



บริษัท พีทีจี เอ็นเนอยี จำกัด (มหาชน)

PTG ENERGY PUBLIC COMPANY LIMITED

(Translation)

No. PTG-58-L06-0476

18 December 2015

Subject : The information regarding the acquisition of the assets of PTG Energy Public Company Limited

To : The President

The Stock Exchange of Thailand

PTG Energy Public Company Limited (the "Company" or "PTG") and Bangkok Aviation Fuel Services Public Company Limited ("BAFS") have signed a Memorandum of Understanding on purchase and sale of shares of Fuel Pipeline Transportation Limited ("FPT") of 4,979,396 shares at the price of Baht 80 per share, totaling Baht 398.35 million, representing 9.55 percent of total shares, approved by the Board of Directors' Meeting No.10/2015, on 27 November 2015, which allows the Company to enter into the transaction under the condition and the approval of FPT shareholders, which had a resolution on 17 December 2015 in selling said shares to the Company.

The entrance of this transaction represents a transaction value of 5.60 percent, which is the maximum transaction value calculated from the total value of consideration basis. And when combined with the acquisition of assets and investments during the past six months (November 2015) of the Company and its subsidiaries, before entering into this transaction, represents a transaction value of 6.97 percent (excluded the transaction to be proposed to the Extraordinary General Meeting of Shareholders No. 1/2016, which will be held on 15 January 2016), which is calculated based on the total value of consideration basis, resulting in the total acquisition transaction value of 12.57 percent, which still does not exceed the maximum value of 15.00 percent of the total value of consideration. Consequently, the acquisition of such shares does not constitute an asset acquisition transaction in which the Company is required to disclose the information regarding the entrance of this transaction to the Stock Exchange of Thailand ("SET") and distribute a memorandum along with the information regarding this transaction to all shareholders of the Company.

In this regard, the Company would like to disclose the information regarding the acquisition of the Company assets in order for the shareholders to make an informed investment decision as follows.

.....1. Transaction Date : .....



**1. Transaction Date :**

As approved by the Board of Directors' Meeting of the Company, the Company has entered into a Memorandum of Understanding on the purchase and sale of FPT shares, which outlines the mandatory conditions of the transaction. This transaction should be completed on or before 19 January 2016.

**2. Name of Connected Person and its Relationship with the Company:**

Buyer<sup>/1</sup> : PTG Energy Public Company Limited (“PTG”)

Seller : Bangkok Aviation Fuel Services Public Company Limited (“BAFS”)

**The relationship of the Seller and the Company**

The Buyer and the Seller have no relation in shareholding, no common management, and no connected transaction under the Notification of the Stock Exchange of Thailand 2003, dated 19 November 2003 including any amendment thereto.

Remark : <sup>/1</sup> the Seller agrees to let the Buyer transfer the rights to purchase shares to PTG Logistic Company Limited (“PTGLG”) or other subsidiaries in which the Buyer is holding no less than 99 percent. The Buyer has to notify the Seller in advance in writing at least 15 days prior to the transfer date.

**3. General Characteristics of the Transaction**

Regarding the asset acquisition transaction value calculation, the Company has calculated the transaction value from the Company's Consolidated Financial Statement for the nine-month period ended 30 September 2015, which has been reviewed by Miss Amornrat Pearmpoonvatanasuk, Certified Public Accountant No. 4599 from PricewaterhouseCoopers ABAS Ltd. and FPT's Financial Statement ended 31 December 2014; audited by Ms. Tippawan Nananuwat, Certified Public Accountant No. 3459 from Ernst & Young Office Limited. The calculation of the transaction value is detailed below:

\.....The asset acquisition.....

The asset acquisition transaction value can be calculated as follows,

Calculation Method	Calculation Formula	Transaction Value (%)
1. Net Tangible Asset (NTA) *	$\frac{\text{NTA of FPT proportionate to the investment}}{\text{NTA of the Company}}$ (Baht 899.31 million x 9.55%) / Baht 3,712.50 million	2.31
2. Net Profit**	$\frac{\text{Net profit of FPT proportionate to the investment}}{\text{Net profit of the Company (annualized)}}$ (Baht 85.33 million x 9.55%) / (Baht 402.05 million x 4/3)	1.52
3. Total Value of Consideration	$\frac{\text{Value of Consideration paid for the ordinary shares of FPT}}{\text{Total assets of the Company}}$ Baht 398.35 million / Baht 7,111.71 million	5.60
4. Value of Securities	Cannot be calculated as there is no issuance of securities as a consideration for the Ordinary of FPT.	N/A

Remarks :

\* Net Tangible Assets (NTA) of the Company and FPT can be calculated as follows:

- NTA of the Company is equivalent to Baht 3,712.50 million, calculated on the total assets (Baht 7,111.71 million), minus the intangible assets (Baht 38.95 million), total liabilities (Baht 3,360.18 million), and non-controlling shareholders' equity (Baht 0.09 million).

- NTA of FPT is equivalent to Baht 899.31 million, calculated on the total assets (Baht 1,951.97 million), minus intangible assets (Baht 3.67 million) and total liabilities (Baht 1,048.99 million).

