

PO No. 024/2016

27 April 2016

President

The Stock Exchange of Thailand

Re: Investment Budget for Nong Ri Biogas Power Plant Project, Bor Ploy District, Kanchanaburi Province

The Board of Directors' Meeting of The International Engineering Public Company Limited (“the Company” or “IEC”) No. 4/2016, held on 27 April 2016, had approved the Company’s investment in Nong Ri Biogas Power Plant Project, Bor Ploy District, Kanchanaburi Province by acquiring all ordinary shares of Nong Ri Power Plant Company Limited (“Nong Ri Power Plant”) in the number of 500,000 shares with face value of THB 100 (One hundred Baht) per share. Nong Ri Power Plant obtains a license to operate biogas power plant as well as asserting the right in compliance with Power Purchase Agreement (“PPA”) with the Provincial Electricity Authority (“PEA”) with peak electric power of 3.0 MW. Moreover, Nong Ri Power Plant is the ownership of the land plot on which the power plant is located. However, at present, Nong Ri Power Plant project construction has not yet started, thus electricity having not been commercially distributed.

Furthermore, the Company’s Board of Directors had approved the investment in the construction of a 3-MW biogas power plant using waste water on the land plot of 28 rai at Nong Ri Sub-District, Bor Ploy District, Kanchanaburi Province, which will be acquired by the above-mentioned acquisition or purchase of shares. Approval of investment budget in Nong Ri Biogas Power Plant equals THB 300.07 million (Three hundred million and seventy thousand Baht), which is shown in the following details:

No.	Investment Description	Transaction Value (million Baht)
1.	All ordinary shares of Nong Ri Power Plant Company Limited comprising the main assets, as follows: <ul style="list-style-type: none"> <li data-bbox="304 1581 1166 1659">▶ Obtaining a license to operate biogas power plant and the right in compliance with Power Purchase Agreement (“PPA”) 1.0Million Baht <li data-bbox="304 1682 1126 1760">▶ Land Plot of 28 rai at Nong Ri Sub-District, Bor Ploy District, Kanchanaburi Province 2.7Million Baht <li data-bbox="304 1783 1142 1816">▶ Subprime Loans – Directors 46.3Million Baht * * Shares Purchase Conditions: Debtors must immediately pay back all loans on the date of purchase.	50.00
2.	The additional investment fund for the construction and development of a 3.0-MW biogas power plant	250.07
	Total investment value	300.07

The investment in Nong Ri Biogas Power Plant with total investment value of THB 300.07 million (Three hundred million and seventy thousand Baht) is deemed 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**”). Under the Notifications’ basis of size calculation, the highest transaction value is based on Total Value of Consideration, equaling 6.67% as compared to the consolidated financial statement of the Company for the period ended 31 December 2015. Upon six-month cumulative transactions, total size of transaction reached 26.78% which is in accordance with the Basis used in determining total value of consideration, therefore classified as Class 2 transaction according to the Notifications. The Company as a result is obliged to disclose the information memorandum pursuant to this transaction to the Stock Exchange of Thailand (“**SET**”), and circulate such for shareholder’s acknowledgment within 21 days after date of information disclosure to the SET.

The transaction’s main point can be summarized, as follows:

1. Date of Transaction

The Company will acquire all issued and sold ordinary shares of Nong Ri Biogas Power Plant within the 2nd quarter of 2016.

After the transaction entry, the Company will start the construction of a 3.0-MW biogas power plant. And it is expected that the said construction will commence in June 2016. The construction period is approx. 1 year and electricity’s commercial distribution will start in the 2nd quarter of 2017.

2. Parties involved and relationship with the listed Company

Item 1 Purchase of all ordinary shares of Nong Ri Power Plant

Buyer: The International Engineering Public Company Limited

Sellers:

1. Mr. Paisarn Wongwaikolayut
2. Mrs. Saranya Wongwaikolayut
3. Mr. Thosapol Wongwaikolayut
4. Miss Thosaporn Wongwaikolayut

(called “**Wongwaikolayut Group**”)

Relationship with the Listed Company: The Sellers have not related with or connected to the Buyer

Item 2 Investment in the Construction of Biogas Power Plant

Under the above investment budget, purchases, deployments and agreements with relevant parties will be thereon executed by the Company.

