

No. SIAM 003/2016

Subject : Notify the purchase of shares of Bangphra Green Energy Limited (Revised)

To : The President  
The Stock Exchange of Thailand

Enclosure : Information Memorandum of Siam Steel International Public Company Limited

The Board of Directors' Meeting of Siam Steel International Public Company Limited ("The Company") No. 1/2016 held on January 27, 2016 has passed the important resolutions as follows:

1. Approved Siam International Energy Limited ("the Subsidiary Company") to purchase 100% ordinary shares of Bangphra Green Energy Limited ("BGE") total 999,998 shares at par value Baht 10, equivalent to the paid up share at Baht 2.50 per share, total amount of Baht 2,499,995 from 1 exiting shareholder who is not related to the directors, the executives, the major shareholders or the authorized person of the Company.

As BGE is a holding company which has invested in a company in Japan, namely, Rich Solar Energy Godo Kaisha ("RSE") and holds 97 % of the registered capital. RSE is a company which has invested in Solar Power Project in Japan, Miyagi Solar Project, ("Miyagi Project"), with 15.17 MW installed capacity, total value of the Project approximately Baht 1,358.18 million or JPY 4,467 million (To collect the total amount of Baht 2.50 million capital and 100% paid-up capital in the recapitalization of Bangphra which is indirect subsidiary of the Company)

- with the reference of the exchange rate of Baht 0.2968 per JPY paid for the amount of JPY 300 million as at December 19, 2015,
- with the reference of the exchange rate of Baht 0.3068 per JPY paid for the amount of JPY 1,070 million as at January 8, 2016,
- with the reference of the exchange rate of Baht 0.3038 per JPY paid for the amount of JPY 3,097 million as of January 25, 2016.

The Board of Directors of the Company have approved BEG for the loan to invest in RSE.

The above transaction is considered as the acquisition of assets according to the Notification of the Capital Market Supervisor Board No. Tor Chor. 20/2551 (2008) at the subject of Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (including the update Notification) and the Notification of the Board of Governors of the Stock Exchange of Thailand in the subject of Disclosure of Information and other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E 2547(2004), (including the Update Notification). The transaction value calculation for consideration, the transaction size will be 48.17% of the Company total assets (with reference of the financial statement ended September 30, 2014), having the transaction size higher than 15% but less than 50%, it is classified as an asset acquisition Class 2 Transaction according to the reference Notification.

Therefore, the Company is required to disclose the transaction to the SET and provide the information memorandum to its shareholders within 21 days from the date of notification to the SET which was attached herewith.

2. To approve Siam International Energy Limited ("SEI") and Bangphra Green Energy ("BGE") increase capital as follows :

- SIE, the Subsidiary Company will increase the capital from Baht 1,000,000 to Baht 50,000,000 by issuing new share of 4,900,000 shares at par value of Baht 10 per share of which the Company holds all shares to keep the same proportion of share and fully paid up.

**New capital structure of the SEI** is as follows:

Shareholder	Formerly		New	
	%	shares	%	shares
Siam Steel International Public Company Limited	100	99,997	100	4,999,997

**The Purpose of capital increase**

To expand investment in its business and to purchase the ordinary shares of Bangphra Green Energy Limited.

**Source of funds**

Company working capital

**Size List**

The above transaction is not considered as acquisition and disposition of material assets of listed companies and it is not a connected transaction so it does not comply with the Notification of the Capital Market Supervisor Board and SET.

BGE, the Indirect Subsidiary Company will increase the capital from Baht 10,000,000 to Baht 40,000,000 by issuing of 3,000,000 shares at par value of Baht 10 per share of which the Company holds all shares to keep the same proportion of share and paid-up capital is 25% of the registered increase capital. (which has been calculated the total cost of the project for the amount of Baht 1,358.18 million)

**New capital structure of the BGE** is as follows:

Shareholder	Formerly		New	
	%	shares	%	shares
Siam International Energy Limited	100	999,998	100	3,999,998

**The Purpose of capital increase**

To expand investment in its business.

**Source of funds**

Company working capital

The above transaction is not considered as acquisition and disposition of material assets of listed companies, therefore it does not comply with the Notification of the Capital Market Supervisor Board and SET.

Please be informed accordingly.

Sincerely yours,

( Surasak Kunananthakul )  
Director

## The Attachment

### Information Memorandum of Siam Steel International Public Company Limited

January 28, 2016

The Board of Directors' Meeting of Siam Steel Industries Public company Limited ( "Siam" or "the Company") No. 1/2016 held on January 27, 2016 has approved Siam International Energy Limited ("SIE" or "the Subsidiary Company") which is the Company hold 100 % of the registered capital to purchase 999,998 shares of Bangphra Green Energy Limited representing 100% of registered capital, par value of Baht 10 at equivalent to the paid-up share at Baht 2.50 per share, total amount of Baht 2,499,995 from 1 exiting shareholder who is not related and /or connected with the Director, the Executive, the major shareholder or the authorized person of the Company.

