

**The Opinion of the Independent Financial Advisor  
Regarding the Acquisition of Asset and Connected Transaction**

to

**Shareholders of Sermasang Power Corporation Public Company Limited**



Prepared by

**Pioneer Advisory Company Limited**



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Subjec Independent Financial Advisor's Opinion Report on Acquisition of Asset and Connected Transaction of Serm Sang Power Corporation Public Company Limited

To Audit Committee, Board of Directors and shareholders of Serm Sang Power Corporation Public Company Limited

Refer to

1. Audited financial statement for the fiscal year of 2020
2. Annual registration statement (Form 56-1)
3. Resolution from the board of directors' meeting No. 2/2020 held on May 31, 2021 (as amended)
4. Information memorandum of Serm Sang Power Corporation Public Company Limited Re: the Acquisition of Assets and Connected Transaction
5. Invitation to the Annual General Meeting of Shareholders No. 1/2021 July, 6 2021
6. Appraisal report by Prospecc Appraisal Company Limited
7. Appraisal report by The Valuation and Consultant Company Limited

According to the Board of Directors' Meeting of Serm Sang Power Corporation Public Company Limited (the "Company") No. 3/2021, held on May 31, 2021 has passed the resolutions to approve the investment in UPT for 243,000 of its outstanding shares or equivalent to 100.00% of UPT outstanding shares. The execution of the Transaction is regarded as an acquisition of assets by the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (including its amendment) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 (including its amendment) (collectively, the "Notifications on Acquisition or Disposition of Assets"). Upon the reviewing of the transaction size based on the information from the reviewed quarterly financial statements of the Company ended March 31, 2021 by using various approaches under the Notifications on Acquisition or Disposition of Assets, the maximum value of the transaction is equal to 7.94 percent based on net operating profits of the asset acquired relative to the net operating profits of the Company (the "Net Operating Profits") and the Company has not entered into any asset acquisition transaction during the 6 months prior to entering this transaction

In order to execute this Transaction, the Company appointed Pioneer Advisory Company Limited as an independent financial advisor to provide opinions to the Company's shareholders regarding the Transaction. To prepare the IFA Report to present to the Independent Directors, Audit Committee and the Company's shareholders on the fairness and the validity of the transactions, the IFA received information of the transactions from the Company,

However, the analysis of the IFA is based on the assumptions that all the information received on the transactions are valid and complete. Moreover, the IFA did not verify the validity and complete of the received information, thus, the IFA cannot assure or be held responsible in any way of the validity and completeness of the information as well as the Company's performance after the transaction and changes that happen after the transaction that may effect the Company and/or its shareholders significantly.

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### Abbreviation or Definition

AF	:	Availability Factor
BOI	:	Board of Investment:
CAPM	:	Capital Asset Pricing Model
COD	:	Commercial Operati
EPC	:	Engineering, Procurement, and Construction contract
ERC	:	Energy Regulatory Commision
Independent	:	
Financial Advisor or		Pioneer Advisory Company Limited
IFA		
Kd	:	Cost of Debt
Ke	:	Cost of Equity
MLR	:	Minimum Lending Rate
Notification on		The Notification of the Capital Market Supervisory Board No. Tor Chor.
Acquisition or		20/2551, Re: Rules on Entering into Material Transactions Deemed as
Disposition		Acquisition or Disposal of Assets dated 31 August 2008 (as amended),
		the Notification of the Board of Governors of the Stock Exchange of
		Thailand, Re : Disclosure of Information and Other Acts of Listed
		Companies Concerning the Acquisition and Disposition of Assets, 2004
		dated 29 October 2004 (as amended)
NTA	:	Net Tangible Assets
O&M	:	Operation and Maintenance contract
PPA	:	Power Purchase Agreement
RPT	:	Related Party Transaction
SEC	:	The Securities and Exchange Commission, Thailand
SET	:	The Stock Exchange of Thailand
The Companny	:	Serm sang Power Corporation Public Company Limited
The Disposition of	:	
Assets or Disposal		Disposing fixed assets including land, building and machinery to TCB,
Transaction		connected party
The Transaction	:	The investment in UPT outstanding shares
UPT	:	Uni Power Tech Co., Ltd.
WACC	:	Weighted Average Cost of Capital

## Section 1 Executive Summary

According to the Board of Directors' Meeting of Sermasang Power Corporation Public Company Limited (the "Company") No. 3/2021, held on May 31, 2021 has passed the resolutions to approve the investment in UPT for 243,000 of its outstanding shares or equivalent to 100.00% of UPT outstanding shares which consists of 200,000 ordinary shares and 43,000 preferred shares from Absolute Products Company Limited and Vertical Holdings Company Limited. Also, 123,930 ordinary shares from Kraipisitkul group. In addition, the transaction is regarded as acquisition and receive the transfer of another business to the Company pursuant to Section 107(2)(b) of the Public Limited Companies Act B.E.2535 (including its amendment) and connected transactions since its transaction size equals to 7.94 and 14.64 respectively. Therefore, the Company is required to obtain approval from the shareholders' meeting, with not less than three-quarters of all votes of the shareholders present at the shareholders' meeting and entitled to vote.

In this regard, the IFA has the opinion that the transaction is align with the Company's core policies and missions to invest and develop the various type of renewable energy for example; solar energy, wind energy and biomass energy for domestic and international region. Moreover, the Company states that it plans to develop and expand the installed capacity to be 400.00 megawatts within 2024. Even though, entering into this transaction is an expansion of investment in the first biomass power plant of the Company's. However, UPT is a project that has been commercialized. Therefore, there is no risk in the project development and construction process. After the transaction is completed, the Company will be able to recognize income from the production and distribution of electricity immediately. Apart from that, the Company has been operating a solar power plant project and wind power plant projects both domestically and internationally. As a results, the Company has a team with experience related to the power generation business from renewable energy already. As a results, those expertise can be applied to operate the biomass powerplant since they share several components of skillset.

Furthermore, the transaction is the Company strategies to diversify the revenue and net profit generation from individual power plant. As a result, the Company can stabilize the income by diversifying revenue from solar power plants which expose to curtain specific risk such as solar irradiance. Additionally, the transaction price is appropriate since the IFA has conducted the valuation analysis in various methodologies and concluded that Discounted Cash Flow ("DCF") is most appropriate since it reflects business operation plan, ability to make profit and growth prospect as well as return of equity in the future. In which, the Independent Financial Advisor has conducted the analysis based on the assumptions such as the PPA with PEA and other assumptions other assumption that is important to the projection according to historical performance Technical due diligence and information from the Company and public information. From those assumptions, the Independent Financial Advisor conclude that UPT's equity value is between THB 467.85 – 663.47 mm which covers the consideration for acquisition of asset of baht 500.0 million which is higher for THB 163.47 mm or 32.69% higher than the transaction price and lower than the transaction price for THB 32.15 mm or equals to 6.43% lower than the transaction price

## 1. Characteristics of the transaction

### 1.1. General Description of the Transactions

According to the Board of Directors' Meeting of Sermuang Power Corporation Public Company Limited (the "Company") No. 3/2021, held on May 31, 2021 has passed the resolutions to approve the investment in UPT for 243,000 of its outstanding shares or equivalent to 100.00% of UPT outstanding shares. The details of shareholding structure pre and post structures are summarized in the following table.

**Table: Shareholding structure of UPT before and after entering into the Transaction**

UPT's Shareholder	Type	Before entering into the Transaction		After entering into the Transaction	
		Registered Capital THB 243,000,000		Registered Capital THB 243,000,000	
		Number of Shares	percent	Number of Shares	percent
1. Absolute Products Company Limited	Ordinary shares	76,070	31.30	-	-
2. Mr. Thanawat Kraipisitkul	Preferred shares	36,500	15.02		
3. Mr. Piyawat Kraipisitkul	Ordinary shares	50,000	20.58	-	-
4. Vertical Holdings Company Limited	Ordinary shares	20,000	8.23	-	-
5. Mr. Viwat Kraipisitkul	Preferred shares	6,500	2.67	-	-
6. Miss Thantaphon Kraipisitkul	Ordinary shares	33,930	13.96	-	-
7. The Company	Ordinary shares	20,000	8.23	-	-
8. Absolute Products Company Limited	Ordinary shares			200,000	82.30
	Preferred shares			43,000	17.70
<b>Total</b>		<b>243,000</b>	<b>100</b>	<b>243,000</b>	<b>100</b>

Remark: 1/ The voting right of 1 ordinary share is equal to 1 vote and the voting right of 1 preferred share is equal to 300 votes.

2/ Ordinary shareholders are entitled to dividends at the rate of 1.53% of the total dividends. and preferred shareholders are entitled to receive dividends at the rate of 98.47% of the total dividends.

The rights attached to the ordinary shares and preferred shares include: (1) Quorum of the Shareholders' Meeting of the Company: There shall be shareholders representing not less than one-fourth of the Company's capital, and at least 1 preferred shareholder present at the meeting to constitute a quorum; (2) Voting at the Shareholders' Meeting: A majority of all votes of the shareholders present at the meeting and having the right to vote shall be counted, whereby a holder of 1 ordinary share shall be entitled to 1 vote, and a holder of 1 preferred share shall be entitled to 300 votes; and (3) Right to Dividend: The preferred shareholders shall be entitled to dividend at the rate of 98.47 percent of all dividend declared in proportion to the respective preferred shareholders, and shall be entitled to receive dividend before the ordinary shareholders, who shall be entitled to dividend at the rate of 1.53 percent of all dividend declared in proportion to the respective ordinary shareholders.

The Company will invest in UPT in 2 periods: (1) the purchase of 119,070 shares with a par value of 1,000 baht per share within July 2021, consisting of 76,070 ordinary shares and 43,000 preferred shares, or percentage 49 of the total paid-up capital of UPT ("collectively, group 1 shares"), which will result in the Company having the right to vote equal to 12,976,070 votes or 99.05% of the total votes and is entitled to 99.05% of the total dividend. (2) The purchase of 123,930 shares, which are all ordinary shares, at a par value of 1,000 baht per share, representing 51% of the total paid-up capital of UPT (collectively, Group 2 Shares); having the right to vote equal to 123,930 votes or 0.95% of the total votes and dividends. Resulting in after entering into the transaction in May 2022 (after 3 years of commercial power distribution), the Company have the right to vote and the right to receive dividends totaling 100.00% of UPT with a total investment value of 500,000,000 baht



## 1.2. General Information of Acquired Asset

List	Details
<b>Acquired Assets</b>	Total outstanding shares of UPT consisting of 43,000 preferred share and 200,000 ordinary share
<b>Buyer</b>	The Company
<b>Seller</b>	Absolute Products Company Limited Vertical Holdings Company Limited and Kraipisitkul group
<b>บุคคลที่เกี่ยวข้อง</b>	<ol style="list-style-type: none"> <li>1. Mr. Viwat Kraipisitkul</li> <li>2. Mr. Thanawat Kraipisitkul</li> <li>3. Miss Thanthaphon Kraipisitkul</li> <li>4. Mr. Piyawat Kraipisitkul</li> </ol>
<b>ข้อมูลทั่วไปของ UPT</b>	
<b>Name</b>	Uni Power Tech Company Limited
<b>Date of registration the company</b>	June 29, 2014
<b>Registration number</b>	0105554085619
<b>Registered Capital</b>	THB 243,000,000
<b>Paid up Capital</b>	THB 243,000,000
<b>Head office</b>	No.325/6-13 Lanluang Road, Mahanak Square, Dusit, Bangkok 10300.
<b>Nature of Business</b>	Operating the business of generating and distributing electricity from biomass. The company is operating the biomass power plant at the capacity of 9.9 MW located at Si-kiew Sub-district, Si-kiew District Nakhon Ratchasima Province. The commercial operation date (COD) was May 24, 2019 with 20 years term of electricity sale and purchase with Provincial Electricity Authority from COD.
<b>Directors</b>	<ol style="list-style-type: none"> <li>1. Miss Thanthaphon Kraipisitkul</li> <li>2. Mr. Piyawat Kraipisitkul</li> <li>3. Mr. Thanawat Kraipisitkul</li> </ol>

### 1.3. Purpose and the importance of the transaction

According to the Board of Directors' Meeting of Sermasang Power Corporation Public Company Limited (the "Company") No. 3/2021, held on May 31, 2021 has passed the resolutions to approve the investment in UPT for 243,000 of its outstanding shares or equivalent to 100.00% of UPT outstanding shares which consists of 200,000 ordinary shares and 43,000 preferred shares from Absolute Products Company Limited and Vertical Holdings Company Limited. Also, 123,930 ordinary shares from Kraipisitkul group. In addition, the transaction is regarded as acquisition and receive the transfer of another business to the Company pursuant to Section 107(2)(b) of the Public Limited Companies Act B.E.2535 (including its amendment) and connected transactions since its transaction size equals to 7.94 and 14.64 respectively. Therefore, the Company is required to obtain approval from the shareholders' meeting, with not less than three-quarters of all votes of the shareholders present at the shareholders' meeting and entitled to vote.

According to the company's policy to invest in renewable energy in various forms such as solar energy, wind energy, biogas energy. and biomass energy both in domestic region and Asian region. Currently, the company has a renewable energy power plant project under development. and projects that have started commercial operation totaling 362.4 megawatts, comprising 266.4 megawatts of solar power plants and 96.0 megawatts of wind power projects. The company has a plan to expand investment and develop the renewable energy power plant project further expansion from its dividends from its project on hand. With the goal to invest and develop renewable energy power plant projects to achieve a total installed capacity of 400.00 megawatts by 2024. In mentioned investment expansion plan, the Company has opened for consideration both in the form of investing in self-developed projects (Greenfield Project Investment) as well as investing in existing projects (Operating Assets).

In this regard, the IFA has the opinion that the transaction is align with the Company's core policies and missions to invest and develop the various type of renewable energy for example; solar energy, wind energy and biomass energy for domestic and international region. Moreover, the Company states that it plans to develop and expand the installed capacity to be 400.00 megawatts within 2024. Even though, entering into this transaction is an expansion of investment in the first biomass power plant of the Company's. However, UPT is a project that has been commercialized. Therefore, there is no risk in the project development and construction process. After the transaction is completed, the Company will be able to recognize income from the production and distribution of electricity immediately. Apart from that, the Company has been operating a solar power plant project and wind power plant projects both domestically and internationally. As a results, the Company has a team with experience related to the power generation business from renewable energy already. As a results, those expertise can be applied to operate the biomass powerplant since they share several components of skillset.

Furthermore, the transaction is the Company strategies to diversify the revenue and net profit generation from individual power plant. As a result, the Company can stabilize the income by diversifying revenue from solar

power plants which expose to certain specific risk such as solar irradiance. Additionally, the transaction price is appropriate since the IFA has conducted the valuation analysis in various methodologies and concluded that Discounted Cash Flow ("DCF") is most appropriate since it reflects business operation plan, ability to make profit and growth prospect as well as return of equity in the future. In which, the Independent Financial Advisor has conducted the analysis based on the assumptions such as the PPA with PEA and other assumptions other assumption that is important to the projection according to historical performance Technical due diligence and information from the Company and public information. From those assumptions, the Independent Financial Advisor conclude that UPT's equity value is between THB 467.85 – 663.47 mm which covers the consideration for acquisition of asset of baht 500.0 million which is higher for THB 163.47 mm or 32.69% higher than the transaction price and lower than the transaction price for THB 32.15 mm or equals to 6.43% lower than the transaction price

Apart from the appropriateness of the transaction price, the Independent Financial Advisor has the opinion that the transaction is a part of the Company's strategies and operation policies to expand its biomass portfolio as well as to stabilize its income and diversify its revenue and net profit. Therefore, the Independent Financial Advisor has the opinion that the entering into the transaction is appropriate and the shareholders should approve the Transaction. However, to consider the Transaction, shareholders shall consider information, opinion and other details prepared by the IFA as mentioned earlier such as advantages and disadvantages of entering into the transaction.

#### **1.4. Advantages, disadvantages and risk factors of the transaction**

##### **Advantages of the transactions**

The transaction is aligning with the company's policy to expand its portfolio in renewable energy.

The Company has the goal to invest and develop renewable energy power plant projects to achieve a total installed capacity of 400.00 megawatts by 2024. In those expansion plan, the Company has opened for consideration both in the form of investing in self-developed projects (Greenfield Project Investment) as well as investing in existing projects (Operating Assets).

In this regard, UPT is an asset that has been operating for more than a year since COD has begun on May 24, 2019. In addition, based on the financial information of UPT for the year 2020, it has a net profit of 58.70 million baht. As a result, the Company can realize the revenue and profit immediately after first transferred of shares is complete which equals to 49.00% of UPT outstanding shares in the first transferred.

The transaction stabilizes the income by diversifying revenue and profit from solar power plants

The transaction is in line with the Company's operating strategy since it stabilizes the income by diversifying revenue from solar power plants which is the Company's major revenue and reducing the reliance on the individual power plant. Therefore, investing in biomass power plant will reduce the exposure to certain specific risk such as solar irradiance

There is no development risk

By entering into the Transaction, the Company will have acquired UPT which has been commercialized since 2019 with PPA. As a result, the Company will be able to realize revenue from power production and distribution immediately and will not have to bear any burden, such as, applying for PPA and licenses for new project development, which enable the Company to save time and mitigate risk regarding project development completely.

##### **Disadvantages of the transactions**

The transaction will increase the Company's debt obligation and financial cost

The Company plans to use the source of funds from its cash flow from operation of 240.00 million baht and borrowing from financial institutions of 260.00 million baht to finance UPT's share purchase transaction. Considering from the Company for the first quarter of 2021 ending on March 31, 2021, the Company's interest-bearing debt to equity ratio is 2.33 times. After the transaction, The Company's interest-bearing debt to equity ratio will be 2.39 times. However, the Company expects to receive dividends from UPT, thus reducing the Company's interest-bearing debt to equity ratio in the future

## **Risk factors of the transactions**

### Risk from UPT legal dispute

Currently, UPT has a dispute case which is in the process of being considered by the Supreme Administrative Court. The dispute was mainly caused by a number of villagers in Sikhio District who filed a lawsuit against Energy Regulatory Commission ("ERC"), Department of Industrial Works Nakhon Ratchasima Industry President of Subdistrict Administrative Organization Sikhio Subdistrict Administrative Organization and UPT to request the revocation of the building construction permit (Aor. 1) and factory business license (Ror. Ngor. 4) and request the court to issue a temporary measure or procedure before the judgment. to suspend or proceed with the construction ("Dispute Case") with the following important dispute matter

- Is it a legal action for Nakhon Ratchasima Minister of Industry to accept UPT's factory operation request and submit it to the Department of Industrial Works?
- Does the biomass power plant construction and operation company provide opportunities for people in the area to receive sufficient information? As, the Constitution of the Kingdom of Thailand BE 2550 states that citizen have the right to access information and provide the arguing statement before the government agency to grant the permission. As a results, the Nakhon Ratchasima Administrative Court has a judgment to revoke the Building Construction License (Aor. 1) and a Factory License (Ror Ngor. 4) effective from the date of issuance of such licenses

As of the date of preparation of this report, UPT is in the process of being considered by the Supreme Administrative Court on such disputes. If the Supreme Administrative Court has issued a verdict to revoke the building permit (Or. 1) and factory business license (Ror. Ngor. 4), UPT will not be able to operate the biomass power plant business.

### Opinions of the Legal Counsel on the Tentative Outcome of the Case in Question

Based on the information and facts from the relevant documents reviewed by the legal counsel, it is believed that UPT has duly applied for the factory business license (Ror.Ngor.4) and the building construction license (Or.1) for the 9.9-MW biomass power plant project in compliance with the procedures, rules and applicable laws in force at that time. In addition, the legal counsel views that UPT has expressly raised such facts in its defense in the case, and also sent letters to consult with the relevant authorities, e.g., the Office of the Permanent Secretary of the Prime Minister's Office and the Department of Alternative Energy Development and Efficiency, etc., and such opinions provided by the relevant authorities are also beneficial to the issues of the case in question. There are also certain facts showing that UPT has been subject to several inspections by the relevant authorities, and the outcome of which is also beneficial to the case in question. The legal counsel understands that all facts and documents beneficial to the case proceedings have been submitted by UPT to the Supreme Administrative Court for

consideration. Therefore, the supporting documents and arguments provided by UPT are likely sufficient for the Supreme Administrative Court's consideration. The legal counsel is of the opinion that the Supreme Administrative Court may reverse the Nakhon Ratchasima Provincial Administrative Court's judgment (as the Administrative Court of First Instance) by not revoking the building construction license (Or.1) dated October 21, 2015, and the factory business license (Ror.Ngor.4) dated October 21, 2015, of UPT for the reasons and legal provisions as extensively described in the legal opinion provided to the Company, dated June 14, 2021

In order to prevent and remedy the aforementioned risks, the Share Purchase Agreement which the Company will enter into with the seller shall stipulate the conditions in the case that the Supreme Administrative Court has a judgment to revoke the Building Construction License (Aor. 1) and a Factory License (Ror Ngor. 4) as follows:

- (1) the seller shall responsible and assist UPT to file the applications for the new relevant licenses to enable the operation of biomass power plant within 1 year from the date of the judgment of the Supreme Administrative Court and the seller shall responsible for any actual expenses which UPT has to pay to keep the biomass power plant in ready-to-use condition throughout the period during which biomass power plants cease to operate until the biomass power plants can operate normally.
- (2) In the case that the biomass power plant cannot operate within 1 year from the date of the judgment of the Supreme Administrative Court, the Company reserve the right to terminate the Share Purchase Agreement and the seller shall be obliged to pay for any actual damages incurred including but not limited to the investment value of THB 500,000,000, the relevant Transaction's cost and the Company's financial cost minus the actual received dividend by the Company.
- (3) The seller shall provide the bank guarantee which covers the total value of investment or THB 500,000,000 as of the date of the Transaction in order to prevent the risk. The key terms of the bank guarantee to prevent the risk from the litigation/disputes of UPT are as follow:

Detail	The collateral damage from disputes
<b>Collateral provider</b>	A commercial bank in Thailand
<b>Guarantee limit</b>	Maximum of THB 500,000,000 (equivalent to the Transaction value)
<b>Guarantee period</b>	13 years
Other significant conditions	<ul style="list-style-type: none"> <li>- The bank may issue a letter of guarantee from time to time in accordance with the payment installation that the company will pay to the seller as detailed in Clause 6.</li> <li>- The guarantee amount will be reduced in accordance with the estimated dividend that the Company has expected to receive from UPT shares.</li> </ul>

The IFA's opinion regarding the investment in UPT which still on the legal dispute

Investment in UPT, which has a dispute that is in the process of the Supreme Administrative Court's consideration exposes to risk in the event that the Supreme Administrative Court upholds the Administrative Court's decision, that is, to revoke the building permit (Or.1 ) and a factory business license (Ror. Ngor. 4) will result in UPT being unable to operate the power plant business. UPT will not be able to sell electricity into the system according to the power purchase agreement between UPT and the Provincial Electricity Authority. Therefore, the company will not receive any expected return in the form of dividends from the investment in UPT as expected.

However, the legal counsel has the opinion that the Supreme Administrative Court may reverse the judgment of the Nakhon Ratchasima Administrative Court. (Administrative Court of First Instance) without revocation Building construction permit (Aor. 1) dated October 21, 2015 and factory business license (Ror.Ngor.4) dated October 21, 2015 of UPT because UPT has applied for a factory business license ( Ror.Ngor.4) and a building construction permit (Form Or.1) for a 9.9 megawatt biomass power plant project in accordance with the procedures, rules and relevant laws at that time.