Relationship: Contractual parties will be appropriately screened by the Company, chiefly adhering to their capability to comply with IECG’s requirements. And they must not be relevant to each other or be connected persons.

3. General Information of the Transaction

The Company will purchase all ordinary shares of Nong Ri Power Plant in the number of 500,000 shares, with face value of THB 100 (One hundred Baht) per share, from Wongwaikolayut Group, worth a total value of THB 50 million (Fifty million Baht). Upon transaction entry, the Company will obtain a license to operate biogas power plant, assert the right in compliance with the renewable energy Power Purchase Agreement with peak electric power of 3.0 MW, and obtain ownership right of the land plot of 28 rai at Nong Ri Sub-District, Bor Ploy District, Kanchanaburi Province.

After the transaction entry, the Company will construct a biogas power plant using waste water from an Ethanol Plant (Vinasse) as power source, with the Project’s total investment value of approx. THB 300.07 million (Three hundred million and seventy thousand Baht).

4. Transaction Size Calculation

Details of the transaction size calculation pertaining to the Acquisition or Disposition Notifications are as follows:

Basis	Formula	Transaction Size (%)
1. NTA Basis	$\frac{(\text{NTA of Investment Fund} \times \text{Ratio acquired})}{\text{NTA of the Company}}$	1.76
2. Net Profit Basis	$\frac{(\text{Net Profit of Investment Fund} \times \text{Ratio acquired})}{\text{Net Profit of the Company}}$	Not Available as the operating performance of Nong Ri Power Plant: Loss
3. Value of Consideration Basis	$\frac{\text{Value of acquired Transaction}}{\text{Total Assets of the Company}}$	6.67
4. Share Capital Basis	$\frac{\text{No. of Shares Issued for Asset Payment}}{\text{No. of Issued \& Sold Shares of the Company}}$	Not Available as no shares are issued for asset purchase

From the above transaction calculation, the highest transaction value is based on Total Value of Consideration, equaling 6.67% as compared to the Company's total asset value. Upon six-month cumulative transactions, total size of transaction reached 26.78% pertaining to the calculation basis, therefore classified as Class 2 transaction according to the Notifications, which is equaled to or 15 % higher but still lower than 50 % of total assets. The Company as a result is obliged to disclose the information memorandum pursuant to this transaction to the Stock Exchange of Thailand (SET), and circulate such for shareholder's acknowledgment within 21 days after date of information disclosure to the SET.

5. Detailed of Acquired Assets

5.1) All issued and sold ordinary shares of Nong Ri Power Plant

Nong Ri Power Plant Company Limited had been established on 11 June 2013 with registered and paid-up capital as of 18 April 2016 in the amount of THB 50 million (Fifty million Baht), dividing into 500,000 ordinary shares with par value of 100 Baht (One hundred Baht) per share. The Company's registered address is at No. 111, Moo 6, Nong Ri Sub-District, Bor Ploy District, Kanchanaburi Province.

Name list of Shareholders and Directors of Nong Ri Power Plant Company Limited prior to the transaction date, is as follows:

Order No.	Shareholders' Name	Number of Shares	Shareholding Ratio (%)
1.	Mr. Paisarn Wongwaikolayut	300,000	60.00
2.	Mrs. Saranya Wongwaikolayut	100,000	20.00
3.	Mr. Thosapol Wongwaikolayut	50,000	10.00
4.	Miss Thosaporn Wongwaikolayut	50,000	10.00
	Total	500,000	100.00

Order No.	Name List of Directors of Nong Ri Power Plant Co., Ltd.
1	Mr. Paisarn Wongwaikolayut
2	Mr. Thosapol Wongwaikolayut
3	Mrs. Saranya Wongwaikolayut
4	Miss Thosaporn Wongwaikolayut

Authorized signatory: Either Mr. Paisarn Wongwaikolayut or Mr. Thosapol Wongwaikolayut makes his signature with the affixed Company's seal.

