

11 April 2016

President

The Stock Exchange of Thailand

**Re: Investment Budget for Power Plant Facility Improvement due to Biomass-RDF Mixed Fuel Input**

Pursuant to the Board of Directors Meeting No. 5/2016 of IEC Sa kaeo 1 Co., Ltd. (“The Company”), a 75% subsidiary of The International Engineering Public Company Limited (“IEC”) on Friday, 8 April 2016, in respect of investment budget for power plant facility improvement due to biomass-RDF mixed fuel input, worth THB 22,785,000, the Company has been striving to develop and emerge frontrunner among biomass plant peers as to generate up to 8 MW power electricity within 2016. Under today’s tightened supplies of raw materials, biomass fuels sharply increase in price due to greater demands. In consequence, Bio-degradable Refused Derived Fuel (RDF) was first adopted and applied in combination with biomass fuels by IEC Sa kaeo 1 Power Plant, as an effort to develop an efficient fuelling solution for biomass plants. The application helps reduce costs and biomass usages thanks to RDF’s calorific value, superior to wood flakes and similar to that of wood chips, with a lower cost of supply. RDF is therefore an ideal fuel mixture for power generation, a problem solver for waste management and a key driver for power-saving and environmental protection.

To minimize risks and stabilize cost of fuel supplies, Bio-degradable RDF and biomass mixture has been adopted by IEC Sa kaeo 1 Power Plant under the assumption of approaching 8MW power generation capacity for Provincial Electricity Authority, using fuel inputs which contain over 11,000 kJ/kg calorific value.

Plant facilities improvements are therefore necessary to achieve the above target. List of major equipment required are as follow:

1. De-superheat Valve Control

Due to burner’s size, constant temperature of vapor outflows are difficult to control. De-superheat Valve Control is tapped to ensure lowered outflow temperature, not to exceed 5,800 celsius degree, and to keep balances between vapor outflows and generated electricity, indemnifying any possible damages to the generator.

2. Bar Discharge

Part of moving floor improvements, e.g. flooring, alteration of pressure sets and hydraulic system

3. Weight and Moisture Scale

To control constant volume of fuels inputs fed into burner’s chamber via SCADA system, ensuring consistent electricity generation and protection over distribution loss

4. Screw Feeder

To ensure the fuel-feeding process the ability to accommodate large-sized Bio-degradable RDF before being crushed in between screw plates; hence design of screw feeders takes into consideration the proper dimension suitable with RDF.

5. Combustion/Boiler

As grate or the burner's base which feeds fuels to the specific front part of the burner for proper combustion is malfunctioned, affecting failure of fuel dissemination and the burner's expansion leakage letting in external air, improvements of combustion burner will help control fuel thorough dissemination, secure losses and raise the combustion efficiency.

6. Bottom Ash Conveyor

Due to impaired bottom ash conveyor, e.g. frequent breakage of conveyor chains leading to ash blockade and drainage difficulties, fuel feeders consequently lowered input volume in several occasions led to capacity loss.

7. Soot Blower

Incomplete combustion causes soot within heat exchange system, those covering pipes reduce heat exchange functionality. To maximize efficiency and maintain generation capacity, pipe-cleansing steam process, 12 soot blowers, will be installed.

8. ESP

Electro Static Precipitator (ESP) catches small particles prior to external release into the atmosphere, filtering 99% of very small particles. Due to declining filtering efficiency, system improvement is needed in order to increase its functionality and keep continuous generation capacity.

9. Fly Ash Chain

Collection of fly ash from the exhaustion today relies on the working principle of a rotary conveying fly ash from a closed system to an ash pond through a concrete trough. Water injection helps ash streaming into the pond, but if the water is not there, external air flows into the system, causing losses over heat exchanges. For better combustion efficiency, dry-type fly ash conveyor is recommended, applying water-free screw plates and storage chamber instead.

10. Air Fan

Damaged air fan fails to control balance of airflow and fuel volumes, disabling an ideal combustion.