In the event that the Supreme Administrative Court has a judgment revoking UPT's license, the Company has set a remedy for and manage the risks from disputes in the share purchase agreement, whereby the Company can request the seller to proceed for UPT to submit an application for the relevant license in order for the biomass power plant to be able to operate normally within 1 year from the date of the Supreme Administrative Court's judgment If UPT cannot operate normally within the said period, the Company can exercise the right to terminate the share purchase agreement and to demand that the seller compensate for any damage caused to the Company. including but not limited to

1. Investment value that the company has been paid to the seller in the amount of not more than 500,000,000 baht, minus the total amount of any dividends that the company Received after investing in shares of UPT
2. Expenses related to entering into the transaction for example the meeting of shareholders and the cost of hiring a advisors
3. Financial cost from investing in UPT

In addition, the Company has required the seller to provide and deliver bank guarantees to the Company. as a guarantee for such damage The amount of the guarantee is not less than the amount that the company. However, the amount of guarantee of the bank guarantee will be reduced in accordance with the dividend projection that the Company has expected to receive from investment in shares of UPT

In this regard, the IFA has considered the conditions that the Company specified in the share purchase agreement and opinions from legal advisors on the possible outcome of dispute cases. It was found that the conditions specified in the share purchase agreements can appropriately manage the risk from disputes considering from the risks and the potential impact on the worst case scenario (Worst Case Scenario), that is, the case where the Supreme Administrative Court has ordered the revocation of UPT's license and the relevant license application cannot be filed. Resulting UPT not to be able to operate again.

The loss to the company will be equal to 500 million which includes the transaction fee less the dividends received. However, The SPA stipulates that the Seller shall be responsible for the any loss occurred. In addition, there are bank guarantees to pledge against those mentioned damages a measure for risk management and reduce the impact of the dispute on the Company

Moreover, considering from the conditions of collateral damage from disputes to reduce the transaction value with dividends that the Company expect to receive. In the event that the collateral amount is decreased according to the estimated amount of the dividend until the amount is less than the damage. The seller will be responsible for the difference between the actual damage. and the balance in such collateral. Therefore, the IFA has the opinion that the risk is within an acceptable level.



### The risk of relying on the UPT's management in the biomass operation

Currently, the company operates the business of generating and distributing electricity mainly from solar energy and wind power. As a result, the Company has no experience and expertise in generating electricity from biomass energy. However, the Company has been operating a solar power plant project and wind power plant projects both domestically and internationally. As a result, the Company has a team with experience related to the power generation business from renewable energy already. As a result, those expertise can be applied to operate the biomass powerplant since they share several components of skillset. As a result, the Company only exposes to the risk of relying on the UPT's management in the biomass operation in initial stage.

Although the entry into this transaction is an expansion of investment in renewable energy power plant business is the Company's first biomass power plant project, however, UPT has been commercialized in 2019 with a power purchase agreement and already approved permits related. Therefore, such risks do not have a significant effect on entering into the transaction.

### Risk of insufficient fuel supply

Feedstock is the main raw material for the power generation operation of UPT's biomass power plant. The main feedstock is agricultural waste such as wood chips, bark, cassava bark, palm bunch, etc., which are economic crops in the area. For the fiscal year ended December 31, 2020 and December 31, 2019, UPT's biomass fuel costs accounted for 61.91% and 58.54% of the total cost of sales of the biomass power plant project, respectively. The risk of UPT's operation is that if UPT is unable to supply sufficient fuel supplies to meet the demand under the power purchase agreement with PEA, it will affect UPT's electricity sales revenue.

However, UPT has prepared a study report of production sites and the amount of biomass fuel from visiting the area to study the type and quantity of fuel in the area and nearby to ensure that the project site has sufficient fuel and suitable to be the fuel for UPT's power plants. From the assessment of the potential, type and quantity of fuel in the area and nearby areas within a radius of 100.00 kilometers from the location of UPT's power plant projects, it was found that the amount of fuel in the area and the area nearby more than the demand from local operators (UPT demands included)

## 1.5. Advantages disadvantages and risk factors of the connected transactions

### Advantages of the connected transactions

#### Ability to conduct and negotiate the transaction terms quickly and efficiently

Since entering into the Transaction is a transaction with Kraipisitkul group who is a major shareholder of the Company, Chairman of the board of directors, and director of the Company, the negotiation can be done quickly and efficiently, the Transaction enables the Company to realize stable profit sharing and dividend from UPT faster than entering into the Transaction with a third party since the Company might require longer time to negotiate and might be inefficient to operate business during the negotiation.

### Disadvantages of the connected transactions

#### May occur the Conflict of Interest

Because this transaction counter party a transaction with Kraipisitkul Group. which is the major shareholder of the Company serving as the Executive Chairman and Director of the Company. Therefore, the Company may be considered or suspected that the transaction is not transparent. or to benefit the Kraipisitkul Group

However, the IFA has considered the details. and conditions for entering into the transaction with the conclusion that the transaction was reasonable This investment is in line with the company's investment policy that focuses on expanding investment in renewable energy projects would like to expand investment in renewable energy power plant project to a total amount of 400.00 megawatts by 2024, Even though the transaction is an expansion of investment in biomass power plant project that the Company lack of experience, However, the transaction is an investment in a project that is already commercialized as a Brownfield Investment, therefore there is no risk in the project development and construction process. Moreover, considering the fair value of UPT, which was assessed by an independent financial advisor, is between 467.85 - 663.47 million baht, with a base case shareholder's equity value of 559.69 million baht, which is higher than the transaction price of 500.

The IFA considers the conditions for this transaction with the conclusion that the conditions are suitable and comparable to the agreement to enter into the transaction with a third party. Moreover, there are certain conditions specified in the share purchase agreement, which can be a mechanism for appropriate risk management from disputes (Please consider UPT Legal Dispute Risks for more details.)

In addition, apart from the biomass power plant project of UPT, the Kraipisitkul Group does not engage in any other renewable energy power plant projects outside the Company's group.

## **1.6. Advantages disadvantages and risk factors of the third party transactions**

### **Advantages of the third party transactions**

#### Does not cause Conflict of interest

Negotiating prices and conditions of transactions with third parties can be considered transparent transactions. or does not benefit to any party because the process of transactions with third parties requires price negotiations. and various conditions resulting in a fair price and fair conditions for both parties and no conflict of interest

### **Disadvantages of the third party transactions**

#### Times consuming to negotiate and process the transaction

It is time consuming for the Company to verify the accuracy of the business, accounting and legal information of an asset until it is certain that the asset is truly a potential asset. However, the process of entering into transactions with third parties may take time to negotiate terms. and the price of entering into the transaction for a long period of time in order to acquire assets that can generate returns that the Company expects; therefore, there may be uncertainty that the Company will be able to agree to enter into transactions with third party partners successfully and resulting in the company wasting time and business opportunities

## Section 2 Acquisition of Asset and Connected Transaction

### 2. Transaction Overview

#### 2.1 General Description of the Transactions

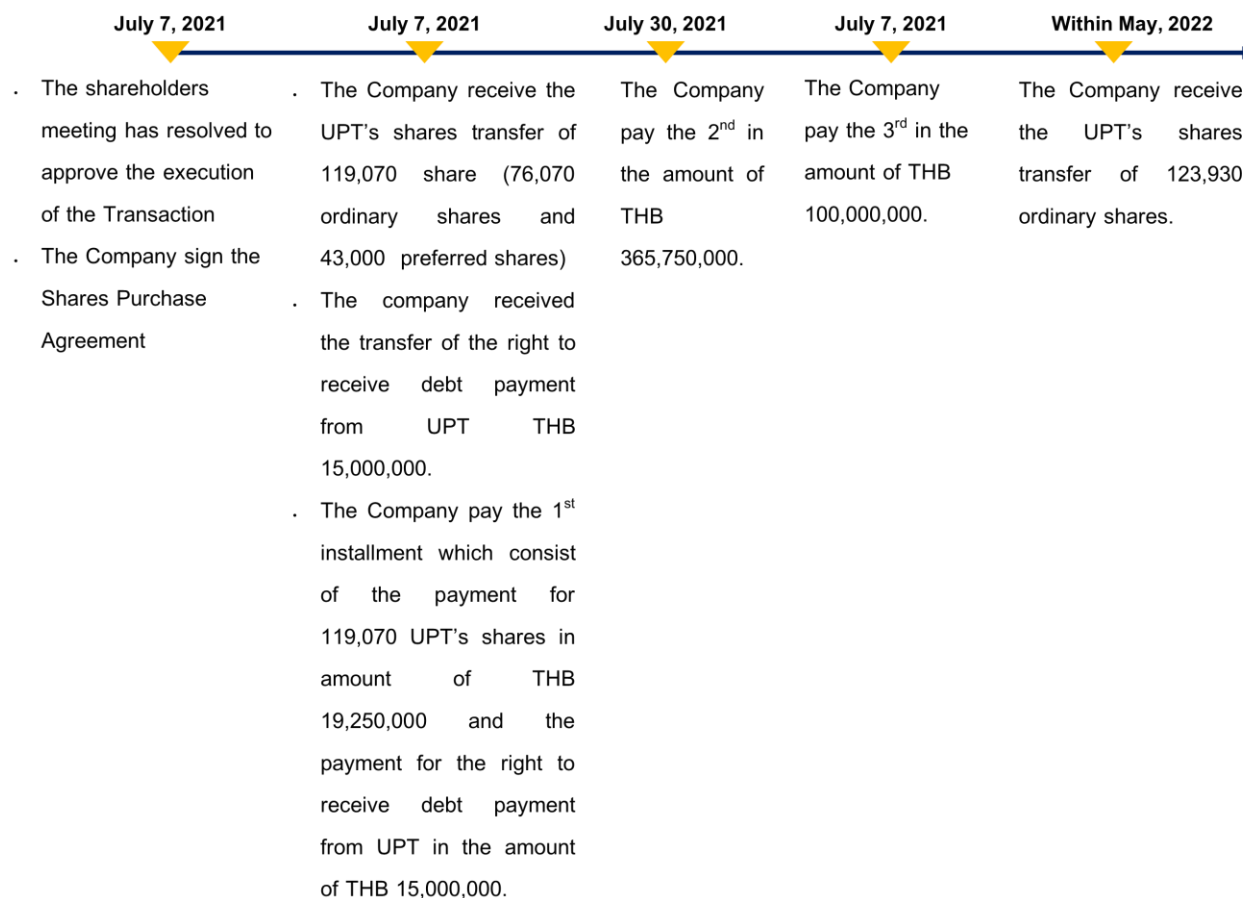
The Company will invest in UPT by purchasing shares in the total amount of 243,000 shares consisting of 200,000 ordinary shares equivalent to THB 200,000,000 and 43,000 preferred shares equivalent to THB 285,000,000 which a par value of ordinary share and preferred share are THB 1,000 per share, and representing 100 percent of UPT's total paid-up capital including the investment in the debt that UPT has owed to a shareholder of UPT in the amount of THB 15,000,000. The total investment value is THB 500,000,000. In this regard, the Company will invest in UPT in 2 phases in order to comply with the Notification of the Provincial Electricity Authority Re: the Regulation regarding the Transfer of Rights and Obligations in an Application for Selling Electricity or in the Power Purchase Agreement dated July 19, 2019<sup>1</sup>, which prohibits the power producer who is a juristic person from changing the number of shareholders causing the decrease of the number of the existing shareholders to be less than half of the existing shareholders according to the details in the application and the offer for sale of electricity submitted and prohibits to change the number of shares held by the existing shareholders to be less than 51 percent of the total shares for 3 years from the Commercial Operation Date (COD), with the detail as follow:

- (1) Within July 7, 2021 the Company shall acquire the UPT's shares in the amount of 119,070 shares which consist of the ordinary share of 76,070 shares and the preferred share of 43,000 shares with a par value of THB 1,000 per share, or equivalent to 49 percent of UPT's total paid-up capital. The acquired shares are representing 99.05 percent of the total voting right of UPT including the debt that UPT has owed to a shareholder of UPT amounting to THB 15,000,000 and
- (2) Within May 2022 (after 3 years from the Commercial Operation Date (COD)) the Company shall acquire the remaining UPT's shares in the amount of 123,930 shares with a par value of THB 1,000 per share, or equivalent to 51 percent of UPT's total paid-up capital. The acquired shares are representing 0.95 percent of the total voting right of UPT.

<sup>1</sup> Remark: The criteria for the transfer of rights and duties the details in the application for sale of electricity or the power purchase agreement according to the Notification of the Provincial Electricity Authority dated July 19, 2019, which prohibits to change the number of shares held by the existing shareholders to be less than 51 percent of the total shares will be considered to limit the transfer taking into account the shareholding of the existing shareholders as of the submission date of the details in the application and the offer for sale of electricity which does not consider the rights of such shares, such as the right to vote, etc.

In this regards, the transaction timeline's details is summarized in the following figures.

**Figures: Transaction Timeline**



When considering the overview of the transaction, after the company received a shares transferred at 49.00% of the total shares of UPT. The Company will have the right to vote equal to 99.05% of the total voting rights of UPT and will have the right to nominate a director in UPT to be responsible for policy making. Therefore, it can be considered that UPT will have the status of a subsidiary (Subsidiary) of the Company since the transfer of UPT's shares in the proportion of 49.00% of the total shares of UPT.

## 2.2 Date of the Transaction

The Company expects to execute the Transaction to acquire the shares of UPT in the amount of 119,070 shares with a par value of THB 1,000 per share, or equivalent to 49 percent of UPT's total paid-up capital within July 2021 and expected to execute the transaction to acquire 123,930 shares of UPT with a par value of 1,000 baht per share, or equivalent to 51 percent of UPT's total paid-up capital within May 2022. The total UPT's share acquired is 243,000 shares, representing 100 percent of UPT's total paid-up capital.

## 2.3 Related Parties and Relationship with the Company

List		Details
<b>Buyer</b>	:	The Company
<b>Seller</b>	:	<ol style="list-style-type: none"> <li>Absolute Products Company Limited, which the shares are held by the following shareholders: <ol style="list-style-type: none"> <li>Mr. Viwat Kraipisitkul holds 405,000 shares or approximately 45 percent of the total issued and sold shares.</li> <li>Mrs. Thanyanee Kraipisitkul holds 225,000 shares or approximately 25 percent of the total issued and sold shares.</li> <li>Mr. Thanawat Kraipisitkul holds 90,000 shares or approximately 10 percent of the total issued and sold shares.</li> <li>Miss Thanthaphon Kraipisitkul holds 90,000 shares or approximately 10 percent of the total issued and sold shares.</li> <li>Mr. Piyawat Kraipisitkul holds 90,000 shares or approximately 10 percent of the total issued and sold shares.</li> </ol> </li> <li>Vertical Holdings Company Limited, which the shares are held by the following shareholders: <ol style="list-style-type: none"> <li>Mrs. Thanyanee Kraipisitkul holds 9,998 shares or approximately 99 percent of the total issued and sold shares</li> <li>Mr. Thanawat Kraipisitkul holds 1 share or approximately 0.01 percent of the total issued and sold shares</li> <li>Miss Thanthaphon Kraipisitkul holds 1 share or approximately 0.01 percent of the total issued and sold shares</li> </ol> </li> <li>Mr. Viwat Kraipisitkul</li> <li>Mr. Thanawat Kraipisitkul</li> <li>Mr. Piyawat Kraipisitkul</li> <li>Miss Thanthaphon Kraipisitkul</li> </ol>
<b>Relationship with the Company</b>	:	<ol style="list-style-type: none"> <li>Mr. Viwat Kraipisitkul is a major shareholder, authorized director, and chief executive officer, as of May 11, 2021 holding 51,991,300 shares representing 17.8 percent of the total issued and sold shares of the Company which includes shares held directly and indirectly.</li> <li>Mr. Thanawat Kraipisitkul is a major shareholder and director as of May 11, 2021 holds 24,671,700 shares representing 13.1 percent of the total issued and sold shares of the Company which includes shares held directly and indirectly.</li> <li>Miss Thanthaphon Kraipisitkul is a major shareholder and authorized director and management as of May 11, 2021 holds 42,940,400 shares representing 15.1 percent of the total issued and sold shares of the Company which includes shares held directly and indirectly.</li> <li>Mr. Piyawat Kraipisitkul is a major shareholder as of May 11, 2021 holds 43,827,500 shares representing 15.1 percent of the total issued and sold shares of the Company which includes shares held directly and indirectly.</li> </ol>

## 2.4 Shareholding structure of UPT before and after entering into the Transaction

**Table: Shareholding structure of UPT before and after entering into the Transaction**

UPT's Shareholder	Type	Before entering into the Transaction		After entering into the Transaction	
		Registered Capital THB 243,000,000		Registered Capital THB 243,000,000	
		Number of Shares	percent	Number of Shares	percent
1. Absolute Products Company Limited	Ordinary shares	76,070	31.30	-	-
2. Mr. Thanawat Kraipisitkul	Preferred shares	36,500	15.02		
3. Mr. Piyawat Kraipisitkul	Ordinary shares	50,000	20.58	-	-
4. Vertical Holdings Company Limited	Ordinary shares	20,000	8.23	-	-
5. Mr. Viwat Kraipisitkul	Preferred shares	6,500	2.67	-	-
6. Miss Thanthaphon Kraipisitkul	Ordinary shares	33,930	13.96	-	-
7. The Company	Ordinary shares	20,000	8.23	-	-
8. Absolute Products Company Limited	Ordinary shares			200,000	82.30
	Preferred shares			43,000	17.70
<b>Total</b>		243,000	100	243,000	100

Remark: 1/ The voting right of 1 ordinary share is equal to 1 vote and the voting right of 1 preferred share is equal to 300 votes.

2/ Ordinary shareholders are entitled to dividends at the rate of 1.53% of the total dividends. and preferred shareholders are entitled to receive dividends at the rate of 98.47% of the total dividends.

The rights attached to the ordinary shares and preferred shares include: (1) Quorum of the Shareholders' Meeting of the Company: There shall be shareholders representing not less than one-fourth of the Company's capital, and at least 1 preferred shareholder present at the meeting to constitute a quorum; (2) Voting at the Shareholders' Meeting: A majority of all votes of the shareholders present at the meeting and having the right to vote shall be counted, whereby a holder of 1 ordinary share shall be entitled to 1 vote, and a holder of 1 preferred share shall be entitled to 300 votes; and (3) Right to Dividend: The preferred shareholders shall be entitled to dividend at the rate of 98.47 percent of all dividend declared in proportion to the respective preferred shareholders, and shall be entitled to receive dividend before the ordinary shareholders, who shall be entitled to dividend at the rate of 1.53 percent of all dividend declared in proportion to the respective ordinary shareholders.

The Company will invest in UPT in 2 periods: (1) the purchase of 119,070 shares with a par value of 1,000 baht per share within July 2021, consisting of 76,070 ordinary shares and 43,000 preferred shares, or percentage 49 of the total paid-up capital of UPT ("collectively, group 1 shares"), which will result in the Company having the right to vote equal to 12,976,070 votes or 99.05% of the total votes and is entitled to 99.05% of the total dividend. (2) The purchase of 123,930 shares, which are all ordinary shares. at a par value of 1,000 baht per share, representing 51% of the total paid-up capital of UPT (collectively, Group 2 Shares); having the right to vote equal to 123,930 votes or 0.95% of the total votes and dividends. Resulting in after entering into the transaction in May 2022 (after 3 years of commercial power distribution), the Company have the right to vote and the right to receive dividends totaling 100.00% of UPT with a total investment value of 500,000,000 baht

## **2.5 Total Value of Consideration and Payment**

The consideration is in form of cash payment divided into 3 installments as follows:

- 1st Installment: THB 34,250,000, to be paid on July 7, 2021
- 2nd Installment: THB 365,750,000, to be paid on July 30, 2021
- 3rd Installment: THB 100,000,000, to be paid on December 7, 2022

The total value of consideration for the total shares of UPT of 243,000 shares consisting of 200,000 ordinary shares and 43,000 preferred shares with a par value of THB 1,000 per share, representing 100 percent of UPT's total paid-up shares of UPT including the debt that UPT has owed to a shareholder of UPT in the amount of THB 15,000,000 is THB 500,000,000 which is agreed by the both party. The criteria for consideration and determining the purchase price was considered from the following factors:

- (1) The determination of the consideration value is based on the discounted cash flow approach. This reflects the profitability of such businesses in the future by considering the benefits that the Company will receive in the future.
- (2) Information from reliable sources from external independent consultants.
  - Legal due diligence report from Kudun and Partners Limited (Legal Advisor)
  - Accounting and financial report from Accounting Complete Solution Company Limited a (Accounting Advisor)



The Company will invest in UPT in 2 periods: (1) the purchase of 119,070 shares with a par value of 1,000 baht per share within July 2021, consisting of 76,070 ordinary shares and 43,000 preferred shares, or percentage 49 of the total paid-up capital of UPT ("collectively, group 1 shares"), which will result in the Company having the right to vote equal to 12,976,070 votes or 99.05% of the total votes and is entitled to 99.05% of the total dividend. (2) The purchase of 123,930 shares, which are all ordinary shares. at a par value of 1,000 baht per share, representing 51% of the total paid-up capital of UPT (collectively, Group 2 Shares); having the right to vote equal to 123,930 votes or 0.95% of the total votes and dividends. Resulting in after entering into the transaction in May 2022 (after 3 years of commercial power distribution), the Company have the right to vote and the right to receive dividends totaling 100.00% of UPT with a total investment value of 500,000,000 baht

## 2.6 Calculation of the Transaction Size

### Acquisition or disposal transaction

The Company uses information from the reviewed quarterly financial statements ended March 31, 2021 to calculate the transaction size with details as follows:

**Table: calculation of the transaction size**

Basis of Calculation	Formular	Transaction Size (percent)
1. Net Tangible Assets	$(\text{NTA of UPT}^1 \times \text{Proportion of assets acquired}) \times 100 / \text{NTA of the Company} = (262.78 \times 100\%) \times 100 / 3,457.91$	7.58
2. Net Operating Profits	$(\text{Net operating profits of UPT} \times \text{Buying ratio}) \times 100 / \text{Net operating profits of the Company} = (58.70 \times 100\%) \times 100 / 739.37$	7.94
3. Total Value of Consideration	$(\text{Value of transaction paid} \times 100) / \text{Total assets of the Company} = (500 \times 100) / 16,481.47$	3.03
4. Value of Securities	This is not applicable because the Company issues no securities.	

Remark: calculated from the financial statements of the UPT ended December 31, 2020

NTA of UPT are as follows:

Unit: Thousand THB

Financial Information	UPT Financial Statement as of December,31 2020
<b>Total assets</b>	821,315.75
<b>Less:</b> Intangible assets including deferred tax assets and exclude	98.28
<b>Less:</b> Total liabilities	558,939.34
<b>Less:</b> Non-controlling interests	-
Net tangible assets (NTA)	<b>262,278.13</b>

The execution of the Transaction has the highest transaction size of 7.94 percent based on net operating profits of asset acquired relative to the net operating profits of the Company and the Company has not entered into the acquisition transaction which was presented during the 6 months prior to the Transaction.

### **Related Parties Transactions**

It is a connected transaction in type of asset with the value of 14.46 percent of the net tangible assets of the Company calculated from the reviewed quarterly financial statements of the Company ended March 31, 2021.

Unit: Thousand Baht

<b>Financial Information</b>	<b>The Company's reviewed consolidated financial</b>
<b>Total assets</b>	16,481,474
<b>Less:</b> Intangible assets including deferred tax assets and exclude assets that contribute core revenue <sup>/1</sup>	1,032,128
<b>Less:</b> Total liabilities	11,647,105
<b>Less:</b> Non-controlling interests	344,329
Net tangible assets (NTA)	3,457,912

The Company has not entered into any transaction with connected persons or related persons and close relatives of such persons in the past 6 months.

## **2.7 Source of Funds**

The Company will use its cash flows from operating activities in the amount of THB 240,000,000 and borrow loans from financial institutions or issue debentures in the amount of THB 260,000,000

In this regards, the source of funds for the development of solar power plant projects and the Company's wind power plant mostly in form of Project Finance, which has the certain conditions under the loan agreement, which is to maintain a debt to equity ratio of 3.00 times, to maintain the Debt Service Coverage Ratio (DSCR ratio) at 1.10 times, and a debt to EBITDA ratio of 10 times. Additionally, the loan terms of the project finance will only be measured at the subsidiary that receives the loan.

