the Board of Directors has considered entering into the transaction that such transaction is exempted from re-submission of the application for listing of securities as specified in Item 24 of the Notification of Asset Acquisition or Disposal in all aspects as follows:

1. Acquired business is in a similar line of a business or a mutually supporting business to the Company.
2. The Company has no policy to make a major change in its main business.
3. The enlarged group arising from the acquisition of assets has suitable qualifications for listing of securities on the SET.
4. The Company has no significant change in the composition of the Company’s Board of Directors and in the controlling power of the Company or in the controlling of shareholders of the Company.

The Company therefore must prepare a report and disclosure of asset acquisition to the SET immediately pursuant to the SET’s regulations and hold a meeting of shareholders to approve the entry into this transaction with votes not less than three-fourth of total number of shareholders who attend the meeting and have the right to vote except for a portion of stakeholders. In order to ensure that the Company’s shareholders have sufficient information on approval of entering into such transaction, the meeting of the Board of Directors has appointed Finned Advisory Co., Ltd. (“IFA” or “Independent Financial Advisor”) as the Independent Financial Advisor to provide opinions on the acquisition of the said asset to be used as information for consideration and approval of such asset acquisition transaction.

As for the calculation of various figures in the report on opinion of the Independent Financial Advisor regarding the asset acquisition transaction, indicated decimals may arise from rounding the second or third decimal position (as the case may be). Therefore, the actual result from calculations may be inconsistent with the figures shown in this report.

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## Definition

Abbreviation	Stand for
TSE or the Company	: Thai Solar Energy Public Company Limited
TSE Overseas	: TSE Overseas Group Company Limited
STEC	: Sino-Thai Engineering and Construction Public Company Limited
PurpleSol G.K.	: PurpleSol Godo Kaisha Company
SolarOne G.K.	: SolarOne Godo Kaisha Company
COD	: Commercial Operation Date
JV Company or Joint-Venture Company	: A joint-venture company in Singapore between the Company and STEC, namely Onikobe Solar Power Pte Ltd. (unestablished presently; therefore, such a company name may be changed afterwards)
Onikobe Project	: The solar power plant in category of ground mounting in Onikobe, Miyagi Prefecture, Japan
Notification of the Revenue Department	: The Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015
IFA of Independent Financial Advisor	: Finnex Advisory Co., Ltd or Independent Financial Advisor
Project Consultant	: Vector Cuatro Japan Co., Ltd.
PPA	: Power Purchase Agreement
EPC	: Turnkey Engineering, Procurement and Construction Project
METI	: The Ministry of Economy, Trade and Industry of Japan
METI Certification	: Certification granted by Ministry of Economy, Trade and Industry of Japan
IHQ Structure	: Structure of International Headquarter (IHQ)
Solar Farm	: The solar power plant in category of ground mounting project
NEDO	: New Energy and Industrial Technology Development Organization
MW	: Megawatt
MWh	: Megawatt-Hour
Exchange Rate	: The JPY exchange rate used throughout in this Report is based on the monthly average exchange rate from February 2016 to January 2017 of the Bank of Thailand ("BoT"). The exchange rate is 0.321 THB to 1 JPY, which is the same exchange rate approved by the Board of Directors' meeting No. 1/2017 for entering into the transaction.
Report on Opinion of the Independent Financial Advisor	: Report on Opinion of the Independent Financial Advisor regarding entering into the transaction of the Company
The Office of SEC	: The Office of the Securities and Exchange Commission
SET	: The Stock Exchange of Thailand
Notification of Asset Acquisition and Disposal	: The Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed as Acquisition and Disposal of Assets dated August 31, 2008 (including additional amendments) and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and Practice of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 (2004) dated October 29, 2004 (including additional amendments)

## Part 1: Executive Summary

The meeting of the Company's Board of Directors No. 1/2017 held on February 20, 2017 2560 resolved to approve investment by the Company and Sino-Thai Engineering and Construction Public Company Limited ("STEC") in solar power plant in category of ground mounting in Onikobe, Miyagi Prefecture, Japan ("Onikobe Project") through an established joint-venture company in Singapore ("Joint Venture Company" or "JV Company"). The investment proportion between the Company and STEC is 60:40 of the total investment which is JPY 61,240 million or equivalent to approximate of THB 19,658 million<sup>1</sup>. Onikobe Project has been granted to operate the solar power plant in category of ground mounting with the accredited capacity of 154.98 megawatts (MW) (installed capacity of 182.76 MW) as specified in the power distribution certification issued by the Ministry of Economy, Trade and Industry (METI Certification) and achieved a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JPY 36. The Board also approved the JV Company to acquire all issued and paid-up shares of SolarOne G.K. and PurpleSol G.K. to obtain METI certification, other required and necessary licenses, agreements regarding grid connection with electricity utility provider of Onikobe Project, including an ownership and possessory right to the project land in the approximated area of 2,080 Rai, which includes land ownership of 1,848 Rai and leased land of 232 Rai. Under this project, the Company will invest in the JV Company through a subsidiary named TSE Overseas Group Co., Ltd. ("TSE Overseas")<sup>2</sup> which 100% shareholding by the Company. The subsidiary, TSE Overseas will hold 60% of shareholding of the paid-up capital of the JV Company and the JV Company will acquire assets of the project.

The investment in Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand's new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 ("Notification of the Revenue Department"). In this regard, TSE Overseas will apply for approval as an international headquarter (IHQ)<sup>3</sup> to the Director-General of The Revenue Department to obtain tax incentives from investment in Onikobe Project that dividend income received from Onikobe Project paid by the JV Company in Singapore will be exempt from Thai corporate income tax calculations at the rate of 20% of received dividends. Qualifications and conditions of applying for approval as the IHQ can be summarized as follows:

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<sup>1</sup> The exchange rate is based on the monthly average exchange rate from February 2016 to January 2017 of the Bank of Thailand. The exchange rate is 0.321 THB/1 JPY.

<sup>2</sup> In the process of the incorporation of a subsidiary which will be completed prior to presenting to the meeting of shareholders for approval of entering into the transaction

<sup>3</sup> After the establishment of TSE Overseas, the Company will apply for approval of TSE Overseas as the International Headquarter (IQH) to the Director-General of the Revenue Department

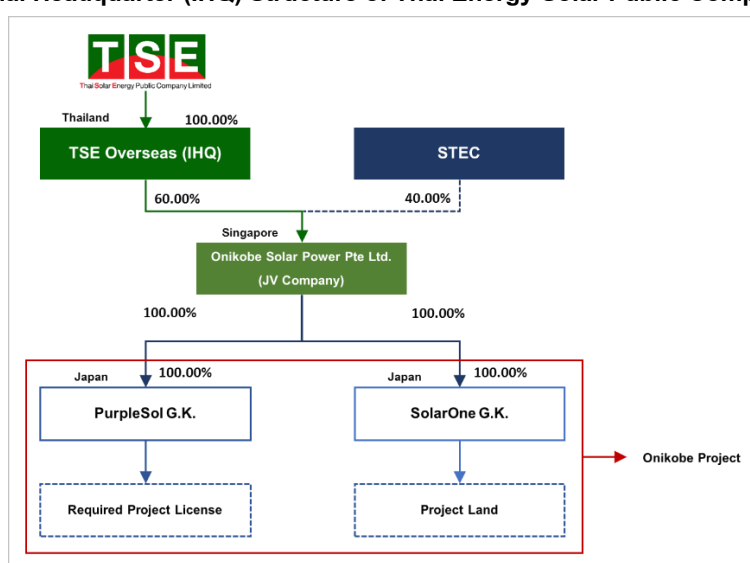


- 1) Being a company established under Thai laws to operate business providing management, technical, and support services or treasury center services to its associated enterprises or branch offices either overseas or in Thailand, including international trade companies approved as an international headquarter (IHQ).
- 2) A minimum paid-up capital of THB 10 million at the end of each accounting period.
- 3) Provide management or technical services, support services or treasury center services to its associated enterprises established under foreign laws.
- 4) Incur annual local operating expenses related to IHQ of at least THB 15 million.
- 5) Submit an application to and obtain approval from the Director-General of the Revenue Department.
- 6) Comply with regulations, procedures and conditions as specified by the Director-General of the Revenue Department.

According to the aforementioned regulations and conditions, the Company considers that the Company can manage its subsidiary to meet full qualifications as specified in the Notification of the Revenue Department to ensure that its subsidiary will be approved as the IHQ by the Director-General of the Revenue Department and obtain incentives of tax reduction and tax exemption from measures promoting establishment of the IHQ. The approval process is expected to take not more than an accounting period from the establishment of the subsidiary. In case that TSE Overseas is disapproved as the IHQ by the Director-General of the Revenue Department, TSE Overseas will have a duty to pay taxes at a rate specified by Thai laws.

At present, the investment structure of Onikobe Project of the Company and STEC is being carried out. Primarily, the establishment of the subsidiary and related companies to serve entering into the transaction will be completed before the 2017 Annual General Shareholders' Meeting held on April 19, 2017. Details of the Investment structure are shown on the below figure.

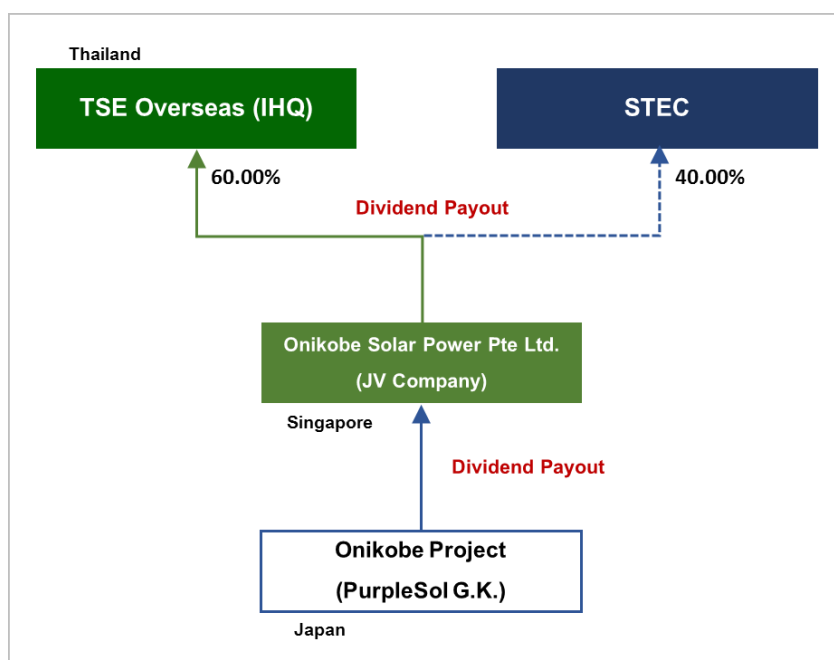
#### International Headquarter (IHQ) Structure of Thai Energy Solar Public Company Limited



Source: The Company

**Remarks** As at March 15, 2017, the incorporation of TSE Overseas is in the process, whereas the establishment to Onikobe Solar Power Pte Ltd. has not been carried out, so its company name may be changed afterwards.

### Return on Investment in Onikobe Project under the IHQ Structure



Source: The Company

### Tax Impacts under the IHQ Investment Structure of the Company

Company Location	Tax Impacts
Japan	<ul style="list-style-type: none"> <li>Enterprise tax at a rate of 1.289% of revenue from electricity distribution</li> <li>Fixed assets tax at a rate of 1.40% of net asset value using the replacement cost method</li> <li>Corporate income tax at a rate of 27.45% of profit before taxes</li> <li>Withholding tax from dividend at a rate of 5.00% of total dividend paid each year based on tax incentives between Japan and Singapore</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>Tax exemption will be achieved if it is proved that revenue sources come from overseas</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>Dividend received from the JV Company will be exempt from corporate income tax calculations</li> </ul>

Source: Tax due Diligence Report of Onikobe Project

The entry into such transaction is deemed as the asset acquisition transaction as specified in the Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed as Acquisition and Disposal of Assets dated August 31, 2008 (including additional amendments) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Practice of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 (2004) dated October 29, 2004 (including additional amendments) ("Notification of Acquisition and Disposal of

Assets"). Calculated based on the Company's consolidated financial statements for the year ended December 31, 2016, the maximum transaction size equals 234.73% using the total value of consideration method.

When combined with the transaction size for the past 6-month period, the transaction size is equivalent to 42.80% based on the total value of consideration method. As a result, the total asset acquisition transaction size equals 277.53%, which is categorized as Type 4 transaction as prescribed in the Notification of Asset Acquisition or Disposal, with the transaction value equivalent to or more than 100% or deemed under backdoor listing. After consideration, the Board of Directors was of the opinion that such transaction is not required for re-submission of the application for listing of securities as specified in Item 24 of the Notification of Asset Acquisition or Disposal in all aspects as follows:

1. Acquired business is in a similar line of a business or a mutually supporting business to the Company

The entry into the transaction is considered as a similar line of a business or a mutually supporting business to the Company as its main business is renewable energy business focusing on solar power plants. At present, the Company totally has 36 solar projects both in Thailand and in Japan, consisting of 29 local projects and 7 overseas projects or the total capacity of 143.68 MW, divided into the capacity of 121.70 MW in Thailand and of 21.98 MW in Japan. The projects can be summarized as follows:

Thailand				Japan			
Category	Number	Capacity	COD	Category	Number	Capacity	COD
Thermal	1	4.5 MW	2011	<u>PV Farm</u>			
PV Farm	10	80 MW	2014	- Kuno	1	0.5 MW	2015
PV Rooftop	14	14 MW	2015	- Shima	1	1.25 MW	2016
Cooperatives	1	1 MW	2016	- Hikeme	1	1.50 MW	2016
Biomass	3	22.2 MW	Under construction	- Ryugasaki	1	1.99 MW	2016
				- Jyoso	1	1.25 MW	Pre-development
				- Sakura	1	1.99 MW	25%
				- Hanamizuki	1	13.5 MW	20%
<b>Total</b>	<b>29</b>	<b>121.7 MW</b>		<b>Total</b>	<b>7</b>	<b>21.98 MW</b>	
- COD	26	99.5 MW		- COD	4	5.24 MW	
- On progress	3	22.2 MW		- On progress	3	16.74 MW	

Source: The Company

According to the entry into such a transaction, the Company will also achieve the right to operate another solar power plant project with the accredited capacity of 154.98 MW along with project land. Therefore, it can be seen that the acquired assets from entering into the transaction is considered as the same type of the Company's existing main business.

2. The Company has no policy to make a major change in its main business

The Company aims to be a leading renewable energy power plant operator by expanding investment in other types of renewable energy such as biomass power, wind power, biogas, and waste both

locally and internationally. Over the last six months, the Company has invested in the solar power plant in category of ground mounting to government agencies and agricultural cooperatives, the biomass project of Oscar Save The World Co., Ltd. with the generation capacity of 17.6 MW and the biomass project of Bangsawan Green Co., Ltd. with the generation capacity of 4.6 MW. Following the Company's past operations along with its entry into such transaction, the Company will continue to be a leading operator of renewable energy business in Thailand and in Asia. This indicates that the Company does not have a policy to make a change in its main business.

3. The enlarged group arising from the acquisition of assets has suitable qualifications for listing of securities on the SET

The entry into such transaction is considered acquiring the right to operate solar power plants as well. The acquisition of assets of such a project will enable the Company to obtain the right to operate solar power plant business with the accredited capacity of 154.98 MW. The transaction will be beneficial to the Company in terms of growth, investment expansion and revenue generation.

When considering the group company's qualifications and appropriateness after entering into the transaction, the Company views that the group company has full and proper qualifications for listing on the SET.

4. The Company will not have significant change in the composition of the Board of Directors and in the controlling power of the Company or in the controlling of shareholders of the Company

After entering into the transaction in addition to the appointment of a new director to replace those retiring by rotation, there will be no significant change in the composition of the Board of Directors, whereas the structure of the first three major shareholders after November 3, 2016 will not have a significant change.

The Company therefore must prepare a report and disclosure of asset acquisition to the SET immediately pursuant to the SET's regulations and hold a meeting of shareholders to approve the entry into this transaction with votes not less than three-fourth of total number of shareholders who attend the meeting and have the right to vote, excluding the votes of the shareholders who have interest in this matter. In order to ensure that the Company's shareholders have sufficient information to approve entering into such transaction, the meeting of the Board of Directors has appointed Finnex Advisory Co., Ltd. ("IFA" or "Independent Financial Advisor") as the Independent Financial Advisor to provide opinions to the shareholders on the acquisition of the said asset.

After studying the relevant information such as conditions of entering into the transaction, pros and cons of entering into the transaction, risks of entering into the transaction, and the suitability of transaction costs, the IFA's opinions can be summarized as follows:

### **Pros of entering into the transaction**

1. Increase ability to generate consistent revenue to the Company

After the entry into the transaction, the Company will acquire the solar power plant project in Onikobe, Miyagi Prefecture in Japan with the accredited capacity of 154.98 MW and the installed capacity of 182.76 MW. The project is granted a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JPY 36. After the project's commercial operation date (COD) has been achieved, the Company will be able to generate revenue from electricity sales for 20 years consecutively.

2. Diversify risks from the Company's investment

The entry into the transaction will enable the Company to acquire the solar power project in Japan, reducing the Company's reliance only on the solar power plant business in Thailand. In case of the occurrence of incidents that may affect economic conditions and domestic energy policies, the Company will still earn revenue from the project in Japan. In addition, such project not only diversifies the risk of investment, but also generates stable revenue to the Company in the long term.

3. Utilize existing resources and knowledge efficiently to support business expansion

Currently, the Company has a total of 36 solar power plant projects, consisting of 29 projects in Thailand and 7 projects overseas with the capacity of 143.68 MW, comprising the capacity of 121.70 MW in Thailand and Japan with the capacity of 21.98 MW. This indicates that the Company has teamwork for solar farm business. To enter into this transaction will not only serve the Company to expand its solar power business, but also reduce operational costs regarding personnel. Therefore, the Company can assign both management and operational staffs who have knowledge or are specialists to work together and utilize other types of resources for the utmost benefit to the Company in terms of management and profitability.

4. Return on investment worthwhile

Under the investment in Onikobe Project, net equity present value (Equity NPV) in the proportion of investment is JPY 1,984.58 million or equivalent to THB 637.05 million, whereas equity internal rate of return (Equity IRR) equals 8.22% , which is higher than the average of cost of equity ( $K_e$ ) of 4.80% per annum. Additional details are provided in Part 5: Opinion of Independent Financial Advisor regarding the suitability of acquired asset value.

### **Cons of entering into the transaction**

1. Entry into the transaction will increase the Company's debts and interest expenses

The entry into the transaction requires loans from financial institutions as sources of fund for Onikobe Project's operation. The Company is currently negotiating with both local and foreign financial institutions for loan approval. The management is confident that financial institutions will approve loans for investment in Onikobe Project. After the completion of the transaction, the JV Company will become the Company's subsidiary. Liabilities arising from loans for Onikobe Project in the amount of THB 16,709.33 million will be shown in the Company's consolidated financial statements compared with shareholders' equity of THB 4,585.42 million in the Company's consolidated financial statements for the year ended December 31, 2016.

Therefore, the debt to equity ratio is 4.37 times, much higher than the current figure of 0.73 time, whereas an increase in interest expenses are in line with higher debts. According to the estimation of operating performance of the project, profit before interest expenses and taxes is equivalent to JPY 2,675.97 – 4,626.65 million, which is much higher than interest expenses of the project of JPY 21.70 – 748.65 million. In addition, the interest coverage ratio of the project ranges between 3.57 – 213.21 times, implying that the project has the ability to pay debts throughout the estimation period. Moreover, the debt to equity ratio of Onikobe Project will decrease continuously following debt repayments as agreed upon with financial institutions (details shown in Part 5 Page 9: Other assumptions Item 2 Finance Cost).

2. Entry into the transaction has restrictions on project management as the project is located overseas

Onikobe Project located in Japan is considered an overseas investment which will comply with foreign laws and regulations. In addition, the form of business operation is different from doing business in Thailand, whereas there may be limitations on business management due to the project location that may affect management efficiency of the Company. Nevertheless, for this investment, the Company will appoint an Asset Manager of the project to manage assets on behalf of the Company. In addition, the Company has experience in operating 7 solar power projects in Japan with the capacity of 21.98 MW, showing that the Company will be able to manage Onikobe Project smoothly and efficiently.

3. Entry into the transaction requires a large amount of investment

Onikobe Project is the solar power plant project in category of ground mounting with the accredited capacity of 154.98 MW (installed capacity of 182.76 MW). In comparison of the Company's 36 projects with the combined capacity of only 143.68 MW, it can be seen that Onikobe Project's capacity is higher than the Company's existing projects. This indicates that such a project requires a large amount of investment that the Company expects total investment of approximately JPY 61,240 million or THB 19,658 million. Therefore, investment in this project may cause the Company's lack of liquidity. To alleviate the problem of investment, the Company has jointly invested with the STEC in the proportion of 60:40 of total investment value.

### **Risks of entering into the transaction**

1. Risks that TSE Overseas may not be approved as IHQ by the Director-General of the Revenue Department

The investment into this Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand's new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 ( " Notification of the Revenue Department"). In this regard, TSE Overseas will apply for approval as an international headquarter (IHQ) to the Director-General of The Revenue Department to obtain tax incentives from investment in Onikobe Project that

dividend income received from Onikobe Project paid by the JV Company in Singapore will be exempt from Thai corporate income tax calculations at the rate of 20% of received dividends.

In addition, the Company has hired a legal consultant and tax consultant to study and give consults on such project investment to ensure that TSE Overseas will be qualified as specified in the Notification of the Revenue Department and approved as the IHQ by the Director-General of the Revenue Department. If the subsidiary does not receive approval from the Director-General of the Revenue Department, the investment in this project can be made under the GK-TK structure as other projects did in Japan.

Differences	IHQ Investment Structure	GK-TK Investment Structure
Tax	<u>Japan</u> <ul style="list-style-type: none"> <li>Corporate income tax at a rate of 27.45% of profit before tax</li> <li>Withholding tax from dividend at a rate of 5% of total dividends paid each year subject to tax benefits between Japan and Singapore</li> </ul>	<u>Japan</u> <ul style="list-style-type: none"> <li>Withholding tax from profit distribution to TK investors at a rate of 20.42% . Such share of profit is considered <u>an expense</u> which can be deducted from income for corporate income tax calculations at the rate of 27.45% of profit before tax</li> </ul>
Ownership	<ul style="list-style-type: none"> <li>Having an ownership in PurpleSol G.K. and SolarOne G.K. due to a direct investment</li> </ul>	<ul style="list-style-type: none"> <li>Not having an ownership in PurpleSol G.K. and SolarOne G.K. due to an indirect investment</li> </ul>

## 2. Risk of uncertainty of intensity of sunrays

Solar power is mainly used for generating electricity of Onikobe Project. Intensity of sunrays and the duration of getting sunrays used in generating electricity will depend on climate in each zone and time. If intensity of sunrays is less than normal due to climate changes in Japan which is out of control, Onikobe Project will cannot generate electricity at full capacity. This will affect the Company's revenue from sale of electricity and share of profit.

To ease this problem, the Company has hired Vector Cuatro Japan Co., Ltd. (Project Consultant) to study the intensity of sunrays by using PVSYST program, which is an acceptable and widely used for designing solar power plants, and the Project Consultant has applied the historical average sunray intensity information provided by three reliable institutions, namely the New Energy and Industrial Technology Development Organization (NEDO), Meteonorm, and Solargis (details shown in Attachment 1 Page 5 Item 4: Testing intensity of sunrays) to Onikobe Project to make the Company confident that the intensity of sunrays in the location of Onikobe Project is in line with the Project Consultant's estimate.

## 3. Risk of loan from financial institutions to support the project

As Onikobe Project requires loan from financial institutions approximately 85% of total investment value or equivalent to JPY 52,054 million or THB 16,709.33 million, there is possible that the Company will not

receive loan approval from financial institutions or approve less than request and/or under conditions worse than the request. In addition, delayed loan approval may cause the Company's insufficient investment for the project. At present, the Company and STEC as the JV of Onikobe Project are negotiating loan with financial institutions in Japan and are confident that they will receive financial support from financial institutions after conducting the project feasibility study and their good connections with such financial institutions all along.

4. Risk of volatility of foreign exchange rate

The majority of revenue and expenses for entering into the transaction and loans received are in JPY term. The Company will be risky when JPY depreciates because some parts of management and share of profit are in THB term. As for the entry into this transaction, the Company is required to prepare the consolidated financial statements which include operating results and financial position of its subsidiaries, namely TSE Overseas, JV Company, PurpleSol G.K., and SolarOne G.K. operating both locally and internationally. Especially, PurpleSol G.K. and SolarOne G.K., which are located in Japan and operate business in Japan, will prepare their financial statements in a JPY term. In the meantime, the Company's consolidated financial statements will be converted from JPY to THB currency, resulting in a difference in a foreign exchange rate. Such an item will be recorded as forex gain or loss afterwards the item of Other Comprehensive Income after profit for the year of the Company. The currency impact on the Company's consolidated financial statements will depend on the exchange rate of THB against JPY on the date of preparing financial statements.

In order to cope with the risk arising from exchange rate volatility, the Company plans to prevent the risk through a natural hedge that is all expenses will be recorded as JPY term, whereas appropriate financial tools may be used if necessary.

5. Risk of delayed grid connection construction

According to the condition of approval for grid connection of Onikobe Project, Tohoku Electric Power Co., Inc. will take around 84 months for construction of grid connection system of Onikobe Project to Tohoku Electric Power Co., Inc.'s grid connection after the construction fees of grid connection has been paid by Onikobe Project. PurpleSol G.K. has paid the exploration fees of construction site for grid connection in the amount of JPY 316.27 million (from total construction expenses of JPY 4,056.79 million) to Tohoku Electric Power Co., Inc. since July 2, 2016. However, PurpleSol G.K. is required to pay the remaining JPY 3,740.52 million within November 30, 2019. With respect to the meeting minutes on February 27, 2017 between the Company's legal consultant and Tohoku Electric Power Co., Inc., Tohoku Electric Power Co., Inc.'s team expects construction of grid connection of Onikobe Project will be completed within May 31, 2022 that may delay the Company's COD plan as scheduled within 2021.

Nevertheless, as PurpleSol G.K. has paid JPY 316.27 million for the exploration fees of construction site for grid connection to Tohoku Electric Power Co., Inc. since July 2, 2016, conditions of Scheduled Commercial Operation Date (SCOD) will not be provided for Onikobe Project. Moreover, the Company's legal consultant has met with Tohoku Electric Power Co., Inc. to inquire about the period for construction of grid connection of the project, Tohoku Electric Power Co., Inc. expects to take around 3-4 years to complete such construction. This will enable Onikobe Project to start its COD as planned.



6. Risk of environment and natural disasters

As Onikobe Project is located in Japan where is cold and covered with snow in winter every year; such climate will become an obstacle for getting sunrays used in generating electricity of the project. Therefore, the installation of solar panels will be designed with an appropriate slope to prevent snow adhesions and maintenance of solar panels will be provided regularly to cope with environmental risks. Apart from that, frequent earthquakes in Japan and severe earthquake may cause damage to the project.

However, the Company has hired Vector Cuatro Japan Co., Ltd. (Project Consultant) to study the installation of solar panels to serve Japan's environment, including environment and natural disasters in the area where the project is located i.e. snow, earthquakes, landslide, volcanic activity, etc. It is concluded that the project location has a less chance to face the problem arising from environment and natural disasters.

7. Risk of business operation overseas

As Onikobe Project located in Japan have many differences in terms of business operation form, personnel, language, laws and regulations compared with doing business in Thailand, the Company has hired specialists in Japan. As a result, the project may not be in line with expectations, whereas the Company will not be able to closely control and manage the project efficiently as the project operated in Thailand.

However, before decision-making to invest in the project, the Company has hired a legal consultant in Japan to conduct a legal due diligence to make the Company more confident that this investment will not face legal problems. After the investigation, material issues that may affect the project are not found. Moreover, the Company will appoint an asset manager of the project to manage assets on behalf of the Company, simultaneously the Company's team has schedule to oversee other projects in Japan every month. The Company also deals with its power plants through online control systems using the local internet. On the back of experiences in operating 7 solar power projects in Japan with the total capacity of 21.98 MW, this will enable the Company to manage Onikobe Project smoothly and efficiently.

8. Risk of failure to electrical cable connection of Onikobe Project

Onikobe Project's land consists of land ownership of the project and long-term land lease. As for Onikobe Project's land lease as specified in Land Deed is 232 Rai or approximately 370,957 sqm, of which 128 Rai or around 205,013 sqm have been rented by PurpleSol G.K. for the project operation. However, such rental area is not close to land owned by the project, but is separated by a public space where the Company may not be able to construct electrical cable connection smoothly, becoming risky (details of the project plan shown in Attachment 1 Page 3: Figure Plan for installation of solar panels of Onikobe Project).

Nevertheless, the Company can ask for permission from a local authority of the zone where the Project is located to construct underground electrical cable to connect grid between the Company's land and leased areas.

9. Risk of curtailment

In 2015, Japan's natural resources and energy organization has announced its Royal Decree and related practices to amend a guideline for the renewable power purchase by power plant operators and a limitation on power purchase (curtailment). As a result, Tohoku Electric Power Co., Inc., which is the private

power plant operator purchasing electricity from Onikobe Project, is entitled to slow its purchase of electricity from the project totaling not more than 30 days per an accounting period and shall not be liable for any damage incurred. Therefore, Onikobe Project may face revenue losses if the curtailment takes place. This will have a direct impact on share of profit that the Company will receive from such a project.

However, in the past, there was a less chance of the occurrence of curtailment and Onikobe Project has been provided the best curtailment term with a maximum of 30 days per an accounting period. Under such conditions, despite the fact that Tohoku Electric Power Co., Inc. will limit power purchase of the project for only one hour a day, the number of days will be counted as one day according to Onikobe Project's curtailment conditions.

#### **Pros of no entry into the transaction**

1. The Company has no additional debts and interest expenses

If the Company does not make investment in the solar power project in category of ground mounting, loan from financial institutions in the amount of approximately THB 6,709.33 million will not be required. As a result, the debt to equity ratio will remain unchanged.

2. The Company will not cope with various risks from investment in Onikobe Project

If the Company does not enter into such transaction, the Company will not cope with possible risks from investment in Onikobe Project such as the risk arising from TSE Overseas's failure to be approved as the IHQ by the Director-General of the Revenue Department, uncertainty of intensity of sunrays, and failure to grid connection of Onikobe Project.

3. The Company will have working capital to support loan request from financial institutions for future investment in other projects which have less risk than Onikobe Project

If the Company does not enter into this transaction, the Company will have working capital and loan request from financial institutions for future investment in other projects with less risks and/or higher returns because the debt to equity ratio will remain unchanged.

#### **Cons of no entry into the transaction**

1. The Company will lose an opportunity for investment in the solar power plant project in category of ground mounting

The Company will lose an opportunity for investment in the solar power plant project in category of ground mounting which will generate a large amount of consistent revenue, long-term returns, and increase investment in the existing solar farm business, considered less risk than other renewable power businesses, especially solar used in generating electricity.

2. The Company will further take time for investment in other power projects

In case that the Company does not enter into the transaction, the Company will further seek and select projects or other businesses according to the Company's policy on investment in renewable power business which requires time, operating expenses and possible risks that may be the same or higher.

When considering pros and cons of entering into the transaction and pros and cons of no entry into the transaction, **the IFA concludes that this entry into the transaction is reasonable.**

After entering into the transaction, the Company will have risks if TSE Overseas will not receive approval as the IHQ that will obstruct the Company to achieve incentives on tax reduction from investment in Onikobe Project, the risk of delayed construction of electrical cable connection that will affect COD and revenue of Onikobe Project, the risk of exchange rate volatility in case of THB appreciation or JPY depreciation, including other risks mentioned above.