Name list of Shareholders and Directors of Nong Ri Power Plant Company Limited after the transaction date, is as follows:

Order No.	Shareholders' Name	Number of Shares	Shareholding Ratio (%)
1.	The International Engineering Public Co., Ltd.	500,000	100.00
	Total	500,000	100.00

Order No.	Name List of Directors of International Engineering Public Co., Ltd.
1	Dr. Bhusana Premanode
2	Mr. Narong Ong-artmaneerut
3	Mr. Kittpat Sirathanasade

Authorized signatory: Two Directors have co-signed and affixed with the Company's seal.

Summary of Financial Status and Operating Performance of Nong Ri Power Plant

Unit: Baht	2014	2015	18 April 2016
Cash and cash equivalents	440,550	3,506	3,506
Loans to related persons	9,500,000	48,956,794	46,256,794
Land, building & equipment	-	-	2,700,000
Power Purchase Agreement	-	1,000,000	1,000,000
Other Assets	23,750	-	-
Total Assets	9,964,300	49,960,300	49,960,300
Other Debts	4,000	15,000	15,000
Total Debts	4,000	15,000	15,000
Issued and paid-up capital	10,000,000	50,000,000	50,000,000
Retained earnings	(39,700)	(54,700)	(54,700)
Total parts of Shareholders	9,960,300	49,945,300	49,945,300

Source: Financial Budget audited by Certified Public Accountant (CPA)

Operating Performance for 2014 – 2015 and as of 18 April 2016

Unit: Baht	2014	2015	18 April 2016
Other income	23,750	-	-
Total expenditures	(4,000)	(15,000)	-
Interest expense and income tax	-	-	-
Net Profit (Loss)	19,750	(15,000)	-

Source: Financial Budget audited by Certified Public Accountant (CPA)

Upon transaction entry by acquiring all ordinary shares of Nong Ri Power Plant, the Company will obtain a license to operate a biogas power plant, assert the right in compliance with Power Purchase Agreement on renewable energy, and have ownership right of the land plot of 28 rai at Nong Ri Sub-District, Bor Ploy District, Kanchanaburi Province on which the development of Biogas Power Plant Project will be made.

Obtaining a license to operate biogas power plant and the right in compliance with Power Purchase Agreement on renewable energy.

Nong Ri Power Plant had obtained a license to operate a biogas power plant (Factory 4) from the Energy Regulatory Commission on 11 March 2015. Then on 2 October 2015, Nong Ri Power Plant, by Mr. Paisarn Wongwaikolayut, had signed a Power Purchase Agreement with the Provincial Electricity Authority (“PEA”) for the generation and distribution of power from renewable energy with peak electric power of 3.0-MW and with starting date for supplying electricity into system fixed on 30 December 2016. However, this can be extended for 2 times, each for the period of 6 months. At present, Nong Ri Power Plant has not yet started its construction and electricity’s commercial distribution has not been implemented either. Nevertheless, the Company’s executive has expected that the construction of Nong Ri Power Plant will be commenced and finished, and electricity will be commercially distributed, within the first extension-requested period or within 30 June 2017.

The conditions of power purchase under the said agreement are in compliance with the Regulations for the Purchase of Power from Very Small Power Producers (VSPP) for producing power from renewable energy (the generator and distributor will be paid in Adder system). This purchase agreement is valid for 5 years and is automatically renewed and extended, each time for 5 years.

Ownership of land plot of 28 rai in Nong Ri Sub-District, Bor Ploy District, Kanchanaburi Province.

Nong Ri Power Plant has the ownership right of a land plot of 28 rai, 1 ngarn, and 11 square wah, located at Nong Ri Sub-District, Bor Ploy District, Kanchanaburi Province. Since holding the document of title of certificate of utilization (NorSor 3 Khor) issued and approved by the government agency, building construction and project development can be legally made on that land. However, the said land plot had been

assessed by a private company at the price of THB 96,785 (Ninety-six thousand, seven hundred and eighty five Baht) per rai, thus equaling total assessed price at THB 2.7 (Two million and seven hundred thousand Baht). Presently, the said land plot is mortgaged. Therefore, the Company has prescribed on the draft purchase agreement relating the imposed prerequisite conditions saying, the seller must remove the said mortgage burden prior to the Company's shares acquisition date so that the Company will further construct and develop a biogas power plant project on the said land.

