(Translation)

Opinion of the Independent Financial Advisor

on Asset Acquisition Transaction

of

RATCH Group Public Company Limited

Prepared by

Advisory Plus Company Limited

August 30, 2021

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Definitions

The Company or RATCH	RATCH Group Plc.
RHIC	RH International Corporation Ltd., a direct subsidiary in which the Company holds 100% of the issued and paid-up shares
RHIM	RH International (Mauritius) Corporation Ltd., an indirect subsidiary in which the Company holds, through RHIC, 100% of the issued and paid-up shares
RHIS	RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary in which the Company holds, through RHIM, 100% of the issued and paid-up shares
PE	PT Paiton Energy
MCBV	Minejesa Capital B.V.
MPBV	Minejesa Power B.V., a subsidiary in which MCBV holds 100% of the issued and paid-up shares
IPM	IPM Asia Pte. Ltd.
IPMOMS	IPM Operation and Maintenance Services Pte. Ltd., a subsidiary in which IPM holds 100% of the issued and paid-up shares
POMI	PT Paiton Operation and Maintenance Indonesia, a subsidiary in which IPM holds 84.075% of the issued and paid-up shares
P3	Paiton Unit 3 of PE, having a generating capacity of 815 MW and commencing commercial operation on March 18, 2012 (the power purchase agreement to expire on March 31, 2042)
P7	Paiton Unit 7 of PE, having a generating capacity of 615 MW and commencing commercial operation on May 22, 1999 (the power purchase agreement to expire on March 31, 2042)
P8	Paiton Unit 8 of PE, having a generating capacity of 615 MW and commencing commercial operation on July 10, 1999 (the power purchase agreement to expire on March 31, 2042)
P3 Power Plant	A coal-fired thermal power plant of PE, having one power production unit, i.e. P3
P7/8 Power Plant	A coal-fired thermal power plant of PE, having two power production units, i.e. P7 and P8
Paiton Energy Project	A coal-fired thermal power plant project of PE, consisting of two power plants, P7/8 and P3 Power Plants, with a combined capacity of 2,045 MW
Group of Target Companies	PE, MCBV and IPM
Mitsui	Mitsui & Co., Ltd.
PPF	Paiton Power Financing B.V., a juristic entity in which Mitsui holds 100% of the issued and paid-up shares

Indonesia	The Republic of Indonesia
PLN	PT Perusahaan Listrik Negara, the state electricity company of the Republic of Indonesia
PPA	Power purchase agreement between PE and PLN
IFA	Independent Financial Advisor, Advisory Plus Co., Ltd.
Notifications on Acquisition or Disposal	The Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition or Disposition of Assets B.E. 2547
SEC	The Office of the Securities and Exchange Commission
SET	The Stock Exchange of Thailand

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- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of RATCH Group Plc. and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

AP. 018/2564

August 30, 2021

To The Board of Directors and Shareholders
RATCH Group Plc.

Subject Opinion of the Independent Financial Advisor on acquisition of assets

The Board of Directors' Meeting No. 8/2021 of RATCH Group Plc. ("the Company" or "RATCH"), held on August 24, 2021, granted the approval for the Company to propose the shareholders' meeting to consider and approve the investment in Paiton Energy Project at a total value of USD 809.60 million (or approximately Baht 25,421.68 million) by giving the approval for RH International (Singapore) Corporation Pte. Ltd. ("RHIS") (a subsidiary in which the Company indirectly owns a 100% stake through RH International (Mauritius) Corporation Ltd. ("RHIM") which is indirectly wholly owned by the Company through RH International Corporation Ltd. ("RHIC")) to enter into the transaction as follows:

(1) Purchase of 19,332 ordinary shares in PT Paiton Energy ("PE"), representing 45.515% of PE's issued and paid-up shares, from Mitsui & Co., Ltd. ("Mitsui"), which is not a connected person of the Company, at a price of USD 707.20 million (or approximately Baht 22,206.29 million), with PE being the owner of two coal-fired thermal power plants (three power production units) with a combined capacity of 2,045 megawatts ("MW");

(2) Purchase of 2,275,750 ordinary shares in Minejesa Capital B.V. ("MCBV"), representing 45.515% of MCBV's issued and paid-up shares, from Paiton Power Financing B.V. ("PPF"), a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 53.50 million (or approximately Baht 1,679.92 million), with MCBV serving as a provider of funding sources for PE; and

(3) Purchase of 366,936,795 ordinary shares in IPM Asia Pte. Ltd. ("IPM"), representing 65.00% of IPM's

issued and paid-up shares, from PPF, a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 48.90 million (or approximately Baht 1,535.47 million), with IPM holding 84.075% of the issued and paid-up shares of PT Paiton Operation and Maintenance Indonesia ("POMI") which provides operation and maintenance (O&M) services for the two power plants of PE.

The Company's investment in Paiton Energy Project through the purchase of ordinary shares in PE, MCBV and IPM (collectively called the "Group of Target Companies") by RHIS, an indirect subsidiary of the Company, as described above is considered as a major asset acquisition transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 ("Notifications on Acquisition or Disposal"). The maximum size of such transaction under the net profit basis is equal to 55.4%. After aggregating with other asset acquisition transactions during the previous six-month period, the asset acquisition transaction has the maximum size under the net profit basis of 55.4%, which is deemed as a Class-1 Transaction, i.e. a transaction with value equal to 50% or more but less than 100%. Therefore, the Company is required to disclose an information memorandum on the transaction to the SET and to seek the approval from its shareholders' meeting with the required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding votes cast by the shareholders having a conflict of interest. The Company must also appoint an independent financial advisor to provide opinion on such asset acquisition transaction.

In this regard, the Company has appointed Advisory Plus Co., Ltd. as the independent financial Advisor ("IFA") to provide opinion to its shareholders regarding the reasonableness and the fairness of price and conditions of such asset acquisition transaction.

In providing our opinion on the investment in Paiton Energy Project, we have studied information and documents obtained from the Company, including publicly available information, as a basis for the analysis and rendering of our opinion on this transaction, comprising:

(1) Resolutions of the Board of Directors' Meeting No. 8/2021 of the Company, held on August 24, 2021, including the Information Memorandum disclosed under the Notifications on Acquisition or Disposal, Schedule 1, to the SET on August 24, 2021;

(2) The information memorandum relating to the transaction disclosed to the SET on June 22, 2021;

(3) The annual registration statement (Form 56-1), the Company's audited consolidated financial statements for the years 2018-2020 ended December 31, 2018-2020 and reviewed interim financial statements for the six-month period ended June 30, 2021, and other information available on websites of the SET and the Office of the Securities and Exchange Commission ("SEC");

(4) PE's audited financial statements for the years 2018-2020 ended December 31, 2018-2020 prepared by KAP Tanudiredja, Wibisana, Rintis & Rekan Public Accounting Firm (a member of PwC global network

in Indonesia);

(5) MCBV's audited consolidated financial statements for the years 2018-2020 ended December 31, 2018-2020 prepared by Deloitte Accountants B.V.;

(6) IPM's audited consolidated financial statements for the years 2018-2020 ended December 31, 2018-2020 prepared by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants, Singapore;

(7) Financial forecasts obtained from financial advisor of the Company and related assumptions;

(8) The legal due diligence reports prepared by Linklaters (Thailand) Ltd. dated September 2, 2020 and March 3, 2021;

(9) The tax due diligence reports prepared by KPMG Services Pte. Ltd. dated February 2, 2021 and March 31, 2021;

(10) The technical due diligence report prepared by Jacobs Engineering Group Malaysia Sdn Bhd dated November 23, 2020;

(11) The prospectus for the issue and offering of notes of MCBV dated August 3, 2017;

(12) The power purchase agreement ("PPA") between PE and PT Perusahaan Listrik Negara ("PLN");

(13) The operation and maintenance services agreement ("O&M Agreement") between PE and POMI, which is IPM's subsidiary providing O&M services for the two power plants of PE;

(14) The shares sale and purchase agreement ("SPA") between Mitsui, PPF and RHIS dated June 22, 2021;

(15) Information on economic situation of the Republic of Indonesia and other related information, as well as information obtained from interviews with the management of the Company.

The opinion expressed herein is based on the assumption that all information and documents obtained from the Company and from the interviews with the management of the Company are true and correct. The IFA has considered such information carefully and reasonably under professional standards. Our rendering of opinion is, moreover, based on the economic environment and the information prevailing at the time of conducting this study only. If there is any significant change to these factors, it may have an effect on our opinion. Therefore, we may not affirm as to whether there will be any potential material impact on the Company in the future.

Our opinion on the asset acquisition transaction of the Company is as described below:

Executive Summary

RATCH operates as a holding company by focusing on power generation as its core business and, to diversify risk, investing in infrastructure business, related businesses, and other businesses through its subsidiaries and associated companies which have made investments both in Thailand and overseas. Presently, the Group has a combined power generation capacity of 8,174.00 MW, consisting of commercially-operated power plants of 6,599.89 MW and power plants under development and construction of 1,574.11 MW. In order to stay at the forefront of Thailand's power sale and generation industry, the Company has all along pursued the opportunity to invest in lucrative power plant projects, with the target to increase its capacity to 10,000 MW by 2025. The Company currently focuses its investment on large-scale power plants that have already been commercially operated and recognized revenues, in a bid to prepare for the substitution for the 3,645 MW Ratchaburi Power Plant which will reach its PPA expiration date around 2027.