With regard to the suitability of entering into the transaction, the IFA has evaluated return on investment taking into account 1) Net Present Value (NPV) for the project and shareholders 2) Project IRR and Equity IRR, and 3) Payback Period for the project and shareholders which can be summarized as follows:

Valuation Method Return on Investment (ROI)	Project	Equity (Proportionate to the Company)
Net Present Value (NPV)	JPY 4,476.29 million or approximately THB 1,436.89 million	JPY 1,984.58 million or approximately THB 637.05 million
Internal Rate of Return (IRR)	3.62 %	8.22 %
Payback Period	16.8 years	11.8 years

From the table, it is concluded that Onikobe Project's NPV is JPY 4,476.29 million or approximately THB 1,436.89 million and IRR is 3.62% per annum, higher than the average of weighted average cost of capital (WACC) of the project of 2.81% per annum, with a payback period of around 16.8 years. It is considered appropriate for entering into investment. When considering ROI in the proportion of the Company expected to receive from Onikobe Project, the Equity NPV amounts to JPY 1,984.58 million or approximately THB 637.05 million, whereas EIRR is 8.22% per annum, higher than the average of cost of equity ( $K_e$ ) of 4.80% per annum with a payback period of around 11.8 years.

Therefore, this investment in the solar power plant project in category of ground mounting in Onikobe, Miyagi Prefecture in Japan (Onikobe Project), and the IFA is of the opinion that **the return on investment is reasonable**. In summary, the IFA recommends that shareholders **should approve entering into this transaction regarding asset acquisition**.

However, shareholders should consider the reasonableness and the IFA's opinion which is based on the assumption that gathered information, documents and draft documents, including interviews with the executives and related persons are complete and accurate. In addition, shareholders should consider conditions and specification of entering into the transaction. The IFA is of the opinion that the assumptions used in preparing financial projection are reasonable in accordance with economic conditions and existing information during the period of study. Any future possible changes may be the factors to affect the IFA's opinion. Hence, decision-

making on whether to approve or disapprove entering into the transaction will mainly depend on shareholders' consideration.

## **Part 2: Work Procedures and Information used for preparing the report**

The IFA has considered and studied information of entering into the transaction concerning acquisition of assets provided by the Company, interviews with the executives of the Company, public information and related information including, but not limited to

1. Resolution of the Meeting of the Board of Directors of the Company and Information Memorandum concerning asset acquisition transactions disclosed to the SET
2. All material documents of SolarOne G.K. and PurpleSol G.K.
3. Financial statements of SolarOne G.K. and PurpleSol G.K.
4. All documents and agreements related to investment in Onikobe Project, e.g. METI Certificate, Grid Connection, JV agreement between the Company and STEC, the share sale and purchase agreement of Solar One G.K. and PurpleSol G.K.
5. Technical Due Diligence Report of Onikobe Project
6. Tax Due Diligence Report of Onikobe Project
7. Legal Due Diligence Report of Onikobe Project
8. Interviews with the Company's management and related persons
9. Statistical information from Japan's stock exchange and industrial conditions

The IFA's opinion on asset acquisition transaction is based on the assumptions that gathered information and/or documents as well as interviews with the Company's executives and related persons are accurate and factual. In providing the opinion, the IFA has considered and studied such information with the carefulness and reasonableness in accordance with professional standard. Moreover, the IFA considers that all agreements and memorandum of understating (MoU) are in force and effect and binding in laws without any change in conditions, removal or termination, including any incident or terms that may have significant effect on entering this asset acquisition transaction.

The opinion of the IFA in this report is based on obtained information, industrial and economic conditions and other factors incurred during the preparation that may have a significant change afterwards and affect the IFA's opinion. In this regard, the IFA has no commitment to revise the IFA's opinion in this report.

This report on the IFA's opinion has been provided for the Company's shareholders used in making a decision on passing a resolution of approval of entering the asset acquisition transaction. Decision-making on whether to approve or disapprove such transaction will depend on shareholders' consideration. Nevertheless, shareholders should study information provided in all documents submitted together with the notice of the meeting of shareholders with the carefulness before passing the resolution so that the resolution will be made appropriately. Hence, the report on the IFA's opinion is not the certification of a success of entering into the transaction and possible impacts, whereas the IFA will not be able to take any responsibility to any possible impacts from such transaction either directly or indirectly.

### Part 3: Characteristic and Details of the Transaction

#### 3.1 Objective and Background of the Transaction

The meeting of the Company's Board of Directors No. 1/2017 held on February 20, 2017 2560 resolved to approve investment by the Company and Sino-Thai Engineering and Construction Public Company Limited ("STEC") in solar power plant in category of ground mounting in Onikobe, Miyagi Prefecture, Japan ("Onikobe Project") through an established joint-venture company in Singapore ("Joint Venture Company" or "JV Company"). The investment proportion between the Company and STEC is 60:40 of the total investment which is JPY 61,240 million or equivalent to approximate of THB 19,658 million<sup>1</sup>. Onikobe Project has been granted to operate the solar power plant in category of ground mounting with the accredited capacity of 154.98 megawatts (MW) (installed capacity of 182.76 MW) as specified in the power distribution certification issued by the Ministry of Economy, Trade and Industry (METI Certification) and achieved a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JPY 36. The Board also approved the JV Company to acquire all issued and paid-up shares of SolarOne G.K. and PurpleSol G.K. to obtain METI certification, other required and necessary licenses, agreements regarding grid connection with electricity utility provider of Onikobe Project, including an ownership and possessory right to the project land in the approximated area of 2,080 Rai, which includes land ownership of 1,848 Rai and leased land of 232 Rai. Under this project, the Company will invest in the JV Company through a subsidiary named TSE Overseas Group Co., Ltd. ("TSE Overseas")<sup>2</sup> which 100% shareholding by the Company. Such a subsidiary is being incorporated in Thailand. The subsidiary, TSE Overseas will hold 60% of shareholding of the paid-up capital of the JV Company and the JV Company will acquire assets of the project.

The investment into this Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand's new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 ("Notification of the Revenue Department"). In this regard, TSE Overseas will apply for approval as an international headquarter (IHQ)<sup>3</sup> to the Director-General of The Revenue Department to obtain tax incentives from investment in Onikobe Project that dividend income received from Onikobe Project paid by the JV Company in Singapore will be exempt from Thai corporate income tax calculations at the rate of 20% of received dividends. Qualifications and conditions of applying for approval as the IHQ can be summarized as follows:

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<sup>1</sup> The exchange rate is based on the monthly average exchange rate from February 2016 to January 2017 of the Bank of Thailand. The exchange rate is 0.321 THB/1 JPY.

<sup>2</sup> In the process of the incorporation of a subsidiary which will be completed prior to presenting to the meeting of shareholders for approval of entering into the transaction

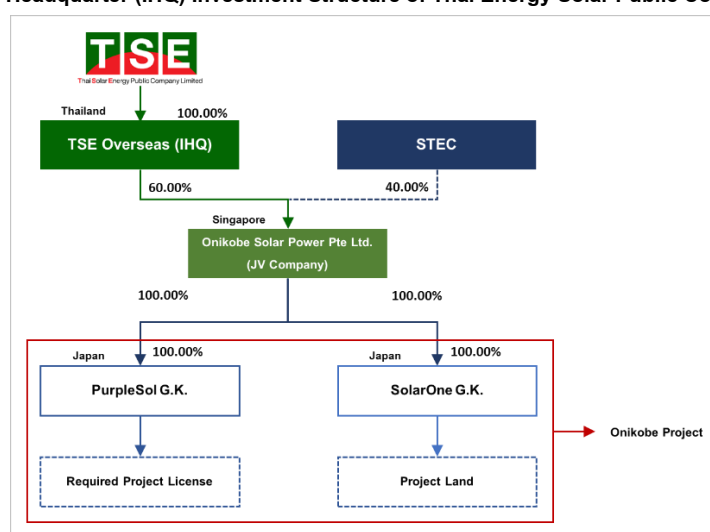
<sup>3</sup> After the establishment of TSE Overseas, the Company will apply for approval of TSE Overseas as the International Headquarter (IQH) to the Director-General of the Revenue Department

- 1) Being a company established under Thai laws to operate business providing management, technical, and support services or treasury center services to its associated enterprises or branch offices either overseas or in Thailand, including international trade companies approved as an international headquarter (IHQ).
- 2) A minimum paid-up capital of THB 10 million at the end of each accounting period.
- 3) Provide management or technical services, support services or treasury center services to its associated enterprises established under foreign laws.
- 4) Incur annual local operating expenses related to IHQ of at least THB 15 million.
- 5) Submit an application to and obtain approval from the Director-General of the Revenue Department.
- 6) Comply with regulations, procedures and conditions as specified by the Director-General of the Revenue Department.

According to the aforementioned regulations and conditions, the Company considers that the Company can manage its subsidiary to meet full qualifications as specified in the Notification of the Revenue Department to ensure that its subsidiary will be approved as the IHQ by the Director-General of the Revenue Department and obtain incentives on tax reduction and tax exemption from measures promoting establishment of the IHQ. The approval process is expected to take no later than an accounting period from the establishment of the subsidiary. In case that TSE Overseas will not receive an approve from the Director-General of the Revenue Department, It will be subject to tax rates as prescribed under Thai laws.

At present, the investment structure of Onikobe Project of the Company and STEC is being carried out. Primarily, the establishment of the subsidiary and related companies to serve entering into the transaction will be completed before the 2017 Annual General Shareholders' Meeting held on April 19, 2017. Details of the Investment structure are shown on the below figure.

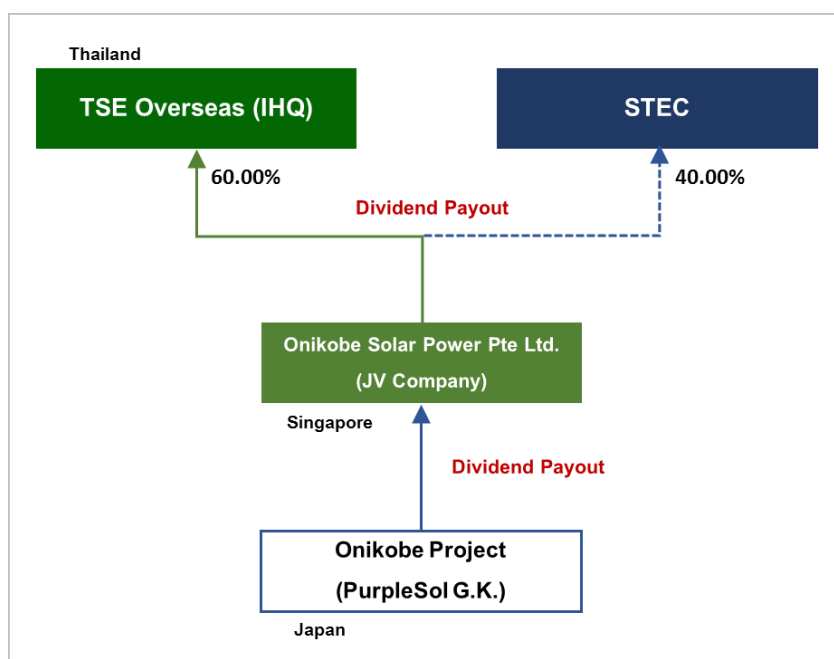
**International Headquarter (IHQ) Investment Structure of Thai Energy Solar Public Company Limited**



Source: The Company

**Remarks** As at March 15, 2017, the incorporation of TSE Overseas is in the process, whereas the establishment to Onikobe Solar Power Pte Ltd. has not been carried out, so its company name may be changed afterwards.

Return on Investment of Onikobe Project under the IHQ investment Structure



Source: The Company

Tax Impacts under the IHQ Investment Structure of the Company

Company Location	Tax Impacts
Japan	<ul style="list-style-type: none"> <li>Enterprise tax at a rate of 1.289% of revenue from electricity distribution</li> <li>Fixed assets tax at a rate of 1.40% of net asset value using the replacement cost method</li> <li>Corporate income tax at a rate of 27.45% of profit before taxes</li> <li>Withholding tax from dividend at a rate of 5.00% of total dividend paid each year based on tax incentives between Japan and Singapore</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>Tax exemption will be achieved if it is proved that revenue sources come from overseas</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>Dividend received from the JV Company will be exempt from corporate income tax calculations</li> </ul>

Source: Tax due Diligence Report of Onikobe Project

The entry into such transaction is deemed as the asset acquisition transaction as specified in the Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed as Acquisition and Disposal of Assets dated August 31, 2008 (including additional amendments) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Practice of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 (2004) dated October 29, 2004 (including additional amendments) ("Notification of Acquisition and Disposal of



Assets"). The maximum transaction size equals 234.73% on the consideration paid basis subject to the Company's consolidated financial statements for the year ended December 31, 2016.

When combined with the transaction size for the last six months, the Company's transaction size is equivalent to 42.80% based on the consideration paid. As a result, the total asset acquisition transaction size equals 277.53%, categorized as Type 4 transaction, under the Notification of Asset Acquisition or Disposal, with the transaction value equals or above 100% or is deemed as a backdoor listing. Nevertheless, the Board of Directors has considered entering into the transaction that such transaction is exempted from re-submission of the application for listing of securities as specified in Item 24 of the Notification of Asset Acquisition or Disposal in all aspects. Details are as follows:

1. Acquired business is in a similar line of a business or a mutually supporting business to the Company

The entry into the transaction is considered as a similar line of a business or a mutually supporting business to the Company as its main business is renewable energy business focusing on solar power plants. At present, the Company totally has 36 solar projects both in Thailand and Japan, consisting of 29 local projects and 7 overseas projects or the total capacity of 143.68 MW, divided into the capacity of 121.70 MW in Thailand and of 21.98 MW in Japan. The projects can be summarized as follows:

Thailand				Japan			
Type	Amount	Capacity	COD	Type	Amount	Capacity	COD
Thermal	1	4.5 MW	2011	<u>PV Farm</u>			
PV Farm	10	80 MW	2014	- Kuno	1	0.5 MW	2015
PV Rooftop	14	14 MW	2015	- Shima	1	1.25 MW	2016
Cooperatives	1	1 MW	2016	- Hikeme	1	1.50 MW	2016
Biomass	3	22.2 MW	Under construction	- Ryugasaki	1	1.99 MW	2016
				- Jyoso	1	1.25 MW	Pre-development
				- Sakura	1	1.99 MW	25%
				- Hanamizuki	1	13.5 MW	20%
<b>Total</b>	<b>29</b>	<b>121.7 MW</b>		<b>Total</b>	<b>7</b>	<b>21.98 MW</b>	
- COD	26	99.5 MW		- COD	4	5.24 MW	
- On progress	3	22.2 MW		- On progress	3	16.74 MW	

Source: The Company

According to the entry into such a transaction, the Company will also achieve the right to operate another solar power plant project with the accredited capacity of 154.98 MW along with project land. Therefore, it can be seen that the acquired assets from entering into the transaction is considered as the same type of the Company's existing main business.

2. The Company has no policy to make a major change in its main business

The Company aims to be a leading renewable energy power plant operator by expanding investment in other types of renewable energy such as biomass power, wind power, biogas, and waste both locally and internationally. Over the last six months, the Company has invested in the solar power plant in category of ground mounting to government agencies and agricultural cooperatives, the biomass project of Oscar Save The World Co., Ltd. with the generation capacity of 17.6 MW and the biomass project of Bangsawan Green Co., Ltd. with the generation capacity of 4.6 MW. Following the Company's past operations along with its entry into such transaction, the Company will continue to be a leading operator of renewable energy business in Thailand and in Asia. This indicates that the Company does not have a policy to make a change in its main business.

3. The enlarged group arising from the acquisition of assets has suitable qualifications for listing of securities on the SET.

The entry into such transaction is considered acquiring the right to operate solar power plants as well. The acquisition of assets of such a project will enable the Company to obtain the right to operate solar power plant business with the accredited capacity of 154.98 MW. The transaction will be beneficial to the Company in terms of growth, investment expansion and revenue generation.

When considering the group company's qualifications and appropriateness after entering into the transaction, the Company views that the group company has full and proper qualifications for listing on the SET.

4. The Company will not have significant change in the composition of the Board of Directors and in the controlling power of the Company or in the controlling of shareholders of the Company

After entering into the transaction in addition to the appointment of a new director to replace those retiring by rotation, there will be no significant change in the composition of the Board of Directors, whereas the structure of the first three major shareholders after November 3, 2016 will not have a significant change.

The Company therefore must prepare a report and disclosure of asset acquisition to the SET immediately pursuant to the SET's regulations and hold a meeting of shareholders to approve the entry into this transaction with votes not less than three-fourth of total number of shareholders who attend the meeting and have the right to vote, excluding the votes of the shareholders who have interest in this matter. In order to ensure that the Company's shareholders have sufficient information to approve entering into such transaction, the meeting of the Board of Directors has appointed Finnex Advisory Co., Ltd. ("IFA" or "Independent Financial Advisor") as the Independent Financial Advisor to provide opinions to the shareholders on the acquisition of the said asset.

### 3.2 Date/Month/Year of the Transaction

The Company and the seller will enter into the share sale and purchase agreement upon the receipt of approval from the 2017 Annual General Meeting of Shareholders held on April 19, 2017 and completion of all conditions precedent as specified in the share sale and purchase agreement. The important conditions precedent can be summarized as follows:

- (1) Results of legal, financial and technical due diligence are accurate, complete and suitable for investment, and;
- (2) All relevant licenses are in force and effect pursuant to the relevant laws and sufficient for project operation and,
- (3) Project land's ownership and/or possessory right are accurate and complete.

### 3.3 Parties involved and the relationship with the listed company

#### 3.3.1 Letter of Intent for investment in Onikobe Project dated March 14, 2017

Seller	:	Kamisol Limited
Purchaser	:	Thai Solar Energy Public Company Limited
Relationship	:	No relationship with major shareholders, directors and executives of the Company and its subsidiaries
Details	:	Kamisol Limited will sell the whole shares of PurpleSol G.K., which holds related documents and licenses for Onikobe Project's operation and of SolarOne G.K., which holds all plots of land of Onikobe Project, to the Company as the purchase. A share sale and purchase agreement will be made at the price of not more than JPY 15,621.00 million.

#### 3.3.2 Draft JV agreement between the Company and STEC

The 1 <sup>st</sup> JV Party	:	Thai Solar Energy Public Company Limited
The 2 <sup>nd</sup> JV Party	:	Sino-Thai Engineering and Construction Public Company Limited (STEC)
Relationship	:	At present, STEC is the Company's major shareholder with shareholding proportion of 10% of total paid-up capital of the Company.
Details	:	Both JV parties will join hands to register for the establishment of the JV Company named Onikobe Solar Power Pte Ltd. in Singapore with registered capital of SGD 200 million or approximately THB 5,000.00 million, divided into 50 million shares at a par value of SGD 4 per share each or around THB 100. The Company and STEC will own 60% and 40% of total number of shares in the JV Company, respectively with the investment objective to develop and operate Onikobe Project either directly or indirectly (additional details shown

in Part 3 Page 18-19 Item 3.6.6.4 The draft JV agreement between the Company and STEC)

- Remark
1. Details of the draft JV agreement between the Company and STEC may be changeable afterwards as currently such a draft JV agreement is in the process of consideration and approval of entering into the transaction by STEC's Board of Directors. However, the Company and STEC will make such agreement completely before the 2017 Annual General Meeting of Shareholder held on April 19, 2017.
  2. Until March 15, 2017, Onikobe Solar Power Pte Ltd. has not been established; therefore, its company name may be changed afterwards.

### 3.3.3 Draft share sale and purchase agreement of SolarOne G.K.

Seller	:	Kamisol Limited
Purchaser	:	Onikobe Solar Power Pte Ltd.
Relationship	:	No relationship with major shareholders, directors and executives of the Company and its subsidiaries
Details	:	Kamisol Limited will sell shares to Onikobe Solar Power Pte Ltd. at the price of JPY 1,083.00 million (additional details shown in Part 3 Page 20 Item 3.6.6.6 The draft share sale and purchase agreement of SolarOne G.K.)

- Remark
1. Details of the above draft JV agreement may be changed afterwards as currently such draft agreement is in the process of negotiations between both parties. However, the Company will make such agreement completely before the 2017 Annual General Meeting of Shareholder held on April 19, 2017.
  2. Until March 15, 2017, Onikobe Solar Power Pte Ltd. has not been established; therefore, its company name may be changed afterwards.

### 3.3.4 Draft share sale and purchase agreement of PurpleSol G.K.

Seller	:	Kamisol Limited
Purchaser	:	Onikobe Solar Power Pte Ltd.
Relationship	:	No relationship with major shareholders, directors and executives of the Company and its subsidiaries
Details	:	Kamisol Limited will sell shares to Onikobe Solar Power Pte Ltd. at the price of JPY 14,538.00 million (additional details shown in Part 3 Page 19 Item 3.6.6.6 the draft share sale and purchase agreement of PurpleSol G.K.)

- Remark
1. Details of the above draft JV agreement may be changed afterwards as currently such draft agreement is in the process of negotiations between both parties. However, the Company will make such agreement completely before the 2017 Annual General Meeting of Shareholder held on April 19, 2017.
  2. Until March 15, 2017, Onikobe Solar Power Pte Ltd. has not been established; therefore, its company name may be changed afterwards.

### 3.4 General characteristics of the transaction

TSE Overseas Group Co., Ltd. (“TSE Overseas”)<sup>1</sup>, which is the Company’s subsidiary, is in the process of company establishment in Thailand. The Company will hold 100% of total registered capital. TSE Overseas and STEC will jointly invest in the project through the establishment of a JV Company in Singapore. The investment proportion the JV Company between TSE Overseas and STEC is 60:40 of total investment value of Onikobe Project. The project has been granted to operate the solar power plant in category of ground mounting with the accredited capacity of 154.98 megawatts (MW) (installed capacity of 182.76 MW) as specified in the power distribution certification issued by the Ministry of Economy, Trade and Industry (METI Certification) and achieved a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JPY 36. The construction is expected to be completed and commercial operation date is expected to begin within 2021.

The investment in Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand’s new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 (“Notification of the Revenue Department”). In this regard, TSE Overseas will apply for approval as an international headquarter (IHQ) to the Director-General of The Revenue Department to obtain tax incentives from investment in Onikobe Project that dividend income received from Onikobe Project paid by the JV Company in Singapore will be exempt from Thai corporate income tax calculations at the rate of 20% of received dividends. The approval process is expected to take no later than an accounting period from the date of establishment of the subsidiary.

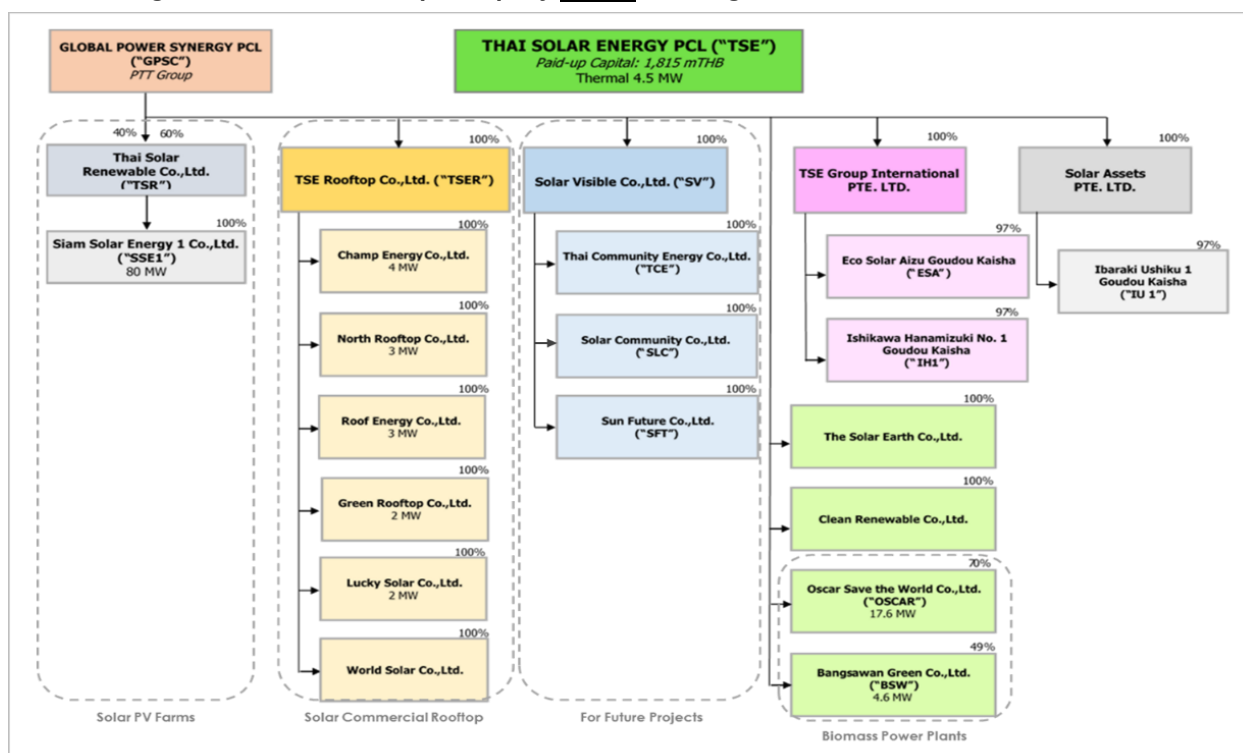
Additionally, the JV Company named Onikobe Solar Power Pte Ltd. will acquire all issued and paid-up shares of SolarOne G.K., which holds all plots of land of Onikobe Project, and of PurpleSol G.K. holding related documents and licenses for Onikobe Project’s operation so that the JV Company will obtain METI certification, other required and necessary licenses, agreements regarding grid connection with electricity utility provider of Onikobe Project, including an ownership and possessory right to the project land in the approximated area of 2,080 Rai, which includes land ownership of 1,848 Rai and leased land of 232 Rai.

At present, the investment structure of Onikobe Project of the Company and STEC are in the process. The Company will register for the establishment of the subsidiary to serve entering into the transaction completely before the 2017 Annual General Shareholders’ Meeting held on April 19, 2017.

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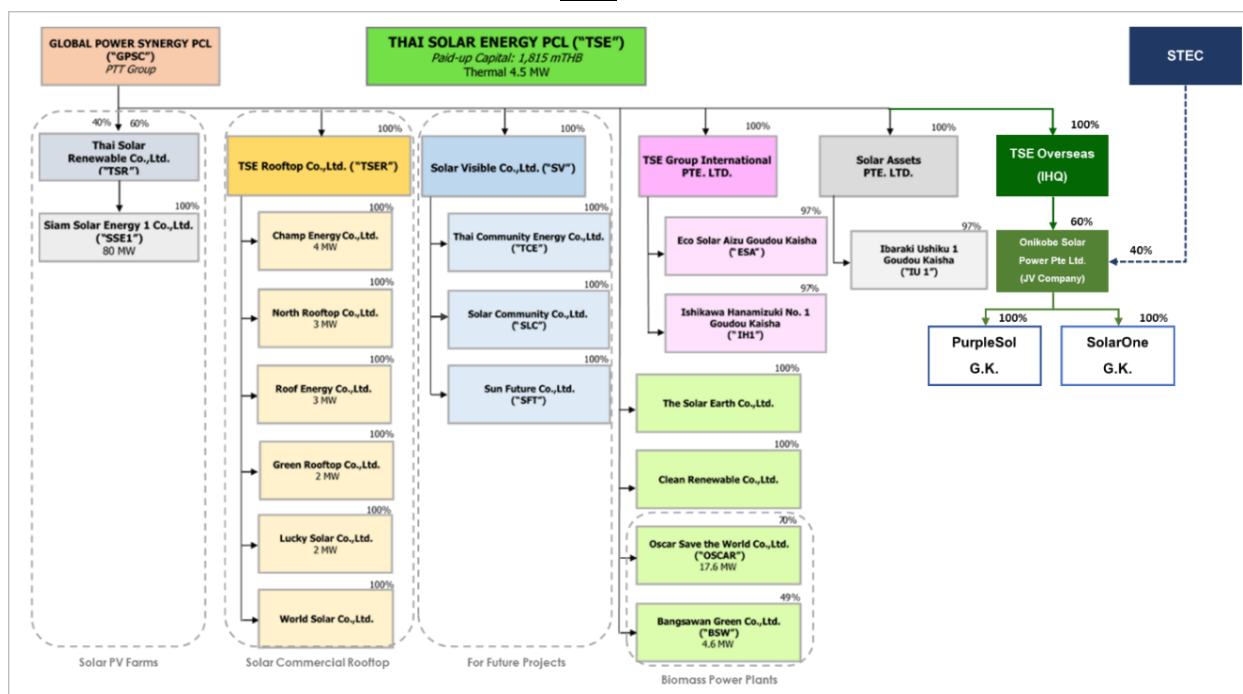
<sup>1</sup> In the process of incorporation of the subsidiary to be completed before proposing the Annual General Meeting of Shareholders for consideration and approval of entering into the transaction

## Shareholding Structure of the Group Company before Entering into the Transaction



Source: The Company

## Shareholding Structure of the Group Company After Entering into the Transaction



Source: The Company

### 3.5 Type and value of the transaction

The meeting of the Company's Board of Directors No. 1/2017 held on February 20, 2017 2560 resolved to approve investment by the Company and STEC in solar power plant in category of ground mounting in Onikobe, Miyagi Prefecture, Japan ("Onikobe Project") through an established joint-venture company in Singapore ("JV Company"). The investment proportion between the Company and STEC is 60:40 of the total investment which is JPY 61,240 million or equivalent to approximate of THB 19,658 million. Onikobe Project has been granted to operate the solar power plant in category of ground mounting with the accredited capacity of 154.98 megawatts (MW) (installed capacity of 182.76 MW) as specified in the power distribution certification issued by the Ministry of Economy, Trade and Industry (METI Certification) and achieved a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JPY 36. The Board also approved the JV Company to acquire all issued and paid-up shares of SolarOne G.K. and PurpleSol G.K. to obtain METI certification, other required and necessary licenses, agreements regarding grid connection with electricity utility provider of Onikobe Project, including an ownership and possessory right to the project land in the approximated area of 2,080 Rai, which includes land ownership of 1,848 Rai and leased land of 232 Rai. Under this project, the Company will invest in the JV Company through a subsidiary named TSE Overseas Group Co., Ltd. ("TSE Overseas")<sup>1</sup> which 100% shareholding by the Company.

The entry into such transaction is deemed as the asset acquisition transaction as specified in the Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed as Acquisition and Disposal of Assets dated August 31, 2008 (including additional amendments) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Practice of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 (2004) dated October 29, 2004 (including additional amendments).

The transaction value is calculated based on the Company's consolidated financial statements for the year ended December 31, 2016 audited by PricewaterhouseCoopers ABAS Ltd., Certified Public Accountant No. 3445, and the company only financial statements for the 12-month period ended March 31, 2016 of SolarOne G.K. and PurpleSol G.K., which are Japan's small- and medium-sized enterprises (SMEs), not the listed companies on the Stock Exchange in Japan. As a result, the latest financial statements are based on financial statements for the 12-month period ended March 31, 2016. Details of transaction size calculation are as follows:

Method	Formula	Transaction Size
<b>Net tangible assets</b>	$\frac{\text{NTA of the acquired company} * 100}{\text{NTA of the Company}}$	N/A <sup>1</sup>
<b>Net profit</b>	$\frac{\text{Net profit of the acquired company} * 100}{\text{Net profit of the Company}}$	N/A <sup>2</sup>
<b>Total value of consideration</b>	$\text{Total value of consideration paid} * 100$	<b>19,658.04/8,374.87</b>

<sup>1</sup> In the process of the incorporation of the subsidiary which will be completed prior to presenting to the meeting of shareholders for approval of entering into the transaction

Method	Formula	Transaction Size
	Total assets of the Company	= 234.73%
Value of newly issued shares as consideration	$\frac{\text{Number of shares issued as consideration} * 100}{\text{Number of issued and paid-up shares of the Company}}$	N/A <sup>3</sup>
	<b>Maximum transaction size</b>	<b>234.73%</b>

Remarks: <sup>1</sup> Calculation cannot be provided because NTA of SolarOne G.K. and PurpleSol G.K. is less than zero.

