

Ref. PDI/BK-BS-068/2016

23 December, 2016

To: President
The Stock Exchange of Thailand

Re: Acquisition of shares in IEC Mae Ramat Co., Ltd. (addition)

Enclosure: Information Memorandum regarding the Acquisition of Asset of Padaeng Industry Public Company Limited

Reference is made to the resolution of the Board of Directors' Meeting No. 6/2016 of Padaeng Industry Public Company Limited (the "**Company**") held on November 7, 2016, approving the investment in the solar power project (the "**Project**") by acquisition of the total ordinary shares in IEC Mae Ramat Co., Ltd. ("**IECMR**"), subject to the condition that a due diligence and feasibility study of the project and valuation of shares are being satisfied. In this regard, the board of directors through resolution of the meeting assigned the Company's Executive Committee to consider details of the investment in the Project. In particular, there must be no material adverse effect to the financial conditions and operation of the Company.

On November 24, 2016, the Executive Committee resolved in the meeting of the Executive Committee No. 2/2016 that the proposed investment in the Project has been satisfied and to approve such investment by acquisition of approximately 99.99% of the paid-up shares of IECMR from The International Engineering Public Company Limited (the "**Seller**").

The Company would like to inform you that the Company entered into the sale and purchase agreement dated December 20, 2016 (the "**Share Purchase Agreement**") with the Seller. The acquisition of 1,049,898 common shares contemplated under the Share Purchase Agreement, which is equivalent to 99.99% of the total issued shares of IECMR (the "**Transaction**"), will be made by PDI Energy Company Limited, the wholly-owned subsidiary of the Company.

The Company expects the completion of the Transaction will occur within 2 weeks following the date of the Share Purchase Agreement.

The Transaction is considered an acquisition of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules concerning the Material Transactions in the Acquisition and Disposition of Assets dated August 31, 2008 (as amended) and the Notification of the Board of Governor 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 dated 29 October 2004 (as amended) (the "**Acquisition or Disposition Notification**"). The highest comparative value based on calculation of the transaction size, taking into account the value of the transactions during the past 6 months, is equal to not more than 22.53% on a net profit comparison basis. The Transaction is considered as a Type-2 transaction according to the Acquisition or Disposition Notification as the highest comparative value of the transaction size is higher than 15% but lower than 50%. Accordingly, the Company is required to disclose the details of the Transaction through the Stock Exchange of Thailand as attached herewith and

deliver an information memorandum containing specified information required by the Acquisition or Disposition Transaction Notification to all shareholders within 21 days from the date the Company makes the disclosure through the Stock Exchange of Thailand

Please be informed accordingly.

Yours Sincerely,

(Dr. Surin Tanticharoenkiat)
Company Secretary

Board Secretary Division
Tel. 0 2695 9499 Ext. 9335, 9331
Fax. 0 2695 9495

Information Memorandum regarding Acquisition of Assets of Padaeng Industry Public Company Limited

1 Date / Month / Year of the Transactions

PDI Energy Company Limited (“**PDIE**”), a subsidiary of Padaeng Industry Public Company Limited (the “**Company**”) entered into an agreement for the sale and purchase of the shares in IEC Mae Ramat Co., Ltd. (the “**Share Purchase Agreement**”) with The International Engineering Public Company Limited (the “**Seller**”) on 20 December 2016 under which PDIE will acquire 1,049,898 common shares, equivalent to 99.99% of the total issued shares in IEC Mae Ramat Co., Ltd. from the Seller (“**IECMR** ”)(the “**Transaction**”).

2 Parties involved and Relationship with the Company

Seller : The International Engineering Public Company Limited

Relationship with the Company:

The Seller has no relationship with the Company in a manner as a connected person under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions.

Purchaser : PDI Energy Company Limited (“**PDIE**”), the wholly-owned subsidiary of the Company.

3. General Characteristic of the Transactions

PDIE has agreed to acquire the shares of IECMR from the Seller by entering into the Share Purchase Agreement with the Seller. The acquisition of the shares will be made by PDIE, a wholly-owned subsidiary of the Company. Following completion of the Transaction, PDIE will become a direct shareholder of IECMR holding 1,049,898 common shares, representing 99.99% of the total issued shares of IECMR, and the Company will become an indirect shareholder of IECMR through its shareholding in PDIE.