\*\* Net profit used in the calculation of the transaction value is derived from:

- Net profit of the Company (Baht 402.05 million), derived from the Consolidated Financial Statements of the Company for the nine-month period ended 30 September 2015.

- Net profit of FPT is Baht 85.33 million, derived from FPT's Financial Statements for the year ended 31 December 2014.

\.....Consequently, the asset.....

Consequently, the asset acquisition transaction represents a transaction value of 5.60 percent, which is the maximum transaction value calculated based on the total value of consideration. After the accumulation of all asset acquisition transactions, which have occurred within the past six months before entering into this transaction, such as the leasehold and rental of land paid in advance, the improvement of land and buildings, tools and equipment used in the petrol stations, tank farms, Max Mart convenient stores, and Punthai Coffee shops, which totals a transaction value of 6.97 percent, calculated based on the total value of consideration, the total acquisition transaction value is 12.57 percent, which still does not exceed the maximum total value consideration of 15.00 percent. Consequently, the acquisition of such shares does not constitute an asset acquisition transaction.

#### 4. Detail of the asset to be acquired

The asset to be acquired by PTG is 4,979,396 ordinary shares of FPT (at the par value of Baht 5). FPT provides aviation fuel pipeline transportation and ground fuel pipeline transportation system at Litre 4,000 million per year; the Company provides services to oil refineries and leading oil companies and also distributes aviation fuel to Bangkok Aviation Fuel Service Public Co., Ltd. (BAFS) for fueling up aircrafts at Don Muang Airport and Suvarnabhumi Airport or delivering fuel to the customers at the FPT's depot.

##### 4.1 General information of Fuel Pipeline Transportation Co., Ltd (FPT):

Company Registration No. : 0105534068662

Date of Incorporation : 21 May 1991

Location : 424 Kamphaeng Phet 6 Rd., Don Muang, Bangkok.

Registered Capital : Registered Capital Baht 260,667,560 categorized into:

- Ordinary shares totaling 52,132,716 shares, at the par value of Baht 5
- Preferred shares totaling 796 shares, at the par value of Baht 5

Registered and Paid-up Capital : Registered and Paid-up Capital Baht 260,667,560 categorized into:

- Ordinary shares totaling 52,132,716 shares, at the par value of Baht 5
- Preferred shares totaling 796 shares, at the par value of Baht 5

\\.....List of Directors.....

List of Directors : There are 8 directors of FPT as of 27 November 2015, as follow:

1. M.R. Supadis Diskul
2. Mr. Buree Whanchid
3. Mr. Ditsapong Prithaveepong
4. Mr. Prakobkiat Ninnad
5. Mr. Loyleuan Bunnag
6. Mr. Chathaya Bandhaya
7. Mr. Watana Opanon-amata
8. Mr. Singto Pichetwong

List of Shareholders : There are 12 shareholders of FPT as of 9 December 2015, as follow:

1. Bangkok Aviation Fuel Services Public Company Limited
2. The Bangchak Petroleum Public Company Limited
3. Bangkok Insurance Public Company Limited
4. Thai Airways International Public Company Limited
5. CPB Equity Company Limited
6. PTT Public Company Limited
7. The Shell Company of Thailand Limited
8. M.R. Supadis Diskul
9. The State Railway of Thailand
10. Air Total (Thailand) Company Limited
11. SUSCO Dealers Co., Ltd.
12. ESSO (Thailand) Public Company Limited

#### 4.2 Summary of the financial position and operation results of FPT

For the years ended 31 December 2012 to 2014

Unit : Baht million	2012	2013	2014
Current assets	157.28	355.39	370.95
Non-current assets	925.74	1,486.92	1,581.02
<b>Total assets</b>	<b>1,083.02</b>	<b>1,842.31</b>	<b>1,951.96</b>
Current liabilities	138.94	150.04	179.11
Non-current liabilities	882.76	840.13	869.88
<b>Total current liabilities</b>	<b>1,021.71</b>	<b>990.17</b>	<b>1,048.99</b>

\.....Unit : Baht million.....

Unit : Baht million	2012	2013	2014
Registered and paid-up capital	139.27	139.27	260.67
Premium on share capital and discount on business combination	-	-	568.63
Retained Earnings (Deficit)	(77.96)	(10.61)	73.68
Shareholders' equity before business transferred	-	723.48	-
<b>Total shareholders' equity</b>	<b>61.31</b>	<b>852.14</b>	<b>902.97</b>
Total liabilities and shareholders' equity	<b>1,083.02</b>	<b>1,842.31</b>	<b>1,951.96</b>
Total income	376.29	494.84	576.17
Costs of services	245.01	270.20	338.53
<b>Gross profit</b>	<b>131.28</b>	<b>224.64</b>	<b>237.64</b>
Other income	1,066.43	83.46	15.35
Selling and administrative expenses	89.51	139.35	149.49
<b>Profit before finance costs and income tax</b>	<b>1,108.20</b>	<b>168.75</b>	<b>103.50</b>
Finance costs	18.61	2.71	5.13
<b>Profit before income tax</b>	<b>1,089.59</b>	<b>166.04</b>	<b>98.37</b>
Income tax	(27.22)	32.28	13.04
<b>Net profit</b>	<b>1,116.81</b>	<b>133.76</b>	<b>85.33</b>

#### 4.3 The Capital increase in the future

According to the conditions in the Memorandum of Understanding on the purchase and sale of shares, PTG agrees to vote on the capital increase of Baht 3,400 million during the FPT Shareholders' Meeting, and PTG will subscribe to new shares from such increase in PTG's shareholding proportion at that time.