On July 3, 2020, Mitsui & Co., Ltd. ("Mitsui"), one of Japan's leading power companies, embarked on the bidding process to divest itself of the entire shares it holds in the 2,045 MW Paiton Energy Project in tandem with the Japanese government's policy to minimize the role and investment of Japanese banks and investors in coal-fired power plants. Such Mitsui's shares consist of (1) 45.515% of shares in PT Paiton Energy ("PE"), which is the owner of power plants and the holder of rights under the PPA signed with PLN; (2) 65% of shares in IPM Asia Pte. Ltd. ("IPM"), a provider of O&M services for the power plants of PE; and (3) 45.515% of shares in MCBV, a provider of funding sources for PE. Since both IPM and MCBV were formed to exclusively support the operation of PE without rendering services to any third parties, Mitsui offered to sell its shares in all those three entities at the same time.

Paiton Energy Project is a joint venture among four international investors each of whom is financially strong with capability in power plant project management. They include Mitsui Group from Japan, Nebras Power Group from Qatar, Tepco Group from Japan, and local investors in the Republic of Indonesia. The joint venture structure was formed to ensure the counterbalance of power and that none of the shareholders has an absolute power in the project. Thus, the investment in Paiton Energy Project by the Company will be merely to assume the right of Mitsui in such project.

After consideration, the Company views that the Republic of Indonesia has already been among the target countries for its power business investment and that Paiton Energy Project has been operating with favorable results since its commercial operation commencement. With the remaining PPA period of about 21 years, the investment in this project will likely deliver consistent returns to the Company in the future.

In terms of quality, notably of P7/8 Power Plant which has been in operation for around 22 years, the technical consultant's report does not point to any high risk concerned with the deterioration of the power plant, which has been well maintained and still been able to generate electricity as usual. Besides, there is a plan for machinery modification of P7/8 Power Plant in 2022-2023 to suit the changing quality of coal due to a change of coal suppliers. After completion, the machinery will become more efficient.[1]

[1] The Company has already incorporated the expenses on such machinery modification into the calculation of the purchase price.

Taking into account the benefits and risks from business operation of Paiton Energy Project described above, the Company is interested in participating in the bid and has taken actions under the procedures relevant to such investment as follows:

July 2020 – February 2021	The Company appointed a financial consultant, a legal consultant, a tax consultant and a technical consultant to conduct a due diligence review of Paiton Energy Project.
April 2021	The Company submitted a binding offer to purchase the entire shares offered to sell by Mitsui.
April – June 2021	The Company was selected as the preferred bidder to negotiate the sale and purchase agreement, and finally signed the agreement on June 22, 2021.
June – August 2021	This was the period of the Right of First Offer (ROFO) granted to the existing shareholders of Paiton Energy Project. After the end of such period on August 23, 2021, none of the existing shareholders exercised its right to purchase the offered shares on terms and conditions offered by the seller.

The Board of Directors' Meeting No. 8/2021 of RATCH Group Plc. ("the Company" or "RATCH"), held on August 24, 2021, granted the approval for the Company to propose the shareholders' meeting to consider and approve the investment in Paiton Energy Project at a total value of USD 809.60 million (or approximately Baht 25,421.68 million[2]) by giving the approval for RH International (Singapore) Corporation Pte. Ltd. ("RHIS") (a subsidiary in which the Company indirectly owns a 100% stake through RH International (Mauritius) Corporation Ltd. ("RHIM") which is indirectly wholly owned by the Company through RH International Corporation Ltd. ("RHIC")) to enter into the transaction as follows:

(1) Purchase of 19,332 ordinary shares in PT Paiton Energy ("PE"), representing 45.515% of PE's issued and paid-up shares, from Mitsui & Co., Ltd. ("Mitsui"), which is not a connected person of the Company, at a price of USD 707.20 million (or approximately Baht 22,206.29 million), with PE being the owner of two coal-fired thermal power plants (three power production units) with a combined capacity of 2,045 MW;

(2) Purchase of 2,275,750 ordinary shares in Minejesa Capital B.V. ("MCBV"), representing 45.515% of MCBV's issued and paid-up shares, from Paiton Power Financing B.V. ("PPF"), a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 53.50 million (or approximately Baht 1,679.92 million), with MCBV serving as a provider of funding sources for PE; and

(3) Purchase of 366,936,795 ordinary shares in IPM Asia Pte. Ltd. ("IPM"), representing 65.00% of IPM's issued and paid-up shares, from PPF, a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 48.90 million (or approximately Baht 1,535.47 million), with IPM holding 84.075%

[2] The calculation is based on the exchange rate of Baht 31.4003/USD quoted by the Bank of Thailand as at June 22, 2021, the date on which RHIS signed the SPA for investment in Paiton Energy Project as notified by the Company to the SET. The IFA uses the exchange rate as at such date for calculating the transaction value in Baht currency throughout this report, unless otherwise indicated.

of the issued and paid-up shares of PT Paiton Operation and Maintenance Indonesia ("POMI") which provides O&M services for the two power plants of PE.

The Company's investment in Paiton Energy Project through the purchase of ordinary shares in PE, MCBV and IPM by RHIS, an indirect subsidiary of the Company, as described above is considered as a major asset acquisition transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 ("Notifications on Acquisition or Disposal"). The maximum size of such transaction under the net profit basis is equal to 55.4%. After aggregating with other asset acquisition transactions during the previous six-month period, the asset acquisition transaction has the maximum size under the net profit basis of 55.4%, which is deemed as a Class-1 Transaction, i.e. a transaction with value equal to 50% or more but less than 100%. Therefore, the Company is required to disclose an information memorandum on the transaction to the SET and to seek the approval from its shareholders' meeting with the required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding votes cast by the shareholders having a conflict of interest. The Company must also appoint an independent financial advisor to provide opinion on such asset acquisition transaction.

We, Advisory Plus Co., Ltd., as the IFA appointed by the Company to provide opinion to its shareholders regarding such asset acquisition transaction, are of the view that the investment in Paiton Energy Project through the purchase of shares in PE, MCBV and IPM by RHIS at a total value of USD 809.60 million (or approximately Baht 25,421.68 million) as described above is a reasonable transaction. This is because the transaction aligns with the Company's goal ,which are to increase its electricity generating capacity to 10,000 MW and to compensate the gradually decreasing capacity due to the expired PPAs of some of its power plants, in a bid to achieve its vision to become a leading energy and infrastructure company in Asia-Pacific.

The advantages to the Company from this transaction include (1) an increase of the Company's power generating capacity and alignment with its operational goal, (2) an investment from which the Company can promptly recognize revenues, and (3) a source of long-term stable income. However, the entry into this transaction will create some disadvantages, i.e. (1) a loss of opportunity to invest in other projects, and (2) incurrence of additional debts (in case of securing loans from financial institutions to finance the investment in Paiton Energy Project).

If not entering into the transaction, the advantages are (1) availability of funds for investment in other large-scale projects, and (2) no incurrence of additional debts. However, there will be some disadvantages, including (1) a loss of opportunity to achieve the Company's goal, and (2) a loss of opportunity to invest in the project that delivers a long-term stable return.

The entry into this transaction will also involve a number of risks, comprising (1) risk on its operation performance of PE, MCBV and IPM failing to meet the projection, (2) natural disasters risk that may affect the project, (3) risk from foreign exchange fluctuation, (4) risk from interest rate hike, (5) risk from the Company not having absolute control power in both power plants, and (6) risk from a change of coal suppliers.

As regards the value of investment in Paiton Energy Project, the IFA is of the opinion that the suitable method for fair value measurement of the purchased shares in the Group of Target Companies according to the investment proportion is the discounted cash flow approach. This is because this approach focuses on future business operation and profitability based on consideration of the present value of net free cash flow of the business, coupled with the overall economic and industrial trends. Shown in the below table is the fair value of the investment in ordinary shares of the Group of Target Companies as measured by the DCF approach:

Company	Fair value of the share purchase of the Group of Target Companies according to investment proportion (USD million)	Share purchase price of the Group of Target Companies under the SPA (USD million)	Fair value of the share purchase being higher (lower) than share purchase price of the Group of Target Companies under the SPA	
			USD million	%
PE	670.19 – 754.78	707.20	(37.01) – 47.58	(5.23) – 6.73
MCBV	54.59 – 59.82	53.50	1.09 – 6.32	2.04 – 11.81
IPM	44.52 – 66.14	48.90	(4.38) – 17.24	(8.96) – 35.26
Total	**769.30 – 880.74**	**809.60**	**(40.30) – 71.14**	**(4.30) – 8.79**

From the above table, we would like to express opinion regarding price for this transaction as follows:

(1) The purchase price of PE shares under the SPA of USD 707.20 million is within the range of fair value of the purchase of PE shares according to the investment proportion appraised by the IFA at USD 670.19 million – USD 754.78 million, and is therefore considered appropriate.

(2) The purchase price of MCBV shares under the SPA of USD 53.50 million is lower than the range of fair value of the purchase of MCBV shares according to the investment proportion appraised by the IFA at USD 54.59 million – USD 59.82 million, and is therefore considered appropriate.

(3) The purchase price of IPM shares under the SPA of USD 48.90 million is within the range of fair value of the purchase of IPM shares according to the investment proportion appraised by the IFA at USD 44.52 million – USD 66.14 million, and is therefore considered appropriate.

(4) The total value of investment in the Group of Target Companies under the SPA of USD 809.60 million is within the range of fair value of the purchase of shares in the Group of Target Companies according to the investment proportion appraised by the IFA at USD 769.30 million – USD 880.74 million, and is therefore considered appropriate.