5.2) Investment in the construction of biogas power plant

The Company will construct a 3.0-MW biogas power plant using waste water from an Ethanol Plant as raw material to produce biogas through anaerobic digestion to be used as fuel in producing electricity. The Company has negotiated and, as a result, scheduled to enter into an agreement on purchase of waste water from an Ethanol Plant after the said acquisition in order for the Company to be sufficiently and regularly rendered with raw material in producing biogas. And the Company is expected to construct and finish the Power Plant within 1 year and to be able to distribute electricity commercially in the 2nd quarter of 2017. And after the construction of Power Plant has finished, the Company will further submit a request for obtaining BOI-promoted certificate from the Board of Investment for the Company's tax benefits.

However, after the acquisition of the said ordinary shares of Nong Ri Power Plant Company Limited, it is considered a subsidiary of the Company.

6. Value of Consideration and Basis in determining Value of Consideration

6.1) Value of Consideration

Investment in Nong Ri Biogas Power Plant Project, with total investment value of THB 300.07 million (Three hundred million and seventy thousand Baht), dividing into all ordinary shares of Nong Ri Power Plant Company Limited in the amount of THB 50 million (Fifty million Baht). And additional investment budget to be used in the construction of power plant as well as in installing engine used in power generation is in the amount of THB 250.07 million (Two hundred and fifty million, and seventy thousand Baht). At this, the Company will make the whole shares payment by cash on the registration date of transfer of ownership of the said ordinary shares. However, the Project's construction cost will be paid by installments to the contractor in compliance with the Project's progress.

6.2) Basis used in determining Value of Consideration

Stock turnover is at THB 50 million (Fifty million Baht), which is the price offer from the seller with which the Company has agreed as being suitable for investment.

The Project's construction investment value is referred from the initial estimation made by the Company's executive. The said investment value maybe changed later. However, the Company's executive has expected that the Project's total investment budget will not be over THB 300.07 million (Three hundred million and seventy thousand Baht).

7. Source of Capital and Terms of Payment

Investment funds used in acquiring all ordinary shares of Nong Ri Power Plant and in the construction and development of biogas power plant project, will derive from loan from a financial institution in the amount of approx. THB 200 million (Two million Baht) or 67% of the Project's whole investment funds. However, the rest of approx. THB 100.07 million (One million and seventy thousand Baht) will derive from the Company's working capital.

At present, the Company is negotiating with a financial institution and it is expected that the financial amount of approx. THB 200 million (Two hundred million Baht) will be granted. This amount equals the debt to equity ratio (D/E) of the Project at 2.0 fold. Since as of 31 December 2015, the Company had the D/E ratio equaling 0.33 fold, which is lower than general industrial average. The Company is thus expected to be able to obtain the loan as planned.

8. Expected Benefits to the Company on Transaction Entry

Investment in Nong Ri Biogas Power Plant is in compliance with the Company's long-term planned strategies in order to emphasize on renewable energy power plant business operation. The acquisition of all ordinary shares of Nong Ri Power Plant will enable the Company to obtain a license to operate a power plant (Plant 4), Power Purchase Agreement (PPA) with the Provincial Electricity Authority (PEA) together with acquiring a land plot of 28 rai at Bor Ploy District, Kanchanaburi Province. This has reduced the procedure in acquiring land and license as well as shortening the Project's investment period, thus enabling the Company to recognize income from power distribution more rapidly.

Moreover, the said investment is deemed as a potential investment business which creates steady income from selling electricity. At this, the Company's executive and financial advisor (FA) have jointly made investment feasibility study of the said Project by making financial projections for the period of 20 years. And the calculation result of investment's internal rate of return of the Project (Project IRR) is more than 14%. However, the Project's net present value (NPV) equals THB 138.6 million (One hundred and thirty-eight million, and six hundred thousand Baht), with 7-year payback. Therefore, the investment made in the said Project is able to create return at the suitable rate for the Company to increase its potential in making profit and in rendering better turnover as well as in having cash reserve and liquidity, in order to expand its business in the future.

9. Opinions of the Company’s Board of Directors on Transaction Entry

The Board of Directors has reviewed that the said transaction is appropriate, yielding an acceptable IRR, and in accordance with the Company’s long-term business plan. Therefore, the said investment is deemed as the opportunity in making money and good returns. The Board has thus unanimously approved the transaction entry.

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 as the subject being 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 sufficient important information, truths, 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