<sup>2</sup> Calculation cannot be provided because SolarOne G.K. and PurpleSol G.K. reported net losses for the past 12-month period.

<sup>3</sup> Calculation cannot be provided as the Company does not issue any shares as consideration.

The Company's acquired assets for the past 6-month period are as follows:

The Company's Acquisition of Assets	Transaction Size
1. Investment in the solar power project in category of ground mounting for local government and coconut farm cooperatives in Prachuap Khiri Khan Province with the capacity of 1.0 MW.	0.80%
2. Investment in Oscar Save The World Co., Ltd., which operates biomass power plant business with the capacity of 17.6 MW.	32.80%
3. Investment in Bangsawan Green Co., Ltd., which operates biomass power plant business with the capacity of 4.6 MW.	9.20%
<b>Total transaction size in the past 6-month period</b>	<b>42.80%</b>

From the above transaction size calculated based on the Company's consolidated financial statements for the year ended December 31, 2016, the maximum transaction size equals 234.73% on the total value of consideration basis. When combined with the transaction size for the past 6-month period, the transaction size is equivalent to 42.80% based on the total value of consideration method. As a result, the total asset acquisition transaction size equals 277.53%, categorized as Type 4 transaction as prescribed in the Notification of Asset Acquisition or Disposal, with the transaction value equivalent to or more than 100% or is deemed under backdoor listing. After consideration, the Board of Directors was of the opinion that such transaction is not required for re-submission of the application for listing of securities as specified in Item 24 of the Notification of Asset Acquisition or Disposal in all aspects as follows:

1. Acquired business is in a similar line of a business or a mutually supporting business to the Company.
2. The Company has no policy to make a major change in its main business.
3. The enlarged group arising from the acquisition of assets has suitable qualifications for listing of securities on the SET.
4. The Company will not have significant change in the composition of the Board of Directors and in the controlling power of the Company or in the controlling of shareholders of the Company.



Therefore, the Company has a duty to prepare a report and disclose the asset acquisition to the SET immediately as specified by the SET with at least the information memorandum subject to List 1 that has already been reported to the SET, and to hold a meeting of shareholders to approve the entry into this transaction with votes not less than three-fourth of total number of shareholders who attend the meeting and have the right to vote, excluding the votes of the shareholders who have interest in this matter.

### 3.6 Details of Acquired Assets

The meeting of the Company's Board of Directors No. 1/2017 held on February 20, 2017 2560 resolved to approve investment by the Company and STEC in solar power plant in category of ground mounting in Onikobe, Miyagi Prefecture, Japan ("Onikobe Project") through an established joint-venture company in Singapore ("JV Company"). The investment proportion between the Company and STEC is 60:40 of the total investment which is JPY 61,240 million or equivalent to approximate of THB 19,658 million. Onikobe Project has been granted to operate the solar power plant in category of ground mounting with the accredited capacity of 154.98 megawatts (MW) (installed capacity of 182.76 MW) as specified in the power distribution certification issued by the Ministry of Economy, Trade and Industry (METI Certification) and achieved a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JPY 36. Under this project, the Company will invest in the JV Company through a subsidiary named TSE Overseas Group Co., Ltd. ("TSE Overseas")<sup>1</sup> which 100% shareholding by the Company.

Additionally, the JV Company named Onikobe Solar Power Pte Ltd. will acquire all issued and paid-up shares of SolarOne G.K., which holds all plots of land of Onikobe Project, and of PurpleSol G.K. holding related documents and licenses for Onikobe Project's operation so that the JV Company will obtain METI certification, other required and necessary licenses, agreements regarding grid connection with electricity utility provider of Onikobe Project, including an ownership and possessory right to the project land. Details of the investment in Onikobe Project are as follows:

#### 3.6.1 General Information of PurpleSol G.K. and SolarOne G.K.

##### PurpleSol G.K.

Company Name	:	PurpleSol Godo Kaisha
Establishment Date	:	January 21, 2013
Main Office	:	15-1 Kamurodake, Naruko-Onsen Onikobe, Ohsaki-shi. Miyagi-ken
Registered Capital	:	JPY 100,000
Shareholders	:	Kamisol Limited (solely)
Authorized Director	:	Peter Gerstmann
Financial Statements Period	:	Financial statements for the year will start on April 1 of each year and ended on March 31 of the following year

Source: Legal Due Diligence Report of Onikobe Project

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<sup>1</sup> In the process of the incorporation of the subsidiary which will be completed prior to presenting to the meeting of shareholders for approval of entering into the transaction

SolarOne G.K.

Company Name	:	SolarOne Godo Kaisha
Establishment Date	:	April 23, 2013
Main Office	:	c/o Atsumi & Sakai Law Office, Fukoku Seimei Building 12F, 2-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo
Registered Capital	:	JPY 1
Shareholders	:	Kamisol Limited (solely)
Authorized Director	:	Peter Gerstmann
Financial Statements Period	:	Financial statements for the year will start on April 1 of each year and end on March 31 of the following year

Source: Legal Due Diligence Report of Onikobe Project

**3.6.2 Management Structure of PurpleSol G.K. and SolarOne G.K.**

Company	Company Directors	
	Before entering into the transaction	After entering into the transaction
PurpleSol G.K.	Peter Gerstmann	<ol style="list-style-type: none"> <li>Ms. Cathleen Maleenont (TSE)</li> <li>Mr. Somphop Prompanapitak (TSE)</li> <li>Mr. Vic Kichodhan (TSE)</li> <li>Director of STEC</li> <li>Director of STEC</li> </ol>
SolarOne G.K.	Peter Gerstmann	<ol style="list-style-type: none"> <li>Ms. Cathleen Maleenont (TSE)</li> <li>Mr. Somphop Prompanapitak (TSE)</li> <li>Mr. Vic Kichodhan (TSE)</li> <li>Director of STEC</li> <li>Director of STEC</li> </ol>

Source: The Company

Remarks List of the Company's Directors after entering into such transaction is only a preliminary list of the Company that may be changed afterwards. In addition, STEC is in the process of selection of qualified persons to be directors of both companies after the completion of this transaction.

**3.6.3 Preliminary details of Onikobe Project ( additional details of Onikobe Project shown in Attachment 1: Details of Onikobe Project)**

**3.6.3.1 Summary Information of Onikobe Project**

Owner of METI Certification	:	PurpleSol G.K.
Generation Capacity (MW)	:	154.98 MW
Installed Capacity (MW)	:	182.76 MW
Project Location	:	Onikobe City, Miyagi Prefecture, Japan
Project Land (Rai)	:	2,080 Rai

Land Ownership	:	1. 1,848 Rai of land owned by SolarOne G.K. 2. 232 Rai of land, of which 128 Rai is a 20-year lease. The lease period can be extended for another 5 years, totally 25 years. PurpleSol G.K. will make a lease agreement.
Type of Business	:	Electricity generation and distribution from solar energy
Project Zone	:	Allocated land and forest
Approved Date by METI	:	October 23, 2013
Purchaser	:	Tohoku Electric Power Co., Inc
Period of Power Purchase Agreement	:	20 Years
Power Purchase Price (FiT)	:	JPY 36 per kWh
Project's Technical Consultant	:	Vector Cuatro Japan Co.,Ltd
Project Value	:	Approximately JPY 61,240 million or THB 19,658 million
COD	:	2021

Source: Information from METI Certification and Grid Connection provided by Tohoku Electric Power Co., Inc., and relevant documents of Onikobe Project

#### 3.6.3.2 Investment structure of Onikobe Project

The investment in Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand's new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 ("Notification of the Revenue Department"). In this regard, TSE Overseas will apply for approval as an international headquarter (International Headquarter : IHQ)<sup>1</sup> to the Thai Director-General in accordance with tax measures promoting the establishment of the IHQ to obtain incentives on tax reduction from investment in Onikobe Project. Qualifications and conditions of applying for approval as the IHQ can be summarized as follows:

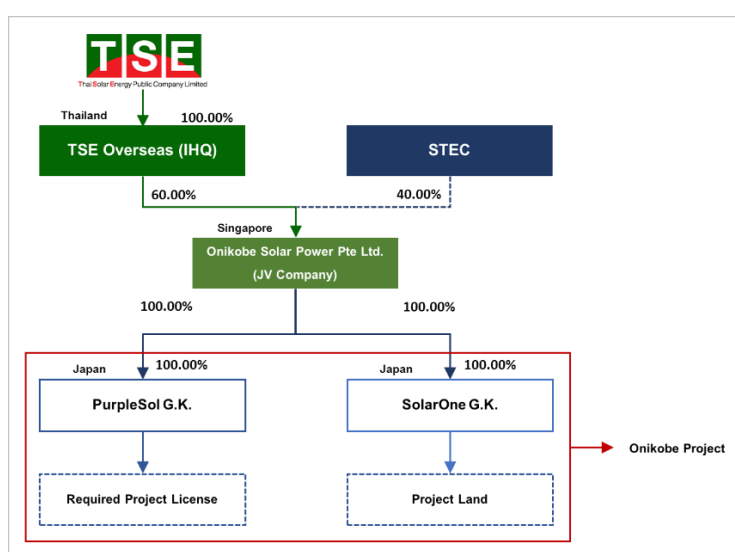
1. Being a company established under Thai laws to operate business providing management, technical, and support services or treasury center services to its associated enterprises or branch offices either overseas or in Thailand, including international trade companies approved as an international headquarter (IHQ).
2. A minimum paid-up capital of THB 10 million at the end of each accounting period.
3. Provide management or technical services, support services or treasury center services to its associated enterprises established under foreign laws.
4. Incur annual local operating expenses related to IHQ of at least THB 15 million.

<sup>1</sup> After the incorporation of TSE Overseas, the Company will apply for approval of TSE Overseas as the IHQ to the Director-General of the Revenue Department.

5. Submit an application to and obtain approval from the Director-General of the Revenue Department.
6. Comply with regulations, procedures and conditions as specified by the the Director-General of the Revenue Department.

According to the aforementioned regulations and conditions, the Company considers that the Company can manage its subsidiary to meet full qualifications as specified in the Notification of the Revenue Department to ensure that its subsidiary will be approved as the IHQ by the Director-General of the Revenue Department and obtain incentives on tax reduction and tax exemption from measures promoting establishment of the IHQ. Details of the structure of investment are shown below.

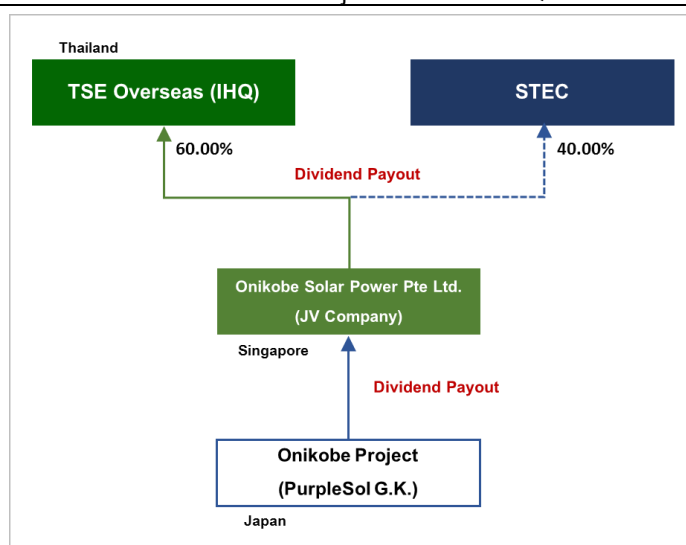
#### International Headquarter (IHQ) Investment Structure of Thai Energy Solar Public Company Limited



Source: The Company

**Remarks** As at March 15, 2017, TSE Overseas is in the process of the company establishment, whereas Onikobe Solar Power Pte Ltd. has not yet to be set up, so its company name may be changed afterwards.

#### Return on Investment of Onikobe Project under the IHQ investment Structure



Source: The Company

Tax Impacts under the IHQ Investment Structure of the Company

Company Location	Tax Impacts
Japan	<ul style="list-style-type: none"> <li>Enterprise tax at a rate of 1.289% of revenue from electricity distribution</li> <li>Fixed assets tax at a rate of 1.40% of net asset value using the replacement cost method</li> <li>Corporate income tax at a rate of 27.45% of profit before taxes</li> <li>Withholding tax from dividend at a rate of 5.00% of total dividend paid each year based on tax incentives between Japan and Singapore</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>Tax exemption will be achieved if it is proved that revenue sources come from overseas</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>Dividend received from the JV Company will be exempt from corporate income tax calculations</li> </ul>

Source: Tax Due Diligence Report of Onikobe Project

3.6.3.3 Preliminary action plans for Onikobe Project of the Company

List of works	2560				2561				2562				2563				2564			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Pre-development</b>																				
Deal Closing																				
Permits and Licenses																				
EPC Bidding and Closing																				
3rd Parties Selection																				
Financing																				
<b>Construction</b>																				
Plan and Design																				
Land Preparation																				
Equipment Ordering																				
Equipment Installation																				
<b>Interconnection</b>																				
Grid Connection																				
COD																				

Source: The Company

**3.6.4 Process of Establishment of TSE Overseas**

Currently, the Company is in the process of establishment of TSE Overseas, whose company name has been reserved as "TSE Overseas Group Co., Ltd. since March 7, 2017. Such name can be used for registering a new business entity within April 7, 2017. Nevertheless, the Company expects the establishment of TSE Overseas to support entering into the transaction to be completed before the 2017 Annual General Meeting of Shareholders held on April 19, 2017.

**3.6.5 Process of Establishment of JV Company**

The JV Company, namely Onikobe Solar Power Pte Ltd., has not been incorporated. However, the establishment of the JV Company with collaboration between the Company and STEC to support entering into the transaction will be completed the 2017 Annual General Meeting of Shareholders held on April 19, 2017.

### 3.6.6 Summary of material issues of agreements and documents related to investment in Onikobe Project

#### 3.6.6.1 Certification granted by the Ministry of Economy, Trade and Industry, Japan (METI Certification)

Items	Details
License No.	A608458B04
Application Date	September 6, 2013
Permitted Date	October 23, 2013
Licensee	PurpleSol G.K.
Licensors	METI
Project Name	Onikobe Power plant
Project Location	Naruko Onsen City, Miyagi Prefecture, Japan
Accredited Capacity	154.98 MW
Type of Solar Panels	Monocrystalline
Solar Panel Producers	SolarWorld, CanadianSolar, Kyocera, and Yingli

Source: METI Certification of Onikobe Project, Legal Due Diligence Report, and Technical Due Diligence Report

**Remarks** Certification granted by METI is in the 2016 accounting period (from April 1, 2013 – March 31, 2014), causing Project Onikobe to obtain the right to sell electricity with the Feed-in Tariff at the price of JPY 36 per kWh or approximately THB 11.56 per kWh to Tohoku Electric Power Co., Inc.

#### 3.6.6.2 Approval for Grid Connection

Items	Details
Permitted Date	March 10, 2014
Licensee	PurpleSol G.K.
Licensors	Tohoku Electric Power Co., Inc.
Project Location	Naruko Onsen City, Miyagi Prefecture, Japan
Accredited Capacity	154.98 MW
Electric Power	275 KW
Purchase Date	Not specified
Grid connection construction expense	Approximately JPY 4,056.79 million or approximately THB 1,302.23 million
Construction period	Approximately 84 months after the expense for grid connection construction paid by a licensee

Source: Documents related to Approval for Grid Connection provided by Tohoku Electric Power Co., Inc., Legal Due Diligence Report, and the minutes of the meeting on February 27, 2017 between Legal Consultant of the Company and Tohoku Electric Power Co., Inc.

**Remarks** PurpleSol G.K. has paid the exploration expense for grid connection construction site to Tohoku Electric Power Co., Inc. since July 2, 2016 in the amount of JPY 316.27 million (from the total construction cost of around JPY 4,056.79 million). PurpleSol G.K. is required to pay the remaining JPY 3,740.52 million within November 30, 2022. Preliminarily, Tohoku Electric Power Co., Inc. expects construction to be completed within May 31, 2022.

3.6.6.3 Land lease agreement

Items	Details
Agreement Date	June 28, 2016
Lessee	PurpleSol G.K.
Lessor	Hara Pastureland Cooperative head Yoshikazu Takahashi
Location	Aza-Oshimizu, Naruko-Onsen Onikobe, Osaki-shi, Miyagi
Leased Areas	Lease areas of 128 Rai or approximately 205,013 sqm. Such areas shown in Land Deed equals 232 Rai or approximately 370,957 sqm.
Lease Period	20 years from July 1, 2016 to June 30, 2036. A lessee can extend the lease agreement period for another 5 years
Rental Fees	JPY 45 per 3.3 sqm per year, totaling JPY 2.80 million per year
Key Conditions	A lessee can terminate the lease agreement if a lessee cannot carry out Onikobe Project.

Source: Land lease agreement and Legal Due Diligence Report

3.6.6.4 Draft JV agreement between the Company and STEC

Items	Details
Parties	Party 1: Thai Solar Energy Public Company Limited Party 2: Sino-Thai Engineering and Construction Public Company Limited
Objectives of Agreement	Both JV parties will mutually incorporate a JV Company named Onikobe Solar Power Pte Ltd. in Singapore with the aim of investment for developing and operating Onikobe Project either directly or indirectly.
Details of Agreement	<ul style="list-style-type: none"> <li>- Registered capital of JV Company in the amount of SGD 200 million or approximately THB 5,000.00 million, divided into 50 million shares at a par value of SGD 4 per share each or approximately THB 100 per share each.</li> <li>- The Company and STEC will hold a 60% and 40% of JV Company's total number of shares, respectively.</li> <li>- If JV Company requires additional funds for Onikobe Project operations exceeding the registered capital, both JV parties will support JV Company to acquire shareholder loans.</li> </ul>
Key Conditions of Agreement	<ul style="list-style-type: none"> <li>- Both JV parties will not sell shares or make a share sale agreement of JV Company to a third party in the first three years after Onikobe Project begins its COD if any party does not agree to the said action in writing together with the condition of First Right of Refusal after such a period of time.</li> <li>- JV Company's Board of Directors will consist of five directors: three from the Company and two from STEC.</li> <li>- Authorized signature to bind JV Company requires co-signing between one director from the Company and one director from STEC.</li> </ul>

Items	Details
	<ul style="list-style-type: none"> <li>- Hold a meeting of the Board of Directors of JV Company at least once a quarter.</li> <li>- The meeting of the Board of Directors of JV Company requires at least three directors to attend, and at least one director from STEC.</li> </ul>

Source: The Company

**Remarks** 1. Details of the above draft JV agreement between the Company and STEC may be changed afterwards as currently such draft agreement is in the process of consideration and approval of entering into the transaction from STEC's Board of Directors. However, the Company and STEC will make such agreement completely before the 2017 Annual General Meeting of Shareholder held on April 19, 2017.

2. Until March 15, 2017, Onikobe Solar Power Pte Ltd. has not been incorporated; therefore, its company name may be changed afterwards.

### 3.6.6.5 Draft share sale and purchase agreement of PurpleSol G.K.

Items	Details
Parties	Purchaser : Onikobe Solar Power Pte Ltd. Seller : Kamisol Limited
Signed date	After the Company's Meeting of shareholders' approval of entering into the transaction
Value of purchase - sale	JPY 14,538,000,000
Settlement	Within commercial banks' five working days from the date of signing
Key Conditions of Agreement	<ul style="list-style-type: none"> <li>- Legal, financial and technical due diligence reports must be accurate, complete and suitable for investment</li> <li>- Related licenses must be in force in accordance with relevant laws and sufficient for Onikobe Project operations.</li> <li>- A purchaser will be responsible for all expenses and fees, including tax expenses incurred from transfer of securities.</li> <li>- A seller will provide guarantee of damage caused by the purchase of PurpleSol G.K. for a year from the date of transfer of shares of PurpleSol G.K. between the purchaser and the seller.</li> </ul>
Indemnity	The purchaser can make a claim for damage from the seller if the damage is in line with conditions specified in the agreement. Each case claimed by the purchaser must not exceed JPY 100.00 million and all cases combined must not be over JPY 11,500.00 million.
Governing Laws	Japan's laws

Source: The Company

**Remarks** 1. Details of the above draft agreement may be changed afterwards as currently such draft agreement is in the process of negotiations between both parties. However, the Company will make such agreement completely before the 2017 Annual General Meeting of Shareholder held on April 19, 2017.

2. Until March 15, 2017, Onikobe Solar Power Pte Ltd. has not been incorporated; therefore, its company name may be changed afterwards.



## 3.6.6.6 Draft sale and purchase agreement of SolarOne G.K.

Items	Details
Parties	Purchaser : Onikobe Solar Power Pte Ltd. Seller : Kamisol Limited
Signed date	After the Company's Meeting of shareholders' approval of entering into the transaction
Value of purchase - sale	JPY 1,083,000,000
Settlement	Within commercial banks' five working days from the date of signing
Key Conditions of Agreement	<ul style="list-style-type: none"> <li>- Legal, financial and technical due diligence reports must be accurate, complete and suitable for investment</li> <li>- Related licenses must be in force in accordance with relevant laws and sufficient for Onikobe Project's operations.</li> <li>- Project land ownership and/or possessory right are accurate and complete.</li> <li>- The purchaser will be responsible for tax expenses for transfer of securities.</li> <li>- The seller will provide guarantee of damage caused by the purchase of SolarOne G.K. for a year from the date of transfer of shares of SolarOne G.K. between the purchaser and the seller.</li> </ul>
Indemnity	The purchaser can make a claim for damage from the seller if the damage is in line with conditions specified in the agreement. Each case claimed by the purchaser must not exceed JPY 100.00 million and all cases combined must not be over JPY 800.00 million.
Governing laws	Japan's laws

Source: The Company

**Remarks** 1. Details of the above draft agreement may be changed afterwards as currently such draft agreement is in the process of negotiations between both parties. However, the Company will make such agreement completely before the 2017 Annual General Meeting of Shareholder held on April 19, 2017.

2. Until March 15, 2017, Onikobe Solar Power Pte Ltd. has not been incorporated; therefore, its company name may be changed afterwards.

**3.7 Total Value of Consideration**

Following entering into this transaction, the Company has jointly invested in Onikobe Project with Sino-Thai Engineering and Construction Public Company Limited (STEC) through an established JV Company in Singapore with the investment proportion between the Company and STEC at 60: 40 of total investment value. After the transaction, JV Company will become the Company's subsidiary. The total investment value of the project is approximately JPY 61,240.00 million or THB 19,658.04 million. Details are as follows:

Items	Value (JPY Million)	Value (THB Million)
Total value of license acquisition of Onikobe Project	13,948.00	4,477.31
Total value of share acquisition of PurpleSol G. K. in	590.00	189.39

Items	Value (JPY Million)	Value (THB Million)
the shareholding proportion of 100.00%		
Total value of share acquisition of SolarOne G. K. in the shareholding proportion of 100.00%	1,083.00	347.64
Total value of investment for development of the Engineering, Procurement and Construction (EPC) project	36,552.00	11,733.19
Total value of investment for Grid Connection	3,000.00	963.00
Value of finance cost and other expenses	6,067.00	1,947.51
<b>Total</b>	<b>61,240.00</b>	<b>19,658.04</b>

Source: The Company's information disclosure to the SET

### 3.8 Sources of Fund

The Company will seek financial support from financial institutions not more than 85% of the investment value of the project. The proportion of such loans is based on the proposal of lending services from financial institutions for other projects of the Company by GENKAI Capital Management, which is Japan's well-known asset management company, whereas the remaining 15% of the total investment value comes from joint-venture investments between the Company and STEC in the proportion of 60: 40 of the remaining 15% investment of the total investment value. As for the Company's sources of fund, the Company will use its working capital, short-term debentures and a portion of cash from operating results normally received during the development of solar power project throughout a 5-year period before the Commercial Operation Date (COD). Details of sources of fund are as follows:

Approximate Sources of Fund	Proportion	Value (Million Yen)	Value (Million Baht)
<b>Loans from financial institutions</b>	<b>85.00</b>	<b>52,054.00</b>	<b>16,709.33</b>
<b>JV Company's investment:</b>	<b>15.00</b>	<b>9,186.00</b>	<b>2,948.71</b>
- Investment in JV Company of the Company (60% of JV Company investment, consisting of working capital, short-term debentures and a portion of cash from operating results of the Company)	9.00	5,511.60	1,769.22
- Investment in JV Company of STEC (40% of JV Company investment)	6.00	3,674.40	1,179.49
<b>Total</b>	<b>100.00</b>	<b>61,240.00</b>	<b>19,658.04</b>

Source: The Company

According to the Company's consolidated financial statements for the 12-month period ended December 31, 2016, the Company had cash and cash equivalents of THB 977.04 million and short-term investments of THB 1,764.97 million.

## Plan for Use of Investment Fund of Onikobe Project

Year	Items	Value (JPY Mil.)	Sources of Investment (JPY Mil.)	
			Shareholders' Equity	Loan
2017	- Total value of license acquisition of Onikobe Project	13,948.00		
	- Total value of share acquisition of PurpleSol G.K.	590.00		
	- Total value of share acquisition of SolarOne G.K.	1,083.00		
	Total	15,621.00	9,186.00	6,435.00
2018	Value of investment for Grid Connection	3,000.00	-	3,000.00
2019	Value of investment for development of the EPC project and value of finance cost and other expenses	14,206.33	-	14,206.33
2020	Value of investment for development of the EPC project and value of finance cost and other expenses	14,206.33	-	14,206.33
2021	Value of investment for development of the EPC project and value of finance cost and other expenses	14,206.33	-	14,206.33
	<b>Total</b>	<b>61,240.00</b>	<b>9,186.00</b>	<b>52,054.00</b>

Source: The Company

**Remarks:** Information shown in the above table is based on the preliminary action plan for Onikobe Project of the Company. Additional details are provided in Part 3 Page 16 Item 3.6.3.3 the preliminary Action Plan for Onikobe Project of the Company

### 3.9 Conditions of entering into the transaction

The entry into such transaction is deemed as the asset acquisition transaction as specified in the Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed as Acquisition and Disposal of Assets dated August 31, 2008 (including additional amendments) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Practice of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 (2004) dated October 29, 2004 (including additional amendments) ("Notification of Acquisition and Disposal of Assets"). Calculated based on the Company's consolidated financial statements for the year ended December 31, 2016, the maximum transaction size equals 234.73% using the total value of consideration method.

When combined with the transaction size for the past 6-month period, the transaction size is equivalent to 42.80% based on the total value of consideration method. As a result, the total asset acquisition transaction size equals 277.53%, categorized as Type 4 transaction as prescribed in the Notification of Asset Acquisition or Disposal, with the transaction value equivalent to or more than 100% or is deemed under backdoor listing. After consideration, the Board of Directors was of the opinion that such transaction is not required for re-submission of the application for listing of securities as specified in Item 24 of the Notification of Asset Acquisition or Disposal in all aspects as follows:

1. Acquired business is in a similar line of a business or a mutually supporting business to the Company.
2. The Company has no policy to make a major change in its main business.
3. The enlarged group arising from the acquisition of assets has suitable qualifications for listing of securities on the SET.

4. The Company will not have significant change in the composition of the Board of Directors and in the controlling power of the Company or in the controlling of shareholders of the Company.

Therefore, the Company has a duty to prepare a report and disclose the asset acquisition to the SET immediately as specified by the SET with at least the information memorandum subject to List 1 that has already been reported to the SET, and to hold a meeting of shareholders to approve the entry into this transaction with votes not less than three-fourth of total number of shareholders who attend the meeting and have the right to vote, excluding the votes of the shareholders who have interest in this matter.

In addition, Kami sol Limited or the seller must complete all conditions precedent as specified in the share sale and purchase agreement prior to entering into the transaction. Important conditions precedent can be summarized as follows:

- (1) Results of legal, financial and technical due diligence are accurate, complete and suitable for investment, and
- (2) All relevant licenses are in force and effect pursuant to the relevant laws and sufficient for project operation, and
- (3) Project land's ownership and/or possessory right are accurate and complete.

## **Part 4: Reasonableness of the Transaction**

The IFA is of the opinion that entering into this asset acquisition transaction **is reasonable** taking into account various key factors, strengths and weaknesses of entering to the transaction as follows:

### **4.1 Objective of entering into the transaction**

The entry into this transaction is another investment in the solar power plant project with the accredited capacity of 154.98 MW in Japan other than the solar power project currently operated. This aims to diversify risks through overseas investments and reduce a reliance only on revenue in local business. Moreover, this investment is consistent with the Company's main business engaging in the renewable power project focusing on solar power plants. At present, the Company totally has 36 solar projects both in Thailand and in Japan, consisting of 29 local projects and 7 overseas projects or the total capacity of 143.68 MW, divided into the capacity of 121.70 MW in Thailand and of 21.98 MW in Japan.

### **4.2 Impacts of entering into the transaction**

The investment in Onikobe Project will be made under the IHQ structure; therefore, the Company is required to prepare consolidated financial statements which include operating results and financial positions of the Company's subsidiaries, namely TSE Overseas, JV Company, PurpleSol G.K., and SolarOne G.K. Under this project, the investment will be through its subsidiary TSE Overseas which 100% shareholding by the Company. TSE Overseas and STEC will jointly invest in an established JV Company in Singapore with the proportion of 60: 40 of total investment value of Onikobe Project.

Additionally, the JV Company named Onikobe Solar Power Pte Ltd. will acquire all issued and paid-up shares of SolarOne G.K., which holds all plots of land of Onikobe Project, and of PurpleSol G.K. holding related documents and licenses for the project operation. PurpleSol G.K. and SolarOne G.K., which are located in Japan and operate business in Japan, will prepare their financial statements in a JPY term. In the meantime, the Company's consolidated financial statements will be converted from JPY to THB currency, resulting in a difference in a foreign exchange rate. Such an item will be recorded as forex gain or loss afterwards shown in the item of Other Comprehensive Income after profit for the year of the Company. The currency impact on the Company's consolidated financial statements will depend on the exchange rate of THB against JPY on the date of preparing financial statements.

### **4.3 Pros of entering into the transaction**

#### **4.3.1 Increase ability to generate consistent revenue to the Company**

After the entry into the transaction, the Company will acquire the solar power plant project in Onikobe, Miyagi Prefecture in Japan with the accredited capacity of 154.98 MW and the installed capacity of 182.76 MW. The project is granted a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JPY 36. After the project's commercial operation date (COD) has achieved, the Company will be able to generate revenue from electricity sales for 20 years consecutively.

#### **4.3.2 Diversify risks from the Company's investment**

The entry into the transaction will enable the Company to acquire the solar power project in Japan, reducing the Company's reliance only on the solar power plant business in Thailand. In case of the occurrence of incidents that may affect economic conditions and domestic energy policies, the Company will still earn revenue from the project in Japan. In addition, such project not only diversifies the risk of investment, but also generates stable revenue to the Company in the long term.

#### **4.3.3 Utilize existing resources and knowledge efficiently to support business expansion**

Currently, the Company has a total of 36 solar power plant projects, consisting of 29 projects in Thailand and 7 projects overseas with the capacity of 143.68 MW, comprising the capacity of 121.70 MW in Thailand and Japan with the capacity of 21.98 MW. This indicates that the Company has teamwork for solar farm business. To enter into this transaction will not only serve the Company to expand its solar power business, but also reduce operational costs regarding personnel. Therefore, the Company can assign both management and operational staffs who have knowledge or are specialists to work together and utilize other types of resources for the utmost benefit to the Company in terms of management and profitability.

#### **4.3.4 Return on investment worthwhile**

Under the investment in Onikobe Project, net equity present value (Equity NPV) in the proportion of investment is JPY 1,984.58 million or equivalent to THB 637.05 million, whereas equity internal rate of return (Equity IRR) equals 8.22% , which is higher than the average of cost of equity ( $K_e$ ) of 4.80% per annum. Additional details are provided in Part 5: Opinion of Independent Financial Advisor regarding the suitability of acquired asset value.