Considering the Company's separate financial statements for the first quarter of 2021 ending March 31, 2021, the Company has cash and cash equivalents of 399.58 million baht, which is sufficient for entering into the transaction. On the other hand, the company currently has the debt-to-equity ratio of 0.55 times. However, after the investment in UPT, the Company's debt-to-equity will be increased to 0.61 times. However, the increasing of 260.00 baht million does not affect its financial covenants and still maintaining the financial ratio specified in the loan agreement. Apart from that, the Company will gradually receive returns in the form of dividends from subsidiaries that operate renewable energy power plants which resulted in the higher borrowing capacity. Therefore, the company There will be sufficient funding sources to expand the business according to the goals set by the company.

## **2.8 Conditions for entering into the transaction**

To execute the Transaction, it will occur when the conditions precedent specified in the Share Purchase Agreement have been completed or waived with important precedent conditions including but not limited to:

- (1) The shareholders' meeting of the Company has passed a resolution to approve the execution of the Transaction;
- (2) UPT obtains consent from financial institutions who sponsor the credit to change the shareholding structure according to the Transaction above;
- (3) The Company has been assigned the right to receive repayment of the loan in respect of which UPT is owed to Miss Thantaporn Kraipisitkul;
- (4) The Company has received a letter of guarantee by the bank as collateral for damages.

Entering into the Transactions, the Company must obtain approval from the Board of Directors and the shareholders' meeting of the Company including disclosing information regarding the acquisition of assets and connected transactions to the SET.

## 2.9 UPT's Information

### 2.9.1. General Information

Uni Power Tech Co., Ltd. was established on June 29, 2014 with a registered capital of THB 243.00 million. Its headquarter location is at 325/6-13 Lan Luang Road, Mahanak Intersection, Dusit, Bangkok, which is currently operating a power plant with a capacity of 9.90 megawatts which is in Moo 3, Sikhio Sub-district, Sikhio District. Moreover, UPT has already begun its operation with the Commercial Operations Date ("COD") of May 24, 2019. The overview of UPT is as shown in the following table.

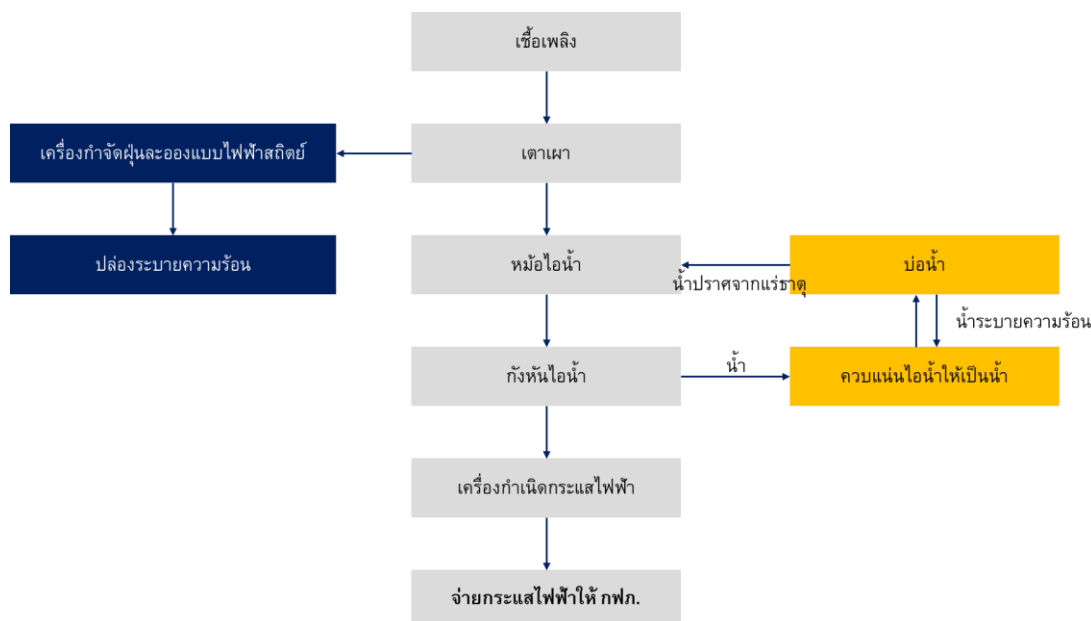
**Table: Overview of UPT**

List	Details
<b>Name</b>	Uni Power Tech Co., Ltd.
<b>Established Date</b>	June 29, 2014
<b>Register Number</b>	0105554085619
<b>Registered Capital</b>	243,000,000 THB
<b>Paid-up Capital</b>	243,000,000 THB
<b>Headquarter</b>	325/6 - 13 Lan Luang Road, Mahanak Intersection, Dusit, 10300 Bangkok,
<b>Business Description</b>	operating a power plant with a capacity of 9.90 megawatts which is in Moo 3, Sikhio Sub-district, Sikhio District. Moreover, UPT has already begun its operation with the Commercial Operations Date ("COD") of May 24, 2019 with power purchasing agreement with PEA.
<b>Board of Directors</b>	<ol style="list-style-type: none"> <li>นางสาวธัญญ์กร ไกรพิสิทธิ์กุล</li> <li>นายปิยวัฒน์ ไกรพิสิทธิ์กุล</li> <li>นายธนวรรณ ไกรพิสิทธิ์กุล</li> </ol>

## 2.9.2. Fuel combustion and power generation procedures

The project's power generation technology is a boiler and a steam turbine generator, which brings water into the boilers that use biomass material as fuel. The boiled water is transformed into steam and sent to the steam turbine, where the steam power drives the turbine to rotate, leading to the power generation until electricity is generated. Moreover, the steam is condensed before re-circulating into the boiler. The operation detail is shown in the following figures.

Figures: UPT's operation details



Because UPT has a policy of supplying a wide range of biomass feedstocks, such as woodchip and woodbark etc. As a result, stepping grate technology is implemented as it can burn a wide range of biomass feedstocks. Moreover, the stepping grate technology can apply to wide range of feedstocks with the difference level of heat rate, humanity, and sizes as it contains a staircase characteristic and can control the amount of air that will be used to burn each stage. This will allow the low heat-rate feedstock to burn first then followed by a high heat-rate feedstock which will be pushed to fall one step at a time until they are completely burned. This type of furnace produces more perfect combustion than other types of furnaces. Hot air caused by combustion is sent to the boiler to transfer heat to the boiler's water. This procedure will cause the water to turn into high-pressure steam. Before being sent to a steam turbine to generate further electricity. Furthermore, the electricity generated will be sold to the Provincial Electricity Authority. Meanwhile, some electricity will be recycled inside the power plant. On the other hand, the hot vapor after heat will be transferred to the boiler and followed by transferred into an electrostatic dust remover to capture combustion dust before releasing it into the atmosphere.

### 2.9.3. UPT's Machinery and Equipment

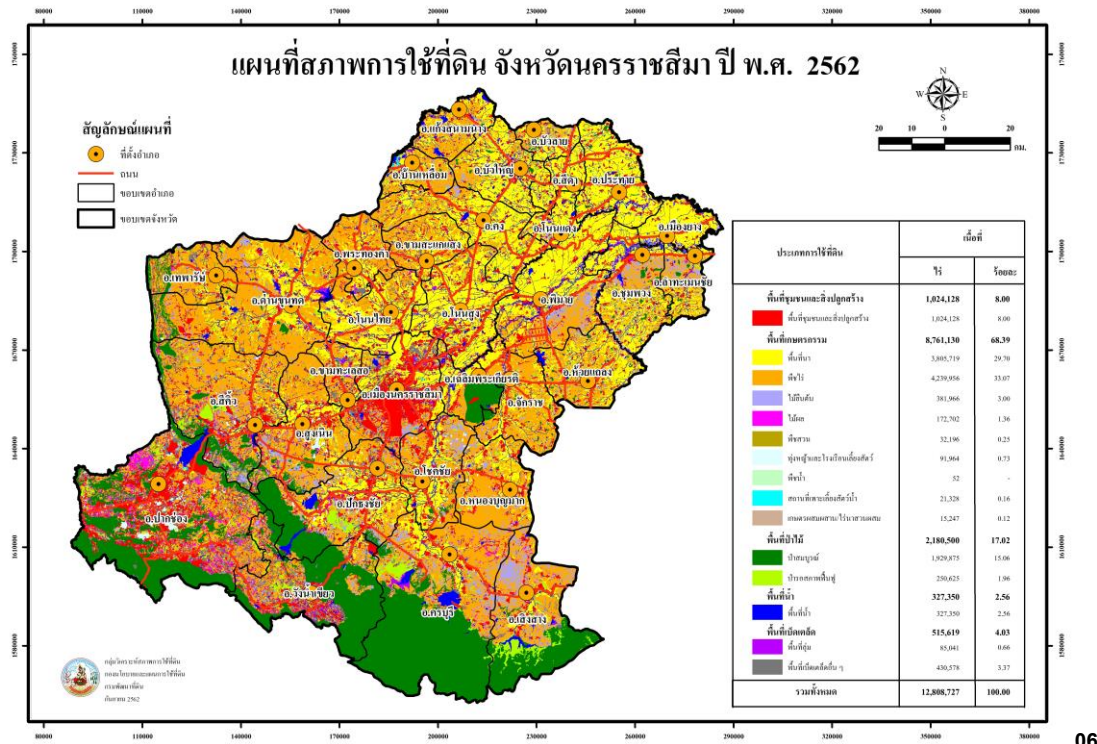
The biomass power plant generates heat by implementing a high-pressure steam boiler and steam turbines with a capacity of 9.90 MW with a stepping grate technology with a wide-range of feedstocks such as woodchip and woodbark. Moreover, the steam turbine will be applied to generate the electricity from the generator and steam boiler. Furthermore, UPT's machinery and equipment consists of

- **Fuel Handling System**: produced and assembled in Thailand. The Fuel handling system consists of Screw Conveyor, Hydraulic System, Ventilators, Fuel's Belt Conveyor, Belt Cleaner and Bark Chipper
- **Combustion System**: LAWI /LAWI EtaComb 400 Stepping Grate which has high efficiency with the maximum capacity at 99.00% equals to 5400-10,000 kJ/kg. The combustion system is produced from German and consisted of Forced-draft Fan, Hydraulic System, Rotary Valve and Ashes Screw Conveyor.
- **Boiler**: BIB/40 BWT/6800/S485 Water Tube Boiler which has the capacity of 45 tons/hour and produce in Thailand. The boiler system consists of Boiler Feed Pump, Deaerator Rotary Valve, Ash's Screw Conveyor, Rotary Soot Blower, Ash's Screw Conveyor and Cyclone
- **Fuel Gas Treatment System**: To ensure that the maximum dust will be limited of 120mg/Nm<sup>3</sup>. The treatment system is produced in India and the system consists of Induced-draft fan, Rotary Valve, Rapper, Electrostatic Precipitator, Stack and Opacity
- **Ash handling System**: produced and assembled in Thailand which consists of Water Pump and Ash's Belt Conveyor
- **Steam Turbine and generator system**: Fully condensing with the installed capacity of 12,375 KVA . The system is produced and assembled in Japan which consists of Air Compressor, Air Dryer, Air Tank, Steam Turbine, Generator, Lube Oil Pump, Ventilators, Overhead Crane, Emergency Diesel Generator, Condenser and Transformer

#### 2.9.4. Feedstocks Feasibility of UPT

From the study of the feedstock in Nakhon Ratchasima Province by applying the data from the Department of Land Development in 2019, which is the latest aerial photographs including surveying the used of land by the Land Development Department officials. The results indicated that Nakhon Ratchasima's land was mainly used for agricultural planting. Which is accounted for 68.39% of the total area in Nakhon Ratchasima province, including rice, cassava, corn and sugarcane, respectively. The details are as shown in the following figure.

Figures: Nakhon Ratchasima Used of Land in 2019



Source: Land Development Department

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## 2.9.5. Contracts Related to UPT's Operation

To comprehend an overview of the transaction, The Independent Financial Advisor would like to summarize the details of the contracts related to Project as follows:

- Power Purchase Agreement: ("PPA")
- Board of Investment: ("BOI")
- Engineering, Procurement, and Construction contract ("EPC")
- Operation and Maintenance contract ("O&M")
- Insurance contract
- Loan agreement
- Feedstock Supply agreement
- **Power Purchase Agreement**

The essence details of PPA for UPT are shown in the following table.

**Table: The essence details of PPA for UPT**

PPA	Details of the contract
Agreement No.	VSPP – PEA – 060/2556
Agreement Date	July 8,2015
Electricity Seller	UPT
Electricity Purchaser	PEA
Level of Electricity	8.00 MW at the voltage level of 22,000.00 V
COD	May 24,2019
Period of selling electricity	20 years after COD
FiT premium period	8 years from COD
Operation fee for PEA	2% of revenue to PEA

- **Board of Investment contract**

The essence details of BOI for UPT are shown in the following table.

**Table: The essence details of BOI for UPT**

BOI	Details of the contract
Company Name	UPT
Business Type	Biomass power plant business
Privilege ID	59-0214-1-00-1-0
Company Size	Installed capacity of 9.9 MW
Approval Date	December 15, 2015
<b>Privileges</b>	
<ol style="list-style-type: none"> <li>UPT gets exemption from corporate income tax in profit from business getting investment promotion for 8 years after UPT started earning revenue. If the business faces operating loss during exemption period, UPT can use the accumulated loss to deduct taxable income for the next 5 years after exemption period. UPT can use this loss to deduct taxable income for any single year or many years</li> <li>Dividend paid by the business getting corporate income tax exemption will not subject to income tax for the whole period that the business getting corporate income tax exemption.</li> </ol>	
<b>Conditions</b>	
<ol style="list-style-type: none"> <li>The machine used in Winchai getting privilege must be the new one <ol style="list-style-type: none"> <li>To get exemption from import duties, the machines must be imported before August 9, 2018</li> <li>UPT must submit the list of machine and equipment before getting privilege from exemption or reduction of import duties according to the procedure determined by BOI</li> </ol> </li> <li>The registered capital must not less than THB 200.00 million before issuance of investment promotion card and all capital must be paid up before starting operation.</li> <li>The shareholders must be Thai for at least 51.00% of registered capital.</li> <li>Must operate based on these following details. <ol style="list-style-type: none"> <li>Type of business – Biomass power plant</li> <li>Size of business – Contracted capacity of 8.00 MW</li> </ol> </li> <li>Total investment (excluding the value of land and working capital) is not less than Baht 1.0 million</li> <li>Obligate to apply for international standard under ISO 9000 or ISO 14000 or other equivalent standards within 2 years after starting operation. Otherwise, the privilege in corporate income tax exemption will be cancelled for 1 year.</li> </ol>	

- **EPC**

The essence details of EPC for UPT are shown in the following table.

**Table: The essence details of EPC for UPT**

<b>EPC</b>	<b>Details of the contract</b>
Counter party	KPN Green Energy Solution public company limited
Scope of work	The counter party is responsible for designing and testing the machinery and equipment in the power plant to maintain its performance and available to serve the PEA as well as maintenance for the damages.
Warranty	1 year from the completion date excepts for switchgear and transformer which are 2 years from the completion date.
Warranty amount	10.00% of the contract price
Completion Date	March 13, 2020

- **Operation and Maintenance contract**

The essence details of O&M for UPT are shown in the following table.

**Table: The essence details of O&M for UPT**

<b>O&amp;M</b>	<b>Details of the contract</b>
Counter party	KPN Green Energy Solution public company limited
Scope of work	Providing service and maintenance under the biomass power plant maintenance contract by the engineers to take care of biomass power plants to ensure that the project will operate efficiently Including guarantee minimum availability. As well as, responsible for the spare parts.
Effective start date	March 31, 2020
Effective end date	May 23, 2022
Performance Warranty	Year 1 : 56,000,000.00 kWh/year Year 2 – 3 : 61,387,635.00 kWh/year Year 4 onward : 61,387,635.00 – 62,092,800.00 kWh/year

- **Insurance Contract**

UPT entered insurance contract which consists of Industrial All Risk Insurance which covers all UPT's assets and the Public and Product Liability Insurance which has the details as follows.

**Table: Industrial All Risk Insurance**

<b>Lists</b>	<b>Details</b>
Counter Party	Bangkok Life Assurance public company limited
Insurance coverage	THB 729.90 mm
Effective End date	May 23, 2022
Coverage	Cover UPT's assets including the information and valuable document as well as any circumstance regarding the business interruption.
Beneficiary	UPT

**Table: Public and Product Liability Insurance**

<b>Lists</b>	<b>Details</b>
Counter Party	Bangkok Life Assurance public company limited
Insurance coverage	THB 100.00 mm
Effective End date	May 23, 2022
Coverage	Cover any damages occurred by UPT and its employee to the third party.
Beneficiary	UPT

- **Loan Agreement**

UPT entered into a loan agreement with one of Thailand's commercial bank which comprises of long-term loan for construction and development of the power plant. On the other hand, short term loan for UPT's working capital. Therefore, the details of UPT loan agreement can be summarized in following table.

**Table: Summary of UPT's long-term loan**

<b>Lists</b>	<b>Details</b>
Type	Long term loan
Agreement date	April, 9 2018
Credit Limit	THB 602.00 mm
Loan Purpose	To funding UPT construction and development cost
Interest Payment	MLR – margin rate
Collateral	UPT's land and building Right to claim including insurance claim Right to claim regarding the power plants UPT's share Investment (If any)
Repayment Profile	Quarterly payment (Total of 31 payment)
Financial Covenant	Maximum debt to equity ratio of 70:30 time Maintain DSCR at the minimum of 1.20 time

**Table: Summary of UPT's short-term loan**

<b>Lists</b>	<b>Details</b>
Type	Principle note
Agreement date	April, 9 2018
Credit Limit	THB 67.60 mm
Loan Purpose	To funding UPT's working capital
Interest Payment	MLR – margin rate
Collateral	UPT's land and building Right to claim including insurance claim Right to claim regarding the power plants UPT's share Investment (If any)
Collateral	UPT's land and building
Repayment Profile	Quarterly payment (Total of 31 payment)
Financial Covenant	Maximum debt to equity ratio of 70:30 time Maintain DSCR at the minimum of 1.20 time

- **Feedstock Supply agreement**

UPT entered into a fuel supply agreement with T.K.H. Wood Power Co., Ltd. (TKH) to buy feedstocks used in the UPT biomass power plant operations, including woodchip, woodbark and cassava rhizome for power generation. Moreover, the contract period is 10 years from the effective start date (April 9, 2018). In 2020, UPT used a total of 146,562 tons of fuel raw materials, including 71,674 tons of woodchip, 69,725 tons of woodbark and 5,162 tons of other fuel raw materials, which were purchased by suppliers. However, as of the date within this report, there is no transaction between UPT and TKH under the mentioned supply agreement since UPT has purchased feedstocks from suppliers without a long-term raw material supply agreement. Details of fuel supply contracts can be summarized in the following table:

**Table: Summary if Feedstock Supply Agreement**

<b>Lists</b>	<b>Details</b>
Counter Party	T.K.H. Wood Power Co., Ltd.
Effective Start Date	April 9, 2018
Scope of Work	Manufacture and supply feedstock such as woodbark and woodchip to UPT
Feedstock Agreement Price	At the market price on the transaction date

UPT has a policy to purchase raw materials from suppliers without any plan to purchase raw materials from TKH under this feed stock supply agreement. However, if such transactions occur will be considered as a connected transaction. However, since the transaction that will occur will be considered a normal business support transaction with general trading conditions. As a result, Board of Directors therefore can approve and establish a policy framework in principle allowing the management to manage and operate by themselves.

## Financial Position and Performance of UPT

The IFA summarized UPT's performance and financial position based on financial statements from the year 2018 - 2019 audited by CWWP Company Limited, as summarized below

### 1) Key Summary of Financial Statement

#### - Income Statement

**Table summary of key figure in UPT's statement of comprehensive income in 2019 – 2020**

List	2019		2020	
	THBmm	%	THBmm	%
<b>Revenue from electricity</b>	174.87	100.00	305.97	100.00
Cost of sales	(134.54)	(76.94)	(218.17)	(71.30)
<b>Gross profit</b>	<b>40.33</b>	<b>23.06</b>	<b>87.80</b>	<b>28.70</b>
Other revenue	0.61	0.35	0.16	0.05
<b>Profit before expense</b>	<b>40.94</b>	<b>23.41</b>	<b>87.96</b>	<b>28.75</b>
Selling Gross and Administrative Expense	(28.94)	(16.55)	(2.86)	(0.93)
<b>Earning Before Interest and Tax</b>	<b>12.00</b>	<b>6.86</b>	<b>85.09</b>	<b>27.81</b>
Interest Expense	(17.33)	(9.91)	(26.40)	(8.63)
<b>Earning Before Tax</b>	<b>(5.33)</b>	<b>(3.05)</b>	<b>58.70</b>	<b>19.18</b>
Tax Expense	-	-	-	-
<b>Net Profit (Loss)</b>	<b>(5.33)</b>	<b>(3.05)</b>	<b>58.70</b>	<b>19.18</b>

Source: Financial Statement of UPT for the year 2018 - 2019

- Summary of Financial Position

Table summary of key figure in UPT's statement of Financial Position in 2019 - 2020

	2019		2020	
List	THBmm	%	THBmm	%
<b>Assets</b>				
<b>Current Assets</b>				
Cash & cash equivalents	0.01	0.00	0.02	0.00
Restricted Cash	47.36	5.60	74.38	9.06
Account Receivable	100.26	11.86	84.46	10.28
Inventory	8.00	0.95	6.73	0.82
<b>Total Current Assets</b>	<b>155.64</b>	<b>18.42</b>	<b>165.60</b>	<b>20.16</b>
<b>Non-Current Assets</b>				
PPE	686.23	81.20	653.02	79.51
Intangible Assets	0.13	0.02	0.10	0.01
Prepaid Expense	0.20	0.02	0.00	0.00
Other non-current assets	2.93	0.35	2.60	0.32
<b>Total Non-Current Assets</b>	<b>689.49</b>	<b>81.58</b>	<b>655.72</b>	<b>79.84</b>
<b>Total Assets</b>	<b>845.13</b>	<b>100.00</b>	<b>821.32</b>	<b>100.00</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Short term loan	20.58	2.44	25.30	3.08
Account Payable	61.60	7.29	26.96	3.28
Short term loan from Related Part	47.25	5.59	15.00	1.83
Current Portion of Long-term Loan	71.00	8.40	71.86	8.75
<b>Total Current Liabilities</b>	<b>200.43</b>	<b>23.72</b>	<b>139.11</b>	<b>16.94</b>
<b>Non-Current Liabilities</b>				
Long-term loan	473.12	55.98	419.63	51.09
Employee Benefit	0.15	0.02	0.20	0.02
<b>Total Non-Current Liabilities</b>	<b>473.27</b>	<b>56.00</b>	<b>419.83</b>	<b>51.12</b>
<b>Total Liabilities</b>	<b>673.70</b>	<b>79.72</b>	<b>558.94</b>	<b>68.05</b>
<b>Equity</b>				
Paid up capital	210.75	24.94	243.00	29.59
Retained Earning	(39.32)	(4.65)	19.38	2.36
<b>Total Equity</b>	<b>171.43</b>	<b>20.28</b>	<b>262.38</b>	<b>31.95</b>
<b>Total Liabilities and Equities</b>	<b>845.13</b>	<b>100.00</b>	<b>821.32</b>	<b>100.00</b>

Source: Financial Statements of UPT 2019 - 2020



- Financial Ratio

	2019	2020
<b>Liquidity Ratio</b>		
Current ratio (times)	0.78	1.19
Quick ratio (times)	0.74	1.14
Account receivable day (days)	209.28	100.76
Inventory day (days)	16.70	8.03
Account payable day (days)	167.11	45.10
Cash Cycle (days)	58.87	63.69
<b>Profitability ratio</b>		
Gross profit margin (%)	23.06	28.70
Operating profit margin (%)	(3.05)	19.18
Net profit margin (%)	(3.05)	19.18
Return-on-equity (%)	(3.11)	22.37
<b>Solvency ratio</b>		
Debt-to-equity ratio (times)	3.93	2.13
Interest coverage ratio (times)	0.69	3.22

## 2) Explanation for the Financial position and performance

### Performance

#### Revenue from Electricity

Revenue from Sales of UPT is distributing the electricity to PEA. In 2020, UPT has revenue of THB 309.97 mm, an increase from 2019, which was THB 174.87 mm, amounting to THB 131.10 mm or 75.37% increased. From the fact that UPT was in the gathering of fact in the supreme court since the villagers nearby Sikhio area has protested the biomass power operation and filed a lawsuit against the UPT in supreme court. Moreover, those villages urged UPT to commit a code of practice conduct to prevent measure and monitor the environmental effect according to the Enhancement and Conservation of National Environmental Quality Act regarding the power plant will installed capacity less than 10.00 Megawatt. Therefore, UPT started its operation and COD on May,24 2019. The details of UPT's revenue can be summarized in the following table.