Due to the above technical issues, the Board of Directors Meeting No. 5/2016 of IEC Sa kaeo 1 Co., Ltd. ("The Company") on 8 April 2016, approves the Company to increase the investment budget for power plant facility improvement after introduction of biomass-RDF mixed fuel input, worth THB 22,785,000.

The transaction is regarded as an asset acquisition according to the Notification of Capital Market Supervisory Board Tor Jor 20/2551 Re: Criteria in Entering a Transaction of Asset Acquisition or Disposition (including the amendments), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E. 2547 (including the amendments) (“Acquisition or Disposition Notifications”). The transaction size is derived from net transaction size of budget increase for the power plant facility improvement after introduction of biomass-RDF mixed fuel input, equaling 0.51%.

Upon six-month cumulative transactions, total size of transaction reached 22.39% which exceeds 15% but less than 50% pertaining to calculation basis, therefore classified as Class 2 transaction according to the Notifications.

**1. Date of Transaction**

The Board of Directors of the Company approved the investment budget on 8 April 2016.

**2. Parties involved and relationship with the Company**

Under the approved budget, purchases, deployments and agreements with relevant parties will be thereon executed.

Relationship: Contractual parties will be appropriately screened, adhering to their capability to comply with the Company requirements. Meanwhile, the parties must not have a relationship regarded as connected person(s) to the Company.

**3. General Information of the Transaction**

Category: The transaction is categorized as Class 2 transaction according to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E. 2547.

Considered basis: Total Value of Consideration Basis

Value of the transaction: According to Value of Consideration Basis is equivalent to 0.51 percent of total assets of the Company and subsidiaries as at 31 December 2015.

Considering the acquisition of assets during the past six months and the current acquisition, the total transactions of highest value is based on Total Value of Consideration Basis, which accounts for 22.39 percent of total assets of the Company and subsidiaries. The total value of the transaction is therefore classified as Class 2 transaction according to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E. 2547.

#### 4. Details of Acquired Assets

No.	Acquired Asset Description	Expended Budget (Baht)
1	De-superheat Valve Control	1,500,000
2	Bar Discharge	2,000,000
3	Weight Scale	400,000
4	Screw Feeder	2,000,000
5	Combustion/Boiler	2,000,000
6	Bottom Ash Conveyer	300,000
7	Soot Blower	900,000
8	ESP	3,500,000
9	Fly Ash Chain	8,000,000
10	Air Fan	500,000
11	Landscape , Fence , Plant Signage	600,000
12	Contingency 5% of No.1-11	1,085,000
<b>Total</b>		<b>22,785,000</b>

#### 5. Value of Consideration

Total value of consideration is the investment budget for power plant facility improvement after introduction of biomass-RDF mixed fuel input, totally worth THB 22,785,000.

#### 6. Basis used in determining Value of Consideration

The Company determines value of consideration in purchases and procurements of machineries, equipment and engineering systems on market price basis, benchmarking among a number of bidders to achieve the best offer for each particular purchase and procurement.

#### 7. Expected Benefits to the Company

Recycling contaminated plastic wastes helps disposal of municipality solid waste, also offers the benefits of rapid realization of revenue and expected income flow for the Company. Project IRR is estimated not less than 14% with a 7-year payback period indistinctively with former projection.

**8. Source of Capital**

THB 22,785,000 budget increase derives from the Company's working capital.

**9. Opinions of the Board of Directors on Transaction Entry**

The Board of Directors reviewed and considered the transaction entry is appropriate and with an expected acceptable IRR.

**10. Opinions of the Board of Directors and/or Audit Committee different from those under Clause 9**

- None -

**11. Responsibility of the Board of Directors over the Information Memorandum**

The Board of Directors is regarded the subject in responsible for the Information Memorandum as stated in this document, being prepared in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E. 2547. The information provided herein constitutes truth, sufficiency, transparency and usefulness for the shareholders.

It is hereby certified the Information Memorandum in this report is true and complete in all respects.

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