### **4.4 Cons of entering into the transaction**

#### **4.4.1 Entry into the transaction will increase the Company's debts and interest expenses**

The entry into the transaction requires loans from financial institutions as sources of fund for Onikobe Project's operation. The Company is currently negotiating with both local and foreign financial institutions for loan approval. The management is confident that financial institutions will approve loans for investment in Onikobe Project. After the completion of the transaction, the JV Company will become the Company's subsidiary. Liabilities arising from loans for Onikobe Project in the amount of THB 16,709.33 million will be shown in the Company's consolidated financial statements compared with shareholders' equity of THB 4,585.42 million in the Company's consolidated financial statements for the year ended December 31, 2016. Therefore, the debt to equity ratio is 4.37 times, much higher than the current figure of 0.73 times, whereas an increase in interest expenses are in line with higher debts. According to the estimation of operating performance of the project, profit before interest expenses and taxes is equivalent to JPY 2,675.97 – 4,626.65 million, which is much higher than interest expenses of the project of JPY 21.70 – 748.65 million. In addition, the interest coverage ratio of the project ranges between 3.57 – 213.21 times, implying that the project has the ability to pay debts throughout the estimation period. Moreover, the debt to equity ratio of Onikobe Project will decrease continuously following debt repayments as agreed upon with financial institutions (details shown in Part 5 Page 8: Other assumptions Item 2 Finance Cost).

**4.4.2 Entry into the transaction has restrictions on project management as the project is located overseas**

Onikobe Project located in Japan is considered an overseas investment which will comply with foreign laws and regulations. In addition, the form of business operation is different from doing business in Thailand, whereas there may be limitations on business management due to the project location that may affect management efficiency of the Company. Nevertheless, for this investment, the Company will appoint an Asset Manager of the project to manage assets on behalf of the Company. In addition, the Company has experience in operating 7 solar power projects in Japan with the capacity of 21.98 MW, showing that the Company will be able to manage Onikobe Project smoothly and efficiently.

**4.4.3 Entry into the transaction requires a large amount of investment**

Onikobe Project is the solar power plant project in category of ground mounting with the accredited capacity of 154.98 MW (installed capacity of 182.76 MW). In comparison of the Company's 36 projects with the combined capacity of only 143.68 MW, it can be seen that Onikobe Project's capacity is higher than the Company's existing projects. This indicates that such a project requires a large amount of investment that the Company expects total investment of approximately JPY 61,240 million or THB 19,658 million. Therefore, investment in this project may cause the Company's lack of liquidity. To alleviate the problem of investment, the Company has jointly invested with the STEC in the proportion of 60:40 of total investment value.

**4.5 Risks of entering into the transaction**

**4.5.1 Risks that TSE Overseas may not be approved as IHQ by the Director-General of the Revenue Department**

The investment into this Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand's new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 ( " Notification of the Revenue Department"). In this regard, TSE Overseas will apply for approval as an international headquarter (IHQ) to the Director-General of The Revenue Department to obtain tax incentives from investment in Onikobe Project that dividend income received from Onikobe Project paid by the JV Company in Singapore will be exempt from Thai corporate income tax calculations at the rate of 20% of received dividends.

In addition, the Company has hired a legal consultant and tax consultant to study and give consults on such project investment to ensure that TSE Overseas will be qualified as specified in the Notification of the Revenue Department and approved as the IHQ by the Director-General of the Revenue Department. If the subsidiary does not receive approval from the Director-General of the Revenue Department, the investment in this project can be made under the GK-TK structure as other projects did in Japan.

Differences	IHQ Investment Structure	GK-TK Investment Structure
Tax	<u>Japan</u> <ul style="list-style-type: none"> <li>Corporate income tax at a rate of 27.45% of profit before tax</li> <li>Withholding tax from dividend at a rate of 5% of total dividends paid each year subject to tax benefits between Japan and Singapore</li> </ul>	<u>Japan</u> <ul style="list-style-type: none"> <li>Withholding tax from profit distribution to TK investors at a rate of 20.42% . Such share of profit is considered <u>an expense</u> which can be deducted from income for corporate income tax calculations at the rate of 27.45% of profit before tax</li> </ul>
Ownership	<ul style="list-style-type: none"> <li>Having an ownership in PurpleSol G.K. and SolarOne G.K. due to a direct investment</li> </ul>	<ul style="list-style-type: none"> <li>Not having an ownership in PurpleSol G.K. and SolarOne G.K. due to an indirect investment</li> </ul>

#### 4.5.2 Risk of uncertainty of intensity of sunrays

Solar power is mainly used for generating electricity of Onikobe Project. Intensity of sunrays and the duration of getting sunrays used in generating electricity will depend on climate in each zone and time. If intensity of sunrays is less than normal due to climate changes in Japan which is out of control, Onikobe Project will cannot generate electricity at full capacity. This will affect the Company's revenue from sale of electricity and share of profit.

To ease this problem, the Company has hired Vector Cuatro Japan Co., Ltd. (Project Consultant) to study the intensity of sunrays by using PVSYST program, which is an acceptable and widely used for designing solar power plants, and the Project Consultant has applied the historical average sunray intensity information provided by three reliable institutions, namely the New Energy and Industrial Technology Development Organization (NEDO), Meteonorm, and Solargis (details shown in Attachment 1 Page 5 Item 4: Testing intensity of sunrays) to Onikobe Project to make the Company confident that the intensity of sunrays in the location of Onikobe Project is in line with the Project Consultant's estimate.

#### 4.5.3 Risk of loan from financial institutions to support the project

As Onikobe Project requires loan from financial institutions approximately 85% of total investment value or equivalent to JPY 52,054 million or THB 16,709.33 million, there is possible that the Company will not receive loan approval from financial institutions or approve less than request and/or under conditions worse than the request. In addition, delayed loan approval may cause the Company's insufficient investment for the project. At present, the Company and STEC as the JV of Onikobe Project are negotiating loan with financial institutions in Japan and are confident that they will receive financial support from financial institutions after conducting the project feasibility study and their good connections with such financial institutions all along.



#### 4.5.4 Risk of volatility of foreign exchange rate

The majority of revenue and expenses for entering into the transaction and loans received are in JPY term. The Company will be risky when JPY depreciates because some parts of management and share of profit are in THB term. As for the entry into this transaction, the Company is required to prepare the consolidated financial statements which include operating results and financial position of its subsidiaries, namely TSE Overseas, JV Company, PurpleSol G.K., and SolarOne G.K. operating both locally and internationally. Especially, PurpleSol G.K. and SolarOne G.K., which are located in Japan and operate business in Japan, will prepare their financial statements in a JPY term. In the meantime, the Company's consolidated financial statements will be converted from JPY to THB currency, resulting in a difference in a foreign exchange rate. Such an item will be recorded as forex gain or loss afterwards shown in the item of Other Comprehensive Income after profit for the year of the Company. The currency impact on the Company's consolidated financial statements will depend on the exchange rate of THB against JPY on the date of preparing financial statements.

In order to cope with the risk arising from exchange rate volatility, the Company plans to prevent the risk through a natural hedge that is all expenses will be recorded as JPY term, whereas appropriate financial tools may be used if necessary.

#### 4.5.5 Risk of delayed grid connection construction

According to the condition of approval for grid connection of Onikobe Project, Tohoku Electric Power Co., Inc. will take around 84 months for construction of grid connection system of Onikobe Project to Tohoku Electric Power Co., Inc.'s grid connection after the construction fees of grid connection has been paid by Onikobe Project. PurpleSol G.K. has paid the exploration fees of construction site for grid connection in the amount of JPY 316.27 million (from total construction expenses of JPY 4,056.79 million) to Tohoku Electric Power Co., Inc. since July 2, 2016. However, PurpleSol G.K. is required to pay the remaining JPY 3,740.52 million within November 30, 2019. With respect to the meeting minutes on February 27, 2017 between the Company's legal consultant and Tohoku Electric Power Co., Inc., Tohoku Electric Power Co., Inc.'s team expects construction of grid connection of Onikobe Project will be completed within May 31, 2022 that may delay the Company's COD plan as scheduled within 2021.

Nevertheless, as PurpleSol G.K. has paid JPY 316.27 million for the exploration fees of construction site for grid connection to Tohoku Electric Power Co., Inc. since July 2, 2016, conditions of Scheduled Commercial Operation Date (SCOD) will not be provided for Onikobe Project. Moreover, the Company's legal consultant has met with Tohoku Electric Power Co., Inc. to inquire about the period for construction of grid connection of the project, Tohoku Electric Power Co., Inc. expects to take around 3-4 years to complete such construction. This will enable Onikobe Project to start its COD as planned.

#### 4.5.6 Risk of environment and natural disasters

As Onikobe Project is located in Japan where is cold and covered with snow in winter every year; such climate will become an obstacle for getting sunrays used in generating electricity of the project. Therefore, the installation of solar panels will be designed with an appropriate slope to prevent slow adhesions and

maintenance of solar panels will be provided regularly to cope with environmental risks. Apart from that, frequent earthquakes in Japan and severe earthquake may cause damage to the project.

However, the Company has hired Vector Cuatro Japan Co., Ltd. (Project Consultant) to study the installation of solar panels to serve Japan's environment, including environment and natural disasters in the area where the project is located i.e. snow, earthquakes, landslide, volcanic activity, etc. It is concluded that the project location has a less chance to face the problem arising from environment and natural disasters.

#### 4.5.7 Risk of business operation overseas

As Onikobe Project located in Japan have many differences in terms of business operation form, personnel, language, laws and regulations compared with doing business in Thailand, the Company has hired specialists in Japan. As a result, the project may not be in line with expectations, whereas the Company will not be able to closely control and manage the project efficiently as the project operated in Thailand.

However, before decision-making to invest in the project, the Company has hired a legal consultant in Japan to conduct a legal due diligence to make the Company more confident that this investment will not face legal problems. After the investigation, material issues that may affect the project are not found. Moreover, the Company will appoint an asset manager of the project to manage assets on behalf of the Company, simultaneously the Company's team has schedule to oversee other projects in Japan every month. The Company also deals with its power plants through online control systems using the local internet. On the back of experiences in operating 7 solar power projects in Japan with the total capacity of 21.98 MW, this will enable the Company to manage Onikobe Project smoothly and efficiently.

#### 4.5.8 Risk of failure to electrical cable connection of Onikobe Project

Onikobe Project's land consists of land ownership of the project and long-term land lease. As for Onikobe Project's land lease as specified in Land Deed is 232 Rai or approximately 370,957 sqm, of which 128 Rai or around 205,013 sqm have been rented by PurpleSol G.K. for the project operation. However, such rental area is not close to land owned by the project, but is separated by a public space where the Company may not be able to construct electrical cable connection smoothly, becoming risky (details of the project plan shown in Attachment 1 Page 3: Figure Plan for installation of solar panels of Onikobe Project).

Nevertheless, the Company can ask for permission from a local authority of the zone where the Project is located to construct underground electrical cable to connect grid between the Company's land and leased areas.

#### 4.5.9 Risk of curtailment

In 2015, Japan's natural resources and energy organization has announced its Royal Decree and related practices to amend a guideline for the renewable power purchase by power plant operators and a limitation on power purchase (curtailment). As a result, Tohoku Electric Power Co., Inc., which is the private power plant operator purchasing electricity from Onikobe Project, is entitled to slow its purchase of electricity from the project totaling not more than 30 days per an accounting period and shall not be liable for any damage incurred. Therefore, Onikobe Project may face revenue losses if the curtailment takes place. This will have a direct impact on share of profit that the Company will receive from such a project.

However, in the past, there was a less chance of the occurrence of curtailment and Onikobe Project has been provided the best curtailment term with a maximum of 30 days per an accounting period. Under such conditions, despite the fact that Tohoku Electric Power Co., Inc. will limit power purchase of the project for only one hour a day, the number of days will be counted as one day according to Onikobe Project's curtailment conditions.

#### **4.6 Pros of no entry into the transaction**

##### **4.6.1 The Company has no additional debts and interest expenses**

If the Company does not make investment in the solar power project in category of ground mounting, loan from financial institutions in the amount of approximately THB 6,709.33 million will not be required. As a result, the debt to equity ratio will remain unchanged.

##### **4.6.2 The Company will not cope with various risks from investment in Onikobe Project**

If the Company does not enter into such transaction, the Company will not cope with possible risks from investment in Onikobe Project such as the risk arising from TSE Overseas's failure to be approved as the IHQ by the Director-General of the Revenue Department, uncertainty of intensity of sunrays, and failure to grid connection of Onikobe Project.

##### **4.6.3 The Company will have working capital to support loan request from financial institutions for future investment in other projects which have less risk than Onikobe Project**

If the Company does not enter into this transaction, the Company will have working capital and loan request from financial institutions for future investment in other projects with less risks and/or higher returns because the debt to equity ratio will remain unchanged.

#### **4.7 Cons of no entry into the transaction**

##### **4.7.1 The Company will lose an opportunity for investment in the solar power plant project in category of ground mounting**

The Company will lose an opportunity for investment in the solar power plant project in category of ground mounting which will generate a large amount of consistent revenue, long-term returns, and increase investment in the existing solar farm business, considered less risk than other renewable power businesses, especially solar used in generating electricity.

##### **4.7.2 The Company will further take time for investment in other power projects**

In case that the Company does not enter into the transaction, the Company will further seek and select projects or other businesses according to the Company's policy on investment in renewable power business which requires time, operating expenses and possible risks that may be the same or higher.

Following the aforementioned reasons for entering into such transaction and considering pros and cons, including possible risks, the IFA considers that the entry into this transaction is another investment in the solar power plant project with the accredited capacity of 154.98 MW in Japan other than the solar power project

currently operated. This aims to diversify risks through overseas investments and reduce a reliance only on revenue in local business. Moreover, this investment is consistent with the Company's main business which can generate more revenue from selling electricity continuously for 20 years. The IFA is of the opinion that entering into this transaction **is reasonable.**

## **Part 5: Opinion of the Independent Financial Advisor regarding the suitability of acquired asset value**

This part aims to review the reasonableness of entering into the transaction regarding asset acquisition from investment in the solar power plant project in category of ground mounting in Onikobe, Miyagi Prefecture, Japan with the accredited capacity of 154.98 MW (the installed capacity of 182.76 MW) as specified in the power distribution certification issued by the Ministry of Economy, Trade and Industry (METI Certification). The project is achieved a 20-year concession to sell electricity to Tohoku Electric Power Co., Inc., with the Feed-in Tariff (FiT) at the rate of JY 36 or THB 11.56. The investment will be through a subsidiary named TSE Overseas in the process of incorporation in Thailand which 100% shareholding by the Company. TSE Overseas and STEC will jointly invest in an established joint-venture company in Singapore ("JV Company") with the investment proportion of 60:40 of the total investment value of Onikobe Project. The Company expects construction of the project to be completed and start its COD within 2021.

The investment into this Onikobe Project will be made under the International Headquarter (IHQ) structure, which is Thailand's new investment structure form under the Royal Decree issued under the Revenue Code Re: Reduction and Exemption from Taxes (No. 586) B.E. 2558 (2015) and the Notification of the Director-General of the Revenue Department Re: Determination of Rules, Methods and Conditions for Reduction of Revenue Taxes, Exemption of Revenue Taxes and Exemption of Special Business Taxes of Companies which are International Headquarters dated May 29, 2015 ("Notification of the Revenue Department"). In this regard, TSE Overseas will apply for approval as an international headquarter (IHQ) to the Director-General of The Revenue Department to obtain incentives on tax reduction from investment in Onikobe Project. The approval process is expected to take not more than an accounting period from the date of the establishment of the subsidiary.

Additionally, the JV Company named Onikobe Solar Power Pte Ltd. will acquire all issued and paid-up shares of SolarOne G.K., which holds all plots of land of Onikobe Project, and of PurpleSol G.K. holding related documents and licenses for Onikobe Project's operation so that the JV Company will obtain METI certification, other required and necessary licenses, agreements regarding grid connection with electricity utility provider of Onikobe Project, including an ownership and possessory right to the project land.

After the Independent Financial Advisor ("IFA") has considered the feasibility of Onikobe Project in order to review the reasonableness and suitability of investment in Onikobe Project, we have evaluated the return on investment of the project using 1) Net Present Value (NPV) for the project and shareholders, 2) Project IRR and Equity IRR, and 3) Payback Period for the project and shareholders with the following details:

### **Consideration of Onikobe Project**

1. Project Net Present Value (NPV) is used to determine the present value of an investment by the discounted sum of free cash flow to project received from Onikobe Project (financial projection) and calculate net value to the present using the weighted average cost of capital (WACC) rate as a discount rate.
2. Project Internal Rate of Return (Project IRR) is the interest rate at which the net present value of all free cash flows from a project or investment equal zero.
3. Project Payback Period refers to the period of time required to reach the break-even point that free to cash flow to project is equivalent to investment or is paid back.

## Consideration of Equity

1. Equity Net Present Value (Equity NPV) is used to determine the present value of future cash flows that TSE Oversea will receive by the discounted some of free cash flow to equity in the proportion invested by the Company and expected returns (financial projection) and calculate value to the present using cost of equity ( $K_e$ ) as a discount rate.

2. Equity Internal Rate of Return (EIRR) is the interest rate at which the net present value of free cash flows to equity of a project or investment of TSE Overseas equal zero.

3. Equity Payback Period refers to the period of time required to reach the break-even point that free to cash flow to equity in the proportion invested by TSE Overseas is equivalent to investment of TSE Overseas or is pad back.

As for the projection of free cash flow to Onikobe Project and equity, the IFA has prepared a projection finance based on information of management interviews regarding the investment structure, investment plan, operation plan and Japan's overall industrial and economic conditions, including relevant documents. Moreover, the IFA has conducted a study and analysis of the reliability and reasonableness of assumptions provided by interviews with executives of the Company and revised some items of assumptions on a conservative basis.

The IFA has therefore prepared the projection of free cash flow to Onikobe Project for a 24-year period from 2017 to 2041 where the project lifetime will expire according to the 20-year granted concession to sell electricity to Tohoku Electric Power Co., Inc. in a Feed-in Tariff (FiT) with the installed capacity of 182.76 MW. Details of significant assumptions for the projection are as follows:

### 5.1 Significant assumptions

#### Main assumptions

1. Projection Period

The 24-year projection period is set, starting from 2017 to December 31, 2041 with a 20-year commercial operation (2022-2041) after the COD.

2. Inflation Rate

The IFA determines an inflation rate at 0.86% per year during the projection period based on Japan's 5-year average inflation rate.

3. Investment Cost of Onikobe Project

The investment cost of Onikobe Project can be summarized as follows:

Items	Value (Million Yen)	Value (Million Baht)
Total value of license acquisition of Onikobe Project	13,948.00	4,477.31
Total value of share acquisition of PurpleSol G. K. in the shareholding proportion of 100.00%	590.00	189.39

Items	Value (Million Yen)	Value (Million Baht)
Total value of share acquisition of SolarOne G. K. in the shareholding proportion of 100.00%	1,083.00	347.64
Value of investment for Grid Connection	3,740.52	1,200.71
Value of investment for development of the EPC project (EPC)	29,311.84	9,409.11
value of finance cost and other expenses	1,566.58	502.87
<b>Total</b>	<b>50,239.94</b>	<b>16,127.02</b>

**Remarks:** Figures for investment assumptions of the project shown in the above table of the IFA are different from those shown in Part 3 Page 20-21 Item 3.7 Value of Consideration as the IFA has revised value of some items in accordance with received documents and information as follows:

1. Assumptions of value of investment for development of the EPC project (EPC) based on the EPC quotation provided by one of the clients
2. Assumptions of Value of investment for Grid Connection based on meeting materials between the Company's legal consultant and Tohoku Electric Power Co., Inc., and the EPC quotation provided by one of the clients

#### Plan for Use of Investment Cost of Onikobe Project

Year	Items	Value (Million Yen)	Sources of Investment (Million Yen)	
			Equity	Loan
2017	- Total value of license acquisition of Onikobe Project	13,948.00		
	- Total value of share acquisition of PurpleSol G.K.	590.00		
	- Total value of share acquisition of SolarOne G.K.	1,083.00		
	Total	15,621.00	9,186.00	6,435.00
2018	Value of investment for Grid Connection	3,740.52	-	3,740.52
2019	Value of investment for development of the EPC project (EPC) and value of finance cost and other expenses	10,292.81	-	10,292.81
2020	Value of investment for development of the EPC project (EPC) and value of finance cost and other expenses	10,292.81	-	10,292.81
2021	Value of investment for development of the EPC project (EPC) and value of finance cost and other expenses	10,292.81	-	10,292.81
	<b>Total</b>	<b>50,239.94</b>	<b>9,186.00</b>	<b>41,053.94</b>

**Remarks:** 1. Information shown in the above table based on the Company's Onikobe Project's preliminary action plan. Read more details in Part 3 Page 16 Item 3.6.3.3 the Company's Onikobe Project's preliminary action plan

2. The IFA selects assumptions of sources of investment of shareholders' equity not more than JPY 9,186 million based on sources of investment. Read more details in Part 3 Page 21-22 Item 3.8 Sources of Funds

#### Assumptions of Revenue

##### 1. Net Electricity Output

Onikobe Project has a combined installed capacity of 182.76 MW. Net electricity output from solar power used in the projection is based on net electricity output provided by Vector Cuatro Japan Co., Ltd. (Project Consultant) using the PVSYST program, which is an acceptable and widely used for designing the solar power plants. The Project Consultant has applied the historical average sunray intensity information

provided by three reliable institutions, namely the New Energy and Industrial Technology Development Organization (NEDO), Meteonorm, and Solargis, to Onikobe Project.

According to the Technical Due Diligence Report of Onikobe Project issued by the Project Consultant, Onikobe Project's performance ratio (PR ratio) during the 20-year project lifetime is 73.60% , whereas a degradation rate of solar panels for Year 1 is 1.00% per year and 0.50% each year from Year 2-20. As result, net electricity output of Onikobe Project during the project lifetime is as follow:

Unit: MWh per year

Year No.	Net Electricity Output		
	P50 <sup>/1</sup>	P75 <sup>/2</sup>	P90 <sup>/3</sup>
0	178,137	168,672	160,154
1	175,967	164,592	154,355
2	175,084	165,795	157,433
3	174,202	165,027	156,770
4	173,321	164,212	156,014
5	172,438	163,385	155,237
6	171,557	162,554	154,451
7	170,674	161,720	153,661
8	169,792	160,887	152,871
9	168,910	160,051	152,079
10	168,029	159,217	151,286
11	167,146	158,382	150,493
12	166,264	157,546	149,700
13	165,382	156,711	148,906
14	164,500	155,875	148,113
15	163,618	155,039	147,319
16	162,736	154,205	146,525
17	161,854	153,368	145,731
18	160,972	152,533	144,938
19	160,090	151,697	144,143
20	159,207	150,862	143,350
<b>Total</b>	<b>3,351,743</b>	<b>3,173,658</b>	<b>3,013,375</b>

Source: Technical Due Diligence Report of Onikobe Project

**Remarks:** <sup>/1</sup> P50 means with a probability of 50% , the level of sunlight can generate the annual energy production at least 178,137 MWh for year 0 based on the assumption that there is no a degradation rate.

<sup>/2</sup> P75 means with a probability of 75% , the level of sunlight can generate the annual energy production at least 168,672 MWh for year 0 based on the assumption that there is no a degradation rate.

<sup>/3</sup> P90 means with a probability of 90% , the level of sunlight can generate the annual energy production at least 160,154 MWh for year 0 based on the assumption that there is no a degradation rate.



For this project, the IFA has applied P75 (Confidence level at 75% or the probability of 75% that the level of sunlight can generate the desired annual energy production at least 168,672 MWh), which is base case, as the net electricity output assumption of Onikobe Project during the projection.

## 2. Purchase Price or Tariff

The IFA estimates a purchase price or tariff from Tohoku Electric Power Co., Inc. at the rate of JPY 36 per kWh or approximately THB 11.56 per kWh during the projection based on the purchase price of Onikobe Project provided by Tohoku Electric Power Co., Inc. with a Feed-in Tariff (FIT) at the rate of JPY 36 per unit.

**Summary of Onikobe Project's yearly revenue during the projection**

Year No.	Net Electricity Output (MWh)	JPY/Unit	Revenue from Sale of Electricity (JPY million)	Revenue from Sale of Electricity (THB million)
1	164,592	36	5,925.31	1,902.03
2	165,795	36	5,968.62	1,915.93
3	165,027	36	5,940.97	1,907.05
4	164,212	36	5,911.63	1,897.63
5	163,385	36	5,881.86	1,888.08
6	162,554	36	5,851.94	1,878.47
7	161,720	36	5,821.92	1,868.84
8	160,887	36	5,791.93	1,859.21
9	160,051	36	5,761.84	1,849.55
10	159,217	36	5,731.81	1,839.91
11	158,382	36	5,701.75	1,830.26
12	157,546	36	5,671.66	1,820.60
13	156,711	36	5,641.60	1,810.95
14	155,875	36	5,611.50	1,801.29
15	155,039	36	5,581.40	1,791.63
16	154,205	36	5,551.38	1,781.99
17	153,368	36	5,521.25	1,772.32
18	152,533	36	5,491.19	1,762.67
19	151,697	36	5,461.09	1,753.01
20	150,862	36	5,431.03	1,743.36

## **Assumption of Costs**

### 1. Project Operation and Maintenance Expenses (O&M)

The Company will hire a project operation and maintenance firm (O&M) that will provide O&M services under an operation and maintenance contract to make the Company confident that Onikobe Project's will perform efficiently. In this regard, the IFA estimates such O&M costs of JPY 1.80 million per MW per year or equivalent to JPY 328.97 million per year at a fixed rate during the projection, based on interviews with the

Company's executives and the operation and maintenance service of the project as proposed by Astros Asset Management Co., Ltd., which is Japan's well-known asset management service provider.

2. Project Asset Management Expense

The Company will hire an asset management firm to manage the solar power plant of Onikobe Project of the Company under an asset management agreement to make the Company confident that Onikobe Project will perform smoothly and efficiently. Therefore, the IFA estimates such expenses of JPY 1.00 million per MW per year or equivalent to JPY 182.76 million per year at a fixed rate during the projection period, based on interviews with the Company's executives and the asset management services of the Company's other projects proposed by GENKAI Capital Management, which is Japan's well-known asset management service provider.

3. Enterprise Tax

Located in Japan, Onikobe Project is subject to the Japanese government tax (Enterprise Tax) at the rate of 1.289 % of total revenue from sale of electricity. The IFA has assumed on a conservative basis and set the assumption of enterprise taxes of Onikobe Project at 1.289% of total revenue from sale of electricity of Onikobe Project during the projection period, based on the Tax Due Diligence Report of Onikobe Project.

4. Insurance Expense

Insurance expenses refer to insurance and asset insurance expenses for Onikobe Project. Therefore, the IFA estimates such expenses equivalent to 0.50% of the investment value for development of the project based on premiums of the Company's other projects in Japan from interviews with executives of the Company, and assumes an increase in such expenses subject to the inflation rate of 0.86% per year during the projection period.

5. Lease Fees

Under Onikobe Project, the Company has leased a partial land of only 128 Rai or 205,013 sqm out of the total approximate area of 232 Rai or 370,957 sqm appeared in Land Deed for project operation at the rate of JPY 45 per 3.3 sqm or equivalent to JPY 2.80 million at a fixed rate during the 20-year agreement period from July 1, 2016 to June 30, 2036 and the lease agreement can be extended for another five years, totaling 25 years based on Onikobe Project's land lease agreement based on Onikobe Project's lease agreement. Therefore, the IFA estimates lease fees of the project using such information during the projection period.

**Summary of Yearly Cost of Sale of Onikobe Project during projection**

Unit: JPY million

Year No.	Enterprise Tax	O&M Expenses	Asset Management Expenses	Insurance Expense	Lease Fees	Total Expenses
1	76.38	328.97	182.76	146.56	2.80	737.46
2	76.94	328.97	182.76	147.81	2.80	739.27
3	76.58	328.97	182.76	149.08	2.80	740.18
4	76.20	328.97	182.76	150.36	2.80	741.08
5	75.82	328.97	182.76	151.64	2.80	741.98

6	75.43	328.97	182.76	152.94	2.80	742.90
7	75.04	328.97	182.76	154.25	2.80	743.82
8	74.66	328.97	182.76	155.57	2.80	744.75
9	74.27	328.97	182.76	156.90	2.80	745.70
10	73.88	328.97	182.76	158.24	2.80	746.65
11	73.50	328.97	182.76	159.60	2.80	747.62
12	73.11	328.97	182.76	160.97	2.80	748.60
13	72.72	328.97	182.76	162.34	2.80	749.59
14	72.33	328.97	182.76	163.73	2.80	750.59
15	71.94	328.97	182.76	165.13	2.80	751.60
16	71.56	328.97	182.76	166.55	2.80	752.63
17	71.17	328.97	182.76	167.97	2.80	753.67
18	70.78	328.97	182.76	169.41	2.80	754.72
19	70.39	328.97	182.76	170.86	2.80	755.78
20	70.01	328.97	182.76	172.32	2.80	756.85

### **Assumptions of Expenses**

#### **1. Fixed Assets Tax**

Located in Japan, Onikobe Project is subject to the Japanese government annual tax for individuals who hold assets at the rate of 1.40% of net asset value based on replacement-cost approach. Therefore, the IFA has assumed on a conservative basis and set the assumption of fixed asset tax for Onikobe Project at the rate of 1.40% of net asset value each year, based on Onikobe Project's Tax Due Diligence Report.

#### **2. Contingency Expense**

Affected by curtailment, Tohoku Electric Power Co., Inc., the purchaser of electricity from Onikobe Project, is entitled to slow its purchase electricity from the project totally not more than 30 days per an accounting period and shall not be liable for any damage incurred. As a result, Onikobe Project may face revenue losses due to such curtailment. Nevertheless, over the past period, the curtailment has rarely been taken place. On a conservative basis, the IFA estimates contingency expenses at the rate of 2.00% of revenue from sale of electricity during the projection period based on information from interviews with executives of the Company. Such expenses are not only reserved for the risk of curtailment, but also set for other expenses that may be higher the figure in this projection.

### **Summary of Yearly Expenses of Onikobe Project during the Projection**

Unit: JPY million

<b>Year No.</b>	<b>Fixed Assets Tax</b>	<b>Contingency Expense</b>	<b>Total Expenses</b>
1	449.12	118.51	567.63
2	421.90	119.37	541.28

Year No.	Fixed Assets Tax	Contingency Expense	Total Expenses
3	394.68	118.82	513.50
4	367.46	118.23	485.70
5	340.24	117.64	457.88
6	313.03	117.04	430.06
7	285.81	116.44	402.24
8	258.59	115.84	374.42
9	231.37	115.24	346.60
10	204.15	114.64	318.78
11	176.93	114.04	290.96
12	149.71	113.43	263.14
13	122.49	112.83	235.32
14	95.27	112.23	207.50
15	68.05	111.63	179.68
16	40.83	111.03	151.86
17	13.61	110.42	124.03
18	-	109.82	109.82
19	-	109.22	109.22
20	-	108.62	108.62

### **Other Assumptions**

#### **1. Depreciation expenses**

According to Table of the main assumptions Item 3 Investment Cost of Onikobe Project (Part 5 Page 3), the IFA deducts the depreciation expenses for the value of investment for development of the EPC project and the value of investment for grid connection using a straight-line depreciation method for 17 years following tax incentives granted by the Japanese government for the solar power plant project based on the Tax Due Diligence Report of Onikobe Project.

#### **2. Finance cost**

Currently, the Company is in the process of seeking loans from financial institutions. Therefore, the IFA assumes the finance cost of the project based on information about the comparison of interest rates of other investment projects in Japan provided by the Company's executives. However, the Company anticipates that financial institution will approve loans to the Company at 85% of total investment value, whereas the remaining 15% will come from equity. The estimated loan from financial institution is not more than JPY 52,054.00 million and a grace period is around 6 months after the commercial operation date (COD). Its monthly installment will be made at a fixed rate of 1.85% per annum. The said information is estimated by the Company's executives based on the proposal of lending services from financial institutions of other projects of the Company by

GENKAI Capital Management, which is Japan's well-known asset management service provider, and Project Hanamizuki's loans from financial institutions of the Company with the capacity of 13.50 MW.

