



PO 102 /2016

20 December 2016

Subject Information Memorandum in Asset Disposed (IEC Mae Ramat Co. shares) [[additional info.](#)]  
To President  
The Stock Exchange of Thailand  
Attachment IEC Mae Ramat Co., Ltd. main features

The International Engineering Public Company Limited ("the Company" or "IEC") has held # 17/ 2559 Board of Director's Meeting on 19 December 2016 at IEC office. It has passed an important resolution as follows

1. Approve selling IEC's total shares (1,049,898 shares) held in IEC Mae Ramat Co., Ltd. which is 99.99% in that IEC will sell against cash.  
Such cash consisted of
  - 1.1 Baht 477,000,000 cash
  - 1.2 Bank Deposit approximately Baht 54.35 million
  - 1.3 Account Receivables approximately Baht 12.5 million  
Deducted by 1.4 and 1.5
  - 1.4 Bank Loan approximately Baht 239.68 million
  - 1.5 Tax payables , wage, and other expense payables right before Completion Date, totally around Baht 2.5 million

Totally net cash received was Baht 301.67 million

The above transactions is considered as a disposal of assets pursuant to the Notification of the Capital Market Supervisory Board No. ThorJor. 20 /2551 entitled Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and its amendments and the Notification of the Board of Governors of the Stock Exchange of Thailand entitled Disclosure of Information and Other Acts of Listed Company concerning the Acquisition and Disposition of Assets, B.E. 2547 (2004). This disposal of asset has important aspects as follows

- a) Highest transaction size equals to 6.1% from the criteria of size of the value of the consideration received.
- b) Buyer and Seller have no relation as connected person in accordance to the Notification of the Capital Market Supervisory Board No. TorJor 21/2551 (21/2008) regarding Rules on entering into Connected Transactions and the Notification of the Board Governors of the Stock Exchange of Thailand Re: Disclosure of Information and other acts of Listed Companies concerning the Connected Transaction B.E. 2546 (2003).
- c) Share Purchase Agreement (SPA) was signed on 20 December 2016 after IEC's Board of Directors approved on 19 December 2016. IEC informed this news to SET on 21 December because it must arrange many documents with signatures from parties involved right before signing time , otherwise, buyer would not sign the SPA. This operational risk was anticipated, therefore, IEC would rather wait until buyer satisfied and signed.

This information memorandum report is prepared according to Bor Jor / Por 11-00 Regarding Criteria, terms, and methods in information memorandum disclosure and practices for listed companies



item # 3 in that listed companies are required to disclose information memorandum to The Stock Exchange of Thailand when the following events occur :

Item 12) Listed companies and subsidiaries enter in joint venture or exit from joint venture. Such shareholding is at least 10% or more of such target company's paid-up capital.

The main points of this transaction is as follows : (*calculation is based on Quarter 1, 2016 Consolidated Financial Statement for IEC. For IEC Mae Ramat Co., Ltd., the calculation derives from its 2015 Audited Financial Statement*)

Calculation Criteria	Formula (Baht)	Size of Transaction
1. Net Tangible Asset (NTA) In that NTA is calculated from total assets – intangible assets – total liabilities – Non Controlling interest	$\frac{\text{NTA of IEC Mae Ramat Co.} * 99.99 \% \text{ ownership sold}}{\text{NTA of IEC}}$ $\frac{(388,258,267 - 203,884,963) * 99.99\%}{(4,948,476,000 - 432,791,000 - 1,250,000 - 1,102,548,000 - 160,677,000)}$	5.7 % from 184,354,866 3,251,210,000
2. Net profit from Operation	$\frac{(\text{Net Profit of IEC Mae Ramat Co.} * 99.99 \% \text{ ownership sold}) * 100}{\text{Net Profit of IEC (Quarter 2-4, 2015 and Quarter 1, 2016)}}$	Can't be calculated as IEC generated loss
3. Total value of Consideration	$\frac{\text{Cash received [301,607,000]}}{\text{Total assets of IEC [4,948,476,000]}}$ <p>Such cash consisted of</p> <p>1.1 Baht 477,000,000 cash</p> <p>1.2 Bank Deposit approximately Baht 54.35 million</p> <p>1.3 Account Receivables approximately Baht 12.5 million</p> <p>Deducted by 1.4 and 1.5</p> <p>1.4 Bank Loan approximately Baht 239.68 million</p> <p>1.5 Tax payables , wage, and other expense payables right before Completion Date, totally around Baht 2.5 million</p> <p>Totally net cash received was Baht 301.67 million</p>	6.1%

Unit : Baht	IEC as of 31/3/2016	IEC Mae Ramat Co., Ltd. as of 31/12/2015	IEC Mae Ramat Co., Ltd. as of 31/12/2014
Total Assets	4,948,476,000	388,258,267	407,845,518
Less intangible assets	434,041,000	-	-
Less total liabilities	1,102,548,000	203,884,963	266,359,896
Less non controlling interest	160,677,000	-	-
Net intangible assets	3,251,210,000	184,373,304	141,485,622