**Table: Summart details of UPT Revenue**

List (THBmm)	2019	2020
<b>Net Generation</b>		
Generation (KWh)	38,317.83	66,904.45
<b>Feed in Tariff</b>		
FiT Fixed	2.39	2.39
FiT Variables	1.87	1.88
FiT Premium	0.30	0.30
<b>Total Feed in Tariff</b>	<b>4.56</b>	<b>4.57</b>
<b>Total Revenue</b>	<b>174.87</b>	<b>305.97</b>

### Cost of Sales

In 2020, UPT has cost of sales of THB 218.17 mm, an increase from 2019, which was THB 134.54 mm, amounting to THB 83.63 mm or 37.84% increased. From the fact that UPT was in the gathering of fact in the supreme court in 2019. However, UPT started its operation and COD on May,24 2019. Moreover, UPT cost of sales consists of 1) Fuel Cost 2) Operation and maintenance 3) Insurance 4) Operation expenses to PEA 5) Other cost of sales. The details of UPT's cost of sales can be summarized in the following table.

**Table: UPT Cost of Sales Summary**

<b>List (THBmm)</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%</b>
Fuel Cost	78.76		135.07	
Operation and maintenance	19.81		33.41	
Insurance	1.37		2.23	
Operation expenses to PEA	3.48		6.11	
Depretiation and Amortization	21.66		<b>35.92</b>	
Other Cost of Sales	9.46		<b>5.43</b>	
<b>Total Cost of Sales</b>	<b>134.54</b>		<b>218.17</b>	

### Earning Before Interest and Tax

In 2020, UPT has earning before interest and tax of THB 85.09 mm, an increase from 2019, which was THB 12.00 mm, amounting to THB 73.09 mm or 609.08% increased. From the fact that UPT started its operation and COD on May,24 2019. Therefore, UPT can realize its revenue for full year basis. UPT has hired a consultant in the development process in order to supervise the construction of the project in the total amount of 22.10 million baht in 2019 as the project development process has been completed

### Net Profit (Loss)

In 2020, UPT has net profit of THB 58.07 mm, an increase from 2019, which was THB (5.33) mm, amounting to THB 64.03 mm. From the fact that, UPT can not realize its revenue for full year basis in 2019 since it began its COD on May 24, 2019. As a result, UPT has the total loss of THB 5.33 mm in 2019

### **Financial Position**

#### Assets

At year-end 2020, UPT has total assets of THB 821.32 mm, a decrease from 2019, which was THB 845.13 mm, amounting to THB 23.82 mm or a decreasing rate of 2.82. From the fact that, UPT's property plant and equipment was decreased in 2020. The detail is as follows:

At year-end 2020, UPT has property plant and equipment of THB 653.02 mm, a decrease from 2019, which was THB 686.23 mm, amounting to THB 33.21 mm or a decreasing rate of 4.84. From the fact that, UPT has the annual depreciation of THB 35.96 mm in 2020

#### Liabilities

At year-end 2020, UPT has total liabilities of THB 558.94 mm, a decrease from 2019, which was THB 673.70 mm, amounting to THB 114.76 mm or a decreasing rate of 17.03. Due to two factors which are 1) Long-term loan and 2) Account Payable. The detail is as follows:

At year-end 2020, UPT has long term loan of THB 419.63 mm, a decrease from 2019, which was THB 473.12 mm, amounting to THB 53.50 mm or a decreasing rate of 11.31. The main reason is the loan repayment profile according to UPT's loan agreement.

At year-end 2020, UPT has total payable of THB 26.96 mm, a decrease from 2019, which was THB 61.60 mm, amounting to THB 34.64 mm or a decreasing rate of 56.24. The main reason is the decreasing in accrued expense.

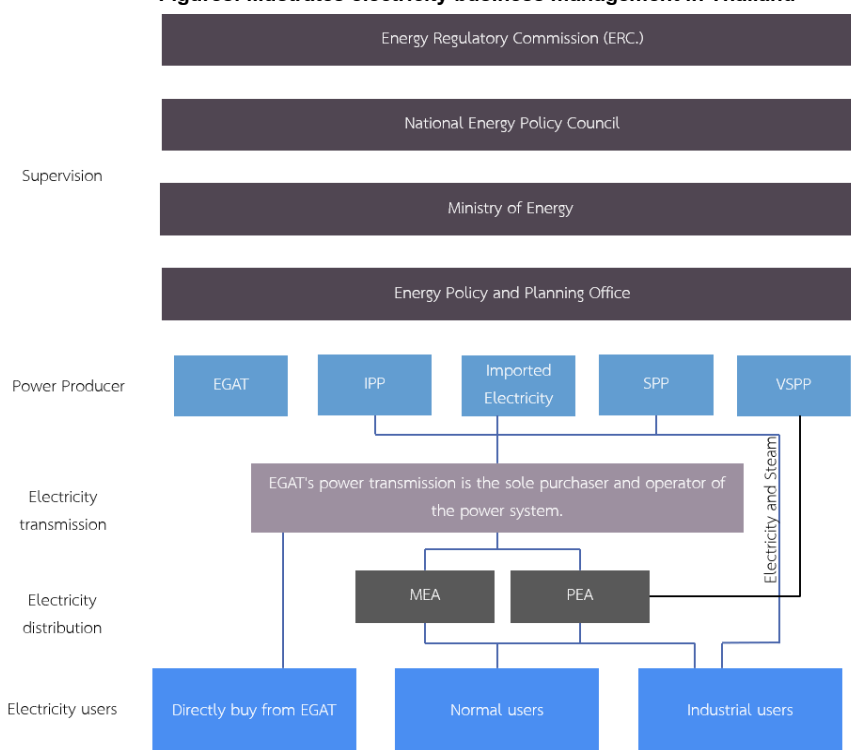
#### Shareholders Equity

At year-end 2020, UPT has total equity of THB 262.38 mm, an increase from 2019, which was THB 171.43 mm, amounting to THB 90.95 mm or an increasing rate of 53.05. From the fact that UPT has a full years operation in 2020, As a results, UPT has the increasing in net profit and its retained earning.

## 2.9.6. Market overview and Industry trends of Renewable Energy in Thailand

The main commercial power producers of the country are the Electricity Generating Authority of Thailand (EGAT) and private power producers. EGAT distributing almost all of its electricity from production and purchasing from private power producers and neighboring countries to two state enterprises, which are the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA). MEA and PEA providing electricity to retail consumers, business customers and industrial users nationwide. EGAT owning a power distribution network in its service area. Also, EGAT is the country's main wholesale electricity buyer. Even though the private power producer is the direct producer and distributor of electricity to industrial customers, EGAT is also the operator of the national power system, which maintains and develops the national transmission grid. Private Power Producers in Thailand can be divided into 3 types: Large private power producers or Independent Power Producers (Independent Power Producer Program (IPP), in which EGAT purchases electricity in the amount of 5,400 MW. Small Power Producer Program Or SPP), in which each SPP project will distribute electricity to EGAT not more than 90 MW, but since each SPP can sell electricity directly to nearby consumers, SPP's capacity is usually at the level 120-150 MW. Very Small Power Producers (Very Small Producer or VSPP) are power producers, both in the private sector, government, state enterprises, and the public who have sold electricity to EGAT with the amount of electricity sales into the system exceed 10 MW.

**Figures: illustrates electricity business management in Thailand**



Source: EGAT

Electricity demand in Thailand has a cyclical fluctuation period during the year and during the quite exact date, that is, the highest demand for electricity each year is in the summer. During March - May, when the temperature is the highest. And the lowest demand for electric power will be in winter. During December - January, when the temperature drops to the lowest.

The country's highest electric power demand in October 2020 was 26,161.6 MW on 1st October 2020 at 6:52 PM, a decrease from September 2019 which was 997.8 MW, or a 3.7 percent reduction rate, reflecting an increase in using electricity outside the power system, such as generating electricity for own use in industrial plants Installation of solar power generation systems on the roof, etc., which change the form of use of such energy. It will begin to affect the market and change the competition of the electric business in the near future.

Decrease in power consumption in major economic sectors and industrial and agricultural businesses This was due to the impact of the COVID-19 epidemic affecting various industries. For general industries, electricity consumption decreased 1.3 percent, agriculture industry down 3.5 percent for households. The consumption of electricity increased by 6.0 percent due to the high temperature compared to the previous year. Combined with the measures at home to stop infection for the national government. In addition, the impact of COVID-19 causes system overloading problems which may surpass 40.0 percent

Ministry of Energy and Electricity Generating Authority of Thailand and related agencies have prepared the first revised version of the Power Development Plan of Thailand 2018-2037 ("PDP 2018 Revision No. 1"), which was passed by the Cabinet resolution in October 2020 to provide Plan to develop the country's power generation in accordance with the changing demand for electricity as a result of economic growth and changes in power generation technology that are expected to occur in the future It also reflects the government policy and the 20-year National Strategic Plan by giving importance to 3 issues as follows:

- Security: In order to have stability covering the power generation system, power transmission system and the electricity distribution system by area and meet the demand for electricity to support the National Economic and Social Development Plan including considering the power plant for an appropriate level of stability to support the event of an energy crisis.
- Economy: Take into account the appropriate cost of electricity generation. Promote electricity production at low costs to reduce the burden of electricity users and not an obstacle to the country's economic and social development in the long run including the preparation of the electrical system to create a competitive power generation. This will help increase the efficiency of electricity production in the overall country. Power generation reflects real costs.

- Ecology: Reduce the environmental impact by supporting electricity production from renewable energy and increasing efficiency in the power system (Efficiency) in both power generation and power consumption by developing a smart grid.

The Power Development Plan of Thailand 2018, revised No. 1, has a total power generation capacity of 2037 at 77,211 megawatts and still has a new power generation target throughout the map of 56,431 megawatts with a similar proportion of fuel to generate electricity which are 53.0 percent natural gas production, 21.0 percent renewable energy, 11.0 percent coal and lignite production, 9.0 percent foreign hydroelectric production and 6.0 percent energy conservation production. The electricity distribution plan of renewable energy power plants has been adjusted. And plans to phase out some fossil fuel power plants to be suitable While increasing the target of EGAT's small hydro power plant 69 MW, an increase in the community power plant policy for the raw economy. Total capacity 1, 933 MW by the acquisition of 700 MW to enter the system from the years 2020-2022 to 2022 – 2023 2023 to allow electricity to enter the system of 60 megawatts per year and also accelerate the purchase of electricity from wind energy from the original year 2034 to the year 2022 by the Power Development Plan of Thailand 2018, revised version 1.

**Table summary of Load capacity in 2018-2037 from PDP 2561 Revision 1**

<b>Loaded capacity during 2018 - 2037</b>	<b>MW</b>
Loaded capacity as at 2018	46,090
Loaded capacity released from the system during 2018 - 2037	(25,310)
New loaded capacity during 2018 - 2037	56,431
<b>Total loaded capacity until 2037</b>	<b>77,211</b>

Source: PDP 2018 Rev 1

**Table summary of Load capacity in 2018-2037 from PDP 2561 Revision 1**

<b>Power Plant type</b>	<b>New loaded capacity (MW)</b>
Renewable energy power plant	20,766
Hydropower Plant	500
Cogeneration power plant	2,112
Combined heat power plant	13,156
Coal / Lignite power plant	1,740
Imported electricity	5,857
New powerplant and replacement	8,300
Energy conservation policy	4,000
<b>Total</b>	<b>56,431</b>

Source: PDP Rev 1

The power plant project according to the power development plan of Thailand during the years 2018 - 2037 is a project that has a commitment and has already signed a power purchase agreement. Electric power management pilot projects and projects under the government's promotion policy Including major power projects and new renewable energy plants with a total contracted power generation capacity of 20,343 MW, the details are as follows:



**Table summary of new electricity capacity in 2019 - 2037 according to PDP 2018 Revision1**

Power Plant type	New loaded capacity (MW)
Renewable energy power plant	3,185
Community power plant	1,933
Hydropower Plant	500
Cogeneration power plant	2,112
Combined heat power plant	9,656
Coal / Lignite power plant	600
Imported	2,357
<b>Total</b>	<b>20,343</b>

Source: PDP 2018 Rev1

The projects included in the Thailand Electricity Capacity Development Plan in the years 2018 - 2037 are domestic power projects. And to buy electricity from abroad to maintain the stability of the power system and to meet the increasing demand for electricity Including replacing the old power plant that has expired with an increase in combustible electricity generation capacity of 36,088 MW, the details are as follows

**Table summary of new electricity capacity in 2019 - 2037 according to PDP 2018 Revision1**

Power Plant type	New loaded capacity (MW)
Renewable energy power plant	15,684
Combined heat power plant	5,440
Coal / Lignite power plant	600
Imported	3,500
New Power plant	6,900
Energy Conservation measure	4,000
<b>Total</b>	<b>36,088</b>

### Electricity demand forecast

The preparation of the forecast of the country's electricity demand The Office of the National Economic and Social Development Council (NCPO) has prepared a forecast for long-term economic growth (GDP) in 2017-2037 with an average of 3.8% per year using the average population decline rate of -0.02% per year

For the forecast of electricity demand used in the revision of PDP2018 Revision 1, the total energy demand forecast of system 3, electricity and net electricity (Peak) in 2037 is approximately 367,458 million units and 53,997 MW respectively

**Table summary of maximum electricity**

Year	PDP 2018 Revision 1	
	Maximum electricity (MW)	Electricity energy (million unit)
2018	29,696	2018
2027	35,213	2027
2570	41,079	2570
2032	47,303	2032
2037	53,997	2037

Source: PDP Rev 1

However, business challenges remain based on market structure and future competitive outlook. Although the production of electricity from solar energy has many factors that attract a lot of business. Because electricity is essential for economic growth of the country. And in the future, the demand for electricity will be even higher. But considering the market environment with few buyers (EGAT, PEA and MEA) and has the government to set market rules (Criteria for the purchase Related regulations Volume and purchase rate), which can decide to reduce the adder for the new power purchase agreement. This is the main income of business operators. In addition, the government has set a ceiling on the amount of electricity purchased from solar energy. By stipulated in the power purchase agreement This will limit the size of the future solar farm investment and development business market. But if you consider the competition, it tends to be more competitive in entering this business. Especially, the competition for PPA is due to the fact that there are many people interested in this business. This includes foreigners with high technology and ability to manage costs of solar power generation.

## Section 3 Rationale and benefits of the transaction

### 3. Rationale and benefits of the transaction

#### 3.1. Purpose and the importance of the transaction

According to the Board of Directors' Meeting of Sermasang Power Corporation Public Company Limited (the "Company") No. 3/2021, held on May 31, 2021 has passed the resolutions to approve the investment in UPT for 243,000 of its outstanding shares or equivalent to 100.00% of UPT outstanding shares which consists of 200,000 ordinary shares and 43,000 preferred shares from Absolute Products Company Limited and Vertical Holdings Company Limited. Also, 123,930 ordinary shares from Kraipisitkul group. In addition, the transaction is regarded as acquisition and receive the transfer of another business to the Company pursuant to Section 107(2)(b) of the Public Limited Companies Act B.E.2535 (including its amendment) and connected transactions since its transaction size equals to 7.94 and 14.64 respectively. Therefore, the Company is required to obtain approval from the shareholders' meeting, with not less than three-quarters of all votes of the shareholders present at the shareholders' meeting and entitled to vote.

According to the company's policy to invest in renewable energy in various forms such as solar energy, wind energy, biogas energy, and biomass energy both in domestic region and Asian region. Currently, the company has a renewable energy power plant project under development, and projects that have started commercial operation totaling 362.4 megawatts, comprising 266.4 megawatts of solar power plants and 96.0 megawatts of wind power projects. The company has a plan to expand investment and develop the renewable energy power plant project further expansion from its dividends from its project on hand. With the goal to invest and develop renewable energy power plant projects to achieve a total installed capacity of 400.00 megawatts by 2024. In mentioned investment expansion plan, the Company has opened for consideration both in the form of investing in self-developed projects (Greenfield Project Investment) as well as investing in existing projects (Operating Assets).

In this regard, the IFA has the opinion that the transaction is align with the Company's core policies and missions to invest and develop the various type of renewable energy for example; solar energy, wind energy and biomass energy for domestic and international region. Moreover, the Company states that it plans to develop and expand the installed capacity to be 400.00 megawatts within 2024. Even though, entering into this transaction is an expansion of investment in the first biomass power plant of the Company's. However, UPT is a project that has been commercialized. Therefore, there is no risk in the project development and construction process. After the transaction is completed, the Company will be able to recognize income from the production and distribution of electricity immediately. Apart from that, the Company has been operating a solar power plant project and wind power plant projects both domestically and internationally. As a results, the Company has a team with experience related to the power generation business from renewable energy already. As a results, those expertise can be applied to operate the biomass powerplant since they share several components of skillset.

Furthermore, the transaction is the Company strategies to diversify the revenue and net profit generation from individual power plant. As a result, the Company can stabilize the income by diversifying revenue from solar power plants which expose to certain specific risk such as solar irradiance. Additionally, the transaction price is appropriate since the IFA has conducted the valuation analysis in various methodologies and concluded that Discounted Cash Flow ("DCF") is most appropriate since it reflects business operation plan, ability to make profit and growth prospect as well as return of equity in the future. In which, the Independent Financial Advisor has conducted the analysis based on the assumptions such as the PPA with PEA and other assumptions other assumption that is important to the projection according to historical performance Technical due diligence and information from the Company and public information. From those assumptions, the Independent Financial Advisor conclude that UPT's equity value is between THB 467.85 – 663.47 mm which covers the consideration for acquisition of asset of baht 500.0 million which is higher for THB 163.47 mm or 32.69% higher than the transaction price and lower than the transaction price for THB 32.15 mm or equals to 6.43% lower than the transaction price

Apart from the appropriateness of the transaction price, the Independent Financial Advisor has the opinion that the transaction is a part of the Company's strategies and operation policies to expand its biomass portfolio as well as to stabilize its income and diversify its revenue and net profit. Therefore, the Independent Financial Advisor has the opinion that **the entering into the transaction is appropriate and the shareholders should approve the Transaction.** However, to consider the Transaction, shareholders shall consider information, opinion and other details prepared by the IFA as mentioned earlier such as advantages and disadvantages of entering into the transaction.

### 3.2. Advantages, disadvantages and risk factors of the transaction

#### **Advantages of the transactions**

The transaction is aligning with the company's policy to expand its portfolio in renewable energy.

The Company has the goal to invest and develop renewable energy power plant projects to achieve a total installed capacity of 400.00 megawatts by 2024. In those expansion plan, the Company has opened for consideration both in the form of investing in self-developed projects (Greenfield Project Investment) as well as investing in existing projects (Operating Assets).

In this regard, UPT is an asset that has been operating for more than a year since COD has begun on May 24, 2019. In addition, based on the financial information of UPT for the year 2020, it has a net profit of 58.70 million baht. As a results, the Company can realize the revenue and profit immediately after first transferred of shares is complete which equals to 49.00% of UPT outstanding shares in the first transferred.

In addition, the Company will receive indirect benefits from investing in UPT under the BOI terms, which is a 8-year corporate income tax exemption and a premium electricity tariff support of 0.30 baht/kWh for 8 years according to the Notification of the Energy Regulatory Commission regarding the purchase of electricity from energy from Adder to Feed-in Tariff (FIT) B.E. 2015. As a results, UPT has the potential to generate returns for the Company. Moreover, the IFA has analyzed that the fair value of UPT is 467.85 – 663.47 million baht with the base case of 559.69 million baht, which is higher than the transaction price of 500.00 million baht. The investor can study more details in section 3.4 on the appropriateness of the transaction price).

The transaction stabilizes the income by diversifying revenue and profit from solar power plants

The transaction is in line with the Company's operating strategy since it stabilizes the income by diversifying revenue from solar power plants which is the Company's major revenue and reducing the reliance on the individual power plant. Therefore, investing in biomass power plant will reduce the exposure to certain specific risk such as solar irradiance

There is no development risk

By entering into the Transaction, the Company will have acquired UPT which has been commercialized since 2019 with PPA. As a result, the Company will be able to realize revenue from power production and distribution immediately and will not have to bear any burden, such as, applying for PPA and licenses for new project development, which enable the Company to save time and mitigate risk regarding project development completely.

**Disadvantages of the transactions**

The transaction will increase the Company's debt obligation and financial cost

The Company plans to use the source of funds from its cash flow from operation of 240.00 million baht and borrowing from financial institutions of 260.00 million baht to finance UPT's share purchase transaction. Considering from the Company for the first quarter of 2021 ending on March 31, 2021, the Company's interest-bearing debt to equity ratio is 2.33 times. After the transaction, The Company's interest-bearing debt to equity ratio will be 2.39 times. However, the Company expects to receive dividends from UPT, thus reducing the Company's interest-bearing debt to equity ratio in the future.

In this regards, the source of funds for the development of solar power plant projects and the Company's wind power plant mostly in form of Project Finance, which has the certain conditions under the loan agreement, which is to maintain a debt to equity ratio of 3.00 times, to maintain the Debt Service Coverage Ratio (DSCR ratio) at 1.10 times, and a debt to EBITDA ratio of 10 times. Additionally, the loan terms of the project finance will only be measured at the subsidiary that receives the loan.

Considering the Company's separate financial statements for the first quarter of 2021 ending March 31, 2021, the Company has cash and cash equivalents of 399.58 million baht, which is sufficient for entering into the transaction. On the other hand, the company currently has the debt-to-equity ratio of 0.55 times. However, after the investment in UPT, the Company's debt-to-equity will be increased to 0.61 times. However, the increasing of 260.00 baht million does not affect its financial covenants and still maintaining the financial ratio specified in the loan agreement. Apart from that, the Company will gradually receive returns in the form of dividends from subsidiaries that operate renewable energy power plants which resulted in the higher borrowing capacity. Therefore, the company There will be sufficient funding sources to expand the business according to the goals set by the company.

## **Risk factors of the transactions**

### Risk from UPT legal dispute

Currently, UPT has one dispute case which is in the process of being considered by the Supreme Administrative Court. The IFA has considered the legal issues of the case, and referring to opinions from Kudan & Partners Company Limited ("Legal Consultant") on UPT's dispute cases, details as follows:

1) The cause of actions/disputes and the operations by UPT are as follows:

The cause of actions/disputes originated from the construction of a power plant in Si-kiew Sub-district, Si-kiew District Nakhon Ratchasima Province, in and around 2016, in respect of which local residents formed a group of Si-kiew people objecting to the power plant, and filed their complaints with various authorities, i.e., Division for Peace and Order in Nakhon Ratchasima Province and the Nakhon Ratchasima Provincial Administrative Court, regarding such power plant construction.

1. Division for Peace and Order in Nakhon Ratchasima Province

The group of Si-kiew people objecting to the power plant filed their complaint with the Division for Peace and Order in Nakhon Ratchasima Province regarding public land encroachment, procedures for public hearings, preparation of the environmental impact assessment (EIA), and UPT's application for an energy business license. In this connection, a fact-finding investigation committee was appointed and it was concluded that UPT did not encroach upon any public land as per such complaint, and its application for a license and the preparation of the environmental impact assessment duly proceeded in compliance with the laws.

