

28 May 2018

Subject: Notification of Information Memorandum of Related Party Transaction in Relation to Right to Operate Water Utilities Business in WHA Hemaraj Industrial Zone 1, Nghe An, Vietnam

To: President
The Stock Exchange of Thailand

On 28 May 2018, WHAUP Nghe An Joint Stock Company (“WHAUP Nghe An JSC”), an indirect subsidiary of WHA Utilities and Power Public Company Limited (“Company”) entered into an agreement with WHA Hemaraj Nghe An Joint Stock Company (“WHA Hemaraj Nghe An JSC”), an indirect subsidiary of WHA Industrial Development Public Company Limited (The company name changing from Hemaraj Land And Development Public Company Limited), in relation to the right to operate the water utilities business and land sublease in WHA Hemaraj Industrial Zone 1, Nghe An, Vietnam (“WHA Hemaraj Industrial Zone 1, Nghe An”). The said agreement is a related party transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2003 (“Related Party Transaction Notification”). The transaction size is 2.17 percent of the Company’s net tangible assets calculated from the financial statement ended on 31 December 2017. The transaction size is more than 0.03 percent but does not exceed 3 percent of the Company’s net tangible assets. The Company needs to disclose the information to the Stock Exchange of Thailand. The Company therefore hereby provide the information memorandum of the said related party transaction as follows:

1. Transaction date, month and year

28 May 2018

2. The relevant parties and relationship

WHAUP Nghe An Joint Stock Company
WHA Hemaraj Nghe An Joint Stock Company

The relationship of the parties is that WHAUP Nghe An JSC is an indirect subsidiary of the Company while WHA Hemaraj Nghe An JSC is an indirect subsidiary of WHA Industrial Development Public Company Limited. WHA Industrial Development Public Company Limited holds shares in the Company at 70 percent. Therefore, WHA Industrial Development Public Company Limited is a major shareholder of the Company and a related person under the Related Party Transaction Notification. As WHA Hemaraj Nghe An JSC is an indirect subsidiary of WHA Industrial Development Public Company Limited, WHA Hemaraj Nghe An JSC is a related party of the Company and WHAUP Nghe An JSC.

As a result, the agreement in relation to the right to operate the water utilities business and land sublease in WHA Hemaraj Industrial Zone 1, Nghe An, between WHAUP Nghe An JSC and WHA Hemaraj Nghe An JSC is a related party transaction.

3. General characteristics of the transaction

WHA Hemaraj Nghe An JSC is a developer of the WHA Hemaraj Industrial Zone 1, Nghe An, and agrees to grant the right to WHAUP Nghe An JSC to operate the water utilities business in WHA Hemaraj Industrial Zone 1, Nghe An, and grant the sublease of the areas in WHA Hemaraj Industrial Zone 1, Nghe An, to WHAUP Nghe An JSC to operate the water utilities business.

The agreement shall take effect on the signing date (except the rights and obligations relating to subleased area or exercisable or to be performed only handover of the subleased area. Such rights and obligations become enforceable on and from the handover date of the subleased area) and continue to be in force and effect until 29 May 2067. The period of sublease of areas commences from the handover date until 29 May 2067.

WHAUP Nghe An JSC shall pay the royalty fee to WHA Hemaraj Nghe An JSC by sharing the income of WHAUP Nghe An JSC generated from operating the water utilities business in WHA Hemaraj Industrial Zone 1, Nghe An, at the following rate:

1. One percent per annum for the period of 3 years from the date WHAUP Nghe An JSC has income.
2. Three percent per annum for the period after ending the 3 years period until the expiration of the term of the agreement.

For the rental fee for sublease of areas, WHA Hemaraj Nghe An JSC does not charge by deeming that the rental fee is included in the royalty fee.

4. Rules for fixing of total value of the transaction

The Company estimates the royalty fee in the amount Baht 212,954,425 for all periods WHAUP Nghe An JSC has the right to operate the water utilities business in WHA Hemaraj Industrial Zone 1, Nghe An. The estimated income from selling water for industry and service of water treatment to operators in WHA Hemaraj Industrial Zone 1, Nghe An. during the term of the agreement is applied to calculate the sharing at the above rate using the exchange rate at Baht 0.1364 per 1 VND.

The net tangible assets of the Company pursuant to the Company's financial statement as of 31 December 2017 is Baht 9,802,431,165. Therefore, the royalty fee WHAUP Nghe An JSC shall pay to WHA Hemaraj Nghe An JSC is 2.17 percent of the net tangible assets of the Company.

The calculation is as follows:

$$\frac{212,954,425}{9,802,431,165} \times 100 = 2.17$$

5. Source of funds for purchase of assets

The royalty fee is calculated from the sharing on WHAUP Nghe An JSC's income from the operation of the water utilities business in WHA Hemaraj Industrial Zone 1, Nghe An at 1 percent to 3 percent. WHAUP Nghe An JSC still has income to carry on its business. The royalty fee does not affect the main business of WHAUP Nghe An JSC and the Company.

6. Opinion of the Board of Directors on the transaction

The Board of Directors is the opinion that the royalty fee to be paid by WHAUP Nghe An JSC to WHA Hemaraj Nghe An JSC is appropriate as it is the same rate as the royalty fee the Company pays to WHA Industrial Development Public Company Limited under the right lease agreement between WHA Industrial Development Public Company Limited and the Company. The water utilities business in Vietnam will create the growth to the Company and expand the investment base to foreign countries to serve the business expansion of the Company in foreign countries.

In consideration of the said matter, Ms. Jareeporn Jarukornsakul, Mr. David Richard Nardone and Mr. Vivat Jiratikarnsakul, all of whom are the directors in WHA Industrial Development Public Company Limited and have interest in such matter, are not entitled to vote.

7. Opinion of the Audit Committee and/or the Directors which is different from the opinion of the Board of Directors

After consideration, the Audit Committee's opinion is not different that of the Board of Directors of the Company.

Please be informed accordingly.

Yours Faithfully

(Mr. Wisate Chungwatana)
Chief Executive Officer

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