BGE is a holding company which has invested in a company in Japan, namely, Rich Solar Energy Godo Kaisha ("RSE") and holds 97 % of the registered capital. RSE is the company which has invested in Solar Power Project in Japan, Miyagi Solar Project, ("Miyagi Project"), with 15.17 MW installed capacity, total value of the Project approximately Baht 1,358.18 million or JPY 4,467 million (Collect the paid capital Baht 2.50 million and 100% full payment of shares to increase the capital of Bangphra Green Energy Limited which is the indirect subsidiary of the Company). with the reference of the exchange rate of Baht 0.2968 per JPY paid for the amount of JPY 300 million as of December 19, 2015, Baht 0.3068 per JPY paid for the amount of JPY 1,070 million as at January 8 , 2016, Baht 0.3038 per JPY paid for the amount of JPY 3,097 million as of January 25, 2016,

Details of transaction are summarized as follows:

#### 1. Date of Transaction

After the approval from the Company's Board of Directors' Meeting No. 1/2016 held on January 27, 2016.

#### 2. Relevant Parties

**Purchaser** Siam International Energy Limited ("SIE" or "Purchaser")

**Seller** Exiting shareholder, namely, Miss Sirirat Wongpakdee ("seller") Which is not related or connected person of the Directors, the Executives, the major shareholders, or the authorized person of the Company.

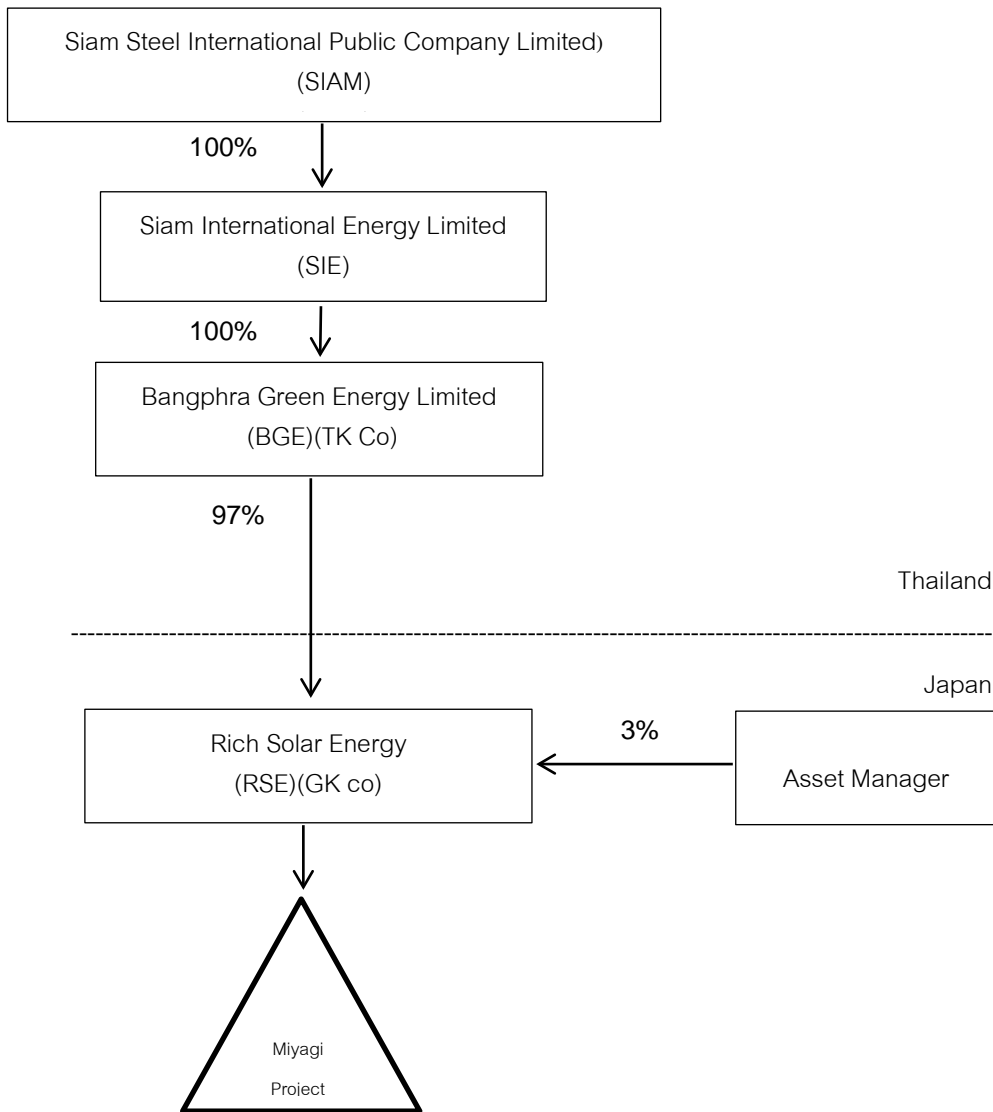
#### 3. General characteristics, type and size of transaction and detail of acquisition of assets