As regards the conditions for the transaction, there are terms and conditions set out in the SPA for shares in the Group of Target Companies between the Company and the Sellers to determine a mechanism for revision of the share sale and purchase price to align with the changing Group of Target Companies' financial position. According to the principle agreed upon between the Company and the Sellers, the sale and purchase price under the SPA shall be determined by basing on the financial statements of the Group of Target Companies as at December 31, 2020, which is deemed as the valuation date. Hence, to ensure the payment is fair to both parties, a condition has been set forth for a revision of the sale and purchase price to reflect the change in financial position during the period from the valuation date, i.e. December 31, 2020, to the payment date, which is expected in March 2022.

According to the SPA for shares in the Group of Target Companies, the sale and purchase price shall be revised twice. For the first price revision, RHIS shall pay the consideration for the sale and purchase of shares based on the account adjustment according to management account of the Group of Target Companies prepared by the Sellers. For the second price revision, the two parties mutually agree to assign PricewaterhouseCoopers LLP., an independent auditor, to examine the first price revision within 60 days after the share transfer date. The two parties agree to pay for the difference between the first and the second price revisions to the other party within 10 business days after completion of the examination of the second price revision.

The IFA is of the opinion that the said condition for sale and purchase price revision is fair for both parties. This is because the valuation date and the payment date are about 15 months apart; therefore, such price revision will enable the sale and purchase price as at the payment date to reflect the most updated financial position of the Group of Target Companies. Besides, the revised sale and purchase price will be calculated based mainly on the adjustment to an increase or decrease in cash due to change in net working capital and change in financial debts, both of which are the major items that affect the change in fair value of equity of the Group of Target Companies. Thus, we view that the condition for revision of the sale and purchase price to reflect the changing financial position under the above method **<u>is appropriate</u>**.

As regards other risk-prone issues cited in the legal and tax consultants' reports such as the unfinalized tax assessments, it is set out in the SPA that the Company shall be entitled to claim compensation from the Sellers for a period of six years after entering into the transaction. Other risks include the requirement to seek consent from related parties such as PLN or financing parties of MCBV and consent from the existing shareholders for the Company to assume the rights of Mitsui under the shareholders agreement. These issues have been set forth as the conditions precedent under the SPA. As such, risks mentioned in the legal and tax consultants' reports have been contained as appropriate.

Apart from the conditions mentioned above, other conditions in the SPA such as conditions precedent, the liability for damages, the representation, the causes of agreement termination, etc. are consistent with the general principles of sale and purchase agreements for shares. Having considered the terms and conditions in such agreement, we view that the SPA is in line with the general principles and practices and, hence, the conditions for this transaction under the SPA for shares in the Group of Target Companies **<u>are appropriate</u>**.

Based on the aforementioned factors, the IFA views that the entry into this asset acquisition transaction through the investment in Paiton Energy Project <u>is reasonable and beneficial to the Company</u>. Therefore, we recommend that the shareholders should <u>approve</u> such asset acquisition transaction. However, the decision whether to approve or disapprove the transaction depends primarily on the shareholders' discretion.

Notwithstanding to the opinion of the IFA regarding the reasonableness of the conditions of the transaction as specified above, the IFA would suggest the shareholders take the following remarks into consideration to approve the transaction.

As at the date that the shareholders consider to approve the transaction, minimum or maximum of the final transaction price is yet to be known, for the final transaction price shall be determined by the financial statements of the Target Companies as at the payment date which is expected to occur within March 2022.

Transaction price adjustment can affect the transaction price either positively or negatively from the contract transaction price of USD 809.60 million. However, no matter how much the price adjustment shall either negatively or positively affect the contract price of USD 809.60 million, return of investment of the transaction shall remain unaffected, given that performance of the Target Companies is still in line with the financial projection.

In the event that the Company has to additionally pay for discrepancy amount per the price adjustment, it has to seek for additional source of fund, resulting in additional interest expenses. However, according to Clause 1.8 “Sources of funds,” the Company and its subsidiaries have cash and cash equivalent and unutilized credit facilities in aggregate of around Baht 50,000 million, which is twice as much as the transaction’s contract price of USD 809.60 million. Therefore, the Company shall have sufficient sources of funds used for the transaction settlement.

It is primarily estimated by the financial advisor of the Company based on management account of the Target Companies prepared by the Target Companies’ management as at June 30, 2021 that the Company might has to additionally pay around USD 36 million for the price discrepancy according to the conditions for transaction price settlement. However, the actual/final transaction price may vary from such amount depending on the financial status of the Target Companies, which is going to be audited by PricewaterhouseCoopers LLP – an independent auditor, up until the settlement date.

Though the transaction is deemed beneficial, with fair conditions, to the Company; for the final purchase price of the transaction is yet to be known as at the date on which the transaction shall be considered by the shareholders, the IFA would suggest the shareholders prudently consider to approve the transaction, especially for price adjustment.

1. Characteristics and details of the transaction

1.1 General characteristics of the transaction

RATCH operates as a holding company by focusing on power generation as its core business and, to diversify risk, investing in infrastructure business, related businesses, and other businesses through its subsidiaries and associated companies which have made investments both in Thailand and overseas. Presently, the Group has a combined power generation capacity of 8,174.00 MW, consisting of commercially-operated power plants of 6,599.89 MW and power plants under development and construction of 1,574.11 MW. In order to stay at the forefront of Thailand's power sale and generation industry, the Company has all along pursued the opportunity to invest in lucrative power plant projects, with the target to increase its capacity to 10,000 MW by 2025. The Company currently focuses its investment on large-scale power plants that have already been commercially operated and recognized revenues, in a bid to prepare for the substitution for the 3,645 MW Ratchaburi Power Plant which will reach its PPA expiration date around 2027.

On July 3, 2020, Mitsui & Co., Ltd. ("Mitsui"), one of Japan's leading power companies, embarked on the bidding process to divest itself of the entire shares it holds in the 2,045 MW Paiton Energy Project in tandem with the Japanese government's policy to minimize the role and investment of Japanese banks and investors in coal-fired power plants. Such Mitsui's shares consist of (1) 45.515% of shares in PT Paiton Energy ("PE"), which is the owner of power plants and the holder of rights under the PPA signed with PLN; (2) 65% of shares in IPM Asia Pte. Ltd. ("IPM"), a provider of O&M services for the power plants of PE; and (3) 45.515% of shares in MCBV, a provider of funding sources for PE. Since both IPM and MCBV were formed to exclusively support the operation of PE without rendering services to any third parties, Mitsui offered to sell its shares in all those three entities at the same time.

Paiton Energy Project is a joint venture among four international investors each of whom is financially strong with capability in power plant project management. They include Mitsui Group from Japan, Nebras Power Group from Qatar, Tepco Group from Japan, and local investors in the Republic of Indonesia. The joint venture structure was formed to ensure the counterbalance of power and that none of the shareholders has an absolute power in the project. Thus, the investment in Paiton Energy Project by the Company will be merely to assume the right of Mitsui in such project.

After consideration, the Company views that the Republic of Indonesia has already been among the target countries for its power business investment and that Paiton Energy Project has been operating with favorable results since its commercial operation commencement. With the remaining PPA period of about 21 years, the investment in this project will likely deliver consistent returns to the Company in the future.

In terms of quality, notably of P7/8 Power Plant which has been in operation for around 22 years, the technical consultant's report does not point to any high risk concerned with the deterioration of the power plant, which has been well maintained and still been able to generate electricity as usual. Besides, there is a plan for machinery modification of P7/8

Power Plant in 2022-2023 to suit the changing quality of coal due to a change of coal suppliers. After completion, the machinery will become more efficient.[3]

Taking into account the benefits and risks from business operation of Paiton Energy Project described above, the Company is interested in participating in the bid and has taken actions under the procedures relevant to such investment as follows:

July 2020 – February 2021	The Company appointed a a financial consultant, a legal consultant, a tax consultant and a technical consultant to conduct a due diligence review of Paiton Energy Project.
April 2021	The Company submitted a binding offer to purchase the entire shares offered to sell by Mitsui.
April – June 2021	The Company was selected as the preferred bidder to negotiate the sale and purchase agreement, and finally signed the agreement on June 22, 2021.
June – August 2021	This was the period of the Right of First Offer (ROFO) granted to the existing shareholders of Paiton Energy Project. After the end of such period on August 23, 2021, none of the existing shareholders exercised its right to purchase the offered shares on terms and conditions offered by the seller.