### **3. Corporate income tax**

Located in Japan, Onikobe Project is subject to the Japanese government corporate income tax for the solar power plant business at the rate of 27.45% of profit before tax. The project has a duty to pay such tax to the Japanese government while generating profit. Therefore, the IFA assumes Onikobe Project's corporate income tax at the rate of 27.45% of profit before tax each year during the projection period based on Onikobe Project's Tax Due Diligence Report.

### **4. Capital Expenditure**

The IFA assumes that there is no capital expenditure for Onikobe Project after starting the commercial operation date (COD) during the projection period due to guarantee of solar panels has been provided during the project lifetime. In addition, the Company has hired the operation and maintenance service provider (O & M) to manage and maintain equipment and assets of the project, reflecting capital expenditures in other assets for the project maintenance.

### **5. Withholding Tax from Dividend**

Located in Japan, Onikobe Project is subject to the Japanese government withholding tax from dividend paid to shareholders. Under this project, JV Company (to be incorporated in Singapore), which is PurpleSol G.K.'s shareholder, is entitled to receive tax incentives between Singapore and Japan. As a result, Onikobe Project is required to pay a withholding tax from dividend at the rate of 5% of total dividends. Therefore, the IFA assumes Onikobe Project's withholding tax from dividend at the rate of 5% of total dividends each year during the projection period based on Onikobe Project's Tax Due Diligence Report.

### **6. Scrap Value, Residual Value and Terminal Value**

The value for the last year of the projection will arise from sale of land and other assets of such project, including residual value of project equipment. However, the IFA, on a conservative basis, determines scrap value, residual value and terminal value equal to zero.

### **7. Dividend Policy**

The IFA assumes that Onikobe Project will pay a dividend at 95% of net profit from business operation each year during the projection period.

### **8. Reserves for operating expenses of JV Company in Singapore**

The IFA assumes that JV Company in Singapore will set a reserve for fixed annual operating expenses of THB 10.00 million or approximately JPY 31.15 million during the projection period based on interviews with executives of the Company.

### **Discount rate assumption**

The discount rate used for valuation of net present value of free cash flow to Onikobe Project both free cash flow to project and free cash flow to equity is calculated based on the weighted average cost of capital (WACC) and cost of equity ( $K_e$ ). Details of calculation are as follows:

<b>WACC</b>	<b>=</b>	<b><math>(D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e</math></b>
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**Where:**

WACC	=	Weighted Average Cost of Capital
D	=	Loans from financial institutions for Onikobe Project each year
E	=	Equity of Onikobe Project each year
$K_d$	=	Finance cost for loans to Onikobe Project assuming finance cost at a fixed rate of 1.85% per annum
T	=	Corporate income tax at the rate of 27.45%
$K_e$	=	Return on Equity calculated from CAPM ranges between 2.78 – 9.48%. Details of $K_e$ calculation are as follows:

<b><math>K_e</math></b>	<b>=</b>	<b><math>R_f + \beta(R_m - R_f) + \text{Country Risk Premium}</math></b>
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**Where:**

$K_e$	=	Return on Equity
Risk Free Rate ( $R_f$ )	=	The risk free rate of return based on the 20-year Japanese government bond equals 0.71% (Source: Bloomberg as of February 21, 2017)
$R_m$	=	The 10-year average expected market rate of return in Japan's capital market from March 2007 to February 2017 equals 4.72% . This period of time reflected market investment conditions in different periods better than the use of information in a short period of time (Source: Nikkei.co.jp)
Country Risk Premium	=	With Japan's credit ratings rated by three credit rating agencies, better than Thailand's, Japan's country risk premium is not included in the Return on Equity calculation.

Credit Rating Agencies	Japan's Credit Rating	Thailand's Credit Rating
Standard and Poor's (S&P)	A+	BBB+
Moody's	A1	Baa1
Fitch Rating	A	BBB+

Source: <http://www.tradingeconomics.com/country-list/rating>

Beta ( $\beta$ ) = The average variance of weekly returns of Japan's Stock Exchange-listed companies which operate power generation and distribution business that are the nearest to the solar power plant project in Japan, consisting of 1) Chubu Electric Power Co., Inc., 2) Tokyo Electric Power Co., Inc., and 3) Kansai Electric Power Co., Inc. compared to a 3-year historical return on investment of Japan's Stock Exchange from February 22, 2014 to February 21, 2017 (Source: Bloomberg). Then, calculate an average of unleveraged beta of the above three companies and adjusted it to Beta ( $\beta_L$ : Levered Beta) of Onikobe Project, given the financial structure and corporate income tax each year of such project. The average Unleveraged Beta ( $\beta_U$ ) is 0.516. The calculation is shown in the below table:

Company	Nature of Business	Levered Beta
Chubu Electric Power Co., Inc.	Electricity generation and distribution	0.907
Tokyo Electric Power Co., Inc.	Electricity generation and distribution	1.104
Kansai Electric Power Co., Inc.	Electricity generation and distribution	0.921

Company	Levered Beta ( $\beta_L$ )	Ratio of Interest Bearing Debt to Equity (D:E Ratio) As of December 31, 2016	Unleveraged Beta ( $\beta_U$ )
Chubu Electric Power Co Inc.	0.907	1.65	0.413
Tokyo Electric Power Co Inc.	1.104	3.95	0.286
Kansai Electric Power Co Inc.	0.921	0.12	0.849
Average Beta			0.516

The Debt to Equity ratio of the project, Return on Equity ( $K_e$ ), and Weighted Average Cost of Capital (WACC) of the project each year can be summarized as follows:

Estimated Year	Operating Year	Year	D/E ratio	$K_e$	WACC
1		2018	1.11	4.44%	2.81%
2		2019	2.23	6.12%	2.82%
3		2020	3.35	7.80%	2.83%
4		2021	4.47	9.48%	2.83%
5	1	2022	3.77	8.43%	2.83%
6	2	2023	3.12	7.45%	2.83%
7	3	2024	2.60	6.67%	2.82%
8	4	2025	2.18	6.04%	2.82%
9	5	2026	1.83	5.52%	2.82%
10	6	2027	1.54	5.09%	2.82%
11	7	2028	1.30	4.73%	2.81%
12	8	2029	1.09	4.41%	2.81%
13	9	2030	0.91	4.14%	2.81%
14	10	2031	0.75	3.91%	2.80%
15	11	2032	0.62	3.70%	2.80%
16	12	2033	0.50	3.52%	2.80%
17	13	2034	0.39	3.36%	2.79%
18	14	2035	0.29	3.22%	2.79%
19	15	2036	0.21	3.09%	2.79%
20	16	2037	0.13	2.97%	2.78%
21	17	2038	0.06	2.87%	2.78%
22	18	2039	0.00	2.78%	2.78%
23	19	2040	0.00	2.78%	2.78%
24	20	2041	0.00	2.78%	2.78%
			<b>Average</b>	<b>4.80%</b>	<b>2.81%</b>

From the above Table, Return on Equity ( $K_e$ ) of Onikobe Project is 2.78 - 9.48% per annum, whereas the Weighted Average Cost of Capital (WACC) of the project is in a range of 2.78 - 2.83% per annum, which depends on a change in the Debt/Equity ratio each year due to loan repayments. Consequently, Return on Equity and Weighted Average Cost of Capital (WACC) used as a discount rate each year are different.



## Free Cash Flow to Project of Onikobe Project

(Unit : JPY million)

Estimated Year	0	1	2	3	4	5	6	7	8	9	10	11	12
Operating Year						1	2	3	4	5	6	7	8
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue from selling electricity	-	-	-	-	-	5,925.31	5,968.62	5,940.97	5,911.63	5,881.86	5,851.94	5,821.92	5,791.93
Cost	-	-	-	-	-	737.46	739.27	740.18	741.08	741.98	742.90	743.82	744.75
Operating expense	-	-	-	-	-	567.63	541.28	513.50	485.70	457.88	430.06	402.24	374.42
Depreciation expense	-	-	-	-	-	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26
Interest expense	-	-	-	-	-	748.65	716.10	672.70	629.30	585.90	542.50	499.10	455.70
Tax expense	-	-	-	-	-	529.05	556.61	568.31	579.55	590.68	601.77	612.82	623.88
Net profit	-	-	-	-	-	1,398.27	1,471.11	1,502.03	1,531.75	1,561.16	1,590.46	1,619.68	1,648.92
NOPAT	-	-	-	-	-	1,941.41	1,990.64	1,990.07	1,988.30	1,986.23	1,984.05	1,981.78	1,979.53
+ Depreciation expense	-	-	-	-	-	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26
- Project investment	-15,621.00	-3,740.52	-10,292.81	-10,292.81	-10,292.81	-	-	-	-	-	-	-	-
Free cash flow to project (FCFP)	-15,621.00	-3,740.52	-10,292.81	-10,292.81	-10,292.81	3,885.67	3,934.89	3,934.32	3,932.56	3,930.49	3,928.30	3,926.03	3,923.78
Present value of FCFP	-15,621.00	-3,638.26	-9,736.74	-9,469.10	-9,208.55	3,380.75	3,329.50	3,237.61	3,147.37	3,059.48	2,974.04	2,891.00	2,810.36

Estimated Year	13	14	15	16	17	18	19	20	21	22	23	24
Operating Year	9	10	11	12	13	14	15	16	17	18	19	20
Year	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Revenue from selling electricity	5,761.84	5,731.81	5,701.75	5,671.66	5,641.60	5,611.50	5,581.40	5,551.38	5,521.25	5,491.19	5,461.09	5,431.03
Cost	745.70	746.65	747.62	748.60	749.59	750.59	751.60	752.63	753.67	754.72	755.78	756.85
Operating expenses	346.60	318.78	290.96	263.14	235.32	207.50	179.68	151.86	124.03	109.82	109.22	108.62
Depreciation expense	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	-	-	-
Interest expense	412.30	368.90	325.50	282.10	238.70	195.30	151.90	108.50	65.10	21.70	-	-
Tax expense	634.91	645.96	656.99	668.01	679.04	690.05	701.06	712.09	723.09	1,264.06	1,261.63	1,253.25
Net profit	1,678.07	1,707.26	1,736.42	1,765.55	1,794.69	1,823.80	1,852.90	1,882.05	1,911.11	3,340.89	3,334.46	3,312.31
NOPAT	1,977.19	1,974.90	1,972.57	1,970.21	1,967.87	1,965.49	1,963.11	1,960.76	1,958.34	3,356.63	3,334.46	3,312.31
+ Depreciation expense	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	-	-	-
- Project investment	-	-	-	-	-	-	-	-	-	-	-	-
Free cash flow to project (FCFP)	3,921.45	3,919.16	3,916.83	3,914.47	3,912.13	3,909.75	3,907.36	3,905.02	3,902.59	3,356.63	3,334.46	3,312.31
Present value of FCFP	2,731.99	2,655.91	2,582.01	2,510.22	2,440.52	2,372.80	2,307.05	2,243.21	2,181.18	1,825.36	1,764.32	1,705.25
Net Present Value (NPV)	JPY 4,476.29 mil.											
Internal Rate of Return (IRR)	3.62% per year											
Payback Period	16 years 8 months											

Report on Opinion of the Independent Financial Advisor regarding an Asset Acquisition Transaction

(Unit : THB million)

Estimated Year	0	1	2	3	4	5	6	7	8	9	10	11	12
Operating Year						1	2	3	4	5	6	7	8
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue from selling electricity	-	-	-	-	-	1,902.03	1,915.93	1,907.05	1,897.63	1,888.08	1,878.47	1,868.84	1,859.21
Cost	-	-	-	-	-	236.72	237.31	237.60	237.89	238.18	238.47	238.77	239.07
Operating expenses	-	-	-	-	-	182.21	173.75	164.83	155.91	146.98	138.05	129.12	120.19
Depreciation expense	-	-	-	-	-	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11
Interest expense	-	-	-	-	-	240.32	229.87	215.94	202.00	188.07	174.14	160.21	146.28
Tax expense	-	-	-	-	-	169.82	178.67	182.43	186.04	189.61	193.17	196.72	200.27
<b>Net profit</b>	-	-	-	-	-	<b>448.84</b>	<b>472.23</b>	<b>482.15</b>	<b>491.69</b>	<b>501.13</b>	<b>510.54</b>	<b>519.92</b>	<b>529.30</b>
<b>NOPAT</b>	-	-	-	-	-	623.19	638.99	638.81	638.25	637.58	636.88	636.15	635.43
<b>+ Depreciation expense</b>	-	-	-	-	-	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11
<b>- Project investment</b>	<b>-5,014.34</b>	<b>-1,200.71</b>	<b>-3,303.99</b>	<b>-3,303.99</b>	<b>-3,303.99</b>	-	-	-	-	-	-	-	-
<b>Free cash flow to project (FCFP)</b>	<b>-5,014.34</b>	<b>-1,200.71</b>	<b>-3,303.99</b>	<b>-3,303.99</b>	<b>-3,303.99</b>	1,247.30	1,263.10	1,262.92	1,262.35	1,261.69	1,260.98	1,260.26	1,259.53
<b>Present value of FCFP</b>	<b>-5,014.34</b>	<b>-1,167.88</b>	<b>-3,125.49</b>	<b>-3,039.58</b>	<b>-2,955.94</b>	<b>1,085.22</b>	<b>1,068.77</b>	<b>1,039.27</b>	<b>1,010.31</b>	<b>982.09</b>	<b>954.67</b>	<b>928.01</b>	<b>902.13</b>

Estimated Year	13	14	15	16	17	18	19	20	21	22	23	24
Operating Year	9	10	11	12	13	14	15	16	17	18	19	20
Year	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Revenue from selling electricity	1,849.55	1,839.91	1,830.26	1,820.60	1,810.95	1,801.29	1,791.63	1,781.99	1,772.32	1,762.67	1,753.01	1,743.36
Cost	239.37	239.68	239.99	240.30	240.62	240.94	241.26	241.59	241.93	242.26	242.60	242.95
Operating expenses	111.26	102.33	93.40	84.47	75.54	66.61	57.68	48.75	39.82	35.25	35.06	34.87
Depreciation expense	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11	-	-	-
Interest expense	132.35	118.42	104.49	90.55	76.62	62.69	48.76	34.83	20.90	6.97	-	-
Tax expense	203.81	207.35	210.89	214.43	217.97	221.51	225.04	228.58	232.11	405.76	404.98	402.29
<b>Net profit</b>	<b>538.66</b>	<b>548.03</b>	<b>557.39</b>	<b>566.74</b>	<b>576.10</b>	<b>585.44</b>	<b>594.78</b>	<b>604.14</b>	<b>613.46</b>	<b>1,072.43</b>	<b>1,070.36</b>	<b>1,063.25</b>
<b>NOPAT</b>	634.68	633.94	633.20	632.44	631.69	630.92	630.16	629.41	628.63	1,077.48	1,070.36	1,063.25
<b>+ Depreciation expense</b>	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11	-	-	-
<b>- Project investment</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Free cash flow to project (FCFP)</b>	1,258.78	1,258.05	1,257.30	1,256.54	1,255.79	1,255.03	1,254.26	1,253.51	1,252.73	1,077.48	1,070.36	1,063.25
<b>Present value of FCFP</b>	<b>876.97</b>	<b>852.55</b>	<b>828.83</b>	<b>805.78</b>	<b>783.41</b>	<b>761.67</b>	<b>740.56</b>	<b>720.07</b>	<b>700.16</b>	<b>585.94</b>	<b>566.35</b>	<b>547.39</b>

<b>Net Present Value (NPV)</b>	<b>THB 1,436.89 mil.</b>
<b>Internal Rate of Return (IRR)</b>	<b>3.62% per year</b>
<b>Payback Period</b>	<b>16 years 8 months</b>

**Summary of Free Cash Flow to Equity in proportion to the Company**

(Unit : JPY million)

Estimated Year	0	1	2	3	4	5	6	7	8	9	10	11	12
Operating Year						1	2	3	4	5	6	7	8
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Net profit</b>	-	-	-	-	-	1,398.27	1,471.11	1,502.03	1,531.75	1,561.16	1,590.46	1,619.68	1,648.92
- Withholding tax from dividend	-	-	-	-	-	-66.42	-69.88	-71.35	-72.76	-74.16	-75.55	-76.93	-78.32
- Reserve for expense of JV Company	-	-	-	-	-	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15
+ Depreciation expense	-	-	-	-	-	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26
- Project investment	-15,621.00	-3,740.52	-10,292.81	-10,292.81	-10,292.81	-	-	-	-	-	-	-	-
+ Loan from financial institutions	6,435.00	3,740.52	10,292.81	10,292.81	10,292.81	-	-	-	-	-	-	-	-
- Payment of loan from financial institutions	-	-	-	-	-	-1,172.97	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94
<b>Free cash flow to Equity (FCFE)</b>	<b>-9,186.00</b>	-	-	-	-	2,071.99	968.40	997.84	1,026.15	1,054.17	1,082.08	1,109.91	1,137.76
<b>Free cash flow to Equity (FCFE) – 60%</b>	<b>-5,511.60</b>	-	-	-	-	1,243.19	581.04	598.71	615.69	632.50	649.25	665.95	682.65
<b>Present value to FCFE</b>	<b>-5,511.60</b>	-	-	-	-	876.68	381.35	368.39	357.26	347.81	339.72	332.74	326.68

Estimated Year	13	14	15	16	17	18	19	20	21	22	23	24
Operating Year	9	10	11	12	13	14	15	16	17	18	19	20
Year	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Net profit</b>	1,678.07	1,707.26	1,736.42	1,765.55	1,794.69	1,823.80	1,852.90	1,882.05	1,911.11	3,340.89	3,334.46	3,312.31
- Withholding tax from dividend	-79.71	-81.09	-82.48	-83.86	-85.25	-86.63	-88.01	-89.40	-90.78	-158.69	-158.39	-157.33
- Reserve for expense of JV Company	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15	-31.15
+ Depreciation expense	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	1,944.26	-	-	-
- Project investment	-	-	-	-	-	-	-	-	-	-	-	-
+ Loan from financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
- Payment of loan from financial institutions	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-2,345.94	-	-
<b>Free cash flow to Equity (FCFE)</b>	1,165.52	1,193.33	1,221.11	1,248.85	1,276.61	1,304.34	1,332.06	1,359.81	1,387.49	805.11	3,144.92	3,123.82
<b>Free cash flow to Equity (FCFE) – 60%</b>	699.31	716.00	732.66	749.31	765.97	782.60	799.23	815.89	832.50	483.06	1,886.95	1,874.29
<b>Present value to FCFE</b>	321.34	316.64	312.45	308.68	305.29	302.20	299.38	296.79	294.38	166.20	631.70	610.51
<b>Net Present Value (NPV)</b>	<b>JPY 1,984.58 mil.</b>											
<b>Equity Internal Rate of Return (EIRR)</b>	<b>8.22% per year</b>											
<b>Payback Period</b>	<b>11 years 8 months</b>											

Report on Opinion of the Independent Financial Advisor regarding an Asset Acquisition Transaction

(Unit : THB million)

Estimated Year	0	1	2	3	4	5	6	7	8	9	10	11	12
Operating Year						1	2	3	4	5	6	7	8
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Net profit	-	-	-	-	-	448.84	472.23	482.15	491.69	501.13	510.54	519.92	529.30
- Withholding tax from dividend	-	-	-	-	-	-21.32	-22.43	-22.90	-23.36	-23.80	-24.25	-24.70	-25.14
- Reserve for expense of JV Company						-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00
+ Depreciation expense	-	-	-	-	-	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11
- Project investment	-5,014.34	-1,200.71	-3,303.99	-3,303.99	-3,303.99	-	-	-	-	-	-	-	-
+ Loan from financial institutions	2,065.64	1,200.71	3,303.99	3,303.99	3,303.99	-	-	-	-	-	-	-	-
- Payment of loan from financial institutions	-	-	-	-	-	-376.52	-753.05	-753.05	-753.05	-753.05	-753.05	-753.05	-753.05
Free cash flow to Equity (FCFE)	-2,948.71	-	-	-	-	665.11	310.85	320.31	329.40	338.39	347.35	356.28	365.22
Free cash flow to Equity (FCFE) – 60%	-1,769.22	-	-	-	-	399.06	186.51	192.18	197.64	203.03	208.41	213.77	219.13
Present value to FCFE	-1,769.22	-	-	-	-	281.41	122.41	118.25	114.68	111.65	109.05	106.81	104.86

Estimated Year	13	14	15	16	17	18	19	20	21	22	23	24
Operating Year	9	10	11	12	13	14	15	16	17	18	19	20
Year	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Net profit	538.66	548.03	557.39	566.74	576.10	585.44	594.78	604.14	613.46	1,072.43	1,070.36	1,063.25
- Withholding tax from dividend	-25.59	-26.03	-26.48	-26.92	-27.36	-27.81	-28.25	-28.70	-29.14	-50.94	-50.84	-50.50
- Reserve for expense of JV Company	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00
+ Depreciation expense	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11	624.11	-	-	-
- Project investment	-	-	-	-	-	-	-	-	-	-	-	-
+ Loan from financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
- Payment of loan from financial institutions	-753.05	-753.05	-753.05	-753.05	-753.05	-753.05	-753.05	-753.05	-753.05	-753.05	-	-
Free cash flow to Equity (FCFE)	374.13	383.06	391.98	400.88	409.79	418.69	427.59	436.50	445.39	258.44	1,009.52	1,002.75
Free cash flow to Equity (FCFE) – 60%	224.48	229.84	235.19	240.53	245.88	251.22	256.55	261.90	267.23	155.06	605.71	601.65
Present value to FCFE	103.15	101.64	100.30	99.09	98.00	97.01	96.10	95.27	94.50	53.35	202.77	195.97
Net Present Value (NPV)	JPY 637.05 mil.											
Equity Internal Rate of Return (EIRR)	8.22% per year											
Payback Period	11 years 8 months											

## 5.2 Summary of Valuation of Return on Investment

According to Table of free cash flow to project and Table of free cash flow to equity in the proportion of the Company's investment, the calculation method of return on investment can be summarized as follows:

Valuation Methods of Return on Investment	Project	Equity (Proportion of the Company)
Net Present Value (NPV)	JPY 4,476.29 million or approximately THB 1,436.89 million	JPY 1,984.58 million or approximately THB 637.05 million
Internal Rate of Return (IRR)	3.62 %	8.22 %
Payback Period	16.8 years	11.8 years

From the above Table, Onikobe Project's NPV is JPY 4,476.29 million or approximately THB 1,436.89 million, whereas IRR is equivalent to 3.62% per annum, which is higher than the average of weighted average cost of capital (WACC) of the Project at 2.81% per annum, and a payback period is around 16.8 years, which is appropriate for this investment. When considering expected returns in the proportion of the Company from Onikobe Project, Equity NPV is JPY 1,984.58 million or around THB 637.05 million, whilst EIRR is 8.22% per annum, which is higher than the average of cost of equity ( $K_e$ ) of 4.80% per annum, and the payback period is 11.8 years.

According to the calculation to evaluate the return on investment to Onikobe Project and to Equity in the proportion of the Company's investment, the IFA considers that **the return to Onikobe Project and to Equity in the proportion of the Company's investment is feasible and reasonable with respect to the return on investment.**

## 5.3 Sensitivity Analysis

To achieve accurate return on investment or value which is close to the actual value of Onikobe Project will depend on the adequacy and suitability of assumptions used in the financial projection, business plan and future management policy under current economic conditions and circumstances. In case that there is incident that causes any change in economic conditions, natural environment and the government's policies, the projection based on the aforementioned assumptions may be changed significantly, whereas the expected return on investment of Onikobe Project may be changeable as well.

As a result of the causes and possible changes in various factors that may have an impact on the valuation of return on investment of Onikobe Project, the IFA has prepared a sensitivity analysis of the valuation of return on investment of Onikobe Project with the aim to study the impacts of different factors that may be changeable. The objective is to study and analyze changes of the return on investment to project and to equity in the proportion of the Company's investment i.e. Project NPV, Equity NPV, Project IRR, and Equity IRR subject to changes of the main factors in generating electricity called net electricity output per year of the project based on statistical confidence levels as mentioned in Part 5 Page 4-5 on Assumption of Revenue Item

1 Net Electricity Output. The sensitivity analysis of the valuation of return on investment to project and to equity in the proportion of the Company's Investment in different cases can be summarized as follows:

Net Electricity Output of Onikobe Project	Project NPV (JPY million)	Project IRR	Equity NPV (JPY million)	Equity IRR
P50	7,553.09	4.15%	3,294.57	9.61%
P75	4,476.29	3.62%	1,984.58	8.22%
P90	1,707.20	3.13%	821.04	6.86%

According to the sensitivity analysis of the valuation of return on investment to project and to equity in the proportion of the Company's investment, Onikobe Project's NPV ranges between JPY 1,707.20 - 7,553.09 million or approximately THB 548.01 - 2,424.54 million, and IRR is in a range of 3.13 - 4.15% per annum, which is higher than the average of weighted average cost of capital (WACC) of the Project at 2.81% per annum.

When considering the expected return in the proportion of the Company's investment of Onikobe Project, Equity NPV ranges between JPY 821.04 - 3,294.57 million or approximately THB 263.56 - 1,057.56 million, and EIRR is in a range of 6.86 - 9.61 percent per annum, which is higher than the average of Cost of Equity ( $K_e$ ) of the Project at 4.80% per annum.

## Part 6: Summary of Opinion of Independent Financial Advisor

### Summary of Opinion of Independent Financial Advisor regarding entering into the transaction

Based on all information and reasons stated in this report, the IFA is of opinion that shareholders **should approve this asset acquisition transaction.**

Please see the summary of opinion of the Independent Financial Advisor in Part 1 “Executive Summary” of this report.

Finnex Advisory Co., Ltd., on behalf of the Independent Financial Advisor of the Company, hereby certifies that we have considered and conducted a study on various information with the carefulness and reasonableness according to professional standards using gather information and/or documents, public information, including interviews of the Company’s executives and related persons which are accurate and factual. In addition, the IFA deems that various agreements and business terms are enforced and binding in law without a change in conditions, dismissal or termination as well as any incident or term that may have a significant impact on this asset acquisition transaction. Any changes in the information used to formulate an opinion could have a significant impact on the valuation, the Independent Financial Advisor’s opinion and the decision of the shareholders. The purpose of this report is to provide a recommendation to shareholders of the Company and the opinion of the IFA should not be misconstrued as an endorsement to enter into the Transaction, or a guarantee of the outcome of the transaction.

Nevertheless, in deciding whether to approve or disapprove this transaction, the shareholders are able to take into account the mentioned information, reasons and opinions on various issues as rendered by the IFA in this report. The final decision will depend on the shareholders’ individual judgment.

Finnex Advisory Co., Ltd., the Company’s Independent Financial Advisor, hereby certifies that we have provided the opinion fairly using independent professional judgments taking into consideration the highest benefits to retail shareholders at the utmost importance.

Yours sincerely

Vorachart Tuaycharoen

(Mr. Vorachart Tuaycharoen)

Managing Director

Finnex Advisory Co., Ltd.

Vasut Bunchalaksi

(Mr. Vasut Bunchalaksi)

Supervisor Financial Advisory

Finnex Advisory Co., Ltd.

## Attachment: Details of Onikobe Project

### 1. Summary of Onikobe Project

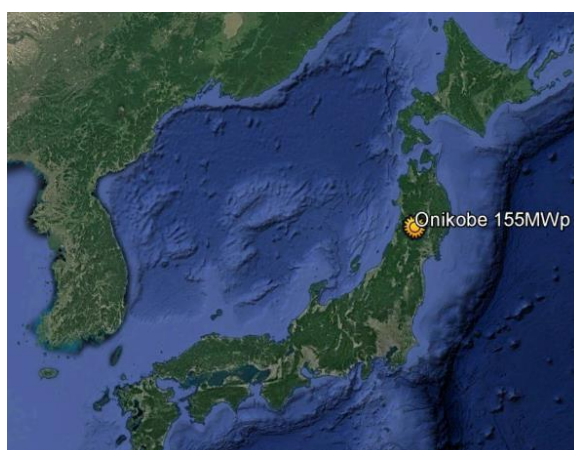
Owner of METI Certification	:	PurpleSol G.K.
Generation Capacity (MW)	:	154.98 MW
Installed Capacity (MW)	:	182.76 MW
Project Location	:	Onikobe City, Miyagi Prefecture, Japan
Project Area (Rai)	:	2,080 Rai
Land Ownership	:	1. 1,848 Rai of land held by SolarOne G.K. 2. 232 Rai of land, divided into 128 Rai for a 20-year land lease which can be extended for another 5 years to 25 years in total. PurpleSol G.K. makes a land lease agreement.
Type of Business	:	Solar power generation and distribution
Project Zone	:	Allocated land and forest
Date of approval by METI	:	October 23, 2013
Purchaser	:	Tohoku Electric Power Co., Inc.
Power Purchase Contract Period	:	20 years
Purchase Price (FiT)	:	JPY 36 per kWh
Project Technical Advisor	:	Vector Cuatro Japan Co.,Ltd
Project Value	:	Approximately JPY 61,240 million or THB 19,658 million
Year expected to sell electricity	:	2021

Source: Information based on METI Certification, Grid Connection by Tohoku Electric Power Co., Inc., and related documents of Onikobe Project

### 2. Onikobe Project's Location

The solar power plant project in category of ground mounting in which the Company will invest under the name of Onikobe Project located at latitude 38.803 degrees north and 140.626 degrees east of the equator (38.803°N, 140.626°E), Onikobe, Miyagi Prefecture in Japan with the total project area of 2,080 Rai.

