

11 March 2016

President

The Stock Exchange of Thailand

Re: Approval for Budget Increase over Waste Plastic Recycling and Pelletization Project in Rayong

Following the Board of Directors Meeting No. 2/2016 of The International Engineering Public Company Limited (“the Company”) on 11 March 2016, in request of budget increase over the Waste Plastic Recycling and Pelletization Project in Rayong since the initial approval on 2 April 2015, the date on which THB 663 million investment budget was first approved, the Board of Directors hence approved for a budget increase on the Waste Plastic Recycling and Pelletization Project in Rayong in an amount of THB 88 million, making a total investment budget of THB 751 million.

Under the circumstances where oil price substantially declined, resulting in higher competitions over plastic-pellet markets, commercial markets of recycled plastic pellets derive from two major sources, wholly-PE recycled plastic pellets and PE/PP-mixture ones. Normally, the former market price differs from the latter’s by about 20%. For instance, in Shanghai market, wholly-PE recycled plastic pellets averages USD 500/ton, whilst PE/PP mixture ones are sold at USD 400/ton. Not to mention demands over wholly-PE recycled pellets, which are four times higher than that of PE/PP mixed pellets.

In this connection, the Company deems expedient to extend production lines, from the existing entirely PE/PP mixed pellets lines to complete lines of wholly-PE recycled pellets. To achieve this, sorting systems must be contributed with the following additional equipment required:

1. Shredder : High efficiency Shredder (Utilizing project equipment disregarding further adjustment)
2. Trommel : Large-sized
3. Wind-shifter:
4. Spinner
5. Buffer
6. Manual sorting line

Contribution of sorting system into existing project affects the previously-approved budget to increase from (THB 663 million) to THB 751 million. The additional portion estimates to engage in the 3rd quarter and complete within the same quarter. THB 88 million budget increase will enable wholly-PE recycled pellets sales capacity. By virtue of 20% higher selling price of wholly-PE compared to PE/PP mixture, IRR under wholly-PE pelletization lines (THB 751 million) yields 20.52% with 3.97 years payback; while the initially-approved (THB 663 million) existing production facilities has a 18% IRR and 4.09 years payback period.

Significantly, notwithstanding the fact that the wholly-PE production line transition is estimated to complete in Q3, the Company will continue running PE/PP mixture pellet production until the sorting system is completely installed and seamlessly ready for wholly-PE pellet production. In this regard, the Company anticipates PE/PP mixture recycled pellet production to commence by March 2016, currently awaiting the issuance of Plant Operation License (Ror. Ngor 4). Upon installation completion of the sorting system (in Q3), wholly-PE recycled pelletization lines will be ready for operation.

Therefore, the Board of Directors Meeting No. 2/2016 of The International Engineering Public Company Limited held on 11 March 2016 resolved in approval of the Company to increase the budget amount of the Waste Plastic Recycling and Pelletization Project in Rayong in an amount of THB 88 million (Increase from THB 663 million to THB 751 million).

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”). However, the size of this transaction requires consolidation with previous asset acquisitions under the Project as disclosed to SET on 26 May 2015, which is accounted for 15.24% of total assets of the Company ended 31 March 2015. After consolidating with this transaction (equaling 1.96% of total assets of the Company ended 31 December 2015.) as a result of budget increase by THB 88 million, net transaction size under the Waste Plastic Recycling and Pelletization Project in Rayong equals to 17.20%.

Upon six-month cumulative transactions, total size of transaction reached 21.88% which exceeds 15% but less than 50% pertaining to calculation basis, therefore classified as Class 3 transaction according to the Notifications.

1. Date of Transaction

The Board of Directors of the Company approved the investment budget on 11 March 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 3 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 1.96 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 21.88 percent of total assets of the Company and subsidiaries. The total value of the transaction is therefore classified as Class 3 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

Source of Capital Expended	Current Budget (Million Baht)	Requested Budget 11 March 2016 (Million Baht)
Machineries	552	569
Plant construction and renovation, including relevant systems: mechanical, electrical systems, etc.	50	
Bio-dry plant	20	20
Water supply and sewage disposal	7	40*
Safety system	N/A	10
Land	34	26
Sorting system	N/A	50**
Contingency (5%)	N/A	36
Total	663	751

*

* Sewage disposal system is a particular Ozone-based and Filter-Press system, squeezing sediments helping economic use of the recycled water. The former design of sewage disposal is a closed system, possibly causing unpleasant smells from fertilized substances.

** Introduced Sorting system enabling wholly-PE recycled pellet production capability

5. Value of Consideration

Total value of consideration is the THB 88 million budget increase over the Waste Plastic Recycling and Pelletization Project in Rayong, contributed into the THB 663 million former budget, making a total value of consideration of 751 million baht.

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 20.52% with a 4-year payback period indistinctively with former projection.

8. Source of Capital

THB 88 million budget increase proceeds will be obtained from capital increase through low-priced private placements upon and after AGM's approval on 25 April 2016.

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.

(Dr. Attawooth Laohapakdee)

Senior Executive Vice President

Operation Unit 2