Therefore, the Board of Directors' Meeting No. 8/2021 of the Company, held on August 24, 2021, resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2021, scheduled for October 21, 2021, to consider and approve the investment in Paiton Energy Project at a total value of USD 809.60 million (or approximately Baht 25,421.68 million) by giving the approval for RH International (Singapore) Corporation Pte. Ltd. ("RHIS") (a subsidiary in which the Company indirectly owns a 100% stake through RH International (Mauritius) Corporation Ltd. ("RHIM") which is indirectly wholly owned by the Company through RH International Corporation Ltd. ("RHIC")) to enter into the transaction as follows:

(1) Purchase of 19,332 ordinary shares in PT Paiton Energy ("PE"), representing 45.515% of PE's issued and paid-up shares, from Mitsui & Co., Ltd. ("Mitsui"), which is not a connected person of the Company, at a price of USD 707.20 million (or approximately Baht 22,206.29 million), with PE being the owner of two coal-fired thermal power plants (three power production units) with a combined capacity of 2,045 MW (after completion of the transaction, PE will become an associated company of the Company);

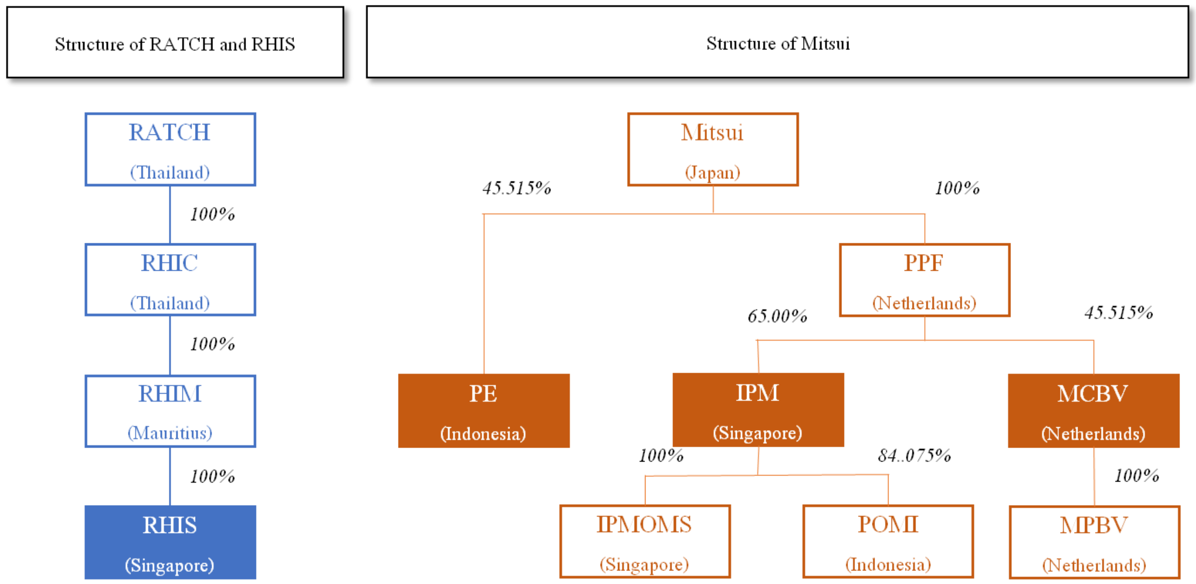
(2) Purchase of 2,275,750 ordinary shares in Minejesa Capital B.V. ("MCBV"), representing 45.515% of MCBV's issued and paid-up shares, from Paiton Power Financing B.V. ("PPF"), a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 53.50 million (or approximately Baht 1,679.92 million), with MCBV serving as a provider of funding sources for PE (after completion of the

[3] The Company has already incorporated the expenses on such machinery modification into the calculation of the purchase price.

transaction, MCBV will become an associated company of the Company); and

(3) Purchase of 366,936,795 ordinary shares in IPM Asia Pte. Ltd. ("IPM"), representing 65.00% of IPM's issued and paid-up shares, from PPF, a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 48.90 million (or approximately Baht 1,535.47 million), with IPM holding 84.075% of the issued and paid-up shares of PT Paiton Operation and Maintenance Indonesia ("POMI") which provides O&M services for the two power plants of PE (after completion of the transaction, IPM will become a subsidiary of the Company).

Structure before entering into the transaction



Remark: As at June 22, 2021,

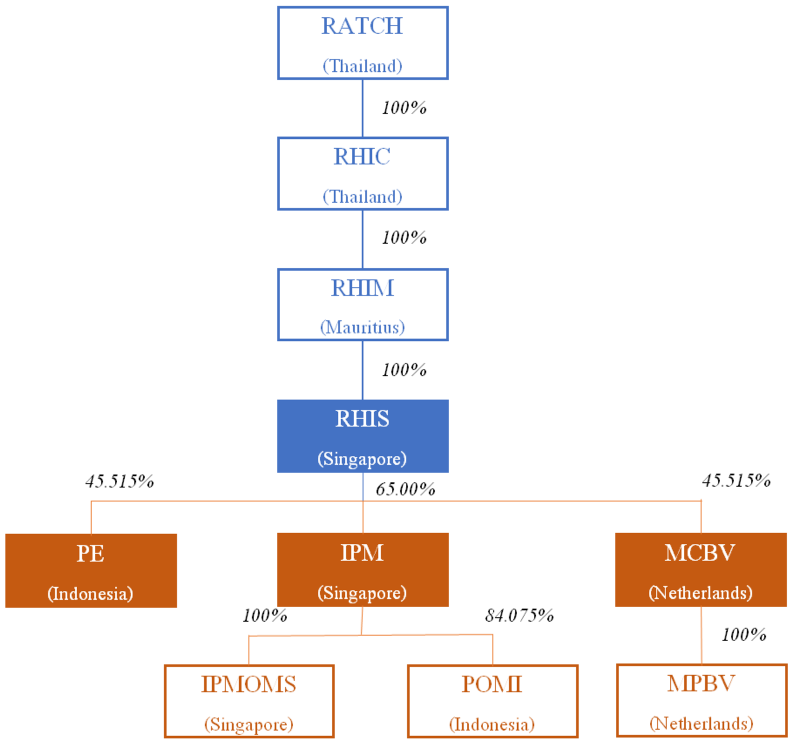
1/ There are three other shareholders of PE, who are not the connected persons of Mitsui, namely Nebras Power Investment Management B.V., Tokyo Electric Power Company International Paiton II B.V., and PT Buta Hitam Perkasa, holding a stake of 35.513%, 13.971% and 5.001% respectively.

2/ There are three other shareholders of MCBV, who are not the connected persons of Mitsui, namely Nebras Power Investment Management B.V., Tokyo Electric Power Company International Paiton II B.V., and PT Buta Hitam Perkasa, holding a stake of 35.513%, 13.971% and 5.001% respectively.

3/ There is one other shareholder of IPM, who is not the connected person of Mitsui, namely Nebras Power Netherlands B.V., holding a stake of 35.00%.

4/ There are two other shareholders of POMI, who are not the connected persons of Mitsui, namely Tokyo Electric Power Company International B.V. and Yayasan Paiton Selaras, holding a stake of 14.84% and 1.08% respectively.

Structure after entering into the transaction



1.2 <u>Date of the transaction</u>

The transaction will be entered into after the Company has obtained the approval from the Extraordinary General Meeting of Shareholders of the Company No. 1/2021, which will be held on October 21, 2021, and after the conditions precedent set out in the SPA have been satisfied completely or waived before entering into the transaction. The significant conditions precedent are as follows:

- Other shareholders of the Group of Target Companies, apart from the Sellers, do not exercise the right to purchase shares of the Sellers under the same terms and conditions and at the same price as those offered to the Company, which is in accordance with the provision set forth in the agreement between the existing shareholders of Paiton Energy Project. It appeared that after the end of the ROFO period on August 23, 2021, none of the existing shareholders exercised its right to purchase the shares on the terms and conditions that the Seller has offered.

- The Company must obtain the shareholders' approval to enter into the asset acquisition transaction through the investment in Paiton Energy Project, which shall be included on the agenda for the Extraordinary General Meeting of Shareholders No. 1/2021 to be held on October 21, 2021.

- Consent must be obtained from the state-owned electricity company of the Republic of Indonesia (PT Perusahaan Listrik Negara ("PLN")) and financing parties in accordance with the provision set forth in the

PPA and financing agreements in case of a change of shareholders. The process of seeking such consent will begin immediately after the Company has obtained the shareholders' approval and is expected to take about four months. Other consent must also be obtained in relation to the entry into this transaction, including the contracts or agreements on transfer of rights, duties and responsibilities of the Sellers under the shareholders agreement between the Sellers and the existing shareholders of Paiton Energy Project to the Company.[4]

- There is no material adverse event taking place before the share transfer date, which has a material adverse impact on the operation of Paiton Energy Project in the amount exceeding 25% of the total assets of Paiton, MCBV and subsidiaries.

The Company expects that the transaction will be completed by March 2022.

1.3 The parties involved and nature of their relationship with the Company

1.3.1 Purchase of ordinary shares in PT Paiton Energy ("PE")

Buyer	:	RH International (Singapore) Corporation Pte. Ltd. ("RHIS")
Seller	:	Mitsui & Co., Ltd. ("Mitsui")
Relationship	:	The Company and RHIS or the subsidiaries of the Company and RHIS do not have any relationship as a connected person with the Seller.

1.3.2 Purchase of ordinary shares in Minejesa Capital B.V. ("MCBV")

Buyer	:	RH International (Singapore) Corporation Pte. Ltd. ("RHIS")
Seller	:	Paiton Power Financing B.V. ("PPF"), a juristic person in which Mitsui holds 100% of the issued and paid-up shares
Relationship	:	The Company and RHIS or the subsidiaries of the Company and RHIS do not have any relationship as a connected person with the Seller.

1.3.3 Purchase of ordinary shares in IPM Asia Pte. Ltd. ("IPM")

Buyer	:	RH International (Singapore) Corporation Pte. Ltd. ("RHIS")
Seller	:	Paiton Power Financing B.V. ("PPF"), a juristic person in which Mitsui holds 100% of the issued and paid-up shares
Relationship	:	The Company and RHIS or the subsidiaries of the Company and RHIS do not have any relationship as a connected person with the Seller.

[4] The shareholders agreement stipulates significant issues such as structure of the board of directors, regulations regarding voting by directors and shareholders on material transactions, and the right of first offer which any shareholder who wishes to sell shares to a third party must give to other existing shareholders at the same price and with the same terms and conditions as those offered to the third party.

Remark: As at June 22, 2021,

1/ There are three shareholders of PE who do not sell their shares in this transaction and are not the connected persons of Mitsui, namely Nebras Power Investment Management B.V., Tokyo Electric Power Company International Paiton II B.V., and PT Buta Hitam Perkasa, holding a stake of 35.513%, 13.971% and 5.001% respectively.