Figure: Location of Onikobe Project

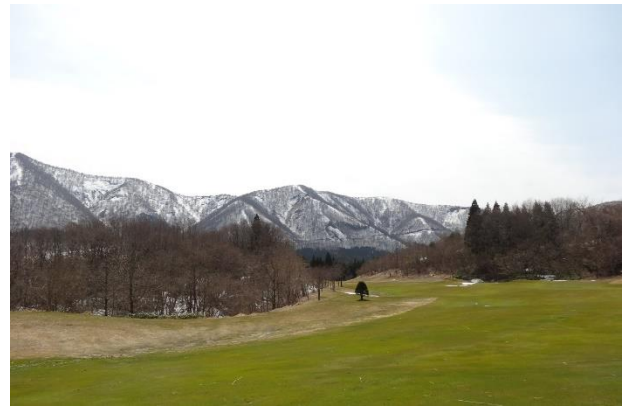






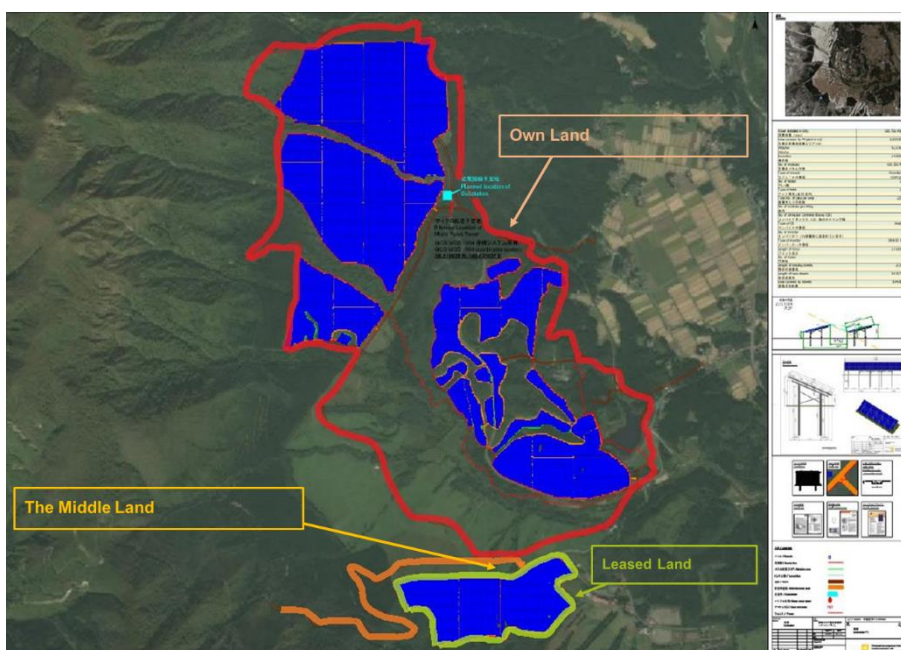
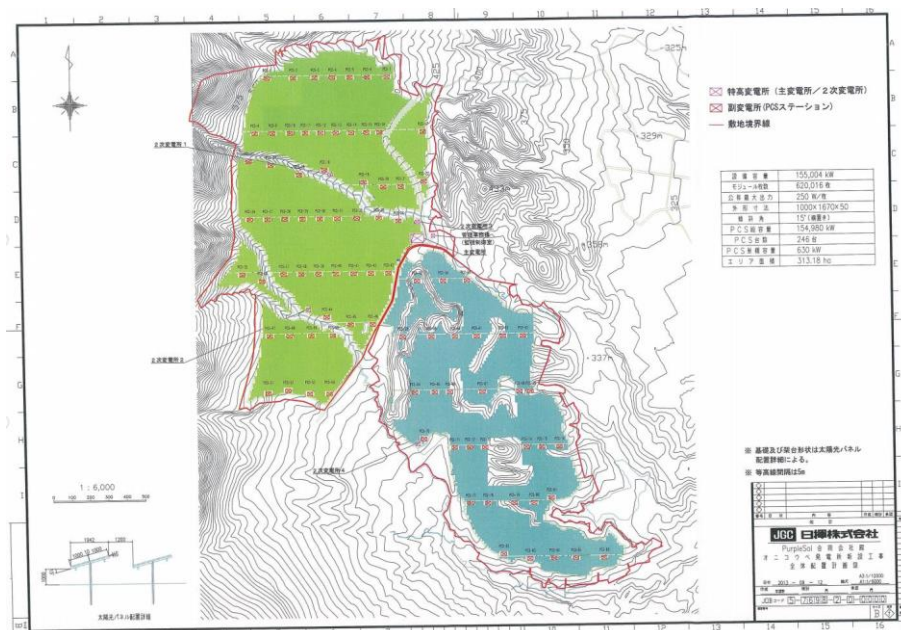
Source: Technical Due Diligence Report

**Figure: Onikobe Project's Location**



Source: The Company

Figure: Installation of Solar Cell Panels of Onikobe Project



Source: Technical Due Diligence Report

### 3. Impacts from Natural Disasters on Onikobe Project

According to Onikobe Project's Technical Due Diligence Report dated February 8, 2017, Vector Cuatro Japan Co., Ltd. has conducted a study and provided opinions on natural disasters that may affect Onikobe Project's power generation as follows:

#### 1) Landslide

As can be seen from the map of the Ministry of Land, Infrastructures, Transport and Tourism (MLIT), it is found that a portion of Onikobe Project's area is located on the landslide area in the vicinity of a debris flow



warning zone. Nevertheless, according to the map of the National Research Institute for Earth Science and Disaster Prevention (NIED), it is found that landslide in the area of Onikobe Project has not been taken place.

**Figure: Map of Japan's Natural Disasters by MLIT and NIED**



Source: Technical Due Diligence Report

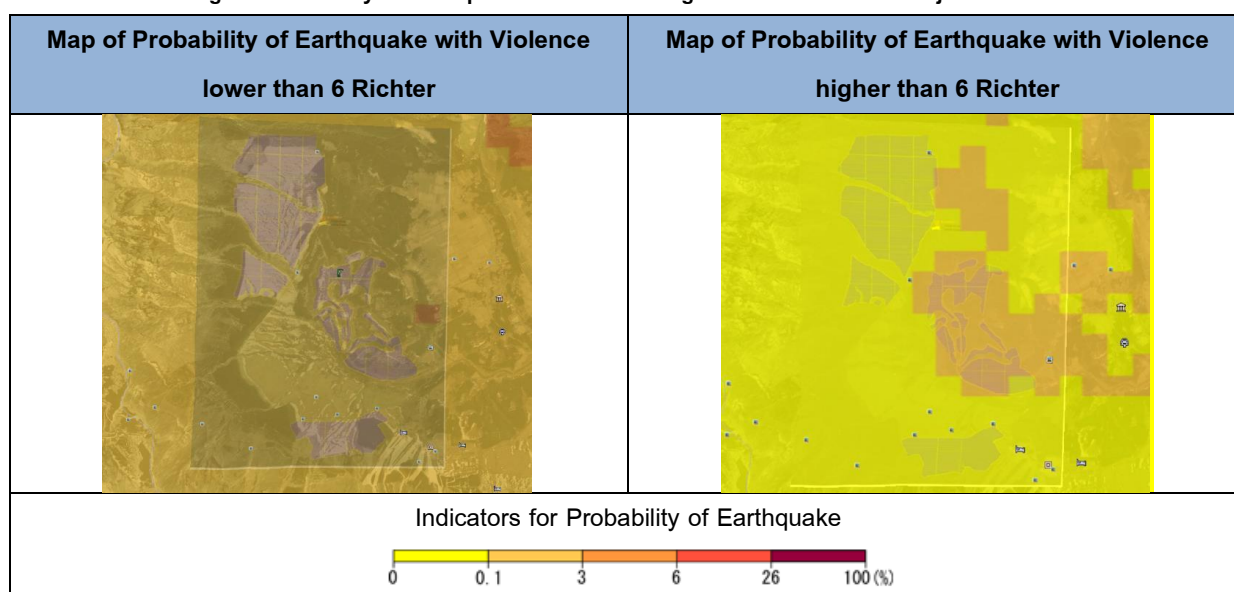
## 2) Earthquake

According to the study of the Project Consultant, the area of Onikobe Project has a less chance to face earthquakes with probability of merely 0.1-0.3%.

Probability of Earthquakes in the Location of Onikobe Project in 30 years from present		
Violence of earthquake	< 6 Richter	> 6 Richter
Probability	0.1% - 3.0%	0.1% - 3.0%

Source: Technical Due Diligence Report

**Figure: Probability of Earthquake with violence higher than 6 Richter at Project Location**



Source: Technical Due Diligence Report

3) Volcanic Activity

The study of the Project Consultant indicates that there are three volcanoes in the vicinity of Onikobe Project's location: Akitakomagatake, Iwateyama, and Azumasan. Details of volcanic movements are as follows:

Volcanoes	Distance to Project Location	Activity Level
Akitakomagatake	123.79 Km.	Level 1 (Normal)
Iwateyama	139.33 Km.	Level 1 (Normal)
Azumasan	144.73 Km.	Level 1 (Normal)

Source: Technical due Diligence Report

4. **Testing of Sunlight Intensity**

The Project Consultant uses information on sunlight intensity of PVSYST, which is an acceptable and widely used program in the world for designing a solar power plant. The level of sunlight intensity is based on statistical information gathered from worldwide institutions. Under this project, the Project Consultant has applied the historical average sunlight intensity from three reliable institutions, namely the New Energy and Industrial Technology Development Organization (NEDO), Meteonorm, and Solargis to Onikobe Project. Details are as follows:

**Table: Analysis of Sunlight Intensity of Onikobe Project using the PVSYST Program**

Month	G <sub>inc</sub> (kWh/m <sup>2</sup> )	E <sub>array</sub> (MWh)	E <sub>grid</sub> (MWh)	PR
Jan	71.3	5,132	4,665	35.8%
Feb	91.8	8,554	8,062	48.1%
Mar	123.5	16,675	15,941	70.6%
Apr	141.9	21,996	21,092	81.3%
May	146.1	22,525	21,603	80.9%
Jun	131.9	20,021	19,210	79.7%
Jul	125.3	18,726	17,939	78.3%
Aug	132.1	19,638	18,812	77.9%
Sep	108.9	16,418	15,672	78.7%
Oct	109.0	16,998	16,219	81.4%
Nov	79.7	12,465	11,848	81.3%
Dec	62.9	7,603	7,075	61.5%
<b>Annual</b>	<b>1,324</b>	<b>186,750.00</b>	<b>178,137</b>	<b>73.6%</b>

Source: Technical due Diligence Report

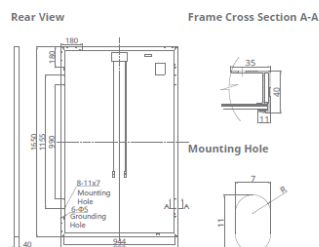
5. **Main Equipment for Onikobe Project**Solar Panels

Solar panels used for Onikobe Project is a brand of CanadianSolar, model Superpower CS6K-295MS and Monocrystalline with the capacity per panel of approximately 295 Watts in the amount of 619,520 panels. Total installed capacity is estimated at 182.76 MW with a size of 39.1 inches wide, 65.0 inches long, and 1.57 inches high, and a 25-year quality guarantee is provided by the manufacturer.

## Technical Details of Solar Panels



**ENGINEERING DRAWING (mm)**



## ELECTRICAL DATA | STC\*

CS6K	290MS	295MS
Nominal Max. Power (Pmax)	290 W	295 W
Opt. Operating Voltage (Vmp)	32.1 V	32.3 V
Opt. Operating Current (Imp)	9.05 A	9.14 A
Open Circuit Voltage (Voc)	39.3 V	39.5 V
Short Circuit Current (Isc)	9.67 A	9.75 A
Module Efficiency	17.72 %	18.02 %
Operating Temperature	-40°C ~ +85°C	
Max. System Voltage	1000 V (IEC) or 1000 V (UL)	
Module Fire Performance	TYPE 1 (UL 700) or CLASS C (IEC 61730)	
Max. Series Fuse Rating	15 A	
Application Classification	Class A	
Power Tolerance	0 ~ + 5 W	

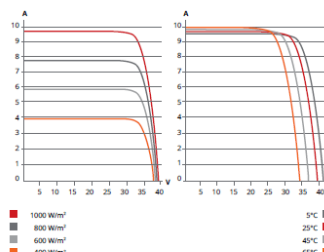
\* Under Standard Test Conditions (STC) of irradiance of 1000 W/m<sup>2</sup>, spectrum AM 1.5 and cell temperature of 25°C.

## ELECTRICAL DATA | NOCT\*

CS6K	290MS	295MS
Nominal Max. Power (Pmax)	210 W	213 W
Opt. Operating Voltage (Vmp)	29.0 V	29.2 V
Opt. Operating Current (Imp)	7.25 A	7.30 A
Open Circuit Voltage (Voc)	36.2 V	36.4 V
Short Circuit Current (Isc)	7.74 A	7.83 A

\* Under Nominal Operating Cell Temperature (NOCT), irradiance of 800 W/m<sup>2</sup>, spectrum AM 1.5, ambient temperature 20°C, wind speed 1 m/s.

### CS6K-295MS / I-V CURVES



## MECHANICAL DATA

Specification	Data
Cell Type	Mono-crystalline, 6 inch
Cell Arrangement	60 (6×10)
Dimensions	1650×992×40 mm (65.0×39.1×1.57 in)
Weight	18.2 kg (40.1 lbs)
Front Cover	3.2 mm tempered glass
Frame Material	Anodized aluminium alloy
J-Box	IP67, 3 IECs
Cable	4 mm <sup>2</sup> (10 AWG) or 4 mm <sup>2</sup> & 12 AWG 1000V (UL), 1000 mm (39.4 in)
Connector	T4/TUV or PV2 series
Per Pallet	26 pieces, 520 kg (1146.4 lbs)
Per container (40' HQ)	728 pieces

## TEMPERATURE CHARACTERISTICS

Specification	Data
Temperature Coefficient (Pmax)	-0.39 % / °C
Temperature Coefficient (Voc)	-0.30 % / °C
Temperature Coefficient (Isc)	0.053 % / °C
Nominal Operating Cell Temperature	45±2 °C

Source: The Company

## Inverter

An inverter used in Project Onikibe is a brand of SMA, model 800SC-JP by installing 176 inverters.

### Technical Details of Inverters

MV POWER STATION  
630SC-JP / 800SC-JP / 1250SC-JP / 1600SC-JP



Technical Data	MV Power Station 630SC-JP	MV Power Station 800SC-JP
<b>Input (DC)</b>		
Max. DC power (at $\cos \varphi = 1$ )	713 kW	898 kW
Max. input voltage	1,000 V	1,000 V
MPP voltage range (at 25 °C / at 50 °C) <sup>1,2</sup>	529 V to 850 V / 500 V to 850 V	641 V to 850 V / 583 V to 850 V
DC voltage range (at 50 Hz / at 60 Hz)	500 V to 850 V / 500 V to 850 V	530 V to 850 V / 530 V to 850 V
Rated input voltage	529 V	641 V
Max. input current	1,350 A	1,400 A
Number of independent MPP inputs	1	1
Number of DC inputs	9	9
<b>Output (AC) on the Medium-Voltage Side</b>		
AC power (at 25 °C / at 40 °C / at 50 °C) <sup>3</sup>	700 kVA / 655 kVA / 630 kVA	880 kVA / 832 kVA / 800 kVA
Nominal AC voltage	22 kV	22 kV
Optional nominal voltages	33 kV	33 kV
AC power frequency	50 Hz / 60 Hz	50 Hz / 60 Hz
Transformer vector group Dy11 / YNd11	● / ○	● / ○
Max. output current at 22 kV	19 A	24 A
Max. total harmonic distortion	< 3%	< 3%
Power factor at rated power / displacement power factor adjustable <sup>3</sup>	1 / 0.9 overexcited to 0.9 underexcited	1 / 0.9 overexcited to 0.9 underexcited
Feeding phases / connection phases	3 / 3	3 / 3
<b>Overall Efficiency<sup>4</sup></b>		
Max. efficiency	97.5%	97.4%
European efficiency	97.3%	97.2%
<b>Protective Devices</b>		
Inputs-side disconnection point	Motor-driven DC load-break switch	
Outputs-side disconnection point	○ (Load-break switch with HV/HVR fuses or circuit breaker)	
DC overvoltage protection	Surge arrester type I	Surge arrester type I
Grid monitoring / PV system monitoring	● / ○ (via Sunny Portal)	● / ○ (via Sunny Portal)
DC ground-fault monitoring / remote ground-fault monitoring	○ / ○	○ / ○
DC insulation monitoring	○	○
Galvanic isolation	●	●
Protection class (according to IEC 62103) <sup>1</sup>	I	I
Arc fault resistance (according to IEC 62271-202)	IAC A 20 kA 1 s	IAC A 20 kA 1 s

Source : The Company

## 6. Turnkey Engineering, Procurement and Construction (EPC) Contractor of Onikobe Project

At present, the Company is in the process of selecting an appropriate turnkey EPC contractor. Equipment of the project must be consistent with specified details submitted by PurpleSol G.K. to the METI to obtain METI Certification and the Company's criteria. The Company expects to hire the EPC Contractor in the fourth quarter of 2017 where is the period after Onikobe Project has been approved by the meeting of shareholders. The list of the EPC contractors is as follows:

No.	List of EPC Contractor
1	JGC Corporation
2	Sharp Corporation
3	Hitachi Ltd.
4	Kyocera Solar Inc.
5	Kyudenko Corporation
6	NTT Facilities Inc.

Source: The Company

## 7. Operation and Maintenance Service Provider of Onikobe Project (Operation and Maintenance : O&M)

At present, the Company is in the process of selecting an operation and maintenance service provider of Onikobe Project. Preliminarily, the Company expects to hire the EPC contractor of the project as the O & M service provider under the solar power plant O&M contract to make the Company confident that Onikobe Project will perform efficiently because the EPC Contractor will be expertise in maintaining Onikobe Project constructed by its own. The list of the O&M contractors is as follows:

No.	List of O&M Contractors
1	JGC Corporation
2	Sharp Corporation
3	Hitachi Ltd.
4	Kyocera Solar Inc.
5	Kyudenko Corporation
6	NTT Facilities Inc.

Source: The Company

## 8. Asset Manager of Onikobe Project

At present, the Company is in the process of selecting an asset manager of Onikobe Project. Preliminarily, the Company expects to hire the asset manager to manage the solar power plant project of Onikobe Project under a solar power plant asset management agreement to make the Company confident that Onikobe Project will perform smoothly and efficiently. The list of the asset managers is as follows:

No.	List of Asset Managers	Website
1	Genkai Capital Management	<a href="http://www.genkaicapital.com/?lang=en">http://www.genkaicapital.com/?lang=en</a>
2	Vector Cuatro	<a href="http://www.vectorcuatrogroupp.com/en/asset-management/">http://www.vectorcuatrogroupp.com/en/asset-management/</a>
3	Alectis	<a href="http://alectris.com/events/solar-asset-management-asia/">http://alectris.com/events/solar-asset-management-asia/</a>
4	Everstream Capital Management	<a href="http://everstreamcapital.com/">http://everstreamcapital.com/</a>
5	M Solar Asset Management (MSAM)	<a href="https://www.msamcorp.com/home">https://www.msamcorp.com/home</a>
6	Sunpulse K.K.	<a href="https://www.sunpulse.net/services/asset-management/">https://www.sunpulse.net/services/asset-management/</a>

Source: The Company

#### 9. Licenses related to Onikobe Project

No.	License	Progress and Conclusion
1	METI Certification	METI Certification already granted to Onikobe Project since October 23, 2013
2	Approval for Grid Connection	<ul style="list-style-type: none"> <li>- Onikobe Project approved by Tohoku Electric Power Co., Inc. since March 10, 2014</li> <li>- In the process of exploration and plan for construction of grid connection between Onikobe Project and the nearest power station by Tohoku Electric Power Co., Inc.'s team</li> </ul>
3	Power Purchase Agreement (PPA)	To be granted after the completion of construction of the project. The Company expects PPA to be granted within the fourth quarter of 2021
4	Forrest Development Permit	This permit expected to be granted after JV Company has acquired shares in Purple Sol G.K. and SolarOne G.K. for 6 months approximately
5	Report on Environmental Impact Assessment (EIA) related to the solar power plant construction	Onikobe Project's EIA report must be provided as the project area exceeds 75 hectares ( or higher than 468.75 Rai) . Currently, it is in the process of preparing the report for applying the EIA application to related parties which is expected to take around 6 months. The EIA application can be applied when Onikobe Project is granted the Forrest Development Permit used as documents for the EIA application submission.
6	Construction Permit	At present, the Company has not submitted the application for construction permit. The EPC contractor will notify an assigned unit before starting the construction of the project

Source: The Company



## 10. Preliminary Action Plan for Onikobe Project

List of works	2560				2561				2562				2563				2564			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pre-development																				
Deal Closing																				
Permits and Licenses																				
EPC Bidding and Closing																				
3rd Parties Selection																				
Financing																				
Construction																				
Plan and Design																				
Land Preparation																				
Equipment Ordering																				
Equipment Installation																				
Interconnection																				
Grid Connection																				
COD																				

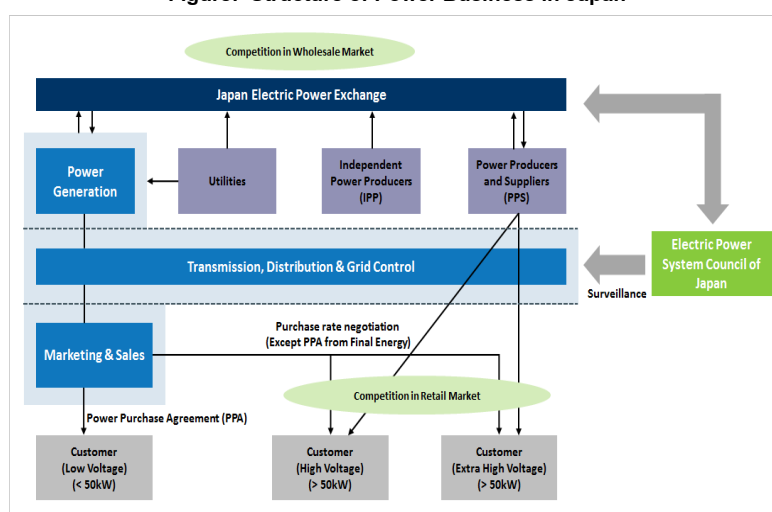
Source: The Company

## 11. Overview of Solar Industry in Japan

### Structure of Power Generation Industry in Japan

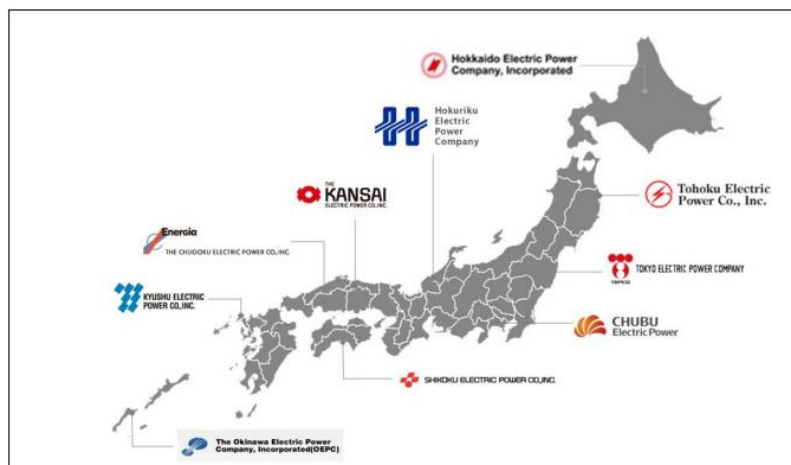
At present, the structure of electric power business in Japan is divided into three major areas 1) power generation, 2) transmission, distribution, and power network management, and 3) marketing and sale. There are 10 private electric power operators who will provide such three types of services in each region. Hence, each private power operator will supply electricity and transmit electricity from generation and distribution systems to consumers in each region for which each company is responsible. These companies will set terms of electricity supply e.g. purchase price as general terms for electricity supply to consumers in the controlling market. In case that consumers in the liberalized market fail to make a power purchase and sale agreement with power producers and suppliers (PPS), these companies must be responsible for power supply to this group of consumers as the end-source power supplier. These 10 electric power companies will mutually work to develop the stability of power supply to consumers nationwide.

Figure: Structure of Power Business in Japan



Source: Electricity Review Japan 2015, the Federation of Electric Power Companies of Japan, [www.fepc.or.jp](http://www.fepc.or.jp)

**Figure: 10 Electric Power Companies Classified by Service Areas**



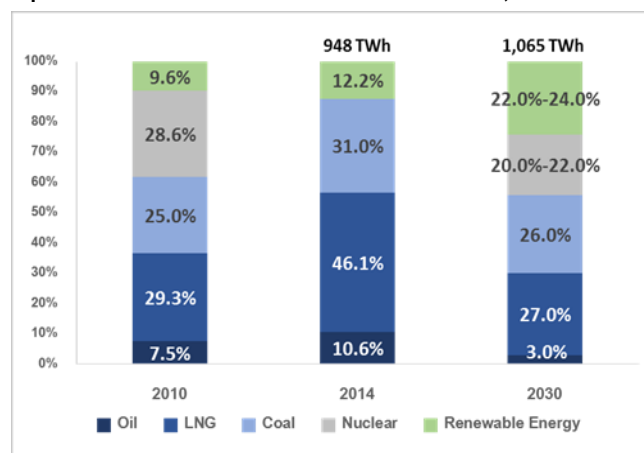
Source: Electricity Review Japan 2015, the Federation of Electric Power Companies of Japan, [www.fepc.or.jp](http://www.fepc.or.jp)

### Tendency of Renewable Power Generation Industry in Japan

After Japan's huge earthquake in 2011, operations of the remaining 48 nuclear power plants in Japan were suspended temporarily to test their safety, leading to a change in a proportion of fuels used for power generation that had lowered the rate of self-reliance on the energy of Japan from 19.9% in 2000 to 6.0% in 2012 and almost doubled its power costs from JPY 3.6 trillion to JPY 7.2 trillion. The increase in thermal power generation also raised carbon dioxide.

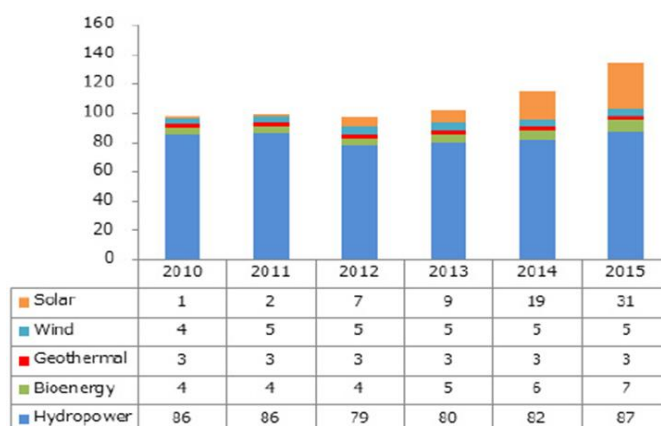
From the above impact, the Japanese government has a plan for a combined generation capacity in 2030 with the aim to increase the rate of energy self-reliance higher than the period before the massive earthquake which will help reduce power generation costs to a current level. The proportion of Japan's total power generation in 2030 is expected from nuclear 20-22%, thermal 56% (consisting of LNG 27%, coal 26% and oil 3%) and renewable energy 22-24%, which remained consecutively expanded from 10.6% of total power generation output in 2013 to 14.6% of total power generation output in 2015. In addition, solar power generation output rose considerably from 9 TWh in 2013 to 31 TWh in 2015.

**Figure: Proportion of Renewable Power Generation in 2010, 2014 and Target in 2030**



Source: METI and Inside Japan's Long-term Energy Policy, IEEJ: September 2015

Figure: Solar Power Generation Output Trend



Source: Renewable Energy Institute and METI/ANRE "Monthly Report on Electricity Statistics"

#### Solar Feed-in Tariff (FiT) Purchase Price in Japan

METI has determined a purchase price from renewable energy for the project which submits an application each year for non-household power producers with the generation capacity of 10 kW or above with a Feed-in Tariff (FiT) as follows:

Application Period	Purchase Prices under Feed-in Tariff (JPY/kWh) (Tax Excluded)	Purchase Price Period (Year)
July 1, 2012 – March 31, 2013	40	20
April 1, 2013 – March 31, 2014	36*	20
April 1, 2014 – March 31, 2015	32	20
April 1, 2015 – June 30, 2015	29	20
July 1, 2015 – March 31, 2016	27	20
April 1, 2016 – March 31, 2017	24	20

Source: Settlement of FY2013, FY2014, FY2015, FY2016 "Purchase Prices for Newcomers and FY2013 Surcharges Rates under the Feed-in-Tariff Scheme for Renewable Energy", Ministry of Economy, Trade and Industry ( " METI" ) , <http://www.meti.co.jp>

**\*Remarks :** Onikobe Project is entitled to sell electricity with a Feed-in Tariff at the rate of JPY 36/kWh or approximately THB 11.56/kWh after the project has applied for approval of business operation since September 2013 and granted the METI Certification since October 23, 2013 where was in the 2013 accounting period (from April 1, 2013 to March 31, 2014)

**Attachment 2: Summary Information of Thai Solar Energy Public Company Limited**

**1. General Information**

Company Name	:	Thai Solar Energy Public Company Limited
Main Business	:	Solar power generation and distribution
Registration No.	:	0107557000055
Main Office	:	3199 Maleenont Tower, 16 <sup>th</sup> Floor, Rama IV Road, Klongtan, Klongtoey District, Bangkok
Registered Capital	:	THB 1,815,000,000, divided into 1,815,000,000 ordinary shares at a par value of THB 1
Paid-Up Capital	:	THB 1,815,000,000, divided into 1,815,000,000 ordinary shares at a par value of THB 1
Telephone No.	:	(662) 661-2701
Fax No.	:	(662) 661-2705

**2. Nature of Business**

Thai Solar Energy Pcl., subsidiaries and jointly controlled entities (collectively called “the Group”) operate power plant business from renewable energy with the focus on power plant business using appropriate technology and giving sound and stable returns in the long term, including providing Engineering, Procurement and Construction (EPC) services. In addition, the Group has invested in other renewable energy power plant business i.e. biomass, wind, biogas and waste, etc. and aims to expand its solar power generation in the foreign market in both solar farm power business and solar rooftop power project so as to step into a leading renewable energy business in Thailand and in Asia.

The Group engages in renewable energy power plants divided into three main businesses which include solar thermal power plants, solar photovoltaic or solar cell power plants (Solar PV) and biomass power plants.

**1) Solar thermal power plants**

TSE is Southeast Asia’s first producer and distributor of electricity from concentrating solar thermal technology.

The thermal power plant has commercially begun operations (COD) to Provincial Electricity Authority (PEA) with the contracted generation capacity of 4.5 MW.

**2) Soar photovoltaic or solar cell power plants**

TSE is a producer and distribution of electricity from solar photovoltaic or solar cell technology which is divided into:

2.1) Ground mounting solar power plant (Solar Farm)

Thailand

The Group has 11 solar PV power projects in category of solar farm with total contracted generation capacity of 81 MW and has started its commercial operation date (COD) to Provincial Electricity Authority (PEA), totaling 81 MW.

Its latest COD is the solar power project for local government agencies and agricultural cooperatives B.E. 2558 (2015) in cooperation with coconut farmer cooperatives at Bangsaphan District, Prachub Kiri Khan Province with the capacity of 1 MW.

Overseas

The Company has incorporated a subsidiary named TSE Group International PTE. LTD. and Solar Assets PTE.LTD. in Singapore, aiming to expand solar power plant business into Asian countries.

At present, the Group Company has 7 projects in Japan with total contracted generation capacity of 21.98 MW, of which 4 projects have been commercially operated with total contracted capacity of 5.24 MW. Other projects are under construction and related procedures.

2.2) Commercial solar rooftop power plant (Solar Rooftop)

The Group has solar rooftop power projects the most in Thailand, divided into 14 projects with total contracted capacity of 14 MW, whereas the project with total capacity of 14 MW has been commercially operated (COD) to Provincial Electricity Authority (PEA) and Metropolitan Electricity Authority (MEA).

2.3) Solar rooftop own use power plant (Solar Rooftop Own Use)

The Group has experience and expertise in installing equipment for solar rooftop power plant through its business alliances; therefore, the study on solar rooftop own use in both factory and industry has been conducted and proposed to various well-known companies/factories with good response in such project.

**3) Biomass Power Plants**

The Group has expanded investment in three biomass power plants through its subsidiaries, namely Bangsawan Green Co., Ltd. (BSW) and Oscar Save The World Co., Ltd. (OSW) with total contracted capacity of 22.2 MW in Nakhon Si Thammarat Province and Surat Thani Province. These three power plants have been granted biomass power purchase licenses, whereas the power purchase agreement from Provincial Electricity Authority (PEA) has been received. The Group is confident that such investment will benefit the Company and shareholders as the Company invests in future growth potential business and the government policy provides full support power generation from other renewable energy.

**2.1 Company Background**

The Company has been transformed into a public company limited named Thai Solar Energy Public Company Limited since February 18, 2014 and become listed securities and initially traded on the Market Alternative for Investment since October 30, 2014 which is categorized into a medium-sized business in the Resources Industry sector.

At present, the Group totally has 36 power projects in both Thailand and in Japan, consisting of 29 projects in Thailand and 7 projects in Japan with total contracted capacity of 143.68 MW, divided into the local contracted capacity of 121.7 MW and Japan's contracted capacity of 21.98 MW.

Over the past three years, the Company's major events and developments can be summarized as follows:

- 2014 Transformation and preparation of being a listed company
  - Changed a par value from 10 baht to par value 1 baht per share and increased the capital from THB 1,365 MM to THB 1,815 MM.
  - Approved the allocation of common shares for capital increase in the total amount of not exceeding 450 million shares with a par value of BHT 1 per share. The shares were offered to the public with the following details:
    - (1) Not exceeding 428 million shares for the Initial Public Offering (IPO) and
    - (2) Not exceeding 22 million shares sold to major shareholders, i.e., the Wave Entertainment Public Co., Ltd. (Plc.) ("WAVE")
  - On 30 October 2014, common shares of the Company were listed on the SET and traded on the Market for Alternative Investment under medium-sized business in Sector "Resources".

