

January 22, 2018

Re: The Disposal of Investment of Associated Companies of United Power of Asia Public Company Limited (revised)

To: The President
The Stock Exchange of Thailand

The board of directors' meeting of the Company no. 12/2017 held on 20 October 2017 resolved to approve the Company to dispose all investment in Ayutthaya Power Systems Company Limited and Saraburi Energy Systems 2 Company Limited. Key details of the transactions are as follows:

1 Transaction date

The Company has completed the disposal of shares in Ayutthaya Power Systems Company Limited (**APS**) and Saraburi Energy Systems 2 Company Limited (**SES2**) on 28 December 2017.

2 Contractual parties and relationships with the Company

Seller : The Company

Buyer :

- In respect of shares in APS: FullCycle 5 Company Limited (**FC5**); and
- In respect of shares in SES2: FullCycle 3 Company Limited (**FC3**).

Relationship with the Company : No relationship. Each Buyer does not have any relationship with the Company that would be considered a connected transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules on Connected Transactions 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 Connected Transactions B.E. 2546 (2003).

The structures of the board of directors and shareholders of each Buyer are detailed below:

2.1 FC5

(A) List of board of directors according to the affidavit of FC5 issued by the Ministry of Commerce (**MOC**) on 28 December 2017

No.	Name
1.	Mr. Ibrahim Ameen al-Husseini

No.	Name
2.	Ms. Caitlin Sparks
3.	Mr. Christian Jacqui
4.	Ms. Orarin Keeratiwutipong

- (B) List of shareholders according to the list of shareholders of FC5 as of 30 April 2017 issued by the MOC on 3 January 2018

No.	Name	Number of shares	%
1.	Mr. Christian Jacqui	1	0.01
2.	Mr. Rene Christian Willem Dekker	1	0.01
3.	FullCycle 4 B.V.*	998	99.98
Total		1,000	100.00

Note: *FullCycle 4 B.V. is a company registered in the Netherlands. The Company does not have an information on the list of shareholders of such company. However, the Company has verified with the directors, the managements and the major shareholders of the Company and has been confirmed that the directors, the managements and the major shareholders of the Company do not have any relationship with FullCycle 4 B.V.

2.2 FC3

- (A) List of board of directors according to the affidavit of FC3 issued by the MOC on 28 December 2017

No.	Name
1.	Mr. Ibrahim Ameen al-Husseini
2.	Ms. Caitlin Sparks
3.	Mr. Christian Jacqui
4.	Ms. Orarin Keeratiwutipong

- (B) List of shareholders according to the list of shareholders of FC3 as of 30 April 2017 issued by the MOC on 3 January 2018

No.	Name	Number of shares	%
1.	Mr. Christian Jacqui	1	0.01
2.	Mr. Rene Christian Willem Dekker	1	0.01
3.	FullCycle 2 B.V.**	998	99.98
Total		1,000	100.00

Note: **FullCycle 2 B.V. is a company registered in the Netherlands. The Company does not have an information on the list of shareholders of such company. However, the Company has verified with the directors, the managements and the major shareholders of the Company and has been confirmed that the directors, the managements and the major shareholders of the Company do not have any relationship with FullCycle 2 B.V.

3 Details of assets disposed

3.1 The Company has disposed the following shares:

- (a) 220,000 ordinary shares in APS, with par value of THB 100 per share and paid-up value of THB 25 per share, equivalent to 40% of all shares in APS at the selling price of THB 1 per share, totalling of THB 220,000; and
- (b) 261,000 ordinary shares in SES2, with par value of THB 100 per share and paid-up value of THB 25 per share, equivalent to 30% of all shares in SES2 at the selling price of THB 1 per share, totalling of THB 261,000.

Key information of APS and SES2 is as follows:

Item	APS	SES2
Type of business	APS is a company incorporated for the operation of the waste-to-energy plant with the electricity generating capacity of 8 megawatts in Nakorn Luang, Ayutthaya Province	SES2 is a company incorporated for the operation of the waste-to-energy plant with the electricity generating capacity of 16 megawatts, next to 27 megawatts of thermal energy in Nhong-kae, Saraburi Province
Date of Incorporation	29 November 2016	10 July 2015
Registered Capital	THB 55,000,000	THB 87,000,000
Par Value	THB 100	THB 100
Paid-up Value	THB 25	THB 25
List of Directors	<ol style="list-style-type: none"> 1. Mr. Christian Jacqui 2. Mr. Rene Christian Willem Dekker 3. Mr. Sittichai Kritvivat 4. Mr. Wutichai Leenabanchong 5. Mr. Michael Leo Casey 	<ol style="list-style-type: none"> 1. Mr. Christian Jacqui 2. Mr. Sittichai kritvivat 3. Mr. Wutichai Leenabanchong 4. Mr. Rene Christian Willem Dekker 5. Mr. Michael Leo Casey