2. Nakhon Ratchasima Provincial Administrative Court

A total of 222 plaintiffs, comprising local residents in Si-kiew Subdistrict, Si-kiew District, Nakhon Ratchasima, and concurrently members of the group of Si-kiew objecting to the power plant, filed a lawsuit against (1) the Energy Regulatory Commission; (2) the Department of Industrial Works; (3) the Nakhon Ratchasima Provincial Industry Office; (4) the Chief Executive of Si-kiew Subdistrict Administrative Organization; and (5) UPT, to Nakhon Ratchasima Provincial Administrative Court to revoke the building construction license (Or.1) and the factory business license (Ror.Ngor. 4) of UPT claiming that the power plant operations in Si-kiew Subdistrict, Si-kiew District, Nakhon Ratchasima Province would affect local communities, agricultural land, public waterways and the ecosystem in Si-kiew Subdistrict, and that the procedures and steps for

issuance of the licenses were unlawful starting from the consideration of the application, grant of initial approval, and issuance of the licenses.

2) The Judgement of Nakhon Ratchasima Administrative Court and the Order of Supreme Administrative Court

On August 9, 2017, the Nakhon Ratchasima Administrative Court has a judgment to revoke the Building Construction License (Aor. 1) and a Factory License (Ror Ngor. 4) effective from the date of issuance of such licenses. In addition, it has an order to temporarily compulsory suspend the enforceability of the Building Construction License (Aor. 1) and a Factory License (Ror Ngor. 4) until the final judgment or the court orders otherwise.

However, the Supreme Administrative Court has issued an order following an appeal petition with the reversal of the order of the Nakhon Ratchasima Administrative Court to dismiss the request to compulsory suspend the enforceability of the Building Construction License (Aor. 1) and a Factory License (Ror Ngor. 4). Therefore, such licenses are still enforceable and effective.

3) The issues to be considered and key arguments are as follows

At present, the case is pending the consideration of the Supreme Administrative Court, with key issues and arguments as follows:

1. Did UPT duly hold a public hearing in compliance with the law; in other words, was UPT required to comply with the Regulations of the Prime Minister's Office on Public Hearing B.E. 2548 (2005) (the "**PMO Regulations**")? Given the fact that UPT is a private company and thus not subject to the PMO Regulations. The Company has clearly clarified this issue, together with the relevant documents, in UPT's appeal.
2. Was UPT required to comply with the Regulations of the Ministry of Industry Governing Public Hearing on Consideration and Issuance of the Receipt of Notification on Factory Operation Commencement, Factory Business License, Factory Expansion License under the Factory Law, B.E. 2555 (2012) (the "**MOI Regulations**")? UPT applied for the building construction license (Or.1) and the factory business license (Ror.Ngor.4) since 2011, whereby UPT did comply with the applicable rules and laws in force at that time in all respects. The MOI Regulations were issued later on, and as such, the subsequently issued law should not apply in such manner unfavorable to UPT, which is contrary to the principle of non-retroactivity of administrative acts and UPT has already clarified this issue in its appeal.



3. Were the facts relating to the power plant publicly announced for the purpose of public participation and opinion? UPT has clarified this issue in its appeal that UPT did provide information on such impact and corrective measures in such announcement, and should the people have any question or argument, they could have raised their objection accordingly in accordance with the purpose of such announcement. However, upon completion of the public announcement period, no objection was raised by the people.
4. Did the application for the building construction license (Or.1) and the factory business license (Ror.Ngor.4) require approval from the Subdistrict Administrative Organization? The Subdistrict Council and Subdistrict Administrative Organization Act B.E. 2537 (1994) (the “**SAO Act**”) provides that the general administration, e.g., order, permission and approval, shall be the functions of the Chief Executive of the Subdistrict Administrative Organization, although such major matters as the protection and care of natural resources and the environment, the Chief Executive of the Subdistrict Administrative Organization or the Subdistrict Administrative Organization Council may request a joint consideration. In UPT's opinion, the initial approval in respect of such permission constituted a general administration work of the Subdistrict Administrative Organization, which should likely be within the power of the Chief Executive of the Subdistrict Administrative Organization. UPT has clearly clarified this issue in its appeal that UPT did duly proceed in compliance with the law.

4) Timeframe of the Case

1. On September 22, 2016, the plaintiffs filed a lawsuit with the Nakhon Ratchasima Provincial Administrative Court, requesting the Court to revoke the factory business license (Ror.Ngor.4) and the building construction license (Or.1) in respect of the 9.9-MW biomass power plant of UPT, and also requesting the Court to issue an order providing provisional measures or protective measures before adjudication, by way of an injunction on the enforcement of both licenses.
2. On November 29, 2016, the Nakhon Ratchasima Provincial Administrative Court in the case in question issued an injunction order on the enforcement of the factory business license (Ror.Ngor.4) No. (SorRorKhor.5) 02-111/2558 dated October 21, 2015, and the building construction license (Or.1) No. KorKorPhor (Or. 1)-1-050/2558 dated October 21, 2015, of the 9.9-MW biomass power plant until the Court shall have rendered its judgment or order otherwise. Thereafter, UPT filed its appeal against the Nakhon Ratchasima Provincial Administrative Court's order with the Supreme Administrative Court.

3. On August 9, 2017, the Nakhon Ratchasima Provincial Administrative Court in the case in question adjudged to revoke the building construction license (Or. 1) and the factory business license (Ror.Ngor.4) dated October 21, 2015, effective as of the issuance date thereof, and that the Court's injunction order on the enforcement of both licenses shall remain effective until the case shall be final or otherwise ordered by the Court.
4. During September 5-7, 2017, the ERC, the Department of Industrial Works, the Nakhon Ratchasima Provincial Industry Office, the Chief Executive of Si-kiew Subdistrict Administrative Organization, the Si-kiew Subdistrict Administrative Organization, and UPT, as the defendants in the case in question, filed their appeals against the Nakhon Ratchasima Provincial Administrative Court with the Supreme Administrative Court.
5. On October 30, 2017, the Supreme Administrative Court reversed the Nakhon Ratchasima Provincial Administrative Court's injunction order before adjudication, by dismissing the plaintiffs' request for an injunction of administrative order and also dismissing the Energy Regulatory Commission's and UPT's requests for suspension of the Nakhon Ratchasima Provincial Administrative Court's injunction of an administrative order.
6. On November 9, 2017, the plaintiffs filed their answer to all defendants' appeals.
7. The Supreme Administrative Court scheduled June 15, 2020 as the last day of the fact-finding in the case in question.
8. Currently, the case in question remains pending the Supreme Administrative Court's consideration. According to the most recent off-record follow-up on the development of the case with the Supreme Administrative Court, the Court's official informed that the case is in the course of preparing the case statement by the judge in charge for submission to the tribunal, although the date for reading of the Supreme Administrative Court's judgment has not yet been scheduled.

5) Opinions of the Legal Counsel on the Tentative Outcome of the Case in Question

Based on the information and facts from the relevant documents reviewed by the legal counsel, it is believed that UPT has duly applied for the factory business license (Ror.Ngor.4) and the building construction license (Or.1) for the 9.9-MW biomass power plant project in compliance with the procedures, rules and applicable laws in force at that time. In addition, the legal counsel views that UPT has expressly raised such facts in its defense in the case, and also sent letters to consult with the relevant authorities, e.g., the Office of the Permanent Secretary of the Prime Minister's Office and the Department of Alternative Energy Development and Efficiency, etc., and such opinions provided by the relevant authorities are also beneficial to the issues of the case in question. There are also certain facts showing that UPT has been subject to several inspections by the relevant authorities, and the outcome of which is also beneficial to the case in question. The legal counsel understands that all facts and documents beneficial to the case proceedings have been submitted by UPT to the Supreme Administrative Court for consideration. Therefore, the supporting documents and arguments provided by UPT are likely sufficient for the Supreme Administrative Court's consideration. The legal counsel is of the opinion that the Supreme Administrative Court may reverse the Nakhon Ratchasima Provincial Administrative Court's judgment (as the Administrative Court of First Instance) by not revoking the building construction license (Or.1) dated October 21, 2015, and the factory business license (Ror.Ngor.4) dated October 21, 2015, of UPT for the reasons and legal provisions as extensively described in the legal opinion provided to the Company, dated June 14, 2021.

However, the consideration and adjudication of the case are subject to the Supreme Administrative Court's discretion. Should the Supreme Administrative Court rule that even though the application for such licenses was duly and fully valid, such arrangements failed to take into account the people's rights under the Constitution of 2007, the Supreme Administrative Court may exercise its discretion to apply the provisions of the Constitution regarding people's rights and duties to the case in question in order to accommodate people's rights. Should the Supreme Administrative Court find it appropriate to apply the above provisions of the Constitution to this case, such arrangements in full compliance with the Memorandum of the Department of Industrial Works No. OrKor 0304/554, dated September 15, 2008, Re: Public Consultation before such Licenses to UPT, may not be sufficient since the Constitution is the highest law at a relatively higher rank than such Memorandum of the Department of Industrial Works.

The legal counsel views that the fact that UPT commenced its operations and distributed power to the grid since May 24, 2019 until the present time (for over 2 years), whereas the operations of such biomass power plant have not caused any difficulty and damage to the plaintiffs nor affected the

environment, health or local communities. The Nakhon Ratchasima Provincial Office of Natural Resources and Environment did conduct the inspection on the quality of the environment of UPT's 9.9-MW biomass power plant project in the adjacent communities as well as the stack emission of the power plant, and find that the results of inspection of air pollution from the stack emission and the results of an inspection of air quality in the general atmosphere met the required standards, while the results of general noise level inspection in the communities showed an average noise level not exceeding the standard values. Moreover, such biomass power plant project constitutes a business beneficial to the communities and people in such areas surrounding the project, and results in the power security and economic benefits to the countries as the project is under the Alternative Energy Development Plan 2015-2036 (AEDP 2015) and also as part of Thailand Power Development Plan 2015-2039 (PDP 2015). Based on the principle of proportionality under the administrative law, should the benefits to be derived by the public and the country from the project be compared with the damage from revocation of the licenses in this project, the continued operations of the 9.9-MW biomass power plant project of Uni Power shall be more beneficial to the public and the country as a whole than both licenses being revoked.

The Supreme Administrative Court in the case in question has already terminated the fact-finding process, and the judge in charge is currently preparing the case statement for submission to the tribunal. Such decision of the judge in charge, even though it may not be binding upon the tribunal of the Supreme Administrative Court in the case in question, shall give the impression of how the case would proceed, although on the first hearing date, both parties are entitled to submit their respective statements in support of the first hearing to the Supreme Administrative Court. Such statements will serve to summarize the issues, questions and evidence to convince the Supreme Administrative Court to agree with the respective parties. In this regard, the Supreme Administrative Court may take such statements into its consideration and decision, and as such, the tentative proceedings proposed by the judge in charge may change accordingly.

(6) Risks from the Supreme Administrative Court's Affirmation of the Administrative Court of First Instance's Judgment

Should the Supreme Administrative Court affirm the Administrative Court of First Instance's judgment to revoke the building construction license (Or. 1) and the factory business license (Ror.Ngor. 4), in which case, UPT shall no longer be able to continue its operations of the power plant, and may not distribute power to the grid under the Power Purchase Agreement between UPT and the Provincial Electricity Authority. In such case, it deemed that is a force majeure under the Power Purchase Agreement and UPT shall not be deemed as a default party, and the

Provincial Electricity Authority may not claim any damages from UPT. However, UPT may apply for the new licenses pursuant to the relevant procedure as specified in relevant regulations.

(7) The procedure to mitigate the risk from the dispute in Shares Purchase Agreement

In order to prevent and remedy the aforementioned risks, the Share Purchase Agreement which the Company will enter into with the seller shall stipulate the conditions in the case that the Supreme Administrative Court has a judgment to revoke the Building Construction License (Aor. 1) and a Factory License (Ror Ngor. 4) as follows:

- (1) the seller shall responsible and assist UPT to file the applications for the new relevant licenses to enable the operation of biomass power plant within 1 year from the date of the judgment of the Supreme Administrative Court and the seller shall responsible for any actual expenses which UPT has to pay to keep the biomass power plant in ready-to-use condition throughout the period during which biomass power plants cease to operate until the biomass power plants can operate normally.
- (2) In the case that the biomass power plant cannot operate within 1 year from the date of the judgment of the Supreme Administrative Court, the Company reserve the right to terminate the Share Purchase Agreement and the seller shall be obliged to pay for any actual damages incurred including but not limited to the investment value of THB 500,000,000, the relevant Transaction's cost and the Company's financial cost minus the actual received dividend by the Company.

- (3) The seller shall provide the bank guarantee which covers the total value of investment or THB 500,000,000 as of the date of the Transaction in order to prevent the risk. The key terms of the bank guarantee to prevent the risk from the litigation/disputes of UPT are as follow:

Detail	The collateral damage from disputes
<b>Collateral provider</b>	A commercial bank in Thailand
<b>Guarantee limit</b>	Maximum of THB 500,000,000 (equivalent to the Transaction value)
<b>Guarantee period</b>	13 years
Other significant conditions	<ul style="list-style-type: none"> <li>- The bank may issue a letter of guarantee from time to time in accordance with the payment installation that the company will pay to the seller as detailed in Clause 6.</li> <li>- The guarantee amount will be reduced in accordance with the estimated dividend that the Company has expected to receive from UPT shares.</li> </ul>

6) The IFA's opinion regarding the investment in UPT which still on the legal dispute

Investment in UPT, which has a dispute that is in the process of the Supreme Administrative Court's consideration exposes to risk in the event that the Supreme Administrative Court upholds the Administrative Court's decision, that is, to revoke the building permit (Or.1 ) and a factory business license (Ror. Ngor. 4) will result in UPT being unable to operate the power plant business. UPT will not be able to sell electricity into the system according to the power purchase agreement between UPT and the Provincial Electricity Authority. Therefore, the company will not receive any expected return in the form of dividends from the investment in UPT as expected.

However, the legal counsel has the opinion that the Supreme Administrative Court may reverse the judgment of the Nakhon Ratchasima Administrative Court. (Administrative Court of First Instance) without revocation Building construction permit (Aor. 1) dated October 21, 2015 and factory business license (Ror.Ngor.4) dated October 21, 2015 of UPT because UPT has applied for a factory business license ( Ror.Ngor.4) and a building construction permit (Form Or.1) for a 9.9 megawatt biomass power plant project in accordance with the procedures, rules and relevant laws at that time.

In the event that the Supreme Administrative Court has a judgment revoking UPT's license, the Company has set a remedy for and manage the risks from disputes in the share purchase agreement, whereby the Company can request the seller to proceed for UPT to submit an application for the relevant license in order for the biomass power plant to be able to operate normally within 1 year from the date of the Supreme Administrative Court's judgment. If UPT cannot operate normally within the said period, the Company can exercise the right to terminate the share purchase agreement and to demand that the seller compensate for any damage caused to the Company, including but not limited to

1. Investment value that the company has been paid to the seller in the amount of not more than 500,000,000 baht, minus the total amount of any dividends that the company Received after investing in shares of UPT
2. Expenses related to entering into the transaction for example the meeting of shareholders and the cost of hiring a advisors
3. Financial cost from investing in UPT

In addition, the Company has required the seller to provide and deliver bank guarantees to the Company, as a guarantee for such damage. The amount of the guarantee is not less than the amount that the company. However, the amount of guarantee of the bank guarantee will be reduced in accordance with the dividend projection that the Company has expected to receive from investment in shares of UPT

In this regard, the IFA has considered the conditions that the Company specified in the share purchase agreement and opinions from legal advisors on the possible outcome of dispute cases. It was found that the conditions specified in the share purchase agreements can appropriately manage the risk from disputes considering from the risks and the potential impact on the worst case scenario (Worst Case Scenario), that is, the case where the Supreme Administrative Court has ordered the revocation of UPT's license and the relevant license application cannot be filed. Resulting UPT not to be able to operate again.

The loss to the company will be equal to 500 million which includes the transaction fee less the dividends received. However, The SPA stipulates that the Seller shall be responsible for the any loss occurred. In addition, there are bank guarantees to pledge against those mentioned damages as a measure for risk management and reduce the impact of the dispute on the Company

Moreover, considering from the conditions of collateral damage from disputes to reduce the transaction value with dividends that the Company expect to receive. In the event that the collateral amount is decreased according to the estimated amount of the dividend until the amount is less than the damage. The seller will be responsible for the difference between the actual damage. and the balance in such collateral. Therefore, the IFA has the opinion that the risk is within an acceptable level.



Risk from the seller not transferring shares to the company

Because the Company will pay consideration in the amount of 500.00 million on December 7, 2021. However, according to the conditions of the share purchase agreement, the Company will receive the transfer of 76,070 ordinary shares and 43,000 preferred shares, or equivalent to 49.00% of the total registered capital. As a result, the Company is entitled to receive dividends and voting rights equal to 99.05% of the total rights as of December 7, 2021. Kraipisitkul group will transfer the remaining ordinary shares to the Company By May 2022, for 123,930 shares or 51.00 percent of the total registered capital, which will result in the company's right to receive dividends and voting rights equal to 0.95 percent. of all rights Therefore, if the seller refuses to transfer the shares to the company will result in the company lose the opportunity to hold a full stake in UPT, which will cause the value of UPT's shareholders' equity that the independent financial advisor has analyzed of UPT to decrease from 559.69 million baht to 554.37 million baht, which is still a The value is higher than the transaction price of 500.00 million baht. If the seller refuses to transfer the shares to the Company, the Company can proceed with legal action.

The risk of relying on the UPT's management in the biomass operation

Currently, the company operates the business of generating and distributing electricity mainly from solar energy and wind power As a result, the Company have no experienced and expertise in generating electricity from biomass energy. However, the Company has been operating a solar power plant project and wind power plant projects both domestically and internationally. As a results, the Company has a team with experience related to the power generation business from renewable energy already. As a results, those expertise can be applied to operate the biomass powerplant since they share several components of skillset. As a results, the Company only exposes to the risk of relying on the UPT's management in the biomass operation in initial stage.

Although the entry into this transaction is an expansion of investment in renewable energy power plant business is the Company's first biomass power plant project, however, UPT has been commercialized in 2019 with a power purchase agreement and already approved permits related. Therefore, such risks do not have a significant effect on entering into the transaction.

### Risk of insufficient fuel supply

Feedstock is the main raw material for the power generation operation of UPT's biomass power plant. The main feedstock is agricultural waste such as wood chips, bark, cassava bark, palm bunch, etc., which are economic crops in the area. For the fiscal year ended December 31, 2020 and December 31, 2019, UPT's biomass fuel costs accounted for 61.91% and 58.54% of the total cost of sales of the biomass power plant project, respectively. The risk of UPT's operation is that if UPT is unable to supply sufficient fuel supplies to meet the demand under the power purchase agreement with PEA, it will affect UPT's electricity sales revenue.

However, UPT has prepared a study report of production sites and the amount of biomass fuel from visiting the area to study the type and quantity of fuel in the area and nearby to ensure that the project site has sufficient fuel and suitable to be the fuel for UPT's power plants. From the assessment of the potential, type and quantity of fuel in the area and nearby areas within a radius of 100.00 kilometers from the location of UPT's power plant projects, it was found that the amount of fuel in the area and the area nearby more than the demand from local operators (UPT demands included)

### 3.3. Advantages disadvantages and risk factors of the connected transactions

#### **Advantages of the connected transactions**

##### Ability to conduct and negotiate the transaction terms quickly and efficiently

Since entering into the Transaction is a transaction with Kraipisitkul group who is a major shareholder of the Company, Chairman of the board of directors, and director of the Company, the negotiation can be done quickly and efficiently, the Transaction enables the Company to realize stable profit sharing and dividend from UPT faster than entering into the Transaction with a third party since the Company might require longer time to negotiate and might be inefficient to operate business during the negotiation.

#### **Disadvantages of the connected transactions**

##### May occur the Conflict of Interest

Because this transaction counter party a transaction with Kraipisitkul Group. which is the major shareholder of the Company serving as the Executive Chairman and Director of the Company. Therefore, the Company may be considered or suspected that the transaction is not transparent. or to benefit the Kraipisitkul Group

However, the IFA has considered the details. and conditions for entering into the transaction with the conclusion that the transaction was reasonable This investment is in line with the company's investment policy that focuses on expanding investment in renewable energy projects would like to expand investment in renewable energy power plant project to a total amount of 400.00 megawatts by 2024, Even though the transaction is an expansion of investment in biomass power plant project that the Company lack of experience, However, the transaction is an investment in a project that is already commercialized as a Brownfield Investment, therefore there is no risk in the project development and construction process. Moreover, considering the fair value of UPT, which was assessed by an independent financial advisor, is between 467.85 - 663.47 million baht, with a base case shareholder's equity value of 559.69 million baht, which is higher than the transaction price of 500.

The IFA considers the conditions for this transaction with the conclusion that the conditions are suitable and comparable to the agreement to enter into the transaction with a third party. Moreover, there are certain conditions specified in the share purchase agreement, which can be a mechanism for appropriate risk management from disputes (Please consider UPT Legal Dispute Risks for more details.)

In addition, apart from the biomass power plant project of UPT, the Kraipisitkul Group does not engage in any other renewable energy power plant projects outside the Company's group.

### **3.4. Advantages disadvantages and risk factors of the third party transactions**

#### **Advantages of the third party transactions**

##### Does not cause Conflict of interest

Negotiating prices and conditions of transactions with third parties can be considered transparent transactions. or does not benefit to any party because the process of transactions with third parties requires price negotiations. and various conditions resulting in a fair price and fair conditions for both parties and no conflict of interest

#### **Disadvantages of the third party transactions**

##### Times consuming to negotiate and process the transaction

It is time consuming for the Company to verify the accuracy of the business, accounting and legal information of an asset until it is certain that the asset is truly a potential asset. However, the process of entering into transactions with third parties may take time to negotiate terms. and the price of entering into the transaction for a long period of time in order to acquire assets that can generate returns that the Company expects; therefore, there may be uncertainty that the Company will be able to agree to enter into transactions with third party partners successfully and resulting in the company wasting time and business opportunities

### **3.5. Appropriateness of the transaction price**

#### **3.5.1. Rationale of UPT Business valuation**

To justify the valuation of UPT, IFA has gathered and considered information based on UPT's financial statement for the past 3 years from the period 31 December 2018 to 31 December 2020 which audited by Price Waterhouse Coopers ABAS Ltd. as well as other publicly available information and information from Management team. However, the opinion of the IFA is based upon the assumption that such information is correct, complete, and credible under the current circumstances. Significant changes in business operation may alter the fair value and shareholders' decision considered in the Transaction.

To value UPT Business, IFA used the following methodologies

- (1) Book Value Approach
- (2) Adjusted Book Value Approach
- (3) Market Comparable Approach
  - Price to Book Value Ratio Approach
  - Price to Earnings Ratio Approach
  - Enterprise Value to Earnings Before Interest, Tax, Depreciation, and Amortization Multiples Approach
- (4) Discounted Cash Flow Approach

### 3.5.1.1. Book Value Approach

The book value approach is to value the net asset value or total equity of UPT at a moment in time. Generally, The IFA used the value with regards to UPT's financial statement as of December 31, 2020 as table follows:

#### Valuation of UPT by Book Value Approach

Unit: million THB

Shareholder's Equity	AS of December 31, 2020
Paid-up capital	243.00
Retained earnings (loss)	19.38
<b>Total shareholder's equity of UPT</b>	<b>262.38</b>

The value of the UPT by book value approach of the Company as of December 31, 2020, equals 262.38 million THB. However, IFA deems that the value does not reflect the economic value of UPT, thus the approach does not consider of future performance and economic. The IFA views that this approach is not a suitable valuation methodology.