As of December 31, 2014, the Company Group commercially distributed electricity output (COD) of 89.5 MW, divided into one solar thermal project with total contracted capacity of 4.5 MW, 10 solar farm power projects with total contracted capacity of 80 MW and 5 solar rooftop power projects with total contracted capacity of 5 MW.

- 2015 Business expansion into Asia
  - Established a subsidiary, the TSE Group International PTE., LTD. (TSI) and Solar Assets PTE., LTD. in Singapore to support the Group's plan for business expansion into other countries in Asia. The Group holds 100% of shares in these companies.
  - The Group began to negotiate with business partners in Asian region such as Japan, the Philippines and Laos, etc. So far, the Group has reached the agreement with two partners in Japan, namely Eco Solar Japan and Prospect Holding Inc. The total installed capacity of 42.5 MW (Sell capacity of 36.5 MW) and both of them are the self-development project and joint-development project.
  - During the year, the Group commercially distributed electricity (COD) to the Provincial Electricity Authority (PEA) for additional solar rooftop projects, totaling 14 projects with the combined contracted capacity of 14 MW.

As of December 31, 2015, the Group commercially distributed electricity (COD) of 98.5 MW, divided into one solar thermal project with total contracted capacity of 4.5 MW, 10 solar farm projects with total contracted capacity of 80 MW and 14 solar rooftop power

projects with total contracted capacity of 14 MW.

● 2016

**Additional Revenue Recognition**

- The Group began to realize additional revenue from the project in Japan, of which 4 projects' commercial operation has been gradually started with total generation capacity of 5.24 MW.
- The Group commercially distributed electricity ( COD) one more project for local government agencies and agricultural cooperatives B.E. 2558 (2015) in cooperation with coconut farmer cooperatives at Bangsaphan District, Prachub Kiri Khan Province with the capacity of 1 MW.
- The Group invested in three biomass power plants with total contracted capacity of 22.2 MW in Nakhon Si Thammarat Province and Surat Thani Province.

As of December 31, 2016, the Group totally had 36 projects both locally and internationally, consisting of Solar Thermal 1 project, Solar PV 18 projects, divided into 11 projects in Thailand, 7 projects overseas, Solar Rooftop 14 projects, and Biomass Power Plants 3 projects with total contracted capacity of 143.68 MW, of which 30 projects have commercially distributed electricity with total contracted capacity of 10.4.74 MW both locally and overseas

## 2.2 Revenue Structure

The Group's revenue structure for the 3-year period can be summarized as follows:

Product Line/Business Sector	Operated by	% shareholding of the Company	2016		2015		2014	
			Million Baht	%	Million Baht	%	Million Baht	%
Electricity revenue								
1. Revenue from Thermal plants	Company	N.A.*	1.69	0.1	7.22	0.7	11.75	1.4
2. Revenue from PV – Solar Farm	SSE1	60%**	886.94	67.9	941.82	87.9	792.40	96.0
3. Revenue from PV – Solar Rooftop	TSER Group	100%	110.98	8.5	82.83	7.7	7.08	0.9
4. Revenue from overseas investment	TSI Group	100%	45.61	3.6	2.29	0.2		
Total electricity revenue			1,045.22	80.1	1,034.16	96.6	811.23	98.3
Service revenue	Company	N.A.*	260.41	19.9	36.81	3.4	14.02	1.7
<b>Total</b>			<b>1,305.63</b>	<b>100.0</b>	<b>1,070.97</b>	<b>100.0</b>	<b>825.25</b>	<b>100.0</b>

Remarks: \* Operated by the Company

\*\* Revenue from the PV-Solar Farm plants in the shareholding proportion of such project is not shown in the consolidated financial statements of the Company because such power plant is a jointly controlled entity that requires recognition based on the equity method. As a result, revenue from sale of electricity is not shown in item total revenue of the consolidated financial statements, but will be recognized as profit based on the equity method in the form of share of profit from investment in the jointly controlled business instead.

Source : The Company

**3. Shareholders**

As of December 31, 2016, the Company's registered capital is Baht 1,815,000,000, divided into 1,815,000,000 common shares with a par value of 1 baht per share. The paid-up capital was Baht 1,815,000,000 with a par value of 1 Baht per share. As for the Company's shareholding structure, a list of top 10 shareholders according to the latest book register closing date on December 26, 2016 prepared by Thailand Securities Depository Co., Ltd. (TSD)

	Shareholders	Shares	% Shares
1	<b>Dr. Cathleen Group*</b>		
	P.M. Energy Co., Ltd. ("PME")	776,746,810	42.80
	Wave Entertainment Plc. ("WAVE")	181,750,000	10.01
	Mr. Matthew Kichodhan	5,575,020	0.31
	Ms. Cathleen Maleenont	3,000,000	0.17
	<b>Total shares of Group Ms. Cathleen</b>	<b>967,071,830</b>	<b>53.29</b>
2	Sino-Thai Engineering and Construction Plc.	181,500,000	10.00
3	CREDIT SUISSE AG, SINGAPORE BRANCH	77,357,100	4.26
4	Mr. Thaveerat Proungpattanasakul	28,000,000	1.54
5	Bualuang Infrastructure-RMF Open-End Fund	21,084,100	1.16
6	Ms. Nattawan Piyamahachot	13,389,600	0.74
7	Thai NVDR Co., Ltd.	11,230,800	0.62
8	Mr. Sanit Dussadeenod	10,495,400	0.58
9	Ms. Ornyaporn Kanjanajaree	10,300,000	0.57
10	Ms. Narueporn Kanjanajaree	9,600,000	0.53
11	Other shareholders	484,971,170	26.72
	<b>Total</b>	<b>1,815,000,000</b>	<b>100.00</b>

Source: The Company

**4. Board of Directors**

As of January 31, 2017, the Board of Directors of TSE consists of 10 persons as follows:

	Name	Position
1	Dr. Cathleen Malignant	Chairman of Board of Directors and Chairman of Executive Committee
2	Mr. Prommin Lertsuridej	Independent Director and Vice Chairman of Board of Directors
3	Mr. Pala Sookawesh	Independent Director
4	Mrs. Siripen Sitasuwan	Independent Director and Chairman of Audit Committee
5	Mr. Prasan Chuapanich	Independent Director and Member of Audit Committee
6	Mr. Boonchoo Direksataporn	Independent Director and Member of Audit Committee



	Name		Position
7	Mr. Somsak	Worawijak	Independent Director
8	Mr. Matthew	Kichodhan	Director
9	Mr. Vic	Kichodhan	Director and Member of Executive Committee
10	Mr. Somphop	Prompanapitak	Director and Member of Executive Committee

Source: The Company

## 5. Summary of significant items in financial statements and financial position analysis and operating performance of the Company

The financial statements comprising financial position as of December 31, 2016, operating performance and cash flow for the year ended on the same date of the Company, subsidiaries and jointly controlled entities, including the company only financial statements are provided accurately, in all material respects, according to financial reporting standards. Hence, the auditor reported an unqualified opinion on the financial statements.

### Income Statements (Consolidated Financial Statements)

Unit: THB million

Income Statements	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Revenue from sales	11.54	21.4%	87.65	68.0%	160.39	38.0%
Subsidy for adders	7.29	13.5%	4.40	3.4%	0.93	0.2%
Management service income	35.06	65.1%	36.81	28.6%	260.41	61.8%
Total revenue from sales and management	53.89	100.0%	128.86	100.0%	421.73	100.0%
Cost of sales	(88.24)	-163.7%	(119.55)	-92.8%	(149.51)	-35.5%
<b>Gross profit (loss)</b>	<b>(34.35)</b>	<b>-63.7%</b>	<b>9.31</b>	<b>7.2%</b>	<b>272.21</b>	<b>64.5%</b>
Other income	458.09	850.0%	40.18	31.2%	15.48	3.7%
Administrative expenses	(85.94)	-159.5%	(87.96)	-68.3%	(156.55)	-37.1%
Loss on impairment of property, plant and equipment	(250.00)	-463.9%	-	-	-	-
Finance cost	(29.28)	-54.3%	(27.85)	-21.6%	(59.94)	-14.2%
Share of profit from investment in joint ventures	510.01	946.4%	596.58	463.0%	575.92	136.6%
<b>Profit (loss) before income tax</b>	<b>568.53</b>	<b>1,055.0%</b>	<b>530.26</b>	<b>411.5%</b>	<b>647.13</b>	<b>153.4%</b>
Tax income (expense)	12.79	23.7%	(3.67)	-2.8%	(29.97)	-7.1%
<b>profit (loss) for the Net year</b>	<b>581.32</b>	<b>1,078.7%</b>	<b>526.59</b>	<b>408.7%</b>	<b>617.16</b>	<b>146.3%</b>

Income Statements	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Items that will be reclassified subsequently to profit or loss						
Currency transaction differences	-	-	24.48	19.0%	13.61	3.2%
Actuarial gains	0.24	0.4%	-	-	-	-
<b>Comprehensive profit (loss) for the year</b>	<b>581.56</b>	<b>1,079.2%</b>	<b>551.07</b>	<b>427.7%</b>	<b>630.77</b>	<b>295.9%</b>
Net share of profit (loss)						
Owners' equity	581.32	1,078.7%	526.59	408.7%	617.63	146.45%
Non-controlling interest of subsidiaries	-	-	-	-	(0.47)	-0.11%
<b>Net profit (loss) for the year</b>	<b>581.32</b>	<b>1,078.7%</b>	<b>526.59</b>	<b>408.7%</b>	<b>617.16</b>	<b>146.34%</b>

### **Summary of Operating Performance**

#### **Revenue from sales and services**

In 2016, the Company and its subsidiaries had total revenue from sales and services of THB 421.8 million (such amount does not include revenue from the 80-MW solar farm of which performance is realized as share of profit from investment in jointly controlled entities of THB575.92 million), which increased by THB 292.9 million or 227.3% compared with THB 128.9 million in the same period last year which is mainly caused by:

The solar rooftop power project operated by the Company's subsidiaries has commercially distributed electricity (COD) of 14 projects to the Provincial Electricity Authority (PEA) and the Metropolitan Electricity Authority (MEA) with total sell capacity of 14 MW. As a result, the Company had revenue from sales of electricity of THB 111 million compared to THB 82.8 million in the same period last year, which increased by THB 28.2 million 34.1%.

The ground mounting solar power project in Japan remains work in progress and has started commercial operation (COD), causing the Company to realize revenue from the solar power business in Japan in the amount of THB 45.6 million in 2016, up from THB 2.3 million in the same period last year or 1,882.6%.

The Company had revenue from management in the biomass power project of THB 221.8 million.

#### **Cost of sales and services**

Total cost of sales and services in 2016 was THB 149.5 million, which increased by THB 30.0 million or 25.1% compared with THB 119.5 million in the same period last year. The rise in 2016 was mainly due to staff's salary and wage increase for business expansion and recognition of depreciation, including roof rental fees from additional rooftop projects in commercial operations.

The company's gross margin for 2016 was 64.5% increasing from 7.3% in 2015 due in part to more commercial operation of the solar power projects and revenue from management in the biomass power plants.

#### Administrative and selling expenses

Total administrative and selling expenses for 2016 was THB 156.6 million, which increased by THB 68.6 million or 77.9%, compared with THB 88.0 million in the same period last year. The increase in 2016 was caused by staff's salary and wage increase and other related costs in business expansion including professional fees for domestic and foreign business opportunities.

#### Finance cost

Finance cost for 2016 was THB 59.9 million, which increased by THB 32.1 million or 115.5% compared with THB 27.8 million in the same period last year. The increase was due to an issuance of debentures for investment in the biomass power project and power plants in Japan. According to the accounting policy and procedures, the Company will enable to record expenses related to the ground mounting solar power project as the cost of power plants being constructed when loan is repaid for construction purpose. However, funds received from such issued debentures have been waiting for settlement, the whole amount of interest expenses incurred must be recorded as expenses in financial statements.

#### Comprehensive profit for the year

In 2016, the Company had the net profit of THB 617.2 million or earnings per share of THB 0.34, an increase of THB 90.6 million or 17.20%, compared with a net profit of THB 581.3 million or earnings per share of THB 0.29 in 2015. The increase was due to the recognition of performance from all the rooftop solar projects, totaling 14 MW and revenue from the said management fees.

In 2016, the Company's comprehensive profit was THB 630.8 million, which increased by THB 79.7 million compared with THB 551.1 million in 2015.

### **Statement of Financial Position (Consolidated Financial Statements)**

Unit: THB million

Statement of Financial Position	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	7.21	0.2%	337.42	7.0%	977.04	11.7%
Short-term restricted bank deposits	54.65	1.3%	25.09	0.5%	39.00	0.5%
Short-term investments	1,232.00	29.9%	566.81	11.7%	1,764.97	21.1%
Trade and other receivables	63.50	1.5%	47.56	1.0%	271.24	3.2%
Subscription receivable	-	-	-	-	78.75	0.9%
Short-term loans to subsidiaries	-	-	-	-	20.00	0.2%

Statement of Financial Position	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Value added tax refundable (the Revenue Department's receivables)	31.96	0.8%	41.49	0.9%	76.18	0.9%
Other current assets	20.51	0.5%	5.23	0.1%	9.02	0.1%
<b>Total Current Assets</b>	<b>1,409.83</b>	<b>34.2%</b>	<b>1,023.60</b>	<b>21.1%</b>	<b>3,236.21</b>	<b>38.6%</b>
<b>Non-Current Assets</b>						
Long-term restricted bank deposits	4.37	0.1%	159.13	3.3%	1.05	0.0%
Investments in joint ventures	1,296.94	31.5%	1,476.67	30.5%	1,615.09	19.3%
Other long-term loans	-	-	-	-	-	-
Immovable properties for investments	88.40	2.1%	88.40	1.8%	88.40	1.1%
Property, plant and equipment – net	1,197.52	29.1%	1,977.47	40.8%	2,850.49	34.0%
Intangible assets	2.60	0.1%	3.62	0.1%	485.54	5.8%
Deferred assets	109.64	2.7%	105.99	2.2%	76.00	0.9%
Other non-current assets	7.10	0.2%	9.51	0.2%	22.08	0.3%
<b>Total Non-Current Assets</b>	<b>2,706.57</b>	<b>65.8%</b>	<b>3,820.79</b>	<b>78.9%</b>	<b>5,138.66</b>	<b>61.4%</b>
<b>Total Assets</b>	<b>4,116.40</b>	<b>100.0%</b>	<b>4,844.39</b>	<b>100.0%</b>	<b>8,374.87</b>	<b>100.0%</b>

Unit: THB million

Statement of Financial Position	2014		2015		2016	
	Baht	%	Baht	%	Baht	%
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Bank overdrafts and short-term borrowing from financial institutions	-	-	152.95	3.2%	489.00	12.9%
Construction and other payables	150.98	24.1%	34.51	0.7%	450.85	11.9%
Current portion of finance lease liabilities	4.30	0.7%	4.49	0.1%	3.83	0.1%
Current portion of long-term borrowings	102.12	16.3%	88.75	1.8%	61.66	1.6%
Short-term loans from connected persons and businesses	-	-	-	-	0.17	0.0%
Corporate income tax payable	-	-	0.07	0.0%	0.93	0.0%
Unpaid value added tax	38.34	6.1%	-	-	-	-
Other current liabilities	4.47	0.7%	3.66	0.1%	3.61	0.1%
<b>Total Current Liabilities</b>	<b>300.21</b>	<b>47.9%</b>	<b>284.43</b>	<b>5.9%</b>	<b>1,010.05</b>	<b>26.7%</b>

Statement of Financial Position	2014		2015		2016	
	Baht	%	Baht	%	Baht	%
<b>Non-Current Liabilities</b>						
Finance lease liabilities	8.32	0.2%	3.83	0.1%	-	-
Long-term loans	315.85	7.7%	511.68	10.6%	728.77	8.7%
Debentures	-	-	-	-	2,044.88	24.4%
Employee benefit obligation	2.71	0.1%	4.05	0.1%	5.68	0.1%
Other non-current liabilities	0.07	0.0%	0.07	0.0%	0.07	0.0%
<b>Total Non-Current Liabilities</b>	<b>326.95</b>	<b>7.9%</b>	<b>519.63</b>	<b>10.7%</b>	<b>2,779.40</b>	<b>33.2%</b>
<b>Total Liabilities</b>	<b>627.16</b>	<b>15.2%</b>	<b>804.06</b>	<b>16.6%</b>	<b>3,789.45</b>	<b>45.2%</b>
<b>Equity</b>						
Registered capital (1,815,000,000 ordinary shares of par Baht 1 each)	1,815.00	44.1%	1,815.00	37.5%	1,815.00	21.7%
Issued and paid-up capital	1,815.00	44.1%	1,815.00	37.5%	1,815.00	21.7%
Premium on ordinary shares	1,266.10	30.8%	727.55	15.0%	727.55	8.7%
Appropriated retained profit – statutory reserves	-	-	-	-	46.83	0.6%
Unappropriated retained profit (loss)	408.15	9.9%	1,473.29	30.4%	1,935.20	23.1%
Other components of equity	-	-	24.48	0.5%	37.99	0.5%
<b>The Company's Total Equity</b>	<b>3,489.25</b>	<b>84.8%</b>	<b>4,040.32</b>	<b>83.4%</b>	<b>4,562.58</b>	<b>54.5%</b>
Non-controlling interest of subsidiaries	-	-	0.01	0.0%	22.84	0.3%
<b>Total Equity</b>	<b>3,489.25</b>	<b>84.8%</b>	<b>4,040.33</b>	<b>83.4%</b>	<b>4,585.42</b>	<b>54.8%</b>
<b>Total Liabilities and Equity</b>	<b>4,116.41</b>	<b>100.0%</b>	<b>4,844.39</b>	<b>100.0%</b>	<b>8,374.87</b>	<b>100.0%</b>

### Financial Ratios

		Consolidated Financial Statements		
		2014	2015	2016
<b>Liquidity Ratio</b>				
Current ratio	time	4.7	3.6	3.2
Quick ratio	time	4.7	3.6	3.2
Cash flow current ratio	time	1.5	(0.3)	(0.0)
Receivables collections ratio	time	0.7	5.4	2.6
Average debt collection period	day	551.8	67.4	138.0
<b>Profitability Ratio</b>				
Gross profit margin	%	-63.7%	7.2%	64.5%
Operating profit margin	%	1109.3%	433.1%	167.7%

Other profit margin	%	835%	0.0%	0.0%
Cash to profit margin	%	75.1%	-15.4%	-5.6%
Net profit margin	%	1078.7%	427.7%	149.6%
Return on equity ratio	%	16.7%	13.6%	13.8%
<b>Efficiency Ratio</b>				
Return on assets	%	14.1%	11.4%	7.5%
Return on fixed assets	%	21.5%	14.4%	12.3%
Asset turnover	time	0.0	0.0	0.1
<b>Leverage Ratio</b>				
Debt to equity ratio	time	0.2	0.2	0.8
Interest coverage ratio	time	20.4	20.0	12.9
Commitment coverage ratio	time	1.2	(0.6)	(0.0)
Payout ratio*	time	-	0.06	0.11*

### Summary of Financial Position

#### Analysis of Assets

As of December 31, 2015 and 2016, total assets were THB 4,844 million and THB 8,374.9 million, respectively, which increased by THB 3,530.9 million or 72.9% with the following details:

Unit : THB million

Items	December 31		Increased (Decreased)	
	2016	2015	Baht	%
Current assets	3,236.2	1,023.6	2,212.6	216.2
Non-current assets	5,138.7	3,820.8	1,317.9	34.5
<b>Total Assets</b>	<b>8,374.9</b>	<b>4,844.4</b>	<b>3,530.9</b>	<b>72.9</b>

- 1) As of December 31, 2016, current assets were THB 3,236.2 million, which increased by THB 2,212.6 million or 216.2% compared with THB 1,023.6 million from the same period last year. On October 28, 2016, the Company issued unsubordinated and unsecured debentures without a debenture holders' representative in the amount of THB 2,050 million which are repaid within 3 years. This partially aimed to serve the Company's project investment i.e. biomass and solar power projects. Such partial cash flow will be gradually utilized at the end of 2016 and 2017. Therefore, its cash and cash equivalents and short-term investments increased as of December 31, 2016.
- 2) As of December 31, 2016, non-current assets were THB 5,138.7 million, which increased by THB 1,317.9 million or 34.5% compared with THB 3,820.8 million from the same period last year. The increase was in line with the progress of projects under construction in both Thailand and Japan.

### Analysis of Liabilities and Equity

As of December 31, 2016, total liabilities and equity were THB 8,374.9 million, which increased by 3,530.5 million or 72.9% compared with THB 4,844.4 million from the same period last year with the following details:

Unit : THB million

Items	December 31		Increased (Decreased)	
	2016	2015	Baht	%
Liabilities	3,789.5	804.1	2,985.4	371.3
Equity	4,585.4	4,040.3	545.1	13.5
<b>Total Liabilities and Equity</b>	<b>8,374.9</b>	<b>4,844.4</b>	<b>3,530.5</b>	<b>72.9</b>

1) As of December 31, 2016, total liabilities increased by THB 2,985.4 million or 371.3% to THB 3,789.5 million as at December 31, 2015, which was mainly because:

- On October 28, 2016, the Company issued unsubordinated and unsecured debentures without a debenture holders' representative in the amount of THB 2,050 million which are repaid within 3 years. This partially aimed to serve the Company's project investment i.e. biomass and solar power projects.
- Long-term loans from financial institutions increased by THB 217.1 million due to project loan disbursements from financial institutions according to the progress of projects under construction. In addition, short-term loans from financial institutions rose by THB 336.0 million, whereas construction and other payables increased by THB 416.3 million.

2) As of December 31, 2016, total equity was THB 4,585.4 million, which increased by THB 545.1 million or 13.5% compared to THB 4,040.3 million in 2015 due to the Company's higher profitability. The Company reported its 2016 net profit of THB 617.2 million, resulting in an increase in retained profit from THB 1,473.3 million in 2015 to THB 1,935.2 million in 2016. In addition, the 2016 Annual General Shareholders' Meeting approved dividend payments to shareholders at THB 0.06 per share in total amount of THB 108.9 million.

### Appropriateness of Capital Structure

The Company's debt to equity ratio was 0.2 in 2015 and 0.8 in 2016. A change in the debt to equity ratio was mainly due to an increase in debts arising from the issuance and offer of debentures at the end of 2016 to serve business expansion.

**Attachment 3: Summary Information of Sino-Thai Engineering and Construction Plc.**

**1. General Information**

Company Name	:	Sino-Thai Engineering and Construction Plc. (STEC)
Type of Business	:	Construction
Head Office	:	32/59-60, 29th-30th Floor, Sino-Thai Tower, Asoke Road, Klongtoey-Nua, Wattana, Bangkok 10110
Registration No.	:	0107536001001
Registered Capital	:	THB 1,525,106,540, divided into 1,525,106,540 ordinary shares of a par value of THB 1.00 each
Paid-Up Capital	:	THB 1,525,106,540, divided into 1,525,106,540 ordinary shares of a par value of THB 1.00 each
Telephone No.	:	+66 (0) 2260 –1321
Fax No.	:	+66 (0) 2260 –1339

**2. Nature of Business**

STEC operates a large-sized construction business to serve both the public and private sectors strongly focusing on best and high quality construction where its ultimate goal is to undertake the engineering and construction business in all aspects to meet customers' stringent requirements concerning quality, on-time delivery, fair prices, with safety under construction, health and friendly environmental concerns in both office building and construction sites. Moreover, modern construction technology has been adopted to reduce costs and increase profits. STEC's construction work can be divided into five major areas:

1. Infrastructure: Mass transit, roads, expressways, elevated roads, highways, bridges.
2. Building: Office buildings, condominiums, maintenance centers, BTS stations, hospitals, and aircraft maintenance centers.
3. Energy: Large- and medium-sized Power plants.
4. Industrial: Refineries, petrochemical plants, industrial plants, large steel structure, industrial piping, and pre – assembly module.
5. Environment and others: Wastewater treatment, water supply system, waste disposal, water distribution canal, drainage canal.

**2.1 Company History**

Sino-Thai Engineering and Construction Plc. was founded by Mr. Chavarat Charnvirakul in 1962. The Company operates construction business both civil work and mechanical work which include infrastructure, buildings, energy, industrial and environment. The Company is emphasis on best and high quality construction where its ultimate goal is to undertake the engineering and construction business in all aspects to meet customers' stringent requirements regarding quality, on-time delivery, fair prices, with safety under construction, health and friendly environmental concerns. The Company's history, major change and development can be summarized as follows:



- 1962 Sino-Thai Engineering and Construction Limited Partnership was originally incorporated in 1962 with the registered capital of THB 500,000 to operate assembly and transformation of steel structures business using fundamental welding and adaptation techniques.
- 1967 Registered and transformed into the company limited, namely Sino-Thai Engineering and Construction Co., Ltd., which manufactured tanks for loading petroleum products, large tanks, industrial construction, mechanics and installation of machineries.
- 1992 Listed on the Stock Exchange of Thailand (SET) with the registered capital of THB 300 million.
- 1998 Entered into debt restructuring as a result of the effect of floating exchange rates through the process of the Bankruptcy Court. On December 15, 2000, the Court ordered cancellation of business rehabilitation as the Company's procedures had been completed in accordance with the rehabilitation plan's terms. The Company increased the registered capital to THB 850 million to serve a conversion of debt to equity for paying debts as agreed upon the rehabilitation plan.
- 1999 Operated Oracle system integration to control costs of purchasing and finance and accounting functions so as to increase work efficiency.
- 2002 Expanded construction work in overseas. The Company was undertaken construction work in Maldives to construct building on the Hulhumale Ireland, which is Hulhumale Development Unit's project of Republic of Maldives, with the project value of THB 560 million (US\$ 13.3 million)
- 2003 Certified by ISO 9001 Version 2000 for assembly and installation of industrial piping and steel structure.
- 2004 Rated by Tris Rating Co., Ltd. at "BBB+"
- 2005 Undertaken the government's large construction projects: Bangkok Mass transit, Silom extensions, construction of Airport Rail Link to Suvarnabhumi Airport and City Air Terminals
- 2006 Corporate Governance at Very Good level assessed by the Thai Institute of Directors Association (IOD)
- 2007 Corporate Governance at Very Good level assessed by the Thai Institute of Directors Association (IOD)
- 2008 Undertaken construction work: Pluto LNG Project, Fabrication & Pre-Assembly Module (Primary Package)
- 2009 Undertaken the government's large construction project: Purple-line BTS from Bang Yai to Bang Sue (2<sup>nd</sup> Contract)
- 2010 Undertaken the government's large construction project: Blue-line BTS from Tha Phra to Lak Song (4<sup>th</sup> Contract)
- 2011 Undertaken the large construction projects both the public and private sectors: Purchasing and infrastructure installation and transportation system, Bangkok mass transit, Silom extensions (Taksin - Petchkasem), Phase 6 track strengthening for Northeast Line from Bua Yai – Nong Khai Conjunction, the Nong Sang power plant and Uthai power plant.

- Achieved Corporate Governance at Very Good level assessed by the Thai Institute of Directors Association (IOD)

Rated by Tris Rating Co., Ltd. at “ BBB+”
- 2012 Undertaken construction of Phuket Airport development

Rated by Tris Rating Co., Ltd. at “ A-”

The Company appointed Mr. Pakpoom Srichamin as Managing Director of Sino-Thai Engineering and Construction Plc. on October 1, 2012.
- 2013 Undertaken the government’s large construction project: the new parliament building with appurtenant structure

Rated by Tris Rating Co., Ltd. at “ A-”

Achieved Corporate Governance at Very Good level assessed by the Thai Institute of Directors Association (IOD)
- 2014 Undertaken construction work of 12 SPPs

Rated by Tris Rating Co., Ltd. at “ A-”
- 2015 Undertaken the construction of Green-Line BTS from Morchit - Saphanmai – Kukot (3<sup>rd</sup> and 4<sup>th</sup> Contracts)

Undertaken the construction of double track railway from Chachengsao – Klong 19 – Kangkhroi (1<sup>st</sup> Contract)

Achieved Corporate Governance at Very Good level assessed by the Thai Institute of Directors Association (IOD)
- 2016 Achieved Corporate Governance at Excellent level assessed by the Thai Institute of Directors Association (IOD)

## 2.2 Revenue Structure

STEC’s revenue structure classified by construction work for 2014 – 2016 is as follows:

Construction Type	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Infrastructure	10,630	49	8,486	47	3,918	22
Building	5,813	27	4,271	23	8,641	48
Energy	3,443	16	3,308	18	5,182	29
Industrial	1,666	8	2,173	12	154	1
Environment	-	-	-	-	-	-
<b>Total</b>	<b>21,552</b>	<b>100</b>	<b>18,238</b>	<b>100</b>	<b>17,895</b>	<b>100</b>

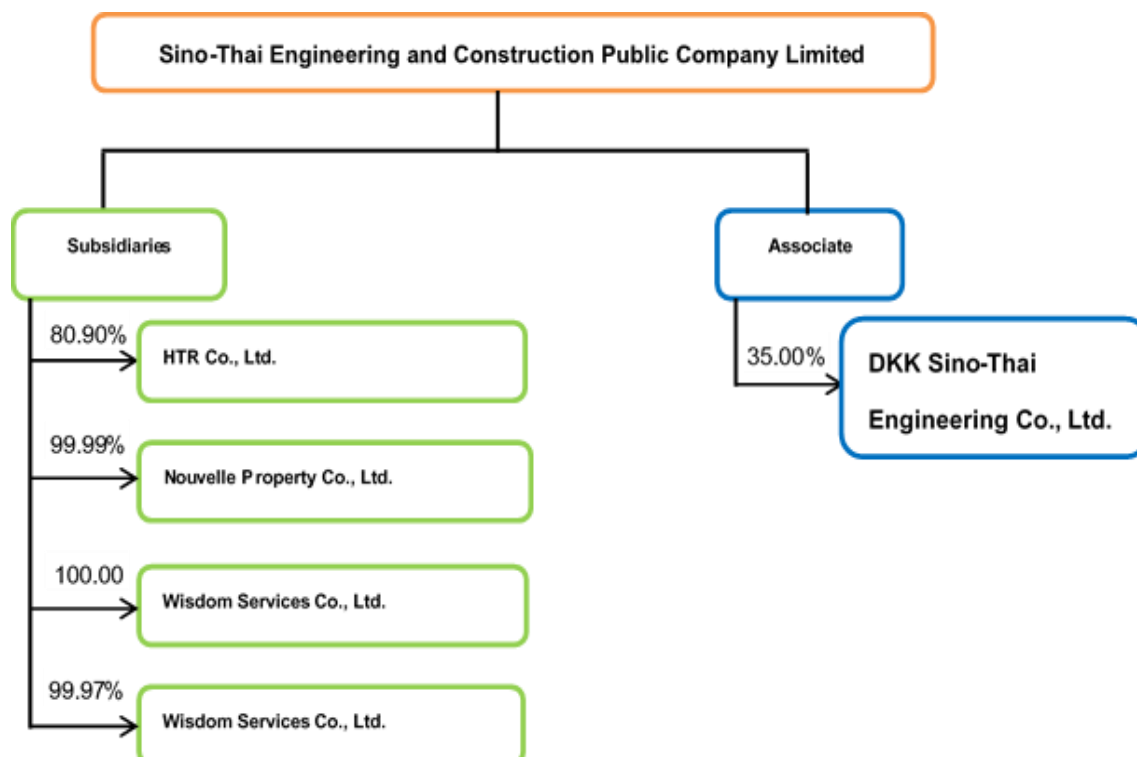
Source: Form 56-1 of STEC

## 2.3 Business Structure

The Company invests in its subsidiaries, associates and joint ventures where the Company’s Directors will act as a director in subsidiaries and associates in proportionate to shareholding in subsidiaries and

associates. The Board of Directors and executives of subsidiaries or associates will manage and set policies of subsidiaries and associates. As for investment in joint ventures, the Company will jointly formulate a work management policy for work accomplishment as specified in each contract and achieve fair interests to all joint ventures. Hence, authority to determine the policy on joint ventures and share of profit/loss will depend on the investment policy of each department of such joint ventures.