Shareholders structures of APS and SES2 before and after the transaction are detailed below:

1. APS

Before		After	
Name	%	Name	%
1. United Power of Asia Public Company Limited	40	1. FullCycle 5 Co., Ltd.	60
2. FullCycle 5 Co., Ltd.	20	2. FullCycle 4 B.V.	5
3. FullCycle 4 B.V.	5	3. Ua Withya Public Company Limited	30
4. Ua Withya Public Company Limited	30	4. Garbage Green Co., Ltd.	5
5. Garbage Green Co., Ltd.	5		
Total	100	Total	100

2. SES2

Before		After	
Name	%	Name	%
1. United Power of Asia Public Company Limited	30	1. Ua Withya Public Company Limited	30
2. Ua Withya Public Company Limited	30	2. FullCycle 3 Co., Ltd.	46
3. FullCycle 3 Co., Ltd.	16	3. FullCycle 2 B.V.	19
4. FullCycle 2 B.V.	19	4. Garbage Green Co., Ltd.	5
5. Garbage Green Co., Ltd.	5		
Total	100	Total	100

Summary of key financial information of APS and SES as of 30 September 2017 are detailed below:

1. APS

Unit: THB	30 September 2017
Statement of financial position	
Cash	548,422
Other receivable and prepaid expenses	3,137,868
Construction in progress	41,208,834
Total assets	44,895,124
Accounts payable and accrued expenses	31,441,667

Unit: THB	30 September 2017
Total liabilities	31,441,667
Equity	13,453,458
Total liability and equity	44,895,124
Statement of comprehensive income	
Total revenues	-
Other revenues*	290,874
Total expenses	474,067
Net loss	(183,193)

Source: financial information prepared by managements of APS which have not been reviewed or audited by the auditor.

Remark: *other revenues comprise (1) revenue from interest and (2) gain on foreign exchange.

2. SES2

Unit: THB	30 September 2017
Statement of financial position	
Cash	102,234
Other receivable and prepaid expenses	3,361,727
Construction in progress	50,392,170
Total assets	53,856,131
Accounts payable and accrued expenses	17,440,438
Loans	16,834,102
Total liabilities	34,274,540
Equity	19,581,591
Total liability and equity	53,856,131
Statement of comprehensive income	
Total revenues	-
Other revenues*	-
Total expenses	919,812
Net loss	(919,812)

Source: financial information prepared by managements of SES2 which have not been reviewed or audited by the auditor.

Remark: *other revenues comprise (1) revenue from interest and (2) gain on foreign exchange.

3.2 Total value of consideration

The cash consideration that the Company has received for the disposal of shares in APS and SES2 is a total of THB 481,000. The detail is as specified in clause 3.1 above.

The Company has received all payments for the shares of APS and SES2, that the Company has disposed, on 28 December 2017.

Remark: the Company has only paid consideration of THB 5,500,000 and THB 6,525,000 for the purchase of shares in APS and SES, respectively, totalling of THB 12,025,000, and apart from such THB 12,025,000 consideration for shares, the Company has not paid any other money in APS project and SES2 project. Therefore, the Company suffered a loss from the disposal of shares in APS and SES2 held by the Company at the amount of THB 11,544,000, calculated by taking the purchase price of shares in APS and SES2 at the amount of THB 12,025,000 altogether deducted by the selling price of shares in APS and SES2 that the Company received at the amount of THB 481,000. However, the loss from the disposal of all shares in APS and SES2 held by the Company might not be the same amount as those in the Company's financial statements which will be conducted and audited by the Company's auditor.

4 Basis for the setting of consideration value

By the negotiation of the Buyer and the Seller. The Company has compared the selling price per share of APS and SES2, at THB 1 per share, to the risks and effects that the Company might experience in the future if the Company continues to hold shares in APS and SES2, including the factors set out as follows:

(1) APS project and SES2 project have been significantly delayed and is exposed to the risk that APS project and SES2 project might not commence because the operators of APS project and SES2 project have not filed an application and an offer to sell electricity to relevant government authority therefore, causing the delay in the signing the power purchase agreement which schedule to be signed within 31 December 2017. Also, there is no confirmation that APS project and SES2 project will receive approval to file an offer to sell electricity to the government agency.

(2) There is a continuing increase of expenses which exceeds the amount projected and informed to the Company at the time of investment. To clarify, the pre-development cost of APS project, arising from the initial date of the project to 31 August 2017, is THB 41.78 million, which is likely to exceed the projected amount which is THB 52.50 million. For SES2 project, the pre-development cost, arising from the initial date of the project to 31 August 2017, is THB 156.03 million which has already exceeded the projected pre-development cost which is THB 122.50 million.

(Source: financial information prepared by managements of APS and SES2 which have not been reviewed or audited by the auditor.)