### 3.5.1.2. Adjusted Book Value Approach

This valuation approach determines the valuation of net assets on balance sheet or the value of equity on the UPT's financial statement shown in financial statement as of 31 December 2020, then adjusted by the items which would occur after the date on the financial statement and any additional asset appraisal with regards to the asset appraisal report of UPT conducted by Prospec Appraisal Company Limited as of 30 April 2021 and The Valuation and Consultant Company Limited as of 23 April 2021 which are the Capital market asset appraisal companies and were approved by the Office of the Securities and Exchange Commission ("SEC"). Generally, UPT has following asset appraisal report which are Property, plant, and Equipment used in Biomass power plant as summarized below:

#### Land

The Land appraiser surveyed the market data compared with nearby locations (**Market Value Comparable Approach**), which considers factors such as location/location, transportation, size and shape of the land, environment, and utilities, etc., Analyze and adjust the price that is different from the market price (**Adjustment Grid Sale Analysis**) and analyze the weight of the data (**Weight Quality Score**).

The IFA has the opinion that the appraisal by Market price approach of nearby location is an appropriate method as it compares the assets of the nature and/or in the vicinity of the appraised assets that are traded or have an offer price as well as comparing and improving the weighted rating of the assessed assets and the compared market data by factors such as location, area characteristics, shape location facilities, transportation, etc., so that prices are up-to-date and can reflect the asset's current value as much as possible.

#### Building and Equipment

The Independent asset appraiser chooses the Cost Approach because the independent asset appraiser considers that the appraised assets have specific characteristics and uses in the Cost Approach appraisal. The Independent asset appraiser consider the cost of rebuilding (**Replacement Cost New**) less by depreciation.

In this regard, the IFA has an opinion in accordance with the independent asset appraiser that the appropriate valuation method for valuing buildings and structures is the **Replacement Cost Approach** because the assets are designed for specific uses and adjusted by depreciation according to the condition and useful life of the building as of the survey date to reflect the condition of use of the property. The details of **UPT's** book value adjustment method are as follows:

- **Adjusted Book Value approach by Prospec Appraisal Company Limited**

Unit: million THB

Shareholder's Equity	As of 31 December 2020,
Paid-up capital	243.00
Retained earnings (loss)	19.38
Adjusted book value of UPT	
Land	63.88
Building	27.34
Equipment	(62.92)
<b>Total shareholder's equity of UPT</b>	<b>290.68</b>

- **Adjusted Book Value approach by The Valuation and Consultant Company Limited**

Unit: million THB

Shareholder's Equity	As of 31 December 2020,
Paid-up capital	243.00
Retained earnings (loss)	19.38
Adjusted book value of UPT	
Land	64.88
Building	21.20
Equipment	(62.09)
<b>Total shareholder's equity of UPT</b>	<b>286.37</b>

The Fair value of UPT under adjusted book value approach as of 31 December, 2020 equals to 286.37 and 290.68 million THB. Hence, the IFA used adjusted book value approach from The Valuation and Consultant Company Limited based on Conservative approach which has lower value. However, the IFA deems that the value does not reflect the economic value of UPT, thus it is an approach that is limited which based on the past financial which does not reflect the future economic value. The IFA has the opinion that adjusted book value approach is not a suitable valuation methodology for UPT.



### 3.5.1.3. Market Comparable Approach

The market comparable approach is to value UPT by comparing with its peers in the industry that are listed in SET, by using historical averaged ratios until June 1<sup>st</sup>, 2021. IFA chose the peers that listed in SET and operates in Renewable Energy as UPT

**Table: Information of Comparable peers in the industry**

Number	Company	Ticker	Business description
1	Thai Solar Energy Public Company Limited	TSE	Operates in the business of production and distribution of electricity from solar and other renewable energy
2	BCPG Public Company Limited	BCPG	Generate and sell electricity from renewable energy
3	Sermang Power Corporation Public Company Limited	SSP	Generate and sell electricity from renewable energy and other related business
4	TPC Power Holding Company Limited	TPCH	Holding company which invests in companies generating and distributing electricity from Renewable Energy and Biomass Energy
5	Absolute Clean Energy Public Company Limited	ACE	Holding company which hold investment in the generating and distributing of electricity and steam companies, and other supporting or related businesses. Advance Clean Power Co., Ltd. (ACP) which operated in Biomass Power Plant is the core company.
6	Gunkul Engineering Public Company Limited	GUNK UL	1. Business of manufacture, supply and distribution of equipment for electrical system in domestically and internationally 2. Business of manufacture, supply and distribution of energy-saving products including appropriate alternative energy 3. Business to produce and distribute electricity from renewable energy resources in domestically and internationally 4. Engineering Procurement and Construction 5. Business of Power Plant Maintenance Services
7	SPCG Public Company Limited	SPCG	Run business in investment by holding shares in subsidiary companies and associates to operate 4 types of businesses, which are as follows;(1) Business of investment and development of Solar Farm, Engineering, Procurement and Construction (EPC), and Operation,

Number	Company	Ticker	Business description
			Maintenance and Monitoring (OM&M)(2) Business of distribute and installation of solar roof (Solar Roof)(3) Authorized sales and service partner of SMA Solar Technology AG (SMA), Germany.(4) Business of manufacture, distribution and installation of Metal Steel Roofing with one-stop service (Steel Roof)
8	Super Energy Corporation Public Company Limited	SUPER	Holding company that's the operation and maintenance of renewable project and holding shares business of production and distribution of electricity from renewable energy And related businesses, production and distribution of water for industry and consumption, information & communications technology business.

Remarks: Information from Capital IQ as of June 1, 2021,

## (1) Price to Book Value Ratio Approach

Unit: times

Ticker	Historical average P/BV ratio for				
	360 days	180 วัน	360 days	60 วัน	360 days
TSE	0.96	0.94	0.94	0.96	1.00
BCPG	1.72	1.63	1.72	1.68	1.64
SSP	1.75	2.19	2.76	2.76	2.69
TPCH	1.17	1.20	1.24	1.27	1.35
ACE	2.95	2.93	3.15	3.15	3.11
GUNKUL	1.92	1.95	2.22	2.42	2.74
SPCG	1.16	1.21	1.21	1.20	1.18
SUPER	1.03	1.23	1.30	1.28	1.29
<b>Median</b>	<b>1.45</b>	<b>1.43</b>	<b>1.51</b>	<b>1.48</b>	<b>1.49</b>

### Remarks:

(1) Information from Capital IQ as of June 1, 2021,

### Price to book value ratio approach valuation of UPT

To value shareholder's equity by price to book value ratio used book value of UPT from UPT's financial statement as of December 31, 2020, equal to 262.38 million THB multiplied by median of historical closing price to book value 30 60 90 180 and 360 days from June 1, 2021 as summarized below:

$$\text{Equity Value} = \text{Book value} \times \text{Median of historical average historical P/BV ratio}$$

Unit: million THB

Value from P/BV approach	Historical P/BV median				
Historical information for	360 days	180 days	90 days	60 days	30 days
Median of P/BV ratios (times)	1.45	1.43	1.51	1.48	1.49
Book Value of UPT	262.38				
<b>Equity Value</b>	<b>379.25</b>	<b>376.28</b>	<b>396.20</b>	<b>388.54</b>	<b>391.94</b>

The value of UPT by price to book value ratio approach equals 376.28 – 396.20 million THB. However, IFA deem that the value does not reflect the economic value of UPT because the differentiation of company's structure, financial structure, size, and the specific risk of the comparable companies. The IFA has the opinion that adjusted book value approach is not a suitable valuation methodology for UPT.

## (2) Price to Earnings Ratio Approach

Unit: times

Ticker	Historical average P/E ratio for				
	360 days	180 วัน	360 days	60 วัน	360 days
TSE	13.55	13.19	13.23	13.49	14.03
BCPG	20.31	19.28	20.28	19.86	19.33
SSP	10.82	13.51	17.02	17.01	16.62
TPCH	18.86	19.35	20.03	20.57	21.76
ACE	23.44	23.32	25.10	25.04	24.76
GUNKUL	7.07	7.30	8.49	9.39	9.84
SPCG	7.27	7.59	7.53	7.50	7.38
SUPER	16.59	19.67	20.42	20.19	20.15
<b>Median</b>	<b>14.93</b>	<b>16.39</b>	<b>18.52</b>	<b>18.44</b>	<b>17.97</b>

Remarks: Information from Capital IQ as of June 1, 2021,

### Price to earning value ratio approach valuation of UPT

To value shareholder's equity by price to earning ratio used net profit of UPT from UPT's financial statement as of December 31, 2020, equal to 58.70 million THB multiplied by median of historical averaged closing price to earning 30 60 90 180 and 360 days from June 1, 2021 as summarized below:

Equity Value = Net profit x median of averaged historical P/E
---

Unit: million THB

Value from P/E approach	Historical P/E median				
Historical information for	360 days	180 days	90 days	60 days	30 days
Median of P/E ratios (times)	14.93	16.39	18.52	18.44	17.97
UPT's Net profit	58.70				
<b>Equity Value</b>	<b>876.36</b>	<b>962.25</b>	<b>1,087.29</b>	<b>1,082.29</b>	<b>1,054.97</b>

The value of UPT by price to earning value ratio approach equals 876.36 – 1,087.29 million THB. However, IFA deem that the value does not reflect the economic value of UPT because the differentiation of company's structure, financial structure, size, and the specific risk of the comparable companies together with the future economic value. The IFA has the opinion that adjusted book value approach is not a suitable valuation methodology for UPT.

**(3) Enterprise Value to Earnings Before Interest, Tax, Depreciation, and Amortization Multiples Approach**

Unit: times

Ticker	Historical average EV/EBITDA ratio for				
	360 days	180 วัน	360 days	60 วัน	360 days
TSE	28.14	27.91	27.93	28.11	28.47
BCPG	16.51	15.92	16.49	16.25	15.94
SSP	12.31	13.64	15.38	15.38	15.18
TPCH	13.51	13.69	13.93	14.12	14.54
ACE	19.30	19.22	20.55	20.51	20.30
GUNKUL	18.45	18.76	20.32	21.51	22.10
SPCG	6.34	6.56	6.52	6.50	6.41
SUPER	13.06	13.87	14.07	14.01	14.00
<b>Median</b>	<b>15.01</b>	<b>14.88</b>	<b>15.94</b>	<b>15.81</b>	<b>15.56</b>

Remarks: Information from Capital IQ as of June 1, 2021,

### **Enterprise Value to Earnings Before Interest, Tax, Depreciation, and Amortization Multiples Approach**

To value shareholder's equity by Enterprise Value to Earnings Before Interest, Tax, Depreciation, and Amortization Multiples ratio used EBITDA of UPT from UPT's financial statement as of December 31, 2020, equal to 94.62 million THB multiplied by median of historical averaged closing price to earning 30 60 90 180 and 360 days from June 1, 2021 as summarized below:

Equity Value = EBITDA x median of historical averaged EV/EBITDA ratio
---

Unit : million THB

Value from EV/EBITDA approach	Historical EV/EBITDA median				
	360 days	180 days	90 days	60 days	30 days
Historical information for					
Median of EV/EBITDA ratios (times)	15.01	14.88	15.94	15.81	15.56
EBITDA of UPT	94.62				
<b>Enterprise value</b>	<b>1,420.31</b>	<b>1,407.45</b>	<b>1,507.78</b>	<b>1,496.28</b>	<b>1,472.45</b>
Less: IBD	(529.76)				
Add: Cash	74.40				
<b>Equity value</b>	<b>964.95</b>	<b>952.09</b>	<b>1,052.42</b>	<b>1,040.92</b>	<b>1,017.10</b>

The value of UPT by EV/EBITDA ratio approach equals 952.09 – 1,052.42 million THB. However, IFA deem that the value does not reflect the economic value of UPT because the differentiation of company's structure, financial structure, size, and the specific risk of the comparable companies together with the future economic value. The IFA has the opinion that adjusted book value approach is not a suitable valuation methodology for UPT.

### 3.5.1.4. Discounted Cash Flow Approach

#### UPT's Valuation by Discounted Cash Flow Approach

This approach takes into account UPT's future operating performance by deriving present value of future cash flow streams using an appropriate discount rate. The IFA calculated the Weighted Average Cost of Capital (WACC) to be used as the discount rate in order to derive UPT's equity value.

The IFA has projected cash flows based on the opinions of legal advisors. on the assumption that the Supreme Administrative Court has a verdict to reverse the judgment of the Nakhon Ratchasima Administrative Court (Administrative Court of First Instance) without revocation UPT's building construction permit (Or.1) dated October 21, 2015, and factory business license (Ror.Ngor.4) dated October 21, 2015 of UPT. As a results, the IFA estimation period is from January 1, 2021 to May 23, 2039 for a total period of 18.39 years, based on the remaining term of the PPA with PEA.

The IFA assumes that UPT will expose its land at 2039 (End of projection period) at its market price which equals to THB 103.12 mm and 104.12 mm. The mentioned market price refers to the appraisal report by Prospec Appraisal Company Limited and The Valuation & Consultants Company Limited. To comply with the conservative basis, the IFA applied the lower numbers (THB 103.12 mm in 2021) and the IFA assumed its growth rate of 1.08% based on 20 years average core inflation. Therefore, the market price at 2039 equals to THB 126.42 mm. For building and equipment, the IFA assumed its disposal cost to be its market value.

The IFA has prepared a financial projection for UPT based on information and assumptions received from UPT and from interviews with its executives and concerned staff for the sole purpose of determining a fair value of UPT shares. If there is any material change in the overall economic condition and other internal and external factors that affect UPT's business operation from the assumptions used herein, fair value derived from this approach may also change accordingly.

UPT engages in production and sale of electricity from biomass, using woodchip and woodbark as fuel, under a 20-year power purchase agreement (PPA) in the Feed-in Tariff (FiT) scheme with PEA, having an installed capacity of 9.90 MW, a contracted capacity of 8.00 MW and a capacity for own. The details of PPA can be summarized as follows:

**Table: Summary of PPA**

PPA	Details
Agreement Number	VSPP – PEA – 060/2556
Agreement Date	July 8, 2015
Electricity Seller	UPT
Electricity Purchaser	PEA
Level of Electricity	8.00 MW at the voltage level of 22,000.00 V
COD	May 24, 2019
Period of selling electricity	20 years after COD



## Revenue from electricity Sales

### - Quantity of Electricity sales to PEA

The amount of electric power distributed to PEA system in 2019 - 2020 was 38,317.83 MWh, and 66,904.45 MWh, respectively.

In this financial projection, the IFA assumes that the amount of electric power sold to PEA is 64,896.00 to 67,200.00 MWh (Quantity of electricity sales to PEA = Contracted sale quantity x Average No. of operating days x 24 hrs. x Availability factor)

The IFA assumes the availability factor based on the Company's shutdown policies which consist of 2 scenario as follows:

- Scenario 1: AF equals to 92.62% which refers to the year that has a major overhaul schedule and unplanned shutdown with a total of 27 days/year.
- Scenario 2: AF equals to 95.60% which refers to the year that has a normal maintenance schedule and unplanned shutdown with a total of 16 days/year.

In conclusion, the IFA refers the quantity of electrical sold to PEA based on the PPA. In the other hand, the IFA projected AF based on the Company's shutdown policy to comply with its operation.

### - Tariff Rate

UPT will be entitled to FiT and FiT Premium rates for its power plant using biomass as fuel according to the Notification of the Energy Regulatory Commission Re: Purchase of Electricity Generated from Renewable Energy during the Transition from Adder to Feed-in Tariff (FiT) B.E. 2558. Here is a formula for calculation of the tariff rate:

$\text{Total Tariff rate} = \text{FiT Fixed} + \text{FiT Variables} + \text{FiT Premium (First 8 years of electricity sales)}$
--

Where as

- |               |   |   |
|---------------|---|---|
| FiT Fixed     | : | Tariff calculated on power plant construction cost and O&M cost throughout the useful life, assumed to remain constant throughout the project promotion period (equal to Baht 2.39/unit)  |
| FiT Variables | : | Tariff calculated on cost of raw materials used in electric power production, which varies by time and increases continuously according to the core inflation for biomass fuel  |
| FiT Premium   | : | Additional tariff charged on top of FiT, which varies according to type of technology (renewable energy) and projects located in special zones such as southern border provinces, and is granted for 8 years from COD (equal to Baht 0.30/unit) |

The Projection of revenue from electricity sales of UPT is as follows:

UPT	Unit	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Number of days/year	day	366.00	365.00	365.00	365.00	366.00	365.00	365.00	365.00	366.00	365.00
Average operating days	Day	350.00	349.00	349.00	338.00	350.00	349.00	349.00	349.00	339.00	349.00
AF	%	95.54	95.62	95.62	92.60	95.63	95.62	95.62	95.62	92.62	95.62
<b>Total Quantity</b>	<b>MWh</b>	<b>66,904.45</b>	<b>67,008.00</b>	<b>67,008.00</b>	<b>64,896.00</b>	<b>67,200.00</b>	<b>67,008.00</b>	<b>67,008.00</b>	<b>67,008.00</b>	<b>65,088.00</b>	<b>67,008.00</b>
FIT Fixed	THB	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39
FIT Variables	THB	1.88	1.90	1.92	1.94	1.97	1.99	2.01	2.03	2.05	2.07
FIT Premium	THB	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.18	0.00	0.00
Total Tariff rate	THB	4.57	4.59	4.61	4.63	4.66	4.68	4.70	4.60	4.44	4.46
<b>Revenue from electricity sales</b>	<b>THBmm</b>	<b>305.97</b>	<b>307.81</b>	<b>309.19</b>	<b>300.79</b>	<b>312.88</b>	<b>313.40</b>	<b>314.84</b>	<b>308.36</b>	<b>289.13</b>	<b>299.14</b>

UPT	Unit	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Number of days/year	day	365.00	365.00	366.00	365.00	365.00	365.00	366.00	365.00	365.00	365.00
Average operating days	Day	349.00	349.00	350.00	338.00	349.00	349.00	350.00	349.00	349.00	128.00
AF	%	95.62	95.62	95.63	92.60	95.62	95.62	95.63	95.62	95.62	88.89
<b>Total Quantity</b>	<b>MWh</b>	<b>67,008.00</b>	<b>67,008.00</b>	<b>67,200.00</b>	<b>64,896.00</b>	<b>67,008.00</b>	<b>67,008.00</b>	<b>67,200.00</b>	<b>67,008.00</b>	<b>67,008.00</b>	<b>24,576.00</b>
FIT Fixed	THB	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39
FIT Variables	THB	2.10	2.12	2.14	2.17	2.19	2.21	2.24	2.26	2.28	2.31
FIT Premium	THB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tariff rate	THB	4.49	4.51	4.53	4.56	4.58	4.60	4.63	4.65	4.67	4.70
<b>Revenue from electricity sales</b>	<b>THBmm</b>	<b>300.63</b>	<b>302.15</b>	<b>304.55</b>	<b>295.61</b>	<b>306.79</b>	<b>308.37</b>	<b>310.86</b>	<b>311.58</b>	<b>313.22</b>	<b>115.48</b>

## **Cost of sales**

UPT cost of sales consists of 1) Fuel Cost 2) Operation and maintenance 3) Insurance 4) Operation expenses to PEA 5) Other cost of sales.

The IFA used the assumptions based on considering historical data and information from the company with the details as follows:

- **Cost of Sales**

Raw materials used in power generation by UKB are wood chip and wood bark. The IFA assumes that cost of raw materials based on year 2020 which has the average price for its raw materials equal to 921.38 THB/ton or equal to Baht 2.02/kWh and assumed to increase by 1.08% per year, based on average core inflation in the past 20 years. The IFA assume the assumptions based on its historical expense and actual electricity generation that UPT can product. As a results, the IFA assumptions are in line with UPT's policies.

Furthermore, UPT has consumed the feedstock of 146,562 ton which consists of woodchip 71,674 tons, woodbark 69,725 ton and other feedstock of 5,162 tons

- **O&M Cost**

The IFA assumes the annual O&M cost based on its contract which equals to THB 35.00 mm in year 2021 – 2022. However, the O&M contract will expire in year 2022. As a results, the IFA applied 1.08% growth rate based on the core inflation along the projection period.

- **Insurance Cost**

The IFA assume the insurance cost based on UPT's insurance with the insurance company. Moreover, the IFA applied 1.08% growth rate based on the core inflation along the projection period contrary to the fact that the insurance fee is likely to decrease which results from deterioration of equipment useful life.

- **Operation Cost to PEA**

PEA commission is 2.00% of revenues from electricity sales under the PPA with PEA. The amount of electricity sold to PEA system will be deducted by 2.00% as operating cost for very small power producer (VSPP) projects.

- **Power Development Fund**

Contribution to PDF is at a rate of Baht 0.01 per unit, according to the Notification of the Energy Regulatory Commission which stipulates that power generation licensees using wind and solar energy shall deliver contribution to PDF at a rate of Baht 0.01 per unit of the quantity of electricity produced for sales and for own use

- **Electricity Fee**

The IFA assumes the electricity fee to be 0.66% of revenues from electricity sales, which based on UPT's historical data which has the electricity fee equals to THB 2.03 mm in 2020. Furthermore, UPT has its remaining capacity of 1.00 MW from those remained from PEA contract.

- **Depreciation**

The IFA assumes the powerplant, machinery, equipment, office supplies and building to have the useful life of 18.4 years which are the remaining useful life based on UPT's financial statement. Moreover, the IFA assumes the capital expenditure for major overhaul to have the useful life of 5 years

- **Other cost of sales**

In 2020, UPT has other costs such as employee expenses, maintenance cost and other operating expenses was THB 2.73 mm. Moreover, The IFA assumes that other costs of sales have a growth rate of 5.00 percent.

The Projection of cost of sales of UPT is as follows:

UPT	Unit	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fuel Cost	THBmm	(135.04)	(136.71)	(138.18)	(135.27)	(141.58)	(142.70)	(144.23)	(145.79)	(143.14)	(148.95)
O&M	THBmm	(33.41)	(35.00)	(35.00)	(35.38)	(35.76)	(36.14)	(36.53)	(36.93)	(37.33)	(37.73)
Insurance	THBmm	(2.23)	(2.28)	(2.31)	(2.33)	(2.36)	(2.38)	(2.41)	(2.43)	(2.46)	(2.49)
Power development fund	THBmm	(0.67)	(0.66)	(0.66)	(0.64)	(0.66)	(0.66)	(0.66)	(0.66)	(0.64)	(0.66)
Depreciation	THBmm	(35.92)	(33.45)	(33.45)	(35.75)	(35.75)	(35.75)	(35.75)	(35.75)	(35.99)	(35.99)
Operation fee to PEA	THBmm	(6.11)	(6.16)	(6.18)	(6.02)	(6.26)	(6.27)	(6.30)	(6.17)	(5.78)	(5.98)
Electricity fee	THBmm	(2.03)	(2.04)	(2.05)	(2.00)	(2.08)	(2.08)	(2.09)	(2.05)	(1.92)	(1.99)
Other cost of sales	THBmm	(2.73)	(2.87)	(3.01)	(3.16)	(3.32)	(3.49)	(3.66)	(3.84)	(4.03)	(4.24)
<b>Total Cost of Sales</b>	<b>THBmm</b>	<b>(218.14)</b>	<b>(219.16)</b>	<b>(215.77)</b>	<b>(215.37)</b>	<b>(222.36)</b>	<b>(223.89)</b>	<b>(225.88)</b>	<b>(227.72)</b>	<b>(225.33)</b>	<b>(231.79)</b>

UPT	Unit	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Fuel Cost	THBmm	(150.55)	(152.18)	(154.26)	(150.58)	(157.15)	(158.85)	(161.02)	(162.29)	(164.04)	(60.81)
O&M	THBmm	(38.13)	(38.55)	(38.96)	(39.38)	(39.81)	(40.23)	(40.67)	(41.11)	(41.55)	(16.57)
Insurance	THBmm	(2.51)	(2.54)	(2.57)	(2.59)	(2.62)	(2.65)	(2.68)	(2.71)	(2.74)	(2.77)
Power development fund	THBmm	(0.66)	(0.66)	(0.66)	(0.64)	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)	(0.24)
Depreciation	THBmm	(35.99)	(35.99)	(35.99)	(36.25)	(36.25)	(36.25)	(36.25)	(36.25)	(33.45)	(13.20)
Operation fee to PEA	THBmm	(6.01)	(6.04)	(6.09)	(5.91)	(6.14)	(6.17)	(6.22)	(6.23)	(6.26)	(2.31)
Electricity fee	THBmm	(2.00)	(2.01)	(2.02)	(1.96)	(2.04)	(2.05)	(2.06)	(2.07)	(2.08)	(0.77)
Other cost of sales	THBmm	(4.45)	(4.67)	(4.90)	(5.15)	(5.41)	(5.68)	(5.96)	(6.26)	(6.57)	(6.90)
<b>Total Cost of Sales</b>	<b>THBmm</b>	<b>(233.86)</b>	<b>(235.95)</b>	<b>(238.52)</b>	<b>(235.35)</b>	<b>(242.62)</b>	<b>(244.81)</b>	<b>(247.49)</b>	<b>(249.24)</b>	<b>(248.69)</b>	<b>(95.89)</b>

## Selling Gross and Administrative Expense

UPT's administrative expenses in 2020 consist of legal advisory fees, audit fees, vehicle rental fees staff residential and other miscellaneous expenses. The assumption details are as follows:

- Administrative expenses, excluding legal consulting fees, equal to THB 1.47 mm in 2021 based on the actual administrative expenses of UPT in 2020 and assume to grow at 1.08% based on average core inflation for the past 20 years
- Since UPT has the advisor fee from the project finance contract in 2021 which equals to THB 1.44 mm and assume to grow at 1.08% based on average core inflation for the past 20 years until the expiration of project finance contract.