Remark: Prior to the Completion Date, as a condition precedent to the completion of the Transaction, IECMR will make repay the loan (the “**Loan**”) to Thanachart Bank Public Company Limited in full. In case the Loan including fees and expenses remains unpaid upon the Completion Date (the “**Outstanding Loan**”), the Outstanding Loan will be deducted from the share purchase price. However, PDIE may procure that IECMR repays the Outstanding Loan by providing the loan facility to IECMR in the amount equivalent to the Outstanding Loan, and then deduct the Outstanding Loan from the share purchase price.

4. Transaction Size

The comparative value calculation for the size of the Transaction is based on the audited consolidated financial statements of the Company as of September 30, 2016 and the audited financial statements of IECMR as of December 31, 2015, and on the criteria according to the

Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 RE: Rules concerning the Material Transactions in the Acquisition or Disposition of Assets dated August 31, 2008 (as amended) and the Notification of the Board of Governor 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 dated October 29, 2004 (as amended) (the “**Acquisition or Disposition Notification**”). Details of the calculation are summarized below:

4.1 Comparison of Net Tangible Assets

$$\begin{aligned} \text{Size of Transaction} &= \frac{\text{Net tangible assets of IECMR} \times \% \text{ Assets Acquired}}{\text{Net tangible assets of the Company}} \\ &= \frac{180.20 \text{ Baht Million} \times 99.99\%}{3,842.21 \text{ Baht Million}} \\ &= 4.69\% \end{aligned}$$

4.2 Comparison of Net Profit

$$\begin{aligned} \text{Size of Transaction} &= \frac{\text{Net profit of IECMR} \times \% \text{ Assets Acquired}}{\text{Net profit of the Company}} \\ &= \frac{42.89 \text{ Baht Million} \times 99.99\%}{190.34 \text{ Baht Million}} \\ &= 22.53\% \end{aligned}$$

4.3 Comparison of Total Value of Consideration

$$\begin{aligned} \text{Size of Transaction} &= \frac{\text{Total Consideration Paid}}{\text{Total assets of the Company}} \\ &= \frac{477 \text{ Baht Million}}{5,591.04 \text{ Baht Million}} \\ &= 8.53\% \end{aligned}$$

Remark: The share purchase price of Baht 477,000,000 (the “**Purchase Price**”) is the amount calculated on ‘debt free and cash free basis’. In case IECMR has outstanding debt or cash upon the Completion Date, such debt will be deducted from and the cash will be credited to the Purchase Price. Therefore, the outstanding indebtedness and available cash of the Company as at the Completion Date will be taken into account in determining the final Purchase Price.

Based on information provided by Thanachart Bank Public Company Limited (the lender providing loan to IECMR for the operation of the Project) as of December 20, 2016, IECMR will have the

outstanding loan as of the Completion Date of approximately Baht 239,826,574.80. Further, based on the bank statements of the Company issued by Thanachart Public Company Limited as of December 20, 2016, the cash to be available as of the Completion Date is approximately Baht 54 Million. The information provided by the management of IECMR on December 21, 2016, advises that the account receivables for the period from November 2016 to December 25, 2016, are approximately Baht 13 Million.

4.4 Comparison of Equity Share Value

$$\begin{aligned} \text{Size of Transaction} &= \frac{\% \text{ Number of shares issued as consideration}}{\text{Total number of issued and paid-up shares of the Company}} \\ &= \text{Cannot be calculated as there is no issuance of shares} \end{aligned}$$

As the size of the Transaction calculated under the comparison of net profit is the highest value, the Company will refer to the result derived from this calculation as the size of the Transaction, taking into account the value of the transactions during the past 6 months.

The highest comparative value calculation of the transaction size, taking into account the value of the transactions during the past 6 months, is equal to not more than 22.53% on a net profit consideration basis. The Transaction is categorized as a Type-2 transaction according to the Acquisition or Disposition Notification as the highest comparative value of the transaction size is higher than 15% but lower than 50%. Accordingly, the Company is required to disclose the details of the Transaction through the Stock Exchange of Thailand and deliver an information memorandum containing specified information required by the Acquisition or Disposition Notification to all shareholders within 21 days from the date the Company makes the disclosure through the Stock Exchange of Thailand.