(3) APS project and SES2 project are exposed to the risk of not being able to have enough waste for the generation of electricity because there was a delay and a lack of certainty in the negotiation for the purchase of shares in Panova Company Limited, a company incorporated for the purpose of purchasing waste from local authorities and supplying waste as a fuel for the generation of electricity of APS project and SES2 project. Moreover, according to the feasibility study on the search of other waste sources, it is found that supplying waste from other sources will create a significant increase in the cost of waste which is the main component to the generation of electricity.

(4) The Company has paid 25% of its share investment and is subject to an obligation to pay the remaining 75% share value, which is equivalent to THB 16,500,000 and 19,575,000 for APS project and SES2 project respectively, at any time which is considered as taking unnecessary investment risks in unstable projects.

Taking all abovementioned reasons and necessities into account and to limit risks of the Company's investment in APS project and SES2 project, even though the book value of shares of APS and SES2, as at 30 September 2017, is at THB 24.46 per share and THB 22.51 respectively* which is higher than the selling price per share for APS and SES2, the board of directors of the Company resolved to approve the disposal of such investments to the Buyer in the selling price proposed by the Buyer with a condition that the Buyer have to be responsible for the remaining share value when APS and SES2 demand and agree to discharge the Company from such obligations if APS or SES2 call up the remaining THB 75 share value from the Company.

*Source: financial information prepared by managements of APS and SES2 which have not been reviewed or audited by the auditor.

5 Basis for the setting of consideration value

By the negotiation of the Buyer and the Seller.

6 Sources of funding

Since the transaction was a disposal of investment, therefore, there was no consideration to be paid.

7 Opinion of the board of directors

The board of directors is of the view that the disposal of such investments is for the purpose of limiting the risk of the Company's investment in APS project and SES2 project by the consideration of facts, risks and legal perspective as follows.

- (1) The operators of APS project and SES2 project have not file an application and an offer to sell electricity to the relevant government agency therefore, causing the delay in signing the power purchase agreement which scheduled to be signed within 31 December 2017. Also, there is no confirmation that APS project and SES2 project will receive approval to file an offer to sell electricity to the government agency. However, there is a continuing increase of expenses which exceeds the amount projected and informed to the Company at the time of investment.
- (2) There was a delay and a lack of certainty in the negotiation for the purchase of shares in Panova Company Limited, a company incorporated for the purpose of purchasing waste from local authorities and supplying waste as a fuel for the generation of electricity of APS project and SES2 project, which the Company expected for such shares purchase to be completed prior to the signing date of the power purchase agreement of APS project and SES2 project (within 31 December 2017). However, the Company has not purchased or paid consideration for any share in Panova Company Limited. The board of directors of the Company is of the view that the delay and uncertainty in the negotiation of share purchase agreement of shares in Panova Company Limited will create a problem in supplying adequate waste for the generation capacity of APS project and SES2 project. Moreover, according to the feasibility study on the search of other waste sources in Ayutthaya Province, Saraburi Province and neighbouring provinces and a study on the expenses of the transportation of waste from other sources than from Panova Company Limited, it is found that supplying waste from other sources will create a significant increase in the cost of waste which is the main component to the generation of electricity and the projects can be impose to the risk of not having enough waste for the generation of electricity.
- (3) The board of directors of the Company has considered the problems and the delays and resolved that the Company exercises its right by notifying intention to terminate its investment in APS project and SES2 project and request for a dissolution of APS and SES2 (according to the share purchase agreements of shares in APS and SES2, there is no provision which state that the seller

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will refund the share consideration to the Company if APS and SES2 have not obtained approval to sell electricity to the Provincial Electricity Authority). However, other shareholders of APS and SES2 still wish to continue operating the projects and negotiated to purchase shares owned and invested by the Company rather than a dissolution of such companies.

Other shareholders have offered to purchase shares from the Company in a low price because the shareholders have to take the risk in funding for APS project and SES2 project. It appears that the Company has paid 25% of its share investment and is subject to an obligation to pay the remaining 75% share value, which is equivalent to THB 16,500,000 and 19,575,000 for APS project and SES2 project respectively, at any time which is considered as taking unnecessary investment risks in unstable projects.

Taking the reasons and the necessities as abovementioned into consideration, in order to limit the risk in the investment of the Company in APS project and SES2 project which the Company could be demanded to pay the remaining share value of THB 75 per shares, the board of directors of the Company, therefore, resolved to dispose such investments to the Buyer in the selling price proposed by the Buyer with a condition that the Buyer have to be responsible for the remaining share value when APS and SES2 demand and agree to discharge the Company from such obligations if APS or SES2 call up the remaining THB 75 share value from the Company.

Please be informed accordingly

Sincerely yours,

(Mr. Kawin Chalermroj)

Assistant Chief Executive Officer