## Financial Cost

UPT has entered into the loans with one of the commercial banks in Thailand including long-term loans, for construction development and short-term loans to finance UPT working capital. UPT's financial costs. can be summarized in the following table

**Table: Summary of long term loan contract**

Topic	Details
Loan	Long term loan
Interest rate	MLR – 1.50% for the first 5 years and 1.25% from year 6 onwards
Repayment schedule	Repay every quarters for 31 payments

**Table: Summary of short term loan contract**

Topic	Details
Loan	P/N
Interest rate	MLR – 1.50%

## Corporate Income Tax

UPT has received tax privileges from the Board of Investment (“BOI”) under the Investment Promotion Act (BE 2520) for power business; CIT of the Project on net profits are exempted for 8 years from commercial operation date during 2019 to 2026

Moreover, the IFA has projected CIT of UPT based on BOI committee which has the tax rate of 20.00% from years 2027 onwards.

### Capital Expenditure

The Company will invest to enhance the capacity as a major overhaul every 5 years which has the details as follows:

Investment years	Amount (THBmm)	Source
2023	11.51	The Company
2028	12.71	
2033	14.03	

### Terminal Value

The IFA assumes that UPT will expose its land at 2039 (End of projection period) at its market price which equals to THB 103.12 mm and 104.12 mm. The mentioned market price refers to the appraisal report by Prospec Appraisal Company Limited and The Valuation & Consultants Company Limited. To comply with the conservative basis, the IFA applied the lower numbers (THB 103.12 mm in 2021) and the IFA assumed its growth rate of 1.08% based on 20 years average core inflation. Therefore, the market price at 2039 equals to THB 126.42 mm.

### Discount Rate

The discount rate used for computing the present value of the cash flow is computed from weighted average cost of capital ("WACC") which is a combination of the weighted cost of debt ("Kd") and the weighted cost of capital ("Ke") for each of the fiscal year. The debt and equity structure in each fiscal year differs as the projected financial structure for each year changes as well as the tax rate that would also change according to the tax benefit that UPT receives. IFA deemed that the methodology is appropriate for the valuation of the UPT because of the certainty of the debt capital structure that the UPT would not need to increase its debt other than for using as working capital and liquidity purposes. The aforementioned structure would result in different WACC in each of the forecasted year. The calculation is as follow.

$$WACC = (D/(D+E)*Kd*(1-T)) + (E/(D+E)*Ke)$$

Variable	Definition	2021 – 2039
D	Interest-bearing debt	454.51 – 0.00
E	Equity	327.46 – 1,222.20
T	Tax rate	0% – 20%
Kd	Cost of debt	3.83% – 0.00%
Ke	Cost of equity	13.47% – 7.10%
WACC	Weighted average cost of capital	7.86% – 7.10%

### Remark:

1. Kd changes throughout the forecasted years according to the change in the forecasted interest-bearing debt
2. Ke changes throughout the forecasted years according to the change in the forecasted equity
3. WACC changes throughout the forecasted years according to the change in Kd, Ke and Debt to Equity ratio
4. The IFA projected equity based on the summation of paid up capital and UPT retained earnings



WACC (percent)										
year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
WACC	7.86%	7.75%	7.69%	7.58%	7.42%	7.26%	7.10%	7.10%	7.10%	7.10%

Remarks: The numbers' been rounded

WACC (percent)									
year	2031	2032	2033	2034	2035	2036	2037	2038	2039
WACC	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%

Remarks: The numbers' been rounded

The WACC changes throughout the year as a result of changes in interest-bearing debt, equity, Kd, Ke and Tax rate

$$K_e = R_f + (\beta^*(R_m - R_f))$$

Index	Definition	value
Rf	Risk-free rate of return used in this model is from the 20-year government bond (information as of June 1, 2021) which is appropriate for long-term risk-free rate of return.	2.54%
$\beta$ (Beta)	The beta used for the valuation of the UPT is computed from the median of unlevered beta of the peers (TSE BCPG SSP TPCH ACE GUNKUL SPCG and SUPER) in 2020 daily beta which is appropriate for indicating the volatility of the aforementioned stock's price. Although there were covid-19 circumstances during the period, the IFA has the opinion that those period was still appropriate to apply since power business has low volatility and stable net profit. Also, the beta used in the financial calculation differs throughout the years as a result of changes in interest bearing debt and equity. Information from SETSMART as of June 1, 2021	0.44 – 1.06
Rm	The market return is computed from 20 - year SET return (information as of June 1, 2021) which is appropriate for the long-term investor's expected return	12.87%

For the computation of the unlevered beta ( $\beta$ ), IFA used Hamada Equation, details are as follow

$$\beta_L = \beta_U * (1 + ((1-T) * (IBD/E)))$$

Ticker	Levered beta	IBD/E	Unlevered beta
GUNKUL	1.03	1.87	0.45
SUPER	0.93	1.84	0.43
TSE	0.65	2.10	0.27
BCPG	0.97	1.11	0.53
SSP	0.66	2.33	0.36
TPCH	0.93	1.05	0.58
SPCG	0.45	0.21	0.41
ACE	0.92	0.38	0.76
<b>Median of Beta</b>			<b>0.44</b>

Remarks: Information from Capital IQ as of June 1,2021

Financial Projection Of UPT for 2021 - 2039

Unit: THBmm

List	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	307.81	309.19	300.79	312.88	313.40	314.84	308.36	289.13	299.14	300.63
Fuel Cost	(136.71)	(138.18)	(135.27)	(141.58)	(142.70)	(144.23)	(145.79)	(143.14)	(148.95)	(150.55)
O&M	(35.00)	(35.00)	(35.38)	(35.76)	(36.14)	(36.53)	(36.93)	(37.33)	(37.73)	(38.13)
Insurance	(2.28)	(2.31)	(2.33)	(2.36)	(2.38)	(2.41)	(2.43)	(2.46)	(2.49)	(2.51)
Power development fund	(0.66)	(0.66)	(0.64)	(0.66)	(0.66)	(0.66)	(0.66)	(0.64)	(0.66)	(0.66)
Depreciation	(33.45)	(33.45)	(35.75)	(35.75)	(35.75)	(35.75)	(35.75)	(35.99)	(35.99)	(35.99)
Operation fee to PEA	(6.16)	(6.18)	(6.02)	(6.26)	(6.27)	(6.30)	(6.17)	(5.78)	(5.98)	(6.01)
Electricity fee	(2.04)	(2.05)	(2.00)	(2.08)	(2.08)	(2.09)	(2.05)	(1.92)	(1.99)	(2.00)
Other cost of sales	(2.87)	(3.01)	(3.16)	(3.32)	(3.49)	(3.66)	(3.84)	(4.03)	(4.24)	(4.45)
SG&A	(2.89)	(2.92)	(2.95)	(2.99)	(3.02)	(3.05)	(3.08)	(1.58)	(1.59)	(1.61)
<b>EBIT</b>	<b>85.77</b>	<b>85.43</b>	<b>77.30</b>	<b>82.14</b>	<b>80.93</b>	<b>80.16</b>	<b>71.66</b>	<b>56.27</b>	<b>59.53</b>	<b>58.72</b>
Interest expense	(20.68)	(17.82)	(15.51)	(12.75)	(9.67)	(6.62)	(3.43)	0.00	0.00	0.00
<b>EBT</b>	<b>65.08</b>	<b>67.61</b>	<b>61.79</b>	<b>69.39</b>	<b>71.26</b>	<b>73.55</b>	<b>68.23</b>	<b>56.27</b>	<b>59.53</b>	<b>58.72</b>
Tax	0.00	0.00	0.00	0.00	0.00	0.00	(8.26)	(11.25)	(11.91)	(11.74)
<b>Net Profit</b>	<b>65.08</b>	<b>67.61</b>	<b>61.79</b>	<b>69.39</b>	<b>71.26</b>	<b>73.55</b>	<b>59.97</b>	<b>45.01</b>	<b>47.63</b>	<b>46.98</b>

Remarks: The numbers' been rounded

Financial Projection Of UPT for 2021 - 2039

Unit: THBmm

List	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	302.15	304.55	295.61	306.79	308.37	310.86	311.58	313.22	115.48
Fuel Cost	(152.18)	(154.26)	(150.58)	(157.15)	(158.85)	(161.02)	(162.29)	(164.04)	(60.81)
O&M	(38.55)	(38.96)	(39.38)	(39.81)	(40.23)	(40.67)	(41.11)	(41.55)	(16.57)
Insurance	(2.54)	(2.57)	(2.59)	(2.62)	(2.65)	(2.68)	(2.71)	(2.74)	(2.77)
Power development fund	(0.66)	(0.66)	(0.64)	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)	(0.24)
Depreciation	(35.99)	(35.99)	(36.25)	(36.25)	(36.25)	(36.25)	(36.25)	(33.45)	(13.20)
Operation fee to PEA	(6.04)	(6.09)	(5.91)	(6.14)	(6.17)	(6.22)	(6.23)	(6.26)	(2.31)
Electricity fee	(2.01)	(2.02)	(1.96)	(2.04)	(2.05)	(2.06)	(2.07)	(2.08)	(0.77)
Other cost of sales	(4.67)	(4.90)	(5.15)	(5.41)	(5.68)	(5.96)	(6.26)	(6.57)	(6.90)
SG&A	(1.63)	(1.64)	(1.66)	(1.68)	(1.70)	(1.72)	(1.73)	(1.75)	(1.77)
<b>EBIT</b>	<b>57.90</b>	<b>57.46</b>	<b>51.48</b>	<b>55.04</b>	<b>54.14</b>	<b>53.62</b>	<b>52.28</b>	<b>54.12</b>	<b>10.15</b>
Interest expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EBT</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Tax	<b>57.90</b>	<b>57.46</b>	<b>51.48</b>	<b>55.04</b>	<b>54.14</b>	<b>53.62</b>	<b>52.28</b>	<b>54.12</b>	<b>10.15</b>
<b>Net Profit</b>	<b>(11.58)</b>	<b>(11.49)</b>	<b>(10.30)</b>	<b>(11.01)</b>	<b>(10.83)</b>	<b>(10.72)</b>	<b>(10.46)</b>	<b>(10.82)</b>	<b>(2.03)</b>

Remarks: The numbers' been rounded

Free Cash Flow Projection Of UPT for 2021 - 2039

Unit: THBmm

Items	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>EBIT</b>	<b>85.77</b>	<b>85.43</b>	<b>77.30</b>	<b>82.14</b>	<b>80.93</b>	<b>80.16</b>	<b>71.66</b>	<b>56.27</b>	<b>59.53</b>	<b>58.72</b>
Tax	0.00	0.00	0.00	0.00	0.00	0.00	(8.68)	(11.25)	(11.91)	(11.74)
<b>NOPAT</b>	<b>85.77</b>	<b>85.43</b>	<b>77.30</b>	<b>82.14</b>	<b>80.93</b>	<b>80.16</b>	<b>62.99</b>	<b>45.01</b>	<b>47.63</b>	<b>46.98</b>
Depreciation	33.45	33.45	35.75	35.75	35.75	35.75	35.75	35.99	35.99	35.99
CAPEX	0.00	0.00	(11.51)	0.00	0.00	0.00	0.00	(12.71)	0.00	0.00
Changes in net operating working capital	(0.25)	(0.20)	2.48	(2.54)	(0.12)	(0.16)	2.19	5.43	(2.31)	(0.16)
Terminal value										
<b>Cash flow</b>	<b>118.97</b>	<b>118.68</b>	<b>104.02</b>	<b>115.35</b>	<b>116.55</b>	<b>115.75</b>	<b>100.92</b>	<b>73.72</b>	<b>81.30</b>	<b>82.80</b>
Discounted year	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00
WACC	7.86%	7.75%	7.69%	7.58%	7.42%	7.26%	7.10%	7.10%	7.10%	7.10%
<b>Present value of the free cash flow</b>	<b>110.29</b>	<b>102.23</b>	<b>83.28</b>	<b>86.13</b>	<b>81.49</b>	<b>76.00</b>	<b>62.46</b>	<b>42.60</b>	<b>43.87</b>	<b>41.72</b>

Items	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>EBIT</b>	<b>57.90</b>	<b>57.46</b>	<b>51.48</b>	<b>55.04</b>	<b>54.14</b>	<b>53.62</b>	<b>52.28</b>	<b>54.12</b>	<b>10.15</b>
Tax	(11.58)	(11.49)	(10.30)	(11.01)	(10.83)	(10.72)	(10.46)	(10.82)	(2.03)
<b>NOPAT</b>	<b>46.32</b>	<b>45.97</b>	<b>41.19</b>	<b>44.03</b>	<b>43.31</b>	<b>42.90</b>	<b>41.82</b>	<b>43.30</b>	<b>8.12</b>
Depreciation	35.99	35.99	36.25	36.25	36.25	36.25	36.25	33.45	13.20
CAPEX	0.00	0.00	(14.03)	0.00	0.00	0.00	0.00	0.00	0.00
Changes in net operating working capital	(0.16)	(0.20)	2.14	(2.40)	(0.16)	(0.20)	(0.13)	(0.51)	40.04
Terminal value									126.42
<b>Cash flow</b>	<b>82.14</b>	<b>81.75</b>	<b>65.55</b>	<b>77.89</b>	<b>79.40</b>	<b>78.95</b>	<b>77.95</b>	<b>76.23</b>	<b>187.78</b>
Discounted year	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	18.61
WACC	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%
<b>Present value of the free cash flow</b>	<b>38.64</b>	<b>35.91</b>	<b>26.89</b>	<b>29.83</b>	<b>28.40</b>	<b>26.36</b>	<b>24.30</b>	<b>22.19</b>	<b>52.45</b>

Summary of the UPT by Discounted Cash Flow Approach (Base Case)

รายการ	(ล้านบาท)
Sum of the present value of cash flow	1,015.05
Less : Interest-bearing debt as of December 31 <sup>st</sup> , 2020	(529.76)
Add : Cash as of December 31 <sup>st</sup> , 2020	74.40 <sup>1/</sup>
<b>Equity Value of UPT</b>	<b>559.69</b>

Remark: 1/ UPT cash consists of cash and cash equivalent for THB 0.02 mm and restricted cash equals to THB 74.38 mm

Sensitivity Analysis

The IFA has conducted Sensitivity Analysis of discount rate by increasing/decreasing 1.00% because it is an important factor that might impact the valuation. The changes of +/- 1.00% of WACC and Electricity quantity can reflect key factors of the assumptions that the IFA determines highly variable. The result is as follows;

Sensitized factors		WACC				
		-1.00%	-0.50%	Base case	+0.50%	+1.00%
Electricity Generation	-2.00%	606.76	568.95	533.29	499.64	467.85
	-1.00%	620.94	582.62	546.49	512.39	480.18
	Base case	635.12	596.30	559.69	525.14	492.50
	+1.00%	649.29	609.97	572.89	537.90	504.83
	+2.00%	663.47	623.65	586.10	550.65	517.16

From the table above, the sensitivity analysis of UPT's equity value is between THB 467.85 – 663.47 mm which covers the consideration for acquisition of asset of baht 500.0 million which is higher for THB 163.47 mm or 32.69% higher than the transaction price and lower than the transaction price for THB 32.15 mm or equals to 6.43% lower than the transaction price

The DCF approach is the appropriate method since UPT operates in biomass power plant business which has a long-term business contract and has a relatively stable operating cash flow Therefore, the IFA has the opinion that the valuation using the DCF method reflect UPT's cash-generating ability and can reflect the fair equity value of UPT

Summary of UPT's valuation

Methodology	Value	IFA's opinion
Book value approach	262.38	<u>Not justified</u> because the method does not reflect the economic value of the UPT
Adjusted book value approach	286.37	<u>Not justified</u> because the method does not reflect the economic value of the UPT
Price to Book Value Ratio Approach	376.28 – 396.20	<u>Not justified</u> because the method does not reflect the economic value of the UPT
Price to Earnings Ratio Approach	876.36 – 1,087.29	<u>Not justified</u> because the method does not reflect the economic value of the UPT
Enterprise Value to Earnings Before Interest, Tax, Depreciation, and Amortization Multiples Approach	952.09 – 1,052.42	<u>Not justified</u> because the method does not reflect the economic value of the UPT
<b>Discounted Cash Flow Approach</b>	<b>467.85 – 663.47</b>	<b><u>Justified</u> because the method reflects the economic value of the UPT</b>

The above share valuation is conducted based on the assumptions obtained from the Company and UPT and under the existing economic environment and present circumstances. As such, any changes to UPT's business plans and policies, including the public sector's policy, or any altering economic environment or any unusual incident could lead to a significant difference from the existing business operation of UPT or a deviation from the projection or the variables adopted and, hence, a material change in the projection prepared under the aforementioned assumptions and a relative change in the appraised value of UPT shares.



IFA has valued UPT by the aforementioned methodologies. As a results, Fair value of UPT is between THB 467.85 – 663.47 mm which covers the consideration for acquisition of asset of baht 500.0 million which is higher for THB 163.47 mm or 32.69% higher than the transaction price and lower than the transaction price for THB 32.15 mm or equals to 6.43% lower than the transaction price. Therefore, **the IFA has the opinion that transaction price is appropriate** and would benefit the Company's shareholders with the following reasons

- In line with the Company's mission to expand tis investment in Renewable power plants
- Stabilize the revenue and diversification the source of revenue and net profit from individual power plants
- Invest in brownfield investments and can generate high net profit. Also, there is no development risk

### **3.6. Summary of IFA's opinion on the acquisition of assets and connected transaction**

According to Board of Director resolutions of Sermuang Power Corporation Public Company Limited No 3/2021 at May 31, 2021 to approve the investment in UPT for the total considerations of THB 500.00 mm.

From evaluating the rationale, importance, validity advantage, disadvantage and risks of the acquisition of UPT, IFA deems that the acquisition of UPT is appropriate and would benefit the Company and the shareholders of the Company, thus, IFA deems that the transaction is justified as per the 3/2020 Board of Directors' meeting resolution on April 24<sup>th</sup>, 2020. However, the decision to proceed the transaction is depend upon the resolution from the 1/2020 EGM. The shareholders shall study the information attached with the EGM package consider the transaction properly.

In this regard, the IFA has the opinion that the transaction is align with the Company's core policies and missions to invest and develop the various type of renewable energy for example; solar energy, wind energy and biomass energy for domestic and international arena. Moreover, the Company states that it plans to develop and expand the installed capacity to be 400.00 megawatts within 2024. Furthermore, the transaction is the Company strategies to diversify the revenue and net profit generation from individual power plant. As a result, the Company can stabilize the income by diversifying revenue from solar power plants which expose to curtain specific risk such as solar irradiance. Additionally, the transaction price is appropriate since the IFA has conducted the valuation analysis in various methodologies and concluded that Discounted Cash Flow ("DCF") is most appropriate since it reflects business operation plan, ability to make profit and growth prospect as well as return of equity in the future. In which, the Independent Financial Advisor has conducted the analysis based on the assumptions such as the PPA with PEA and other assumptions other assumption that is important to the projection according to historical performance Technical due diligence and information from the Company and public information. From those assumptions, the Independent Financial Advisor conclude that Fair value of UPT is between THB 467.85 – 663.47 mm which covers the consideration for acquisition of asset of baht 500.0 million which is higher for THB 163.47 mm or 32.69% higher than the transaction price and lower than the transaction price for THB 32.15 mm or equals to 6.43% lower than the transaction price.

In this regards, the IFA has analyzed the transactions of the Company based on the information prepared from the management of the relevant parties as well as public information on SET, SEC, BOL and each companies' websites.

IFA assumes that all of the information received from the aforementioned sources are valid and complete, the IFA also gave opinion based on current situation, any significant change in the core assumptions may result in the change of IFA's projections and may affect the shareholders' decision to proceed with the transactions. In any case, IFA does not vouch for the successfulness of the transactions and does not have an obligation to amend the opinion to reflect the changes in current situation or revised the IFA report in the future.

IFA has studied the characteristics of the transactions, relevant assets, Appropriateness of the transaction prices, advantages, disadvantages and other relevant factors with professional standard by holding the shareholders' interests as a top priority. The decision to proceed with the transactions will solely depend on the resolutions of the 1/2021 EGM on July 6, 2021.

Sincerely yours,  
Pioneer Advisory Company Limited



(Miss Duenpun Lilavivat)  
Authorized Director and Supervisor

## Section 4 Appendix

### 4.1 Information regarding the Company

<b>Company Name</b>	Sernsang Power Corporation Public Company Limited	
<b>Location</b>	325/14 Dusit Bangkok	
<b>Type of Business</b>	Energy and utilities	
<b>Website</b>	www.sernsang.com	
<b>Registration Number</b>	1,369,170,000.00 million THB	
<b>Board of Director</b>	<b>Name</b>	<b>Position</b>
	1 Mr. Kanthon Wangudom	Chairman of the BOD/ Independent director / Audit Committee
	2 Mr. Viwat Kraipisitkul	Chief of Executive Director, Chief of Risk Committee / Director
	3 Mr. Varut Tummavarasukub	Chief of Executive Officer / Director
	4 Ms. Thantaporn Kraipisitkul	Director
	5 Mr. Tanawat Kraipisitkul	Director
	6 Mrs. Thanyanee Kraipisitkul	Director
	7 Mr. Samrieng Mekkiengkrai	Independent Director, Chief of Audit Committee
	8 Mr. Dhana Bubphavanich	Independent Director, Audit Committee
	9 General Phairat Phoubon	Independent Director
	10 Mr. Monchai Phongsathabodee	Independent Director

## 4.2 Nature of Business

The Company operate business by holding shares in other companies (Holding Company) that operate the business of generating and distributing electricity from renewable energy and other related businesses, both domestically and internationally. As of 31 December 2020, the Company and its subsidiaries have projects that have commenced the commercial operation, projects under construction, and development as follows:

Projects that have commenced commercial operation with total installed capacity of 195.9 MW are:

- (1) SPN project (in Thailand) with installed capacity of 52.0 MW, commenced commercial operation in the first quarter of 2015.
- (2) The Hidaka Project (in Japan) with installed capacity of 21.0 MW, commenced commercial operation in first quarter of 2018.
- (3) Zouen Project (in Japan) with installed capacity is 8.0 MW, commenced commercial operation in third quarter of 2018.
- (4) Solar Rooftop Project (in Thailand), total installed capacity of 6.9 MW are namely SNNP1 project, SNNP2 project (commenced commercial operation in first Quarter of 2018) DoHome project (commenced commercial operation in third quarter of 2018) SNNP3 project (commenced commercial operation in second Quarter, 2019) SNNP4 Project (commenced commercial operation in first Quarter of 2020) Project TAPACO (commenced commercial operation in second Quarter of 2020) and PRC project (commenced commercial operation in second quarter of 2020)
- (5) WVO solarprojectinstalled capacity of 5.0 megawatts commenced commercial operation in quarter 4 of 2018.
- (6) The Binh Nguyen Solar project, which is operated through TTQN (in Vietnam), installed capacity. 49.6 megawatts commenced commercial operation in quarter 2 of 2019.
- (7) Khunsight Kundi project (in Mongolia), installed capacity of 16.4 megawatts commenced commercial operation in quarter 3 of 2019.
- (8) Solar Rooftop Project (in Indonesia) with a total installed capacity of 2.5 megawatts gradually commenced the commercial operation since in quarter 4 of 2019.
- (9) Yamaga Project (in Japan), the installed capacity of 34.5 megawatts commenced commercial operation in quarter 2 of 2020.