The Company has no conditions or limitations on the investment proportion and sub-contraction from joint ventures, but will consider proposals and interest in each project from time to time. The business structure of the Group is shown below:



### 2.3.1. Subsidiaries

- HTR Co., Ltd.

HTR Co., Ltd. engages in real estate business focusing on providing office buildings for rent in Sino-Thai Tower, other services i.e. document storage and various facilities to tenants such as parking lots, fitness. In addition, HTR Co., Ltd. has a variety of land ownership waiting for development which is ready to operate business in the future.

- Nouvelle Property Co., Ltd.

Nouvelle Property Co., Ltd. (formerly known as Matter Supply Co., Ltd.) operates allocated land, land and immovable property supply.

- Wisdom Services Co., Ltd.

Wisdom Services Co., Ltd. engages in machinery and construction equipment leases.

- Stecon Power Co., Ltd.

Stecon Power Co., Ltd. provides all types of power generation plants to serve energy business expansion of the Company.

### 2.3.2. Associate

- DKK Sino-Thai Engineering Co., Ltd.

DKK Sino-Thai Engineering Co., Ltd., which is a joint venture company between the Company and Dengki Khongew Co., Ltd., Japan, which is an integrated telecommunication tower manufacturer using engineering know-how in the manufacture and construction of telecommunication towers supported by Dengki Khongew Co., Ltd along with the Company's skilled personnel who have expertise in construction work in response to customers' needs. The Company's main business is production design, construction and installation of telecommunication towers and repairs and maintenance of telecommunication towers.

### 2.3.3. Joint Ventures

- Sino-Thai A.S. Joint Venture

Sino-Thai A.S. Joint Venture, which is a joint venture company between the Company and A.S. Associate Engineering (1964) Co., Ltd. to carry out the infrastructure installation project of the Bangkok Mass transit project, Silom Extensions as hired by Bangkok Metropolitan.

- A S Joint Venture

A S Joint Venture, which is a joint venture company between A S Joint Venture and Aqua Thai Co., Ltd. to carry out the water supply system project under the Nakhon Ratchasima City Municipality's water consumption shortage problem solving project.

## 3. Shareholders

The Company has the registered capital of THB 1,525,106,540 and paid-up capital of THB 1,525,106,540, divided into 1,525,106,540 ordinary shares of a par value of THB 1 per share. The Annual General Shareholders' Meeting No. 19/2013 on April 11, 2013 passed a resolution to approve the increase of registered capital by issuing 338,916,748 ordinary shares of a par value of THB 1 per share each to serve dividend payments. Top 10 shareholders in the list of shareholders as of August 8, 2016 are as follows:

	Name of Shareholders	No. of Shares	%
1	C.T. Venture Co., Ltd.	234,086,788	15.35
2	UBS AG SINGAPORE BRANCH	76,966,500	5.05
3	Mr. Anuthin Chanveerakul	71,550,128	4.69
4	CHASE NOMINEES LIMITED	69,486,586	4.56
5	Mrs. Patchara Jiratsatit	63,479,596	4.16
6	STATE STREET BANK EUROPE LIMITED	51,161,085	3.36
7	Equity Plus Co., Ltd.	45,902,841	3.01
8	THE BANK OF NEW YORK MELLON	34,745,200	2.28
9	Mr. Nisanat Anantachai	29,632,242	1.93

	Name of Shareholders	No. of Shares	%
10	Mr. Masthawin Charnvirakul	25,457,142	1.67
11	Other shareholders	822,638,432	53.94
	<b>Total</b>	<b>1,525,106,540</b>	<b>100.00</b>

Source: Form 56-1 of STEC

As at January 30, 2004, Thai NVDR Co., Ltd, which is the SET's subsidiary, issued Non-Voting Depository Receipts (NVDRs) with the Company's shares as the underlying securities in the amount of 11,110,300 shares or equivalent to 1.10% of the Company's paid-up capital. Despite the fact that NVDR holders receive all benefits from shares as the underlying securities, they do not have the right to vote at the shareholders' meeting except the right to vote for passing a resolution of delisting of securities from the SET. In case a large number of the Company's shares are issued as NVDRS, the number of shares which will have the right to vote will decrease. This will increase the right to vote of other shareholders. Nevertheless, a change in the number of shares issued as NVDRs cannot be controllable.

#### 4. Board of Directors

As of March 13, 2017, the Board of Directors of STEC consists of 12 directors as follows:

	Name of Board of Directors	Position
1	Professor Rewat Chamchalerm	Chairman of Board of Directors and Independent Director
2	Mr. Chamni Janchai	Independent Director
3	Police General Jate Mongkolhutthi	Independent Director
4	Mr. Suchai Poopichayapongs	Independent Director
5	Mr. Thanathip Vidhayasirinun	Independent Director
6	Gen. Surpan Poomkaew	Independent Director
7	Mr. Chaoyong Satjipanon	Independent Director
8	Mr. Masthawin Charnvirakul	Director
9	Mrs. Anilrat Nitisaroj	Director
10	Mr. Vallop Rungkijvorasathien	Director
11	Mr. Pakpoom Srichamni	Director
12	Mr. Woraphant Chontong	Director

Source: Form 56-1 of STEC

Authorized directors of the Company: Mr. Pakpoom Srichamni, Managing Director, to sign with the Company's affix or Mr. Vallop Rungkijvorasathien, Mr. Masthawin Charnvirakul and Mr. Waraphant Chontong, two-third of these Directors cosign with the Company's affix.

#### 5. Summary of major items in the Company's financial statements

Financial statements of the Company and its subsidiaries presenting financial positions as at December 31, 2016, operating performance and cash flow for the year ended on the same date of Sino-Thai Engineering and Construction Plc. and its subsidiaries and the company only financial statements of Sino-Thai

Engineering and Construction Plc. are accurate, in all material respects, in accordance with generally accepted accounting principles.

### Statement of Financial Position

Unit : THB million

Statement of Financial Position	As at December 31, 2014		As at December 31, 2015		As at December 31, 2016	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	2,133.80	8.53%	1,038.83	4.58%	633.48	2.53%
Short-term investments	3,431.54	13.72%	1,025.85	4.53%	1,256.04	5.02%
Trade account receivables – net	2,748.27	10.99%	3,079.32	13.59%	3,412.59	13.65%
Unbilled receivables	6,366.54	25.46%	5,299.21	23.38%	4,674.28	18.70%
Retention receivables – net	732.66	2.93%	1,096.45	4.84%	703.64	2.81%
Construction in progress	1,186.75	4.75%	2,299.85	10.15%	2,736.51	10.95%
Advances to subcontractors – net	1,324.16	5.30%	917.86	4.05%	1,342.20	5.37%
Short-term loans to other companies	0.84	0.00%	101.34	0.45%	139.28	0.56%
Short-term loans to related parties	-	-	-	-	-	-
Current portion of loans to related parties	1.25	0.00%	1.43	0.01%	1.07	0.00%
Condominium units for sales	381.01	1.52%	350.39	1.55%	351.51	1.41%
Other current assets	254.92	1.02%	361.39	1.59%	396.77	1.59%
<b>Total current assets</b>	<b>18,561.73</b>	<b>74.24%</b>	<b>15,571.91</b>	<b>68.72%</b>	<b>15,647.37</b>	<b>62.59%</b>
<b>Non-current assets</b>						
Restricted bank deposits	15.11	0.06%	15.11	0.07%	16.13	0.06%
Trade account receivables – net of current portion	0.00	0.00%	0.00	0.00%	335.21	1.34%
Investment in associate	119.58	0.48%	132.79	0.59%	151.54	0.61%
Other long-term investments – net	10.80	0.04%	10.50	0.05%	1,618.35	6.47%
Loans to related parties – net of current portion	2.49	0.01%	1.07	0.00%	-	-
Immovable properties for investments	3,083.06	12.33%	3,709.55	16.37%	4,316.80	17.27%
Property, plant and equipment – net	3,166.17	12.66%	3,196.57	14.11%	2,886.32	11.55%
Other non-current assets	44.77	0.18%	23.85	0.11%	28.25	0.11%
<b>Total non-current assets</b>	<b>6,441.99</b>	<b>25.76%</b>	<b>7,089.44</b>	<b>31.28%</b>	<b>9,352.59</b>	<b>37.41%</b>

Statement of Financial Position	As at December 31, 2014		As at December 31, 2015		As at December 31, 2016	
	Amount	%	Amount	%	Amount	%
<b>Total assets</b>	<b>25,003.72</b>	<b>100.00%</b>	<b>22,661.35</b>	<b>100.00%</b>	<b>24,999.96</b>	<b>100.00%</b>

Unit: THB Million

Statement of Financial Position	As at December 31, 2014		As at December 31, 2015		As at December 31, 2016	
	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Short-term loans from financial institutions	-	0.00%	-	0.00%	500.00	2.00%
Trade and other payables	3,727.27	14.91%	4,023.35	17.75%	4,215.30	16.86%
Unbilled payables	5,741.28	22.96%	3,474.17	15.33%	4,186.07	16.74%
Advances received from construction contracts	5,691.88	22.76%	4,198.38	18.53%	3,908.67	15.63%
Current portion of hire purchase creditors and financial lease payables	89.64	0.36%	81.15	0.36%	74.73	0.30%
Loan and interest payables	70.38	0.28%	71.25	0.31%	72.12	0.29%
Provision for loss of projects	142.55	0.57%	519.96	2.29%	400.31	1.60%
Other current liabilities	463.77	1.85%	280.32	1.24%	341.79	1.37%
<b>Total current liabilities</b>	<b>15,926.77</b>	<b>63.70%</b>	<b>12,648.58</b>	<b>55.82%</b>	<b>13,698.98</b>	<b>54.80%</b>
<b>Non-current liabilities</b>						
Hire purchase creditors and financial lease payables – net of current portion	101.26	0.40%	81.73	0.36%	100.99	0.40%
Provision for long-term employee benefits	140.84	0.56%	152.64	0.67%	166.13	0.66%
Deferred tax liabilities	280.64	1.12%	261.47	1.15%	439.77	1.76%
Other non-current liabilities	4.98	0.02%	8.78	0.04%	9.57	0.04%
<b>Total non-current liabilities</b>	<b>527.72</b>	<b>2.11%</b>	<b>504.62</b>	<b>2.23%</b>	<b>716.46</b>	<b>2.87%</b>
<b>Total liabilities</b>	<b>16,454.48</b>	<b>65.81%</b>	<b>13,153.20</b>	<b>58.04%</b>	<b>14,415.44</b>	<b>57.66%</b>

Unit: THB Million

Statement of Financial Position	As at December 31, 2014		As at December 31, 2015		As at December 31, 2016	
	Amount	%	Amount	%	Amount	%
<b>Shareholders' Equity</b>						
Authorized capital	1,525.11	6.10%	1,525.11	6.73%	1,525.11	6.10%
Paid-up capital	1,525.11	6.10%	1,525.11	6.73%	1,525.11	6.10%
Share premium	2,097.06	8.39%	2,097.06	9.25%	2,097.06	8.39%
Retained earnings						
Appropriated – Statutory reserve	152.51	0.61%	152.51	0.67%	152.51	0.61%
Unappropriated	4,601.97	18.41%	5,518.45	24.35%	6,396.11	25.58%
Other components of shareholders' equity	(25.69)	-0.10%	(1.36)	-0.01%	181.98	0.73%
Equity attributable to owners of the Company	8,350.95	33.40%	9,291.76	41.00%	10,352.77	41.41%
Non-controlling interest of subsidiaries	198.29	0.79%	216.39	0.95%	231.75	0.93%
Total shareholders' equity	8,549.24	34.19%	9,508.15	41.96%	10,584.52	42.34%
Total liabilities and shareholders' equity	25,003.72	100.00%	22,661.35	100.00%	24,999.96	100.00%

#### Financial Ratios

		2014	2015	2016
Liquidity ratio	(time)	1.17	1.23	1.14
Gross profit (loss) margin	(%)	10.10	9.25	8.75
Net profit (loss) margin	(%)	6.97	8.17	7.50
Return on equity	(%)	17.90	16.25	13.19
Return on assets	(%)	6.12	6.82	5.58
Debt to equity ratio	(เท่า)	1.92	1.38	1.36

Source: Form 56-1 of STEC

#### Summary of Financial Position

As at December 31, 2016, The Company and its subsidiary companies had assets in the amount of 25,000 Million Baht, liabilities in the amount of 14,415 Million Baht, and shareholders' equity in the amount of 10,585 Million Baht.

#### **Assets**

As at December 31, 2016, The Company and its subsidiary companies had the assets in the amount of 25,000 Million Baht, or 2,339 Million Baht increasing from 2015, representing 10.3%, comprising the current



assets in the amount of 15,647 Million Baht, or 75 Million Baht increasing from 2015, representing 0.5%. The current assets which significantly increased were current investments, trade accounts receivable and construction in progress. The noncurrent assets were in the amount of 9,352 Million Baht, or 2,263 Million Baht increasing from 2015, representing 31.9%, the non-current assets that significantly increased were investment properties, trade accounts receivable-net of current portion and other long-term investments.

### **1. Cash Equivalents and Current Investments**

As at December 31, 2016, The Company and its subsidiary companies had the cash and cash equivalents, and temporary investment in the amount of 1,890 Million Baht, decreasing from 2015 when had the cash and cash equivalents, and temporary investment in the amount of 2,065 Million Baht or had the difference amount of 175 Million Baht, representing 8.5%. The Company and its subsidiary companies invested in cash, cash at banks, bills of exchange, promissory notes, BOT's bonds, financial institutions' debt instruments, private sector's debt instruments and investment units. The Company and its subsidiary companies emphasized the liquidity and investment protection.

### **2. Account Receivables**

As at December 31, 2016, The Company and its subsidiary companies had net account receivables in the amount of 3,413 Million Baht, or 334 Million Baht increasing from 2015 when had net account receivables in the amount of 3,079 Million Baht, representing 10.8%, in consequence of the fact that The Company and its subsidiary companies account receivable turnover longer by having 65-day account receivable turnover period which more than 2015 that having 58-day account receivable turnover period. As at December 31, 2016, The Company and its subsidiary companies had accounts receivable – unrelated entities in the amount of 3,452 Million Baht less allowance for doubtful accounts in the amount of 47 Million Baht, having accounts receivable - not yet been due in the amount of 1,573 Million Baht, representing 45.6% , having outstanding accounts receivable not exceeding 4 months in the amount of 1,384 Million Baht, representing 40.1% , having outstanding accounts receivable for the periods of 5-12 months in the amount of 228 Million Baht, representing 6.6% , and having outstanding accounts receivable more than 12 months in the amount of 267 Million Baht, representing 7.7%. The status of the aging of accounts receivable – unrelated entities of The Company and its subsidiary companies was normal.

As at December 31, 2016, The Company and its subsidiary companies had accounts receivable – related entities in the amount of 41 Million Baht less allowance for doubtful accounts in the amount of 33 Million Baht, having accounts receivable - not yet been due in the amount of 8 Million Baht, representing 19.5%, having unbilled receivables more than 12 months in the amount of 33 Million Baht, representing 80.5%. The status of the age of accounts receivable–related entities of The Company and its subsidiary companies was normal.

Upon estimating the allowance for doubtful accounts, the management estimated, at their discretion, the doubtful accounts of each account receivable by taking into consideration the account receivable reliability, past collection experience, outstanding account receivable age, and then economic situation. The Company and its subsidiary companies believed that the provision for allowance for doubtful accounts was adequate.

### **3. Construction Work in Progress**

As at December 31, 2016, the Company and its subsidiary companies had the construction work in progress in the amount of 2,737 Million Baht, or 437 Million Baht increasing, representing 19% , in comparison with in 2015, when the construction work in progress was in the amount of 2,300 Million Baht.

### **4. Investment Properties**

As at December 31, 2016, The Company and its subsidiary companies had the investment properties in the amount of 4,317 Million Baht, or 607 Million Baht increasing from 2015, representing 16.4%, when the investment properties were in the amount of 3,710 Million Baht, because the appraised Investment Properties value increases.

### **Liabilities:**

As at December 31, 2016, The Company and its subsidiary companies had liabilities in the amount of 14,415 Million Baht, or 1,262 Million Baht increasing from 2015, representing 9.6% , being composed of current liabilities in the amount of 13,699 Million Baht, or 1,050 Million Baht increasing from 2015, representing 8.3% . The current liabilities as significantly increased were loan, the unbilled payables and trade and other payables. The non-current liabilities were in the amount of 716 Million Baht, or 212 Million Baht increasing from 2015, representing 42%. The non-current liabilities significantly increased was deferred tax liabilities.

#### **1. Short-Term Loans from Financial Institutions**

As at December 31, 2016, The Company and its subsidiary companies had short-term loans from financial institutions 500 million baht, in 2015, The Company and its subsidiary companies had no any short-term loans from financial institutions.

#### **2. Account Payables**

As at December 31, 2016, The Company and its subsidiary companies had net account payables and other payables in the amount of 4,215 Million Baht, or 192 Million Baht increasing from 2015 when had net account payables and other trade payables in the amount of 4,023 Million Baht, representing 4.8% . The Company and its subsidiary companies maintained the quantity of the account payables and other payables in the appropriate level despite increase in construction works, by having 91-day performance period as slightly increasing from that in 2015 when had 84-day performance period. The Company and its subsidiaries companies believed that such performance period was rather good and suitable in the normal course of business.

#### **3. Advances received from construction contracts**

As at December 31, 2016, The Company and its subsidiary companies had advances received from construction contracts in the amount of 3,909 Million Baht, or 289 Million Baht decreasing from 2015 when had advances received from customers under construction contracts in the amount of 4,198 Million Baht, representing 6.9% due to some delayed in new construction projects especially in government sector in 2016.

**Shareholders' Equity:**

As at December 31, 2016, The Company and its subsidiary companies had the shareholders' equity in the amount of 10,585 Million Baht, or 1,076 Million Baht increasing from 2015 when had the shareholders' equity in the amount of 9,508 million Baht, representing 11.3%, the shareholders' equity of The Company and its subsidiary companies which significantly changed were as follows: increase in unappropriated retained earnings as from 5,518 Million Baht up to 6,396 Million Baht in 2016, 878 Million Baht increasing from 2015, representing 15.9%.

**Statement of Comprehensive Income**

Unit: Million

Income Statement	As at December 31, 2014		As at December 31, 2015		As at December 31, 2016	
	Baht	%	Baht	%	Baht	%
Revenue						
Construction revenue	21,551.60	98.21%	18,237.77	96.45%	17,895.57	96.09%
Revenue from sales and administration	100.36	0.46%	92.88	0.49%	57.17	0.31%
Total construction and service revenue	21,651.97	98.67%	18,330.65	96.94%	17,952.74	96.40%
Interest income	238.00	1.08%	72.25	0.38%	47.42	0.25%
Dividend income	-	-	-	-	-	-
Profit from revaluation of immovable properties for investment as fair value	-	-	447.65	2.37%	596.03	3.20%
Other revenues	54.39	0.25%	59.15	0.31%	27.86	0.15%
<b>Total revenue</b>	<b>21,944.35</b>	<b>100.00%</b>	<b>18,909.71</b>	<b>100.00%</b>	<b>18,624.06</b>	<b>100.00%</b>
Expenses						
Construction cost	19,375.67	88.29%	16,550.21	87.52%	16,330.09	87.68%
Cost of sales and services	59.32	0.27%	49.23	0.26%	19.11	0.10%
Total construction and service costs	19,435.00	88.56%	16,599.44	87.78%	16,349.20	87.79%
Administrative expense	583.13	2.66%	448.06	2.37%	553.82	2.97%
<b>Total expenses</b>	<b>20,018.13</b>	<b>91.22%</b>	<b>17,047.50</b>	<b>90.15%</b>	<b>16,903.01</b>	<b>90.76%</b>
Share of profit (loss) from investment in associate	11.14	0.05%	17.41	0.09%	25.74	0.14%
Profit (loss) before finance cost and income tax	1,937.36	8.83%	1,879.62	9.94%	1,746.79	9.38%
Finance cost	(18.23)	-0.08%	(13.46)	-0.07%	(13.48)	-0.07%
Profit before income tax	1,919.14	8.75%	1,866.16	9.87%	1,733.31	9.31%

Income Statement	As at December 31, 2014		As at December 31, 2015		As at December 31, 2016	
	Baht	%	Baht	%	Baht	%
Income tax	(389.11)	-1.77%	(321.48)	-1.70%	(337.33)	-1.81%
<b>Net profit (loss) for the year</b>	<b>1,530.03</b>	<b>6.97%</b>	<b>1,544.67</b>	<b>8.17%</b>	<b>1,395.98</b>	<b>7.50%</b>
Net share of profit (loss) Equity attributable to owners of the Company	1,520.51	6.93%	1,526.52	8.07%	1,380.75	7.41%
Non-controlling interest of subsidiaries	9.52	0.04%	18.15	0.10%	15.23	0.08%
<b>Net profit (loss) for the year</b>	<b>1,530.03</b>	<b>6.97%</b>	<b>1,544.67</b>	<b>8.17%</b>	<b>1,395.98</b>	<b>7.50%</b>

### **Summary of Operating Performance**

The detail of management discussion and analysis for 2016 and the profitability of The Company and its subsidiary companies as the followings;

#### **Revenue:**

The Company and its subsidiary companies had total revenue in 2016 in the amount of 18,624 Million Baht, or 286 Million Baht decreasing from 2015, representing 1.51 % , due to the decreasing of construction projects but mostly of the revenue still came from revenue from construction 17,896 Million Baht, and sales and service income 57 Million Baht, the interest income in the amount of 47 Million Baht, Gain on fair value adjustments of investment properties 596 Million Baht and Other income 28 Million Baht.

#### **Expenses:**

The Company and its subsidiary companies had total expense in 2016 in the amount of 16,903 Million Baht, 144 Million Baht decreasing from 2015, representing 0.8% , such decreasing came from the cost of construction had been reduced since there was few construction projects in 2015. The main expenses were construction costs in the amount of 16,330 Million Baht, cost of sales and service in the amount of 19 Million Baht and administrative expenses in the amount of 554 Million Baht.

#### **Profitability:**

In 2016, the Company and its subsidiary companies had the increased profitability as follows;

- In 2016, the Company and its subsidiary companies had gross profit from construction in the amount of 1,565 Million Baht, representing 8.7% ; meanwhile, in 2015, The Company and its subsidiary companies had gross profit from construction in the amount of 1,688 Million Baht, representing 9.3%. The decrease in the profit from construction of The Company and its subsidiary companies was due to the fact that revenue from construction of The Company and its subsidiary companies had decreased.
- In 2016, the Company and its subsidiary companies had profit before finance cost and income tax expenses in the amount of 1,747 Million Baht, representing 9.4% ; meanwhile in 2015, the Company and its subsidiary companies had profit before finance cost and income tax expenses in the amount of

1,880 Million Baht, representing 9.9%. The decrease in the profit before finance cost and income tax expenses of The Company and its subsidiary companies was due to the fact that The Company and its subsidiary companies had decrease the revenue from construction and increased the cost of administration.

- In 2016, the Company and its subsidiary companies had net profit in the amount of 1,396 Million Baht, representing 7.5%; meanwhile in 2015, The Company and its subsidiary companies had net profit in the amount of 1,545 Million Baht, representing 8.2%. The decrease in the net profit of The Company and its subsidiary companies was due to the fact that The Company and its subsidiary companies had decreased the revenues of construction.

**Return on Assets:**

In 2016, The Company and its subsidiary companies had its return on assets ratio at the rate of 5.6%, decreasing from 2015 when had its return on assets ratio of 6.8%. Though there was decreasing percentage of return on assets ratio, the efficient ability of using The Company's assets to generate profit still remained.

**Return on Equity:**

In 2016, The Company and its subsidiary companies its return on equity ratio at the rate of 13.2%, decreasing from 2015 which was at the rate of 16.3%. Decrease in return on equity ratio of The Company and its subsidiary companies but it keeps the high level presented the efficient ability of generating the return to the shareholders.

**Attachment 4: Summary Information of Purple Sol G.K.**

**1. General Information**

Company Name : PurpleSol Godo Kaisha or PurpleSol G.K.  
 Type of Business : Solar power generation and distribution  
 Establishment Date : January 21, 2013  
 Registration No. : 0104-03-010211  
 Head Office : 15-1, Kamurodake, Naruko-Onsen Onikobe, Osaki-shi, Miyagi  
 Registered Capital : JPY 100,000 with 100,000 common shares of a par value of JPY 1.00 per share each  
 Paid-up Capital : JPY 100,00 with 100,000 common shares of a par value of JPY 1.00 per share each

**2. Nature of Business**

Solar power generation and distribution

**3. Shareholders**

As of August 23, 2016, the list of shareholders of PurpleSol G.K. is as follows:

	Name	No. of Shares	%
1	Kamisol Limited	100,000	100.00
	<b>Total</b>	100,000	100.00

**Source:** Certificate of All Registered Matter issued by Sendai Legal Affairs Bureau

**Remarks** The ultimate shareholder of Kami sol Limited is Mr. Peter Gerstmann, German nation, and Mr. Dmitry Glukhov, Russian nation, based on information of the Declaration of Beneficial Ownership as of March 9, 2017

**4. Board of Directors**

The Board of Directors of PurpleSol G.K. consists of one person as follows:

	Name	Title
1	Peter Gerstmann	Executive Officer

**Source:** Certificate of All Registered Matter issued by Sendai Legal Affairs Bureau

**5. Material items in financial statements of the Company**

PurpleSol G.K.'s company only financial statements for the twelve-month period ended March 31, 2016. As PurpleSol G.K. is a small- and medium-sized enterprise (SMEs) of Japan, not a listed company of Japan, the latest financial statements is based on financial statements for the twelve-month period ended March 31, 2016.

### Statement of Financial Position

Unit : JPY	Company Only F/S
	For the 12-month period ended March 31, 2016
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	175,950
Other receivables (Consumption Tax)	570,949
<b>Total current assets</b>	<b>746,899</b>
<b>Non-current assets</b>	
Construction in progress	579,071,723
<b>Total non-current assets</b>	<b>579,071,723</b>
<b>Total assets</b>	<b>579,818,622</b>
<b>Liabilities and Shareholders' Equity</b>	
<b>Current liabilities</b>	
Advances received from HQ	2,056,900
Other payables	588,514,480
Other current liabilities	72,000
<b>Total current liabilities</b>	<b>590,643,380</b>
<b>Total liabilities</b>	<b>590,643,380</b>
<b>Shareholders' equity</b>	
Registered capital	100,000
Issued and paid-up capital	100,000
Retained earnings	(10,924,758)
<b>Total shareholders' equity</b>	<b>(10,824,758)</b>
<b>Total liabilities and shareholders' equity</b>	<b>579,818,622</b>

Source: The Company

### Income Statement

Unit : JPY	Company Only F/S
	For the 12-month period ended March 31, 2016
Income	-
<b>Total income</b>	<b>-</b>
<b>Expenses</b>	
Operating expense	7,273,887
Other expenses	54,961
<b>Total expenses</b>	<b>7,328,848</b>
<b>Loss before finance costs and income tax</b>	<b>(7,328,848)</b>
Income tax	72,000
<b>Net loss for the year</b>	<b>(7,400,848)</b>

Source: The Company

**Attachment 5: Details of SolarOne G.K.**

**1. General Information**

Company Name : SolarOne Godo Kaisha or SolarOne G.K.  
 Type of Business : Solar power generation and distribution  
 Establishment Date : April 23, 2013  
 Registration No. : 0104-03-010484  
 Head Office : c/o Atsumi & Sakai Law Office, Fukoku Seimei Building 12F, 2-2-2  
 Uchisaiwai-cho, Chiyoda-ku, Tokyo  
 Registered Capital : JPY 1 with 1 common share of a par value of JPY 1.00 per share  
 each  
 Paid-up Capital : JPY 1 with 1 common share of a par value of JPY 1.00 per share  
 each

**2. Nature of Business**

Solar power generation and distribution

**3. Shareholders**

As of March 10, 2017, the list of shareholders of SolarOne G.K. is as follows:

	Name	No. of Shares	%
1	Kamisol Limited	1	100.00
	<b>Total</b>	1	100.00

**Source:** Certificate of All Registered Matter issued by Sendai Legal Affairs Bureau

**Remarks** The ultimate shareholder of Kamisol Limited is Mr. Peter Gerstmann, German nation, and Mr. Dmitry Glukhov, Russian nation, based on information of the Declaration of Beneficial Ownership as of March 9, 2017

**4. Board of Directors**

The Board of Directors of SolarOne G.K. consists of one person as follows:

	Name	Title
1	Peter Gerstmann	Executive Officer

**Source:** Certificate of All Registered Matter issued by Sendai Legal Affairs Bureau

**5. Material items in financial statements of the Company**

SolarOne G.K.'s company only financial statements for the twelve-month period ended March 31, 2016. As SolarOne G.K. is a small- and medium-sized enterprise (SMEs) of Japan, not a listed company of Japan, the latest financial statements is based on financial statements for the twelve-month period ended March 31, 2016.



### Statement of Financial Position

Unit : JPY	Company Only F/S
	For the 12-month period ended March 31, 2016
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	1
Advance	200,000,000
<b>Total current assets</b>	<b>200,000,001</b>
<b>Non-current assets</b>	
Construction in progress	849,678,833
<b>Total non-current assets</b>	<b>849,678,833</b>
<b>Total assets</b>	<b>1,049,678,834</b>
<b>Liabilities and Shareholders' Equity</b>	
<b>Current liabilities</b>	
Advances received from HQ	991,068,385
Other payables	92,515,220
Other current liabilities	70,000
<b>Total current liabilities</b>	<b>1,083,653,605</b>
<b>Total liabilities</b>	<b>1,083,653,605</b>
<b>Shareholders' equity</b>	
Registered capital	1
Issued and paid-up capital	1
Retained earnings	(33,974,772)
<b>Total shareholders' equity</b>	<b>(33,974,771)</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,049,678,834</b>

Source: The Company

### Income Statement

Unit : JPY	Company Only F/S
	For the 12-month period ended March 31, 2016
Income	-
<b>Total income</b>	<b>-</b>
<b>Expenses</b>	
Operating expense	16,742,400
Other expenses	54,960
<b>Total expenses</b>	<b>16,797,360</b>
<b>Loss before finance costs and income tax</b>	<b>(16,797,360)</b>
Income tax	70,000
<b>Net loss for the year</b>	<b>(16,867,360)</b>

Source: The Company

**Attachment 6: Details of Kami sol Limited**

**1. General Information**

Company Name	:	Kamisol Limited or Kamisol LTD.
Nature of Business	:	Invest in other companies (Holding Company)
Establishment Date	:	April 23, 2013
Head Office	:	56 Daly Street, Belize City, Belize District, Belize, P.O. BOX 1825., Belize City, Belize
Registration No.	:	IBC No. 125,036 (Belize)
Registered Capital	:	US\$ 5,000, divided into 5,000 common shares of a par value of US\$ 1 per share each
Paid-up Capital	:	US\$ 5,000, divided into 5,000 common shares of a par value of US\$ 1 per share each

**2. Nature of Business**

The Company, which is a holding company, invests in other companies. At present, the Company holds shares in PurpleSol GK, which is granted a license to operate solar power plant business under Onikobe Project in Japan, and owns shares in SolarOne GK, which is an ownership of land used in construction of the solar power plant under Onikobe Project in Japan.

**3. Shareholders**

As of February 15, 2016, KAMISOL LTD. has the registered capital of US\$ 5,000, divided into 5,000 common shares of a par value of US\$ 1 per share each. At present, the Company has one shareholder as follows:

	Name	No. of Shares	%
1	SK DIRECTORS LTD	5,000	100.00
	<b>Total</b>	<b>5,000</b>	<b>100.00</b>

**Source:** Notary Public by Registrar General Belize as of February 15, 2016

**Remarks** The ultimate shareholder of Kami sol Limited is Mr. Peter Gerstmann, German nation, and Mr. Dmitry Glukhov, Russian nation, based on information of the Declaration of Beneficial Ownership as of March 9, 2017