##### 3.1 General characteristics of the transaction

SIE is the Subsidiary Company that the Company holds 100% of the registered capital, will purchase the ordinary share of Bangphra Green Energy Limited for the amount of 999,998 shares, par value is Baht 10, equivalent to the paid up share at Baht 2.50 per share, total Baht 2,499,995.

BGE is a holding company which has invested in a company in Japan, namely, Rich Solar Energy Godo Kaisha ("RSE") and holds 97% of the registered capital. RSE is the company which has invested in Solar Power Project in Japan, Miyagi Solar Project, ("Miyagi Project"), with 15.17 MW installed capacity, total value of the Project approximately Baht1,358.18 million or JPY 4,467 million which estimate to begin commercial operation date in Quarter 3 of the year 2016.

## Structure of investment in Miyagi Project



### 3.2 Calculation for the size of the transaction

The above transaction is considered as the acquisition of assets according to the Notification of the Capital Market Supervisor Board No. Tor Chor. 20/2551 (2008) at the subject of Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (including the update Notification) and the Notification of the Board of Governors of the Stock Exchange of Thailand in the subject of Disclosure of Information and other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E 2547(2004), (including the Update Notification). When the Company calculate the size of the transaction following the ruled, the Company the apply the highest figure. This transaction value calculation for the acquisition transactions which has transaction size of 48.17% of total assets (reference of the Financial Statement ended September 30, 2015), having the transaction size higher than 15 % but less than 50%, it is classified as an asset acquisition Class 2 Transaction according to the reference Notification. Therefore the Company is required to disclose the transaction to the SET and provide the information memorandum to its shareholders within 21 days from the date of notification to the SET which was attached herewith.

## Calculation of the size of transaction for acquisition of Assets

- Financial information

( Unit : Million Baht)	Siam (as at September 30, 2015)
Total Assets	2,819.72
Intangible Assets	-
Total Liabilities	314.35
Minority Interest	184.81
Tangible Assets (NTA)	2,320.56
Net Profit (4 latest quarter (Oct. 2015 - Sep. 2016)	(23.87)

\*Note Reference of the Financial Statement that reviewed by the Auditor of SIAM ended September 30, 2015

- Calculation for the transaction size

	Calculation	Amount (%)
1. Assets Value	NTA of Miyagi x proportion of share/ NTA of SIAM	N/A
2. Net Profit	Net profit of the 4 latest quarter of Miyagi Project x Acquisition proportion/ Net profit of the 4 latest quarter Of SIAM	N/A
3. Total value of consideration	Total consideration  <u>(1,358.18 million Baht)</u> Total assets of Siam (2,819.72 million Baht)	48.17%
4. Equity share value	Without issuing new share	Without issuing new share

Note: The Company has not the transaction of acquisition of assets within the past 6 months.

### 3.3 The reason and neediness for transaction

The investment in BGE will be the beginning for expand the power plant project of the Company, making stability return and diversification the risk to other business which has good return and is not affected from the change of the economic. Miyagi Project is supply solar power project in Japan that BGE is the contactor and discuss for investment in RSE. The Company need to purchase the ordinary share from BGE in order to acquire this project.

### 4. Detail of acquired assets

The ordinary shares of Bangphra Green Energy ("BGE") in the amount of 999,998 shares at the par value of Baht 10 representing 100 per cent of the registered capital, equivalent to the paid up share at 2.50 per share, total amount of Baht 2,499,995.