Projects under construction and under development with total installed capacity of 96.0 megawatts, are including

- (1) Leo Project (Ashita Power 1 & Ashita Power 2) (in Japan), total installed capacity of 48.0 megawatts
- (2) Wind project (in Vietnam) contracted capacity of 48.0 megawatts

The business group of the Company Group can be divided into 3 groups as follows:

- (1) Solar power plant investment and development business is divided into
  - Solar farm business in Thailand which consists of (1) SPN project, Lopburi province. and (2) Solar projects The War Veterans Organization of Thailand, Ratchaburi province.
  - Solar Farm business in foreign countries, which includes projects in Japan, which are (1) Hidaka Project (2) Yamaga Project (3) Zouen Project (4) Leo project (5) Projects in Mongolia includes Khunsight Kundi projects, and (6) Projects in Vietnam, including Binh Nguyen Solar Project,
  - Solar Rooftop business in Thailand, comprises of (1) SNNP1 project (2) SNNP2 project (3) DoHome project (4) SNNP3 project (5) SNNP4 project. (6) PRC project and (7) TAPACO project
  - Solar Rooftop business in foreign countries are Solar Rooftop Project in Indonesia
- (2) Business of investment and development of wind power plants in Vietnam
- (3) Business of investment and development of other renewable energy power plants such as Biogas Power Plant Biomass Power Plant and waste-to-energy power plants etc. which in presently There are no other types of renewable energy power plant projects yet.

### 4.3 Revenue Structure of the Company

Revenue structure of the Company according to financial statement as of December 31, 2018 – December 31, 2020, as follows:

Revenue structure	Consolidated financial statements of the Group Company for the fiscal year ended					
	31 December 2018		31 December 2019		31 December 2020	
	Value (million baht)	%	Value (million baht)	%	Value (million baht)	%
Revenue from selling electricity in Thailand	861.2	75.7	940.6	63.4	891.8	46.1
Revenue from selling electricity in Japan	235.1	20.7	348.2	23.4	620.9	32.1
Revenue from selling electricity in Vietnam	-	-	120.6	8.1	206.4	10.7
Revenue from electricity sales in Mongolia	-	-	52.0	3.5	113.4	0.1
Revenue from electricity sales in Indonesia	-	-	0.3	0.0	3.0	0.5
<b>Revenue from sales of electricity</b>	<b>1,096.3</b>	<b>96.4</b>	<b>1,461.7</b>	<b>98.4</b>	<b>1,835.5</b>	<b>94.9</b>
Revenue from solar roof construction services (EPC revenue)	32.7	2.9	11.9	0.8	25.0	1.3
Gain (loss) from exchange rate	-	-	-	-	47.2	2.4
Other revenues <sup>1</sup>	8.4	0.7	12.0	0.8	25.4	1.3
<b>Total revenues</b>	<b>1,137.4</b>	<b>100.0</b>	<b>1,485.6</b>	<b>100.0</b>	<b>1,935.5</b>	<b>100.0</b>



#### 4.4 Financial Position and Performance of the Company

The IFA summarized the Company's performance and financial position based on financial statements from the year 2018 – quarter 1 of 2021 audited by EY Company Limited, as summarized below

##### 1) Key summary of Financial Statement

##### - Profit/loss Statement

**Table summary of key figure in the Company's statement of comprehensive income in 2019 – 2020 and quarter 1 of 2020 - 2021**

Item	Quarter 1 2021		Quarter 1 2020		2020		2019	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Revenue								
Revenue from electricity sales	336.69	67.21	252.30	55.22	1,275.00	65.96	870.54	58.78
Revenue from Adder	145.27	29.00	142.94	31.29	560.47	28.99	591.16	39.92
Revenue from sales of product	0.00	0.00	0.00	0.00	21.49	1.11	0.00	0.00
Revenue from construction	2.81	0.56	0.00	0.00	3.54	0.18	11.90	0.80
Management fee	1.72	0.34	6.16	1.35	10.04	0.52	0.00	0.00
Profit from exchange rate	0.00	0.00	0.00	0.00	47.19	2.44	0.00	0.00
Other revenue	14.47	2.89	55.46	12.14	15.38	0.80	7.38	0.50
<b>Total revenue</b>	<b>500.95</b>	<b>100.00</b>	<b>456.86</b>	<b>100.00</b>	<b>1,933.10</b>	<b>100.00</b>	<b>1,480.99</b>	<b>100.00</b>
Expense								
Cost of good sold	182.80	36.49	138.44	30.30	664.23	34.36	465.69	31.44
Cost of construction	1.99	0.40	0.00	0.00	2.51	0.13	10.10	0.68
Loss from exchange rate	0.00	0.00	0.00	0.00	0.00	0.00	68.52	4.63
Administrative expense	35.88	7.16	39.82	8.71	193.47	10.01	170.65	11.52
Total expense	220.67	44.05	178.26	39.02	860.21	44.50	714.96	48.28
<b>Operating profit</b>	<b>280.29</b>	<b>55.95</b>	<b>278.61</b>	<b>60.98</b>	<b>1,072.89</b>	<b>55.50</b>	<b>766.03</b>	<b>51.72</b>
Profit sharing from subsidiary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest income	0.02	0.00	0.80	0.18	2.35	0.12	4.57	0.31
Finance cost	(80.42)	(16.05)	(61.72)	(13.51)	(287.32)	(14.86)	(201.64)	(13.62)
<b>Profit before income tax expense</b>	<b>199.88</b>	<b>39.90</b>	<b>217.69</b>	<b>47.65</b>	<b>787.92</b>	<b>40.76</b>	<b>568.95</b>	<b>38.42</b>
Revenue (expense) income tax expense	(11.43)	(2.28)	(3.21)	(0.70)	(22.52)	(1.16)	(12.33)	(0.83)
<b>Profit for the period</b>	<b>188.45</b>	<b>37.62</b>	<b>214.48</b>	<b>46.95</b>	<b>765.40</b>	<b>39.59</b>	<b>556.62</b>	<b>37.58</b>

Source: Consolidated Financial Statement of the Company as of December 31 20219 – 31 March 2021

- Financial Position

**Table summary of key figure in the Company's statement of financial position in 2019 – quarter 1 of 2021**

Item	31 March 2021		31 December 2020		31 December 2019	
	Million THB	%	Million THB	%	Million THB	%
<b>Assets</b>						
Cash and cash equivalent	1,186.33	7.20	1,364.33	8.47	915.46	7.02
Short-term restricted cash	305.41	1.85	152.26	0.95	283.15	2.17
Trade and other receivable	467.76	2.84	429.68	2.67	360.39	2.76
Inventory	0.39	0.00	0.35	0.00	0.00	0.00
Revenue department receivable	202.72	1.23	208.00	1.29	0.00	0.00
Unbilled receivable	1.93	0.01	0.89	0.01	0.00	0.00
Short-term loan to related parties	9.35	0.06	8.96	0.06	0.00	0.00
Other current financial assets	6.14	0.04	5.30	0.03	0.00	0.00
Other current assets	11.14	0.07	10.70	0.07	29.81	0.23
<b>Total current assets</b>	<b>2,191.17</b>	<b>13.29</b>	<b>2,180.47</b>	<b>13.54</b>	<b>1,588.81</b>	<b>12.18</b>
<b>Non-current asset</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Long-term restricted bank deposit	714.94	4.34	715.75	4.44	159.04	1.22
Revenue department receivable	21.93	0.13	18.14	0.11	17.41	0.13
Long-term loan to related parties	0.00	0.00	0.00	0.00	0.00	0.00
Other non-current financial assets	32.09	0.19	32.09	0.20	0.00	0.00
Long-term investment	0.00	0.00	0.00	0.00	26.04	0.20
Investment in subsidiaries	0.00	0.00	0.00	0.00	0.00	0.00
Property, plant, and equipment	10,866.28	65.93	10,593.94	65.78	9,722.10	74.53
Right of use assets	738.96	4.48	766.49	4.76	0.00	0.00
Intangible assets	1,027.36	6.23	1,048.22	6.51	1,045.83	8.02
Advance payment	0.00	0.00	0.00	0.00	119.06	0.91
Deferred tax assets	4.77	0.03	5.45	0.03	0.97	0.01
Other non-current assets	883.97	5.36	743.49	4.62	365.86	2.80
<b>Total non-current assets</b>	<b>14,290.30</b>	<b>86.71</b>	<b>13,923.56</b>	<b>86.46</b>	<b>11,456.32</b>	<b>87.82</b>
<b>Total Assets</b>	<b>16,481.47</b>	<b>100.00</b>	<b>16,104.03</b>	<b>100.00</b>	<b>13,045.13</b>	<b>100.00</b>
<b>Liabilities and Shareholders' equity</b>						
Short-term loan from financial institution	197.70	1.20	251.03	1.56	361.77	2.77
Trade and other payable	134.79	0.82	117.14	0.73	208.66	1.60
Construction revenue received in advance	0.50	0.00	0.56	0.00	0.00	0.00
Retention payable	5.93	0.04	5.55	0.03	6.29	0.05
Share acquisition payable to subsidiary's former shareholders	9.68	0.06	9.26	0.06	9.28	0.07
Equity payable from decrease in capital in subsidiary	0.00	0.00	0.00	0.00	71.41	0.55
Short-term loan from minority shareholder from subsidiary	0.00	0.00	0.00	0.00	12.06	0.09
Short-term loan from related parties	0.00	0.00	0.00	0.00	0.00	0.00
Short-term finance lease	29.50	0.18	29.85	0.19	0.23	0.00

Item	31 March 2021		31 December 2020		31 December 2019	
	Million THB	%	Million THB	%	Million THB	%
Current portion of long-term loan	1,182.85	7.18	1,138.82	7.07	686.09	5.26
Other current financial liabilities	0.00	0.00	0.29	0.00	0.00	0.00
Other current liabilities	12.06	0.07	10.64	0.07	12.07	0.09
Total current liabilities	1,573.00	9.54	1,563.15	9.71	1,367.87	10.49
Non-current liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Lease liabilities	560.52	3.40	582.81	3.62	0.92	0.01
Debenture	794.93	4.82	793.90	4.93	0.00	0.00
Long-term loans	8,516.38	51.67	8,386.93	52.08	7,666.37	58.77
Deferred tax liabilities	26.50	0.16	21.49	0.13	3.96	0.03
Other non-current financial liabilities	164.34	1.00	201.58	1.25	0.00	0.00
Other non-current liabilities	11.44	0.07	12.17	0.08	9.02	0.07
Total non-current liabilities	10,074.10	61.12	9,998.89	62.09	7,680.27	58.87
<b>Total liabilities</b>	<b>11,647.11</b>	<b>70.67</b>	<b>11,562.04</b>	<b>71.80</b>	<b>9,048.14</b>	<b>69.36</b>
Shareholders' Equity						
Issued and paid up	922.00	5.59	922.00	5.73	922.00	7.07
Share premium	1,511.21	9.17	1,511.21	9.38	1,511.21	11.58
Surplus on business combination under common control	33.10	0.20	33.10	0.21	33.10	0.25
Retained Earnings	0.00	0.00	0.00	0.00	0.00	0.00
Appropriated – statutory reserve	92.20	0.56	92.20	0.57	92.20	0.71
Unappropriated	2,219.34	13.47	2,036.25	12.64	1,402.27	10.75
Other component of shareholders' equity	(287.81)	(1.75)	(389.65)	(2.42)	(183.76)	(1.41)
Equity attribute to owners of the Company	4,490.04	27.24	4,205.10	26.11	3,777.02	28.95
Non-controlling interest of the subsidiaries	344.33	2.09	336.89	2.09	219.96	1.69
Total shareholders' equity	4,834.37	29.33	4,541.99	28.20	3,996.99	30.64
<b>Total liabilities and shareholders' equity</b>	<b>16,481.47</b>	<b>100.00</b>	<b>16,104.03</b>	<b>100.00</b>	<b>13,045.13</b>	<b>100.00</b>

Source: Consolidated Financial Statement of the Company as of December 31 20219 – 31 March 2021

2) Discussion on Consolidated Financial Position and Operating result

Operating result

In the first quarter of 2021, the Company's total revenue equal to 500.95 million THB increased from the first quarter of 2020 which equal to 456.86 million THB at 44.09 million THB or increased approximately 9.65% due to the increased in electricity sales internationally from Yamaka in Japan that COD in June 2020

In 2020, the Company's total revenue equal to 1,933.10 million THB increased from 2019 which equal to 1,480.99 million THB at 452.11 million THB or increased approximately 30.53% due to revenue recognition of Yamaka project in Japan which COD in June 2020 and Rooftop Solar in Indonesia. However, domestic revenue and revenue from Vietnam decreased from solar intensity dropped compared to 2019.

Financial Position

In the first quarter of 2021, the Company's total asset equal to 16,481.47 million THB increased from 2020, which equal 13,045.13 million THB at 3,058.90 million TB or increased approximately 23.45% due to the increase in PPE related to powerplant at 272.3 million THB, other non-current asset at 140.50 million THB. Hence, majority of assets of the Company are PPE of the powerplant approximately 65.9 of total assets

In 2020, the Company's total assets equal to 16,104.03 million THB increased from 2019 which equal to 13,045.13 million THB at 3,058.90 million THB or approximately 23.45% due to the increased in PPE of powerplant at 871.8 million THB, cash and cash equivalent at 448.9 million THB, restricted cash at 425.8 million THB, and right of use increase approximately 766.6 million THB from the new accounting standard.

#### 4.5 Assumption of Independent Property Advisor

##### - Prospect Appraisal

###### Land

By using the Market Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets at coincide time and in adjacent area which possess similar characteristics as the appraised asset for comparison and analysis. With this regards, there were **5** selected data of vacant land located in nearby areas for comparison with the offering/selling price during Baht **625 – 2,000** per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weighted Quality Score (WQS). The details of market comparable data for vacant lands and summary of the appraised price of the Independent Property Appraiser by using the Market Comparison Approach are presented in the following table.

List	Data 1	Data 2	Data 3	Data 4	Data 5
Asset Type	Land	Land	Land	Land	Land
Distance in UPT (meter)	Approximately 6,000	Approximately 8,000	Approximately 10,500	Approximately 9,000	Approximately 4,500
Area (Rai)	40-0-0.0	47-0-82.0	123-1-1.0	574-0-7.0	21-2-85.0
Plot Location	Middle	Middle	Middle	Middle	Middle
Width – Length	136 - 750	157 – 560	150 - 600	830 – 952	50 – 75
Land level	1 m. below the road	0.5 m. below the road	1 m. below the road	0.5 m. below the road	0.5 m. below the road
Facility	Electricity	Electricity and water	none	Electricity,water, telecommunication and light	Electricity and water
Plan Color	ชมพู	เขียว	เขียว	เขียว	เขียว
Offer Price (THB/Square wah)	875	1,000	625	2,000	1,625
Information date	April 21,2021	April 21,2021	April 21,2021	April 21,2021	April 21,2021

Table: Analysis of the land

Factor	Weighted (%)	Data 1	Data 2	Data 3	Data 4	Data 5	UPT
Location	20.0	4	5	4	7	6	6
Accessibility	10.0	4	6	4	7	6	5
Infrastructure	10.0	2	5	1	6	6	6
Land shape	20.0	5	5	4	3	4	3
Soil level	10.0	2	3	2	3	3	3
Environment	10.0	4	5	4	7	6	6
Advantages	20.0	4	5	4	7	6	6
<b>Total</b>	<b>100.00</b>	<b>380</b>	<b>490</b>	<b>350</b>	<b>570</b>	<b>530</b>	<b>500</b>

Factor	Unit	Data 1	Data 2	Data 3	Data 4	Data 5	UPT
Offer price	THB/square wah	875	1,000	625	2,000	1,625	
Adjusted price	THB/square wah	750	900	600	1,500	1,300	
Weighted score	Scores	380	490	350	570	530	500
Adjusted ratio	Times	1.3158	1.0204	1.4286	0.8772	0.9434	1.0000
Adjusted value	THB/square wah	987	918	857	1,316	1,226	
Data applicable		0.20	0.20	0.20	0.20	0.20	1.00
Fair value	THB/square wah	197	184	1.71	245	245	1,061
Faire value of UPT land	1,000.00 THB/square wah						

### Buildings and constructions

According to the property appraisal report, the Independent Property Appraiser employed the cost approach because it viewed that the appraised properties have specific features and are for specific use. Under the cost approach, the Independent Property Appraiser determined the replacement cost new, deducted by costs of physical deterioration, functional obsolescence and economic obsolescence. Details of the appraisal are as tabulated below:

Table: details of building and construction

List	Area (sqm.)	Replacement Cost (THB/sqm.)	Replacement Cost (THBmm)	Useful life	Deterioration (%)	Replacement cost after deterioration
Office building	344.93	15,216	5.25	2	2.00	5.04
Power generation building	1,433.00	18,500	26.51	2	2.00	25.45
Cooling tower	320.6	15,000	4.81	2	2.00	4.62
Warehouse	5,232.18	3,876	20.28	2	2.00	19.47
Water Production tower	475.4	7,138	3.39	2	2.00	3.26
Water tank building	636.15	12,627	8.03	2	2.00	7.71
Staff residential	264	11,364	3.00	2	2.00	2.88
Machinery storage building	367.5	5,738	2.05	2	2.00	2.02
Others	15,816.00	842	13.32	2	2.00	12.78
Market Value of Building and construction						<b>78.19</b>

### **Machinery and Equipment**

According to the property appraisal report, the Independent Property Appraiser employed the cost approach because it viewed that the appraised properties have specific features and are for specific use. Under the cost approach, the Independent Property Appraiser determined the replacement cost new, deducted by costs of physical deterioration, functional obsolescence and economic obsolescence. Details of the appraisal are as tabulated below:

Items	Useful life (Year)	Usage (Year)	Deterioration (%)	Replacement cost (THBmm)	Percentage of condition	Market Value
Fuel Handling System Combustion System Boiler Fuel Gas Treatment System and Ash handling System	20.00	2.00	100.00	287.54	90.00	258.79
generator system	25.00	2.00	100.00	130.05	92.00	119.65
Water generation system	20.00	2.00	100.00	14.69	90.00	13.22
Heat Transfer system	15.00	2.00	100.00	14.69	86.67	12.73
Fire Suppression system	20.00	2.00	100.00	13.67	90.00	12.30
Scales	15.00	2.00	100.00	0.70	86.67	0.61
Total market value of machinery and equipment						<b>417.29</b>



- **The Valuation and Consultant Company Limited**

Land

By using the Market Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets at coincide time and in adjacent area which possess similar characteristics as the appraised asset for comparison and analysis. With this regards, there were 4 selected data of vacant land located in nearby areas for comparison with the offering/selling price during Baht 750,000 – 800,000 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weighted Quality Score (WQS). The details of market comparable data for vacant lands and summary of the appraised price of the Independent Property Appraiser by using the Market Comparison Approach are presented in the following table.

**Table: Analysis of the land**

Factor	Weighted (%)	Data 1	Data 2	Data 3	Data 4	UPT
Location	35.00	5	5	5	5	5
Environment	10.00	6	6	6	6	5
Infrastructure	10.00	6	5	5	5	6
Transportation	10.00	6	5	5	5	5
Land shape	35.00	7	6	6	6	2
<b>Weighted Scores</b>	<b>100.00</b>	<b>6.00</b>	<b>5.45</b>	<b>5.45</b>	<b>5.45</b>	<b>4.05</b>

Comparable Information	Unit	Data 1	Data 2	Data 3	Data 4
Offer Price	THB/rai	750,000	850,000	800,000	800,000
Adjusted price	THB/rai	600,000	600,000	560,000	560,000
Weighted Price	Scores	<b>6.00</b>	<b>5.45</b>	<b>5.45</b>	<b>5.45</b>
Percentage Comparable	%	19.3	26.9	26.9	26.9
Appraisal Price	420,000 rai or equals to THB 83.90 mm				
Add: Land improvement	100,000 ๑THB/rai/ 1 meter or equals to THB 20.23 mm				
<b>Land Market Price</b>	<b>THB 104.13 mm</b>				

### Buildings and constructions

According to the property appraisal report, the Independent Property Appraiser employed the cost approach because it viewed that the appraised properties have specific features and are for specific use. Under the cost approach, the Independent Property Appraiser determined the replacement cost new, deducted by costs of physical deterioration, functional obsolescence and economic obsolescence. Details of the appraisal are as tabulated below:

Table: details of building and construction

Items	Area (sqm.)	Replacement cost (THBmm)	Useful life	Deterioration/year	Replacement cost after Deterioration
Office building	343	4.00	2	2.00	3.92
Power generation building	1,594	26.48	2	4.00	25.42
Cooling tower	320	7.04	2	4.00	6.76
Warehouse	5,238	21.17	2	4.00	20.32
Water Production tower	497	4.90	2	4.00	4.71
Water tank building	480	3.29	2	2.00	3.22
<b>Ashes handling tower</b>	38	0.41	2	2.00	0.40
<b>Cooling tower</b>	53	0.24	2	2.00	0.23
<b>Control tower</b>	61	0.55	2	2.00	0.54
<b>Maintenance tower</b>	320	1.95	1	2.00	1.91
<b>Chemistry storage</b>	32	0.18	1	2.00	0.17
<b>Waster storage</b>	24	0.13	1	2.00	0.13
<b>Others</b>	16,019	11.20	2	4.00	10.76
<b>Total</b>	<b>25,019.00</b>	<b>81.54</b>	<b>-</b>	<b>-</b>	<b>78.49</b>

### **Machinery and Equipment**

According to the property appraisal report, the Independent Property Appraiser employed the cost approach because it viewed that the appraised properties have specific features and are for specific use. Under the cost approach, the Independent Property Appraiser determined the replacement cost new, deducted by costs of physical deterioration, functional obsolescence and economic obsolescence. Details of the appraisal are as tabulated below:

Items	Useful life (Year)	Usage (Year)	Deterioration (%)	Replacement cost (THBmm)	Percentage of condition	Market Value
Fuel Handling System Combustion System Boiler Fuel Gas Treatment System and Ash handling System generator system Water generation system Heat Transfer system Fire Suppression system	20.00	2.10	98.00	473.40	90.00	<b>416.59</b>
Scales	15.00	2.10	98.00	0.99	86.00	<b>0.83</b>
Total market value of machinery and equipment						<b>417.42</b>

#### 4.6 Financial Due Dilligence

Accounting Accomplete Company Limited, ("The Auditor"), was assigned The Company to be the auditor of the financial statements on June 2021 of UPT, as a special case for consideration in investing in such business. The Auditor arranged staff to inspect at the office from April to may 2021 . This inspection was not an audit in accordance with auditing standards in order to provide an opinion on financial statements as normal, but focused on inspection to the extent discussed below;

##### Scope of work

The auditor has examined the outstanding balances of each item of assets and liabilities of UPT, and the income statement, with the objective of verifying that information and accounts appearing in the financial statements of the company have been shown and recorded completely and correctly without any information which may have significant impact on investment decisions in the business that have not been disclosed. Therefore, the Auditor can summarize the inspection results as follows;

Table: Summary of Financial Due dilligence

List	Auditor Opinion
Statement of financial status and results of operations	Does not contains any adjusting the items that significantly impact the transaction
Conclusion	Does not contains any adjusting the items that significantly impact the transaction