2/ There are three shareholders of MCBV who do not sell their shares in this transaction and are not the connected persons of Mitsui, namely Nebras Power Investment Management B.V., Tokyo Electric Power Company International Paiton II B.V., and PT Buta Hitam Perkasa, holding a stake of 35.513%, 13.971% and 5.001% respectively.

3/ There is one shareholder of IPM who does not sell the shares in this transaction and is not the connected person of Mitsui, namely Nebras Power Netherlands B.V., holding a stake of 35.00%.

1.4 Details of the assets being acquired

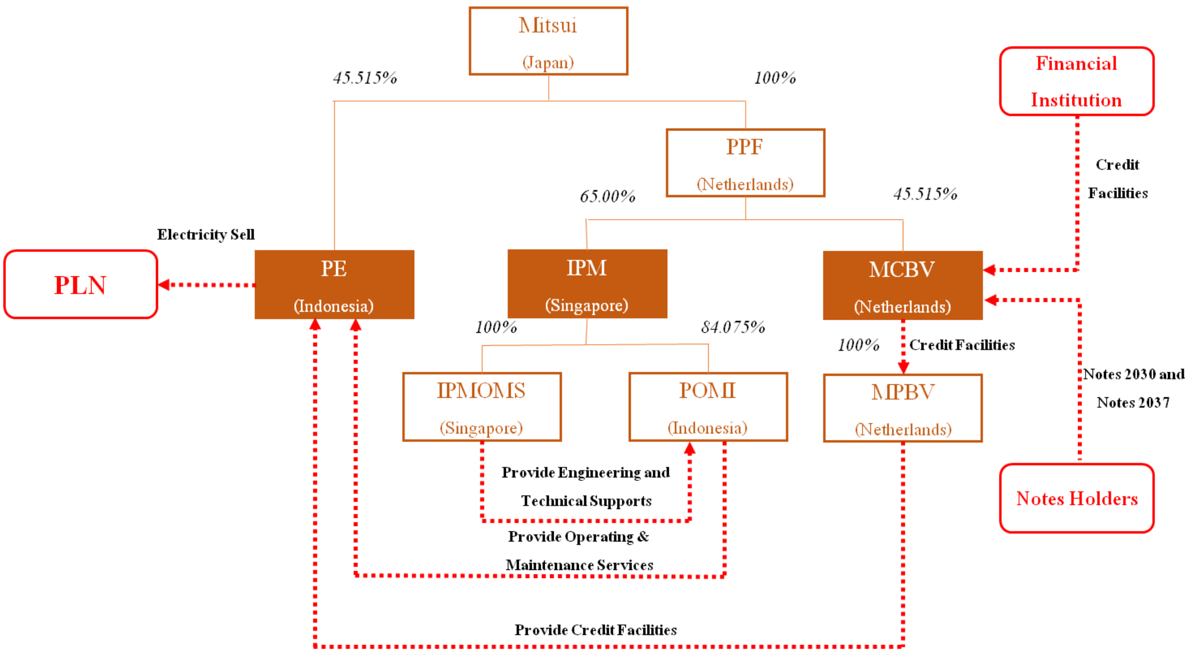
The assets to be acquired by the Company from this transaction include

(1) 19,332 ordinary shares in PE, a company registered in the Republic of Indonesia, with a par value of USD 10,000 per share, representing 45.515% of the total issued and paid-up shares of PE which is the owner of two coal-fired thermal power plants (three power production units) with a combined capacity of 2,045 MW;

(2) 2,275,750 ordinary shares in MCBV, a company registered in the Netherlands, with a par value of USD 1 per share, representing 45.515% of the total issued and paid-up shares of MCBV which is a provider of funding sources for PE; and

(3) 366,936,795 ordinary shares in IPM, a company registered in the Republic of Singapore, with an undetermined par value and a total registered capital of USD 1.00 million, representing 65.00% of the total issued and paid-up shares of IPM which holds 84.075% of the issued and paid-up shares of PT Paiton Operation and Maintenance Indonesia ("POMI") which provides O&M services for the two power plants of PE.

Structure of Paiton Energy Project



1.4.1 PT Paiton Energy ("PE")

a) *General information*

Company's name	PT Paiton Energy ("PE")
Type of company	A juristic person in the type of limited company registered under the law of the Republic of Indonesia
Juristic person registration number	8120107981887
Type of business	Sale and generation of electricity generated from two coal-fired thermal power plants (three power production units) with a combined capacity of 2,045 MW, comprising: (1) P7/8 Power Plant, consisting of two power production units, i.e. P7 and P8, each with a capacity of 615 MW, making up a total of 1,230 MW; and (2) P3 Power Plant, having one power production unit, i.e. P3, with a capacity of 815 MW The two power plants are owned by PE and are located on a leasehold land leased from a subsidiary of PLN over a period that covers the entire period of the PPA.
Address	Sentral Senayan II, 5th floor Jl. Asia Afrika No. 8 Jakarta 10270, Indonesia
Date of registration	February 6, 1995

Registered capital	USD 441,000,000 (or approximately Baht 13,130.73 million based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), divided into 44,100 ordinary shares with a par value of USD 10,000 per share
Issued and paid-up capital	USD 424,740,000 (or approximately Baht 12,646.59 million based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), divided into 42,474 ordinary shares with a par value of USD 10,000 per share

b) Shareholders

— Before the transaction (data as at June 22, 2021)

No.	Name	Number (shares)	As % of issued and paid-up shares
1	Mitsui Co., Ltd.	19,332	45.515
2	Nebras Power Investment Management B.V.	15,084	35.513
3	Tokyo Electric Power Company International Paiton II B.V.	5,934	13.971
4	PT Batu Hitam Perkasa	2,124	5.001
	Total	**42,474**	**100.00**

— After the transaction (revised according to data as at June 22, 2021)

No.	Name	Number (shares)	As % of issued and paid-up shares
1	RH International (Singapore) Corporation Pte. Ltd. ("RHIS")	19,332	45.515
2	Nebras Power Investment Management B.V.	15,084	35.513
3	Tokyo Electric Power Company International Paiton II B.V.	5,934	13.971
4	PT Batu Hitam Perkasa	2,124	5.001
	Total	**42,474**	**100.000**

Remark: RHIS is a subsidiary in which the Company indirectly owns a 100% stake through RHIM which is indirectly wholly owned by the Company through RHIC.

c) Board of Directors

– Before the transaction (data as at June 22, 2021)

No.	Name	Position
1	Koichiro Miyazaki*	President Director
2	Khalid Mohd Yousef Jolo (Khalid Jolo)	Director
3	Faisal Obaid Ahmed A. Al-Siddiqi	Director
4	Koichi Katayama*	Director
5	Motoharu Nakada	Director
6	Atthur M.E. Simatupang	Director

Remark: * Representative directors of Mitsui

– After the transaction (revised according to data as at June 22, 2021)

The two representative directors of Mitsui, namely (1) Koichiro Miyazaki and (2) Koichi Katayama, will resign as the directors, and the Company will nominate new directors to replace them.[5] Under the shareholders agreement, Mitsui shall have the right to nominate the President Director. The Company will obtain this right after the transaction.

d) Nature of business operation

PT Paiton Energy ("PE") is a company incorporated in the Republic of Indonesia to engage in power sale and generation business. It is the owner of two coal-fired thermal power plants with a combined generating capacity of 2,045 MW, comprising:

(1) P7/8 Power Plant, consisting of two power production units, i.e. P7 and P8, each with a capacity of 615 MW, making up a total of 1,230 MW; and

(2) P3 Power Plant, having one power production unit, i.e. P3, with a capacity of 815 MW.

	Power production unit	Generating capacity (MW)	Commercial operation date (COD)	PPA expiration date
1	P7	615	May 22, 1999	March 31, 2042
2	P8	615	July 10, 1999	March 31, 2042
3	P3	815	March 18, 2012	March 31, 2042
	Total	**2,045**		

PE has engaged in the power business, starting with investment in P7/8 Power Plant under the power purchase

[5] Pursuant to the shareholders agreement, the Company shall be entitled to nominate three representative directors in PE according to the right of Mitsui. However, Mitsui has granted its right to an existing shareholder to nominate one director, leading Mitsui to have only two representative directors serving on PE Board of Directors. However, after the transaction, the Company has a policy to exercise such right to nominate its three representative directors.

agreement ("PPA") signed with PT Perusahaan Listrik Negara ("PLN"), which is the state-owned electricity company of the Republic of Indonesia in charge of electricity production and distribution. The said PPA awarded to P7/8 Power Plant spans 30 years from the commercial operation date (COD), which was in 1999, and will expire in 2029. PE later invested in another power plant, P3, with COD in 2012 and the PPA expiring in 2042. Considering that the investment in P3 Power Plant was an addition to P7/8 Power Plant and the PPA of P3 was an annex to the PPA of P7/8, negotiation was therefore held and led to a mutual agreement to extend the period of the PPA of P7/8 Power Plant so as to have the same expiration date as that of P3 Power Plant in 2042. As such, the PPAs for the two power plants similarly have the remaining term of around 21 years.

The Company has examined efficiency of the power plants, notably P7/8 Power Plant which has been in operation for around 22 years. The technical consultant's report does not point out any high risk concerned on the efficiency deterioration of the power plant and it has been well maintained and still been able to generate electricity as usual. Over the past five years, its actual availability factor was 86% on average (or about 314 electricity generating days/year), which is above the average availability factor under the PPA of 84.50% for the same period. Besides, there is a plan for machinery modification of P7/8 Power Plant in 2022-2023 to suit the changing quality of coal. After completion, the machinery will become more efficient. As regards P3 Power Plant which has been commercially operated for about eight years, its actual availability factor has all along been above the availability factor specified in the PPA (except in 2018 when its actual availability factor dropped to 25% due to the breakdown of equipment from one time non-recurring accident which took as long as eight months to repair).