Profit attributable to equity holders of parent company in previous 12 months	(46,669,350)	-	-
Value of consideration	477,000,000		
Net profit (loss) without extraordinary items in asset disposed : 2 years before entering this transaction	n/a	42,887,682	42,280,571

Please be informed accordingly

(Mr. Satitpong Tongtom)  
CFO, Authorized Person to Disclose Information

**International Engineering Pcl. (IEC )  
Information Memorandum Relating to the Disposal of Asset**

IEC # 17 / 2016 Board of Directors, held on 19 December 2016, has approved the disposal of asset as mentioned above. This IEC Mae Ramat Co.'s shares sale ("MRM") is considered as a disposal of assets pursuant to Acquisition or Disposal of Assets. Such formula was calculated and the highest total amount was picked by using IEC Consolidated Financial Statement as of 31 March 2016. The highest calculation was 6.1%. Thus, this transaction is lower than 15% and not a connected transaction. Therefore, IEC need not notify this to The Stock Exchange of Thailand according to the Notification of the Capital Market Supervisory Board No. ThorJor. 20 /2551 entitled Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets .

However, this information memorandum report is prepared according to Bor Jor / Por 11-00 Regarding Criteria, terms, and methods in information memorandum disclosure and practices for listed companies item # 3 in that listed companies are required to disclose information memorandum to The Stock Exchange of Thailand when the following events occur :

Item 12) Listed companies and subsidiaries enter in joint venture or exit from joint venture with other company. Such shareholding is at least 10% or more of such target company's paid-up capital.

1. Transaction Date	IEC signed Share Purchase Agreement on 20 December 2016. Closing deal or Completion date will be by December 2016.
2. Buyer , Seller and relationship	Seller is IEC Buyer is PDI ENERGY COMPANY LIMITED Relationship : None
Buyer's Profile - PDI ENERGY Co. (99.99% held by Padaeng Industry Pcl. **) Office : CTI Tower, Floor 26 – 27 , 191/18-25 Rachadapisek Rd. , Kweang Klong Tei, Klong Tei District, Bangkok 10110. Tel. 02 695-9499 Fax. 02 695-9495. Business Sector : Invest in renewable energy including wind energy, solar energy , and biomass. Total registered shares capital : 3,500,000 shares at Baht 10 par value. Total capital registered Baht 350,000,000 , with Baht 25,000,000 paid-up capital. All shares are common stocks only.	
3. Type and transaction features	Sell IEC Mae Ramat Co., Ltd. shares in total number held by IEC which is 1,049,898 shares (99.99%)



	against cash
4. Asset Details	
4.1 Type of assets disposed : 1,049,898 IEC Mae Ramat Co., Ltd. shares (99.99%)	
4.2 Name of Company : IEC Mae Ramat Co., Ltd. The head quarter locates at 408/37 Paholyothin Place, Fl. 9, Kwaeng Samsen Nai, Phayatai District, Bangkok 10400. Business Purpose : Generate electricity from solar energy	
4.3 Date of Establishment : 12 September 2011	
4.4 Type of Business : Solar Energy :Paid-up Capital Baht 105 million as at 31/12/2015 It is a solar energy company operating at Mae Ramat, Tak Province. Installed Capacity are 6.30 Megawatts, from Photovoltaic Solar Power Plant. It connects electricity sales with solar panels under PV Grid Connected System by the producer - JA Solar Hong Kong Limited and Inverter belongs to SMA Sunny Tripower 1.	
4.5 Sales and Customer : It has sales agreement with Provincial Electricity Authority (PEA) with the maximum level at 5.25 Megawatts. It locates at Tumbon Kanejue, Mae Ramat District. It has delivered electricity into PEA's system since 26 December 2013.	
5. Total value of consideration, method of payment, terms and conditions.	Selling price Baht 477 million. Such cash consisted of 1.1 Baht 477,000,000 cash 1.2 Bank Deposit approximately Baht 54.35 million 1.3 Account Receivables approximately Baht 12.5 million Deducted by 1.4 and 1.5 1.4 Bank Loan approximately Baht 239.68 million 1.5 Tax payables , wage, and other expense payables right before Completion Date, totally around Baht 2.5 million. Totally net cash received was Baht 301.67 million
6. Criteria employed in value consideration [Selling price is higher than enterprise value from discounted cashflow basis] IEC can book profit.	Baht 477 million is mutually agreed between seller and buyer. In addition, this price is higher than company's valuation at Baht 463.52 million appraised by ACAP Corporate Service Co. * (Financial Advisor)
7. Report Net Profit without Extraordinary items in target company 2 years before transaction.	2015 : Baht 42,887,682 , 2014 Baht 42,280,571
8. Benefit IEC receives	IEC will get cash into its working capital to support its business yielding higher return or better investment. The profit is immediately realized in cash. Moreover, the selling price is more than appraisal value.
9. Use of funds or Business Plan ***	To support IEC working capital, repay debt, support other projects such as machinery purchases and constructions.
10. Comments from Board of Directors	Approve to sell total IEC shares in IEC Mae Ramat Co. and support this sales in that this is appropriate deal and beneficial to IEC and it shareholders.