5. Details of Assets Acquired

Assets to be acquired	1,049,898 common shares in IECMR at the par value of Baht 100, representing approximately 99.99% of IECMR's total issued shares
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5.1 General Information

5.1.1 Overview of IECMR

Company Registration Name	IEC Mae Ramat Co., Ltd.
Date of Incorporation	12 September 2011
Place of Incorporation	Thailand
Type of Business	To engage in the business of generating and selling electricity from solar energy
Registered Office	408/37, 9th Floor Phaholyothin Place Tower, Phaholyothin Road, Samsennai, Phayathai Bangkok
Company Registration No.	01055544121704
Directors	1. Mr. Bhusana Premanode

	2. Mr. Narong Ongartmaneerut 3. Mr. Chanchai Khemwichien
Total registered and paid-up capital	Baht 105,000,000 comprising 1,050,000 ordinary shares at a par value of Baht 100 each

5.1.2 IECMR's Shareholders

List of shareholders before completion of the Transaction as of April 28, 2016 (par value is Baht 100 per share)

Name of Shareholders		Pre-completion	
		No. of share	Percentage
1.	The International Engineering Public Company Limited	1,049,898	99.99%
2.	JSX Energy (Thailand) Co., Ltd.	100	0.009%
3.	Mr. Suradit Seedamat	1	0.0005%
4.	Mr. Athipat Tienkhanthakarn	1	0.0005%
Total		1,050,000	100.00%

List of shareholders after completion of the Transaction (par value is Baht 100 per share)

Name of Shareholders		Post-completion	
		No. of share	Percentage
1.	PDI Energy Company Limited	1,049,898	99.99%
2.	JSX Energy (Thailand) Co., Ltd.	100	0.009%
3.	Mr. Suradit Seedamat	1	0.0005%
4.	Mr. Athipat Tienkhanthakarn	1	0.0005%
Total		1,050,000	100.00%

5.2 Business Description

IEC Mae Ramat Co., Ltd. ("IECMR") is the operator of the solar power plant entered into a Power Purchase Agreement (PPA) with the Provincial Electricity Authority (PEA). The electricity sale point is

located at Tambol Kanecheu, Amphur Mae Ramat, Tak Province. The manufacturing and sale of electricity to the PEA's transmission line have been commenced since 26 December 2013. The term of the PPA is 25 years (PPA Term). Total installed capacity is 6.3 MWp. The maximum sale capacity pursuant to the PPA is 5.25 MWp, at the voltage of 22,000 V.

In addition, the Company has been granted an adder amounting to Baht 6.50 per kilowatt-hour for the period of 10 years commencing from the commercial operation date (Adder Term). As of the date of transaction execution, the remainders of the PPA Term and the Adder Term are approximately 22 years and 7 years respectively.

5.3 Key Selected Financial Information of IECMR

5.3.1 Balance sheet

Items	31 March 2016	31 December 2015	31 December 2014	31 December 2013
Assets				
Current Assets				
Cash and cash equivalent	38,263,674	5,597,169	8,767,939	7,560,677
Accounts receivable	8,136,232	8,742,835	8,250,496	-
Other receivables	26,989,089	26,448,701	28,666,364	25,491,763
Total Current Assets	73,388,995	40,788,705	45,684,799	33,052,440
Fixed Assets				
Property, plant and equipment	339,284,618	343,280,441	357,790,202	364,908,336
Deferred transmission line system	4,123,896	4,169,121	4,350,517	4,531,912
Other fixed assets	20,000	20,000	20,000	1,076,000
Total Fixed Assets	343,428,514	347,469,562	362,160,719	370,516,248
Total Assets	416,817,509	388,258,267	407,845,518	403,568,688
Liabilities and Shareholders' Equity				
Current Liabilities				
Bank overdrafts	-	-	-	1,045,369
Other account payable	6,922,681	2,439,883	29,720,687	43,638,075
Short term loans	215,400,000	201,400,000	236,400,000	259,500,000
Total Current Liabilities	222,322,681	203,839,883	266,120,687	304,183,444
Non-Current Liabilities				
Employee's benefit	52,827	45,080	239,209	180,193
Total Non-Current Liabilities	52,827	45,080	239,209	180,193
Total Liabilities	222,375,508	203,884,963	266,359,896	304,363,637
Shareholder's Equity				
Share Capital				
Registered Capital	105,000,000	105,000,000	105,000,000	105,000,000
Issued and paid-up shares	105,000,000	105,000,000	105,000,000	105,000,000
Retained loss	89,442,001	79,373,304	36,485,622	(5,794,949)
Total Shareholders' Equity	194,442,001	184,373,304	141,485,622	99,205,051
Total Liabilities and Shareholders' Equity	416,817,509	388,258,267	407,845,518	403,568,688