#### 5. Total value of consideration

PTG will pay for ordinary shares by cash amounting to Baht 398.35 million (which is a consideration paid for the acquisition of 4,979,396 shares, at the par value of 80 Baht per share)

\.....6. Methods used to.....

## 6. Methods used to determine the total value of consideration

The total value of consideration for this investment is in accordance with the agreement between both parties with reference to the financial position, operational results, and the key estimated-financial figures which take into account the opportunities for business growth of FPT especially the investment in the expansion of fuel pipeline transportation to the North of Thailand in the near future.

## 7. The value of the acquired assets

The value of 4,979,396 ordinary shares (at the par value of Baht 5 per share) of FPT representing 9.55 percent of registered shares capital, totaling Baht 398.35 million.

## 8. Expected Benefits to the Company

The Company expects that the investment in the ordinary shares of FPT will result in the benefits for the Company and its shareholders as follows:

### - Reducing transportation loads:

The fuel retailing business has grown significantly, resulting in an increase in fuel transportation to tank farms and petrol stations for the Company every year. Thus, the Company is financially burdened to procure more tanker trucks, recruit drivers, build more truck rest stops and maintenance centers, as well as being required to make more complicated transportation plans in order to utilize the tanker trucks to their fullest extent. Consequently, the investment in FPT's shares will reduce the transportation load for the Company; the Company will be able to deploy FPT in transporting a proportion of the fuel. The fuel pipeline transportation system is known to be very convenient, fast, safe, quality-assuring, clean, uncontaminated, and minimal in transported fuel loss. In addition, the Company can also ensure against shortage of fuel delivery as the fuel pipeline transportation system is stable and secured. In the meantime, FPT is able to supply fuel pipeline transportation for other customers, resulting in the full capacity utilization of the fuel pipeline.

\.....- Supporting business.....

- Supporting business expansion:

The continuous business expansion plan, in both the fuel retailing and wholesaling business, the Palm Complex business, and the related businesses, as a consequence the logistics management of the Company's Group will play a more important role in the future. Therefore, FPT plans to expand its pipeline network to the northern part of Thailand with support from the Department of Energy Business. Phase 1 routing oil pipeline is Bang Pa In - Phichit with the distance of 350 km, and Phase 2 is Kamphaeng Phet - Lampang with the distance of 220 km. The pipeline will enhance fuel transportation infrastructure for the whole country. This will lead to a more competitive pipeline transportation rate in comparison to conventional fuel transportation by truck and train and is also safe from road accidents that may occur as well as reduced pollution from road transportation. Therefore, the investment in FPT will help enhance the Company's logistics management to be more effective.

- Mitigating risk in business (business diversification):

At the present, as the Company revenue and profits are derived primarily from fuel retailing and wholesaling business; its operational results can fluctuate as a result of any material change in the fuel retailing and wholesaling business, such as an increase or decrease in marketing margin and etc. Consequently, the investment in FPT, a company that provides aviation fuel pipeline transportation and ground fuel pipeline transportation services, will mitigate the business risks as part of the Company's business diversification strategy.

## 9. Sources of Funds

The investment in ordinary shares of FPT is funded from cash flow in business operation and the issuance and offering of debentures. The Board of Directors' Meeting No. 9/2015 of the Company, which was convened on 13 November 2015, has resolved to propose that the Extraordinary General Meeting of Shareholders No. 1/2016, which will be convened on 15 January 2016, consider and approve the Company's issuance and offering of Company debentures within the credit line of not exceeding Baht 4,000 million to be used in the Company's business operation and business expansion. In this regard, after the Company has obtained approval for the issuance and offering of debentures, it will periodically issue and offer the debentures as per the necessity for utilization in order to prevent any financial obligations. The Company expects that the first issuance and offering to be completed by the first quarter of 2016.

\.....10. Opinion of the Board.....

#### 10. Opinion of the Board of Directors on entering into the transaction

The Board of Directors has considered and voted on entering into the transaction to acquire the shares capital of FPT to be carried out under reasonable conditions and for the benefits of the Company and its shareholders in terms of profit sharing and increasing value and market capitalization to the Company. Also, this transaction is the investment to support business operation and diversify logistic business risks. Furthermore, it promotes and supports environmental conservation and road safety by focusing on pipeline transportation instead of conventional road transportation.

#### 11. Opinion of directors of the Company which are different from those of the Board of Directors in Clause 10

Agreed with the Board of Directors.

The Company hereby certifies that the information contained in this report is accurate and complete in all respects.

Please be informed accordingly.

Sincerely yours,



( Mr. Rangsun Puangprang )

Company Secretary

PTG Energy Public Company Limited