As for fuel used for its power production, PE procures coal from local suppliers in the Republic of Indonesia by executing supply contracts with five suppliers for P7/8 Power Plant and two for P3 Power Plant. Among them, the contracts with two suppliers for P7/8 will expire in 2021 and 2023 respectively. In this regard, PE has selected four new coal suppliers and is in the process of seeking PLN's approval for the selected four new suppliers to sell coal to PE. The two power plants are situated in Paiton Power Generation Complex on Java Island, the Republic of Indonesia. Paiton Power Generation Complex is one of Indonesia's strategically important electricity generation centers as it mainly generates and supplies electricity to Java Island, consisting of eight coal-fired thermal power plants with a combined capacity of about 4,700 MW.

Map and Pictures showing the location and layout of Paiton Energy Project[6]

[6] Source: The technical due diligence report prepared by Jacobs Engineering Group Malaysia Sdn Bhd, dated November 23, 2020

e) Financial position and operating results

PE's financial statements for the years ended December 31, 2018-2020 were audited by KAP Tanudiredja, Wibisana, Rintis & Rekan Public Accounting Firm (a member of PwC global network in Indonesia). Here are the details:

– Statements of financial position

(Unit: USD million)	2018		2019		2020	
Assets						
Current assets						
Cash and cash equivalents	256.96	5.75%	221.67	5.09%	209.32	4.84%
Trade receivables	144.41	3.23%	128.08	2.94%	155.85	3.60%
Inventories	94.97	2.12%	95.26	2.19%	88.15	2.04%
Financial assets under concession agreements – current period	49.63	1.11%	72.56	1.67%	64.07	1.48%
Advance payment	23.86	0.53%	17.03	0.39%	30.54	0.71%
Provision for tax refund – current period	0.00	0.00%	0.00	0.00%	6.58	0.15%
Other receivables – current period	13.77	0.31%	19.21	0.44%	20.81	0.48%
Total current assets	**583.59**	**13.06%**	**553.80**	**12.72%**	**575.32**	**13.30%**
Non-current assets						
Financial assets under concession agreements – non-current period	3,247.86	72.66%	3,175.72	72.96%	3,112.78	71.98%
Property and equipment – net	32.72	0.73%	63.46	1.46%	62.67	1.45%
Other receivables – non-current period	334.71	7.49%	319.49	7.34%	302.62	7.00%
Initial direct cost – net	25.34	0.57%	24.25	0.56%	23.16	0.54%

(Unit: USD million)	2018		2019		2020	
Restricted cash*	148.44	3.32%	152.51	3.50%	158.95	3.68%
Provision for tax refund – non-current period	97.05	2.17%	63.26	1.45%	88.87	2.05%
Other assets	0.19	0.00%	0.18	0.00%	0.18	0.00%
Total non-current assets	**3,886.29**	**86.94%**	**3,798.87**	**87.28%**	**3,749.21**	**86.70%**
Total assets	**4,469.89**	**100.00%**	**4,352.67**	**100.00%**	**4,324.53**	**100.00%**
Liabilities						
Current liabilities						
Trade payables	63.70	1.43%	87.30	2.01%	83.33	1.93%
Accrued dividend	243.60	5.45%	0.00	0.00%	0.00	0.00%
Accrued expenses	23.15	0.52%	22.75	0.52%	22.92	0.53%
Corporate income tax payable	2.18	0.05%	5.67	0.13%	7.70	0.18%
Other tax payables	27.89	0.62%	3.34	0.08%	51.51	1.19%
Lease liabilities	0.00	0.00%	0.00	0.00%	1.46	0.03%
Loans from related companies – current period	110.36	2.47%	111.37	2.56%	114.50	2.65%
Total current liabilities	**470.87**	**10.53%**	**230.43**	**5.29%**	**281.42**	**6.51%**
Non-current liabilities						
Loans from related companies – non-current period	2,533.45	56.68%	2,426.11	55.74%	2,321.40	53.68%
Deferred income tax	333.41	7.46%	359.71	8.26%	302.69	7.00%
Employee benefits	0.31	0.01%	0.07	0.00%	0.15	0.00%
Total non-current liabilities	**2,867.17**	**64.14%**	**2,785.88**	**64.00%**	**2,624.23**	**60.68%**
Total liabilities	**3,338.05**	**74.68%**	**3,016.31**	**69.30%**	**2,905.65**	**67.19%**
Equity						
Paid-up capital	424.74	9.50%	424.74	9.76%	424.74	9.82%
Additional paid-in capital	7.00	0.16%	7.00	0.16%	7.00	0.16%
Other comprehensive loss	(0.08)	(0.00%)	(0.06)	(0.00%)	(0.04)	(0.00%)
Retained earnings						
Legal reserve	23.46	0.52%	25.42	0.58%	27.66	0.64%
Unappropriated	676.72	15.14%	879.25	20.20%	959.53	22.19%
Total equity	**1,131.84**	**25.32%**	**1,336.36**	**30.70%**	**1,418.89**	**32.81%**
Total liabilities and equity	**4,469.89**	**100.00%**	**4,352.67**	**100.00%**	**4,324.53**	**100.00%**

Remark: * As prescribed in the loan agreement, PE must set aside a portion of cash for the power plant maintenance and loan repayment.

The IFA has converted the financial statements of PE from USD currency to Baht currency for comparison purpose, using the exchange rate as at the end of each year as quoted by the Bank of Thailand, the details of which are as follows:

(Unit: Baht million)	2018		2019		2020	
Assets						
Current assets						
Cash and cash equivalents	8,272.00	5.75%	6,624.63	5.09%	6,232.48	4.84%
Trade receivables	4,648.90	3.23%	3,827.65	2.94%	4,640.48	3.60%
Inventories	3,057.38	2.12%	2,846.92	2.19%	2,624.66	2.04%
Financial assets under concession agreements – current period	1,597.68	1.11%	2,168.40	1.67%	1,907.62	1.48%
Advance payment	767.98	0.53%	508.89	0.39%	909.33	0.71%
Provision for tax refund – current period	0.00	0.00%	0.00	0.00%	195.95	0.15%
Other receivables – current period	443.35	0.31%	574.22	0.44%	619.53	0.48%
Total current assets	**18,787.29**	**13.06%**	**16,550.71**	**12.72%**	**17,130.04**	**13.30%**
Non-current assets						
Financial assets under concession agreements – non-current period	104,556.25	72.66%	94,908.04	72.96%	92,682.56	71.98%
Property and equipment – net	1,053.37	0.73%	1,896.38	1.46%	1,865.84	1.45%
Other receivables – non-current period	10,774.99	7.49%	9,548.18	7.34%	9,010.48	7.00%
Initial direct cost – net	815.79	0.57%	724.69	0.56%	689.53	0.54%
Restricted cash	4,778.48	3.32%	4,557.75	3.50%	4,732.63	3.68%
Provision for tax refund – non-current period	3,124.21	2.17%	1,890.56	1.45%	2,646.04	2.05%
Other assets	5.99	0.00%	5.38	0.00%	5.36	0.00%
Total non-current assets	**125,109.07**	**86.94%**	**113,530.98**	**87.28%**	**111,632.44**	**86.70%**
Total assets	**143,896.36**	**100.00%**	**130,081.69**	**100.00%**	**128,762.48**	**100.00%**
Liabilities						
Current liabilities						
Trade payables	2,050.72	1.43%	2,609.06	2.01%	2,481.23	1.93%
Accrued dividend	7,842.00	5.45%	0.00	0.00%	0.00	0.00%
Accrued expenses	745.13	0.52%	679.87	0.52%	682.32	0.53%
Corporate income tax payable	70.15	0.05%	169.30	0.13%	229.12	0.18%
Other tax payables	897.75	0.62%	99.94	0.08%	1,533.73	1.19%
Lease liabilities	0.00	0.00%	0.00	0.00%	43.50	0.03%
Loans from related companies – current period	3,552.79	2.47%	3,328.38	2.56%	3,409.32	2.65%
Total current liabilities	**15,158.53**	**10.53%**	**6,886.55**	**5.29%**	**8,379.22**	**6.51%**
Non-current liabilities						
Loans from related companies – non-current period	81,557.77	56.68%	72,505.51	55.74%	69,119.30	53.68%
Deferred income tax	10,733.36	7.46%	10,750.05	8.26%	9,012.48	7.00%
Employee benefits	10.08	0.01%	1.94	0.00%	4.32	0.00%
Total non-current liabilities	**92,301.21**	**64.14%**	**83,257.51**	**64.00%**	**78,136.10**	**60.68%**
Total liabilities	**107,459.74**	**74.68%**	**90,144.05**	**69.30%**	**86,515.32**	**67.19%**

(Unit: Baht million)	2018		2019		2020	
Equity						
Paid-up capital	13,673.40	9.50%	12,693.57	9.76%	12,646.59	9.82%
Additional paid-in capital	225.35	0.16%	209.20	0.16%	208.42	0.16%
Other comprehensive loss	(2.70)	(0.00%)	(1.79)	(0.00%)	(1.25)	(0.00%)
Retained earnings						
Legal reserve	755.27	0.52%	759.72	0.58%	823.48	0.64%
Unappropriated	21,785.31	15.14%	26,276.95	20.20%	28,569.91	22.19%
Total equity	**36,436.61**	**25.32%**	**39,937.64**	**30.70%**	**42,247.16**	**32.81%**
Total liabilities and equity	**143,896.36**	**100.00%**	**130,081.69**	**100.00%**	**128,762.48**	**100.00%**

Remark: Exchange rate as at the end of 2018 was Baht 32.1924/USD.