5.3.2 Profit and loss statement

Items	31 March 2016	31 December 2015	31 December 2014	31 December 2013
Revenues				
Revenues from sale of electricity	7,768,573	29,915,101	31,333,055	421,785
Revenues from adder subsidy	14,801,280	55,863,080	55,291,080	771,680
Other income	1	216,187	23,912	81,199
Total Revenues	73,388,995	40,788,705	45,684,799	33,052,440
Expenses				
Cost of sale of electricity	4,659,651	19,324,948	17,850,094	294,052
Selling expenses	127,151	676,122	638,847	27,731
Administrative expenses	3,498,400	4,788,465	3,943,901	6,340,025
Finance costs	4,215,954	18,317,151	21,934,634	376,655
Total Expenses	12,501,156	43,106,686	44,367,476	7,038,463
Profit (Loss) for the year	10,068,698	42,887,682	42,280,571	(5,763,799)
Other net profit (Loss) for the year	-	-	-	-
Net profit (Loss) for the year	10,068,698	42,887,682	42,280,571	(5,763,799)
Basic earnings per share	9.59	40.85	40.27	(7.45)

6. Total Value of the Consideration

6.1 The Share Acquisition Transaction

The total purchase price for the acquisition of 1,049,898 ordinary shares in IECMR is Baht 477,000,000.

The purchase price of Baht 477,000,000 is the amount calculated on 'debt free and cash free basis'. In case IECMR has outstanding debt or cash upon the Completion Date, such debt will be deducted from and the cash will be credited to the Purchase Price. Therefore, the outstanding indebtedness and available cash of the Company as at the Completion Date will be taken into account in determining the final Purchase Price.

Based on information provided by Thanachart Bank Public Company Limited (the lender providing loan to IECMR for the operation of the Project) as of December 20, 2016, IECMR will have the outstanding loan as of the Completion Date of approximately Baht 239,826,574.80. Further, based on the bank statements of the Company issued by Thanachart Public Company Limited as of December 20, 2016, the cash to be available as of the Completion Date is approximately Baht 54 Million. The information provided by the management of IECMR on December 21, 2016, advises that the account receivables for the period from November 2016 to December 25, 2016, are approximately Baht 13 Million.

6.2 Payment Method

The Company shall pay the Purchase Price (after the adjustment of outstanding loan and available cash as of the Completion Date) to the Seller at the Completion Date in cash.

7. Basis Used to Determine the Value of Consideration

The value of consideration is derived from negotiations between the Seller and the Company. The Company adopted a number of methodologies which are internationally accepted. The Company has considered that the discounted cash flow methodology is the most appropriate methodology of valuation for the Transaction. The expected equity internal rate of return from the investment in the Transaction is approximately 10.27%.

8. Expected Benefits from the Transaction

The Transaction is expected to generate the following benefits to the Company:

- (1) To support the Company's policy in focusing on renewable energy business;
- (2) To diversify risk by investing in power generating business; and
- (3) To generate the sustainable growth of assets, profit and cash flow to the Company, which will generate value added to the Company in the long terms.

9. Source of Fund

Intercompany loan from the Company provided to PDIE of Baht 477,000,000.

10. Opinion of the Company's Board of Directors concerning the Transaction

According to the resolution of the Company's Board of Directors' Meeting No. 6/2016 held on 7 November 2016 and the resolution of the Company's Executive Committee's meeting No. 2/2016 held on 24 November 2016 which approved the Transaction and the acquisition of 1,049,898 ordinary shares of IECMR as well as the execution of the share purchase agreement, it is opined that the return on investment with respect to the Transaction is appropriate and will be beneficial to the Company for the reasons mentioned in Item 8.

11. Opinion of the Audit Committee and/or Directors of the Company, which Differ from the Opinion of the Board of Directors

Neither the Audit Committee members nor any director have any different opinions from those of the Board of Directors.

The Company hereby certified that the information contained in this report is true and complete in all respects

Yours Sincerely,

(Dr. Surin Tanticharoenkiat)
Company Secretary