- Business Information of BGE

Type of Business	Holding Company invests in the other company
Head Office	17/1 Wachirathamsatit 22 Bangna Sub-District, Bangna District, Bangkok
Registered Capital	10,000,000
Paid -up capital	2,500,000
Par Value	Baht 10 per share

- Board of Directors of the Company

Name of Director before transaction as at January 26, 2016

1. Miss Sirirat Wongpakdee

Name of Director after transaction

1. Mr. Wanchai Kunananthakul
2. Mr. Surasak Kunananthakul
3. Mrss Naphaporn Hoonthanasevee
4. Mr. Surapol Kunananthakul
5. Mr. Sittichai Kunananthakul

- Shareholder

Name of shareholders as at January 26, 2016 before transaction

No.	Name of shareholders	Amount	%
1.	Miss Sirirat wongpakdee	999,998	100
2.	Miss Kritsanaporn Kittiphanchai	1	0
3.	Mr. Sutipat Deesamur	1	0
	<b>Total</b>	<b>1,000,000</b>	<b>100</b>

As BGE is a holding company which has invested in a company in Japan, namely, Rich Solar Energy Godo Kaisha ("RSE") and holds 97 % of the registered capital. RSE is the company which has invested in Solar Power Project in Japan, Miyagi Solar Project, ("Miyagi Project"), with 15.17 MW installed capacity, total value of the Project is approximately Baht 1,358.18 million on the long term land rental contract for 23 years, area size 255,812 square meter (159.88 Rai) in Miyagi City, Japan, total value of the project approximately JPY 4,467 million or Baht 1,358.18 million.

The said project has notified the decision of selling solar power to the agency which purchasing electric power in that area. As Tohoku Electric Power is the contract purchaser for 20 years from the date to begin commercial operation (COD) in the rate of Feed-in Tariff (FIT), Yen 36 per unit, which is under construction and expect to COD in Quarter 3 of the year 2017.

#### 5. The criteria used in determining the value of Consideration

BGE is the New Holding Company to only invest in Miyagi Project and the price of share is equivalent to cost price or price of par value so that the total consideration and rules for consideration will consider from the total value of Miyagi Project for Baht **1,358.18 million, the details are as follows:**

RSE has signed Sale and Purchase Agreement with Dells Architecture Institute Co., Ltd on January 8, 2016 for transferring the right of the license for selling electric power, the rent of land and the connection project line fee in Miyagi Project for Baht 472.19 million or JPY 1,545 million which BEG and RSE have already paid. The Company has forecast all value of investment for this project as follows:

Investment list in this project (Approximately)	Value of Investment (Yen)	Value of Investment (Baht)
Fee for development project	443,000,000	134,580,000
Fee for license and construction building for solar power project	4,024,000,000	1,223,600,000
<b>Total</b>	<b>4,467,000,000</b>	<b>1,358,180,000</b>

Note Reference with the exchange rate of Baht 0.2968 per JPY for the amount of JPY 300 million as of December 19, 2015, Baht 0.3068 per JPY for the amount of JPY 1,070 million as of January 8, 2015, Baht 0.3038 per JPY for the amount of JPY 3,097 million as of January 25, 2015,

Criteria for determination of consideration value for this project has specified from the forecast of investment of Miyagi Project which research from the reliable source such as the value of construction from contractor's offering, The concentration of sunlight for calculation with reference from NEDO (New Energy and Industrial Technology development Organization). It is the research organization for industry and power which the biggest of Japan including value of consideration (Internal Rate of Return : IRR) with IRR at 10-12% which is the best returning rate for investment.

## **6. Source of Fund**

- Company' s working capital for payment ordinary share

For development Miyagi Project, the Company will borrow money from Finance Institute in Japan for the amount of 80% together with loan and the Company's working capital for the amount of 20%. Thus, upon the execution of loan contract, the Company will inform to the investors accordingly.

## **7. Benefit for transaction**

- To diversify the risk to the investment in power plants project in the other country which will making stability return and do not rely on domestic business.

- The Company expect to receive the good return, and Miyagi Project is under construction and expect to finish in the year of 2017. This Project will make good income and regularly cash flow to the Company in short term, and make good return to its shareholders in long term. Installation capacity 15.17 MW, when the distribution of commercial power, there will be the power purchase rate in type of Feed-in Tariff (FIT), Yen 36 per unit, the completion of construction and COD within the third quarter of year 2017.

## **8. Opinion of the Board of Directors on transaction**

The Board of Directors' Meeting believe that the acquiring assets of the Subsidiary Company including investment in Miyagi Project is reasonable and profitable for the Company and its shareholders as solar power investment can spread the risks in other business which can make good return including diversify risk to overseas markets, this new business will increase the value of share for the long term.

## **9. Opinions of Audit Committee and/or Company's Director that Deviate from opinion of the Board of Directors**

The Audit Committee agreed with the Board of Directors and none of the Director has difference opinion from the Board.

## **10. Responsibilities of the Board of Directors on transaction**

The Board of Directors has carefully review the information memorandum regarding disclosure of Information and Other Acts concerning acquisition and disposal of assets in position of the Company's Directors and certified that such information is accurate and true and will not make other people to misunderstand or lack of information in essence.

Sincerely yours,

( Mr. Surasak Kunanantakul )  
Director