Exchange rate as at the end of 2019 was Baht 29.8855/USD.

Exchange rate as at the end of 2020 was Baht 29.7749/USD.

– Statements of income

(Unit: USD million)	2018		2019		2020	
Revenues	713.10	81.36%	908.14	95.13%	841.66	95.99%
Fuel costs	(319.87)	(36.49%)	(412.76)	(43.24%)	(352.16)	(40.16%)
Power plant operation expenses	(94.63)	(10.80%)	(87.61)	(9.18%)	(81.41)	(9.28%)
Depreciation and amortization	(7.80)	(0.89%)	(8.17)	(0.86%)	(10.34)	(1.18%)
Total direct costs	(422.31)	(48.18%)	(508.54)	(53.27%)	(443.91)	(50.63%)
Gross profit	**290.80**	**33.18%**	**399.61**	**41.86%**	**397.75**	**45.36%**
Finance costs	(140.76)	(16.06%)	(137.80)	(14.43%)	(138.68)	(15.82%)
Loss on impairment of financial assets under concession agreements[1/]	(34.58)	(3.95%)	0.00	0.00%	0.00	0.00%
Loss on foreign exchange	(9.49)	(1.08%)	(3.00)	(0.31%)	(11.83)	(1.35%)
General administration expenses	(6.59)	(0.75%)	(5.25)	(0.55%)	(3.72)	(0.42%)
Insurance claims received[2/]	124.83	14.24%	7.88	0.82%	0.97	0.11%
Interest income[3/]	38.05	4.34%	38.54	4.04%	33.97	3.87%
Other revenues	0.54	0.06%	0.09	0.01%	0.22	0.03%
Profit before corporate income tax	**262.80**	**29.98%**	**300.06**	**31.43%**	**278.68**	**31.78%**
Corporate income tax[4/]	(66.75)	(7.62%)	(76.46)	(8.01%)	11.99	1.37%
Net profit	**196.05**	**22.37%**	**223.61**	**23.42%**	**290.67**	**33.15%**

Remark: 1/ Loss on impairment of financial assets under concession agreements incurred in 2018 resulted from a halt of P3 operation due to the breakdown of equipment which took about eight months to repair, leading to lower-than-projected income and record of such loss in the statements of income for that year.

2/ In 2018, PE received income from insurance claims made under the insurance policy for damage to the equipment as described in Remark 1/ which resulted in a halt of P3 operation.

3/ More than 90% of interest income was financial income derived from the restructuring settlement payment.

4/ In 2020, PE received tax refund with adjustment to tax benefits due to corporate income tax rebate.

The IFA has converted the financial statements of PE from USD currency to Baht currency for comparison purpose, using the exchange rate as at the end of each year as quoted by the Bank of Thailand, the details of which are as follows:

(Unit: Baht million)	2018		2019		2020	
Revenues	22,956.53	81.36%	27,140.34	95.13%	25,060.37	95.99%
Fuel costs	(10,297.45)	(36.49%)	(12,335.54)	(43.24%)	(10,485.41)	(40.16%)
Power plant operation expenses	(3,046.50)	(10.80%)	(2,618.21)	(9.18%)	(2,424.03)	(9.28%)
Depreciation and amortization	(251.10)	(0.89%)	(244.16)	(0.86%)	(307.93)	(1.18%)
Total direct costs	(13,595.04)	(48.18%)	(15,197.91)	(53.27%)	(13,217.38)	(50.63%)
Gross profit	**9,361.49**	**33.18%**	**11,942.43**	**41.86%**	**11,843.00**	**45.36%**
Finance costs	(4,531.40)	(16.06%)	(4,118.19)	(14.43%)	(4,129.30)	(15.82%)
Loss on impairment of financial assets under concession agreements	(1,113.28)	(3.95%)	0.00	0.00%	0.00	0.00%
Loss on foreign exchange	(305.57)	(1.08%)	(89.51)	(0.31%)	(352.18)	(1.35%)
General administration expenses	(212.08)	(0.75%)	(156.96)	(0.55%)	(110.67)	(0.42%)
Insurance claims received	4,018.58	14.24%	235.35	0.82%	29.00	0.11%
Interest income	1,225.05	4.34%	1,151.64	4.04%	1,011.30	3.87%
Other revenues	17.42	0.06%	2.75	0.01%	6.58	0.03%
Profit before corporate income tax	**8,460.19**	**29.98%**	**8,967.50**	**31.43%**	**8,297.73**	**31.78%**
Corporate income tax	(2,148.78)	(7.62%)	(2,284.96)	(8.01%)	356.94	1.37%
Net profit	**6,311.42**	**22.37%**	**6,682.55**	**23.42%**	**8,654.67**	**33.15%**

Remark: Exchange rate as at the end of 2018 was Baht 32.1924/USD.
Exchange rate as at the end of 2019 was Baht 29.8855/USD.
Exchange rate as at the end of 2020 was Baht 29.7749/USD.

1.4.2 Minejesa Capital B.V. ("MCBV")

a) General information

Company's name	Minejesa Capital B.V. ("MCBV")
Type of company	A juristic person in the type of limited company registered under the law of the Netherlands
Juristic person registration number	69078947
Type of business	MCBV operates as a holding company by holding 100% of the issued and paid-up shares of Minejesa Power B.V. ("MPBV").
Address	Barbara Strozzilaan 366, Eurocenter2, 5th floor, 1083 HN Amsterdam, the Netherlands
Date of registration	June 29, 2017

Registered capital	USD 5,000,000 (or approximately Baht 148,874,500 based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), divided into 5,000,000 ordinary shares with a par value of USD 1/share
Issued and paid-up capital	USD 5,000,000 (or approximately Baht 148,874,500 based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), divided into 5,000,000 ordinary shares with a par value of USD 1/share

b) *Shareholders*

– Before the transaction (data as at June 22, 2021)

No.	Name	No. of shares	As % of paid-up shares
1	Paiton Power Financing B.V.	2,275,750	45.515
2	Nebras Power Investment Management B.V.	1,775,650	35.513
3	Tokyo Electric Power Company International Paiton II B.V.	698,550	13.971
4	PT Batu Hitam Perkasa	250,050	5.001
	Total	**5,000,000**	**100.000**

– After the transaction (revised according to data as at June 22, 2021)

No.	Name	No. of shares	As % of paid-up shares
1	RH International (Singapore) Corporation Pte. Ltd. ("RHIS")	2,275,750	45.515
2	Nebras Power Investment Management B.V.	1,775,650	35.513
3	Tokyo Electric Power Company International Paiton II B.V.	698,550	13.971
4	PT Batu Hitam Perkasa	250,050	5.001
	Total	**5,000,000**	**100.000**

Remark: RHIS is a subsidiary in which the Company indirectly owns a 100% stake through RHIM which is indirectly wholly owned by the Company through RHIC.

c) *Board of Directors*

– Before the transaction (data as at June 22, 2021)

	Name	Position
1	Ento*	Executive Director
2	J.J.J. van Trigt	Executive Director
3	Sachio Kosaka	Executive Director
4	Faisal Obaid A Al-Siddiqi	Non-Executive Director
5	Tomonori Suzuki*	Non-Executive Director

* Representative directors of PPF

– After the transaction (revised according to data as at June 22, 2021)

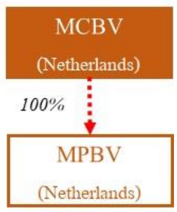
The representative directors of PPF, namely (1) Ento and (2) Tomonori Suzuki, will resign as the directors, and the Company will nominate new directors to replace them.

d) Nature of business operation

Minejesa Capital B.V. ("MCBV") was incorporated in the Netherlands to operate as a holding company. It has invested in only one subsidiary, Minejesa Power B.V. ("MPBV"), in which it holds 100% of the issued and paid-up shares.

Established in the Netherlands, MPBV invests in energy-related companies, provides loans to energy-related projects or businesses, and provides financial advisory services.

e) Structure of MCBV and MPBV



MCBV was formed by a group of shareholders of PE with the objective to secure funding for PE. In this regard, MCBV has raised funds by way of borrowing from financial institutions and issue and offering of debentures, the details of which are as follows:

– Borrowing from financial institutions

In 2017, MCBV secured loans from financial institutions in the amount of USD 300 million (in the form of syndicated loans from seven foreign financial institutions – China, Japan and Indonesia) and JPY 40 billion (syndicated loans from three Japanese financial institutions), with a loan period of six years or maturing on August 10, 2023.

As at December 31, 2020, MCBV recorded the outstanding loans from financial institutions of about Baht 6,778.87 million, comprising of USD 100 million (or approximately Baht 2,977.49 million based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD) and JPY 13.30 billion (or approximately Baht 3,801.38 million based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 28.58/JPY 100).