11. Audit Committee comment or other director who vote differently	none				
12. Encumbrance such as inter-company loan and debt guarantee.	IEC has no loan or other encumbrances with IEC Mae Ramat Co. after share sales.				
13. After these shares sales, remaining power plants of IEC which are currently active and commercial running.					
Power plants	Installed Capacity (MW)	Contracted sale of PPA (MW)	Start commercial operation day	Sales Q1 / 2016 (m Baht)	EBITDA Q1 / 2016 (m Baht)
Gidec Co.	6.7	6.7	11 Dec 2014	39.10	22.03
IEC SK 1 Co.	9.9	8	4 Oct. 2013	52.21	(3.65)
Mae Ta Power plant	2.638	1.92	29 Sep. 2013	9.56	8.70
Mae Tang Power plant	2.379	1.92	31 May 2014	10.39	9.45
<p>Beside power plants, IEC will get incoming main stream of income starting from 2017 via Recycling Plastic Pellet Plant (IEC did send information memorandum via SET news on 14 March 2016) It has start commercial operation day (COD) on 16 Dec 2016 with 3 lines from total 12 production lines.</p>					

Please be informed accordingly.

Yours sincerely,

(Mr. Satitpong Tongtom)

CFO, Authorized Person to disclose information

*\* Acap Corporate Services Co.,Ltd. is 1 of the Financial Advisor approved by Security Exchange Commission , rank 58 as at 8 December 2016*

*From [www.sec.or.th/TH/RaisingFunds/EquityDebt/Documents/fa.doc](http://www.sec.or.th/TH/RaisingFunds/EquityDebt/Documents/fa.doc)*

Enterprise Value via Discounted Cashflow basis	Value (unit = million Baht)
<i>Net Present Value (NPV) of Cashflow from Q4, 2016 to 2038 as follows</i>	
<i>NPV Free Cash flow to the firm (FCFF) หรือ Enterprise Value</i>	463.52
<i>Deduct interest bearing Debt as at 30/9/2016</i>	(243.00)
<i>Plus Cash in hand as at 30/9/2016</i>	50.91
<i>Shares IEC Mae Ramat Co.: Equity value</i>	271.43
<i>Paid up shares : 1,050,000 shares</i>	
<i>Value per share : 271,430,000 / 1,050,000 equals 258.50 Baht / share</i>	

*Fair Value of IEC Mae Ramat appraised by Acap Corporate Services Co.,Ltd or "ACS"  
ACS held that Discounted Cash Flow method is worldwide and widely used in that it calculates from revenue and profit generated by a company . From this Discounted Cash Flow method, the appraised equity value is Baht 271.43 million or Baht 258.50 per share.  
Enterprise Value totals approximately Baht 463.52 million*



**\*\* Padaeng Industry Public Company Limited has the top 5 shareholders as at 10 May 2016 as follows**

1. Country Group Holding Pcl., 16.91%
2. Ministry of Finance, 13.81 %
3. Country Group Securities Pcl., 5%
4. Bangkok Bank Pcl., 3.23%
5. Mr. Anan Tantrijarascheep , 2.86%

Source - [http://www.padaeng.com/th/investor/shareholder\\_structure](http://www.padaeng.com/th/investor/shareholder_structure)

**\*\*\* Use of fund and rationales**

items	Use of funds	Baht	Rationales
1	Pay Debt, B/E due	85,000,000	To pay as due (legal liabilities)
2	Pay for contractors – constructions and machinery	112,000,000	Legal Liabilities and part of business plans ***
3	Working Capital of IEC / Recycling Plastic Pellet projects – Chonburi / Rayong	63,000,000	Support Operation

**\*\*\* Business Plans are approved IEC projects, for instance**

a] Biogas power plant at Bo Ploy district, Kanchanaburi (Information memorandum sent via SET news on 27/4/2016)

b] Recycling Plastic Pellet projects Chonburi / Rayong (Information memorandum sent via SET news on 14/3/2016)

According to previous Business Plan, IEC will utilize funds from equity funding via private placement (PP). However, the 2016 Annual General Meeting has, beforehand, ruled out an agenda of increased capital via private placement when the Board of Directors dated 11 March 2016 removed from shareholder's meeting agenda. Such business plan then need to shift source of funds to cash receipt from selling IEC Mae Ramat Co. Moreover, cash payment will be used to fulfill strategic target supporting existing projects that can utilize low-cost material with more efficiency.