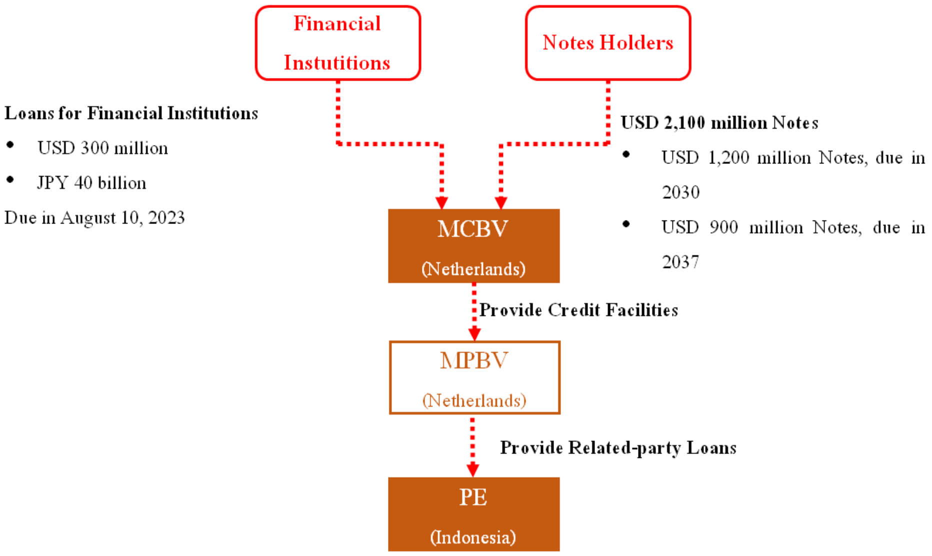
– Issue and offering of notes

In 2017, MCBV issued and offered the senior secured notes worth USD 2,100 million (or approximately Baht 62,527.29 million based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), divided into the senior secured notes of USD 1,200 million (or approximately Baht 35,729.88 million based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), due on August 10, 2030, and the senior secured notes of USD 900 million (or approximately Baht 26,797.41 million based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), due on August 10, 2037.

The said notes were listed on Singapore Exchange (SGX) in the Republic of Singapore and were assigned a credit rating of 'Baa3' by Moody's and 'BBB' by Fitch.

MCBV has secured funding sources, both from its own equity and from the borrowing from financial institutions and the issue and offering of notes, for lending to MPBV for further relending to PE.

Funding sources secured by MCBV for lending to PE are as shown in the following chart:



f) Financial position and operating results

MCBV's consolidated financial statements for the years ended December 31, 2018-2020 were audited by Deloitte Accountants B.V.

– Statements of financial position

(Unit: USD million)	2018		2019		2020	
Assets						
Current assets						
Cash and cash equivalents	48.23	1.77%	55.96	2.13%	55.68	2.21%
Prepaid income tax	0.00	0.00%	5.35	0.20%	0.00	0.00%
Loans receivable due in current period	110.65	4.07%	111.42	4.25%	114.67	4.56%
Other current assets	24.75	0.91%	23.96	0.91%	24.11	0.96%
Total current assets	**183.64**	**6.75%**	**196.68**	**7.50%**	**194.46**	**7.73%**
Non-current assets						
Deferred tax	0.00	0.00%	0.00	0.00%	0.01	0.00%
Financial derivatives	2.00	0.07%	0.00	0.00%	0.13	0.00%

(Unit: USD million)	2018		2019		2020	
Loans receivable	2,533.47	93.16%	2,425.17	92.49%	2,320.35	92.21%
Right of use	0.00	0.00%	0.00	0.00%	0.12	0.00%
Property and equipment	0.03	0.00%	0.03	0.00%	0.89	0.04%
Intangible assets	0.00	0.00%	0.00	0.00%	0.24	0.01%
Other non-current assets	0.32	0.01%	0.28	0.01%	0.24	0.01%
Total non-current assets	**2,535.83**	**93.25%**	**2,425.47**	**92.50%**	**2,321.97**	**92.27%**
Total assets	**2,719.47**	**100.00%**	**2,622.16**	**100.00%**	**2,516.43**	**100.00%**
Liabilities						
Current liabilities						
Loans payable due in current period	110.65	4.07%	111.42	4.25%	114.67	4.56%
Lease liabilities due in current period		0.00%	0.00	0.00%	0.01	0.00%
Tax payable	0.12	0.00%	0.00	0.00%	0.11	0.00%
Other current liabilities	49.16	1.81%	47.70	1.82%	45.98	1.83%
Total current liabilities	**159.94**	**5.88%**	**159.11**	**6.07%**	**160.77**	**6.39%**
Non-current liabilities						
Notes	2,084.91	76.67%	2,086.55	79.57%	2,088.15	82.98%
Payables to financial institutions	436.28	16.04%	330.26	12.59%	227.17	9.03%
Financial derivatives	1.28	0.05%	2.73	0.10%	4.68	0.19%
Lease liabilities	0.00	0.00%	0.00	0.00%	0.12	0.00%
Deferred tax	0.00	0.00%	0.00	0.00%	0.04	0.00%
Total non-current liabilities	**2,522.47**	**92.76%**	**2,419.53**	**92.27%**	**2,320.16**	**92.20%**
Total liabilities	**2,682.41**	**98.64%**	**2,578.65**	**98.34%**	**2,480.93**	**98.59%**
Equity						
Paid-up capital	5.00	0.18%	5.00	0.19%	5.00	0.20%
Share premium	22.50	0.83%	22.50	0.86%	22.50	0.89%
Retained earnings	9.06	0.33%	18.74	0.71%	12.55	0.50%
Other items affecting equity	0.50	0.02%	(2.73)	(0.10%)	(4.56)	(0.18%)
Total equity	**37.06**	**1.36%**	**43.51**	**1.66%**	**35.49**	**1.41%**
Liabilities and equity	**2,719.47**	**100.00%**	**2,622.16**	**100.00%**	**2,516.43**	**100.00%**

The IFA has converted the consolidated financial statements of MCBV from USD currency to Baht currency for comparison purpose, using the exchange rate as at the end of each year as quoted by the Bank of Thailand, the details of which are as follows:

(Unit: Baht million)	2018		2019		2020	
Assets						
Current assets						
Cash and cash equivalents	1,552.77	1.77%	1,672.48	2.13%	1,657.78	2.21%
Prepaid income tax	0.00	0.00%	159.74	0.20%	0.00	0.00%
Loans receivable due in current period	3,562.22	4.07%	3,329.78	4.25%	3,414.41	4.56%
Other current assets	796.76	0.91%	715.97	0.91%	717.84	0.96%
Total current assets	**5,911.75**	**6.75%**	**5,877.97**	**7.50%**	**5,790.03**	**7.73%**
Non-current assets						
Deferred tax	0.00	0.00%	0.00	0.00%	0.30	0.00%
Financial derivatives	64.42	0.07%	0.00	0.00%	3.72	0.00%
Loans receivable	81,558.61	93.16%	72,477.30	92.49%	69,088.07	92.21%
Right of use	0.00	0.00%	0.00	0.00%	3.51	0.00%
Property and equipment	1.09	0.00%	0.78	0.00%	26.56	0.04%
Intangible assets	0.00	0.00%	0.00	0.00%	7.00	0.01%
Other non-current assets	10.37	0.01%	8.40	0.01%	7.15	0.01%
Total non-current assets	**81,634.49**	**93.25%**	**72,486.47**	**92.50%**	**69,136.31**	**92.27%**
Total assets	**87,546.23**	**100.00%**	**78,364.44**	**100.00%**	**74,926.33**	**100.00%**
Liabilities						
Current liabilities						
Loans payable due in current period	3,562.22	4.07%	3,329.78	4.25%	3,414.41	4.56%
Lease liabilities due in current period	0.00	0.00%	0.00	0.00%	0.24	0.00%
Tax payable	3.93	0.00%	0.00	0.00%	3.25	0.00%
Other current liabilities	1,582.61	1.81%	1,425.39	1.82%	1,369.02	1.83%
Total current liabilities	**5,148.76**	**5.88%**	**4,755.17**	**6.07%**	**4,786.91**	**6.39%**
Non-current liabilities						
Notes	67,118.29	76.67%	62,357.65	79.57%	62,174.40	82.98%
Payables to financial institutions	14,044.84	16.04%	9,869.87	12.59%	6,763.84	9.03%
Financial derivatives	41.27	0.05%	81.44	0.10%	139.41	0.19%
Lease liabilities	0.00	0.00%	0.00	0.00%	3.69	0.00%
Deferred tax	0.00	0.00%	0.00	0.00%	1.25	0.00%
Total non-current liabilities	**81,204.40**	**92.76%**	**72,308.95**	**92.27%**	**69,082.59**	**92.20%**
Total liabilities	**86,353.15**	**98.64%**	**77,064.13**	**98.34%**	**73,869.50**	**98.59%**
Equity						
Paid-up capital	160.96	0.18%	149.43	0.19%	148.87	0.20%
Share premium	724.33	0.83%	672.42	0.86%	669.94	0.89%
Retained earnings	291.66	0.33%	559.90	0.71%	373.70	0.50%
Other items affecting equity	16.13	0.02%	(81.44)	(0.10%)	(135.68)	(0.18%)
Total equity	**1,193.08**	**1.36%**	**1,300.32**	**1.66%**	**1,056.83**	**1.41%**
Liabilities and equity	**87,546.23**	**100.00%**	**78,364.44**	**100.00%**	**74,926.33**	**100.00%**

Remark: Exchange rate as at the end of 2018 was Baht 32.1924/USD.

Exchange rate as at the end of 2019 was Baht 29.8855/USD.

Exchange rate as at the end of 2020 was Baht 29.7749/USD.

- Statements of income

(Unit: USD million)	2018		2019		2020	
Revenues	0.00	0.00%	0.00	0.00%	0.05	0.03%
Operating costs	0.00	0.00%	0.00	0.00%	(0.05)	(0.03%)
Gross profit	**0.00**	**0.00%**	**0.00**	**0.00%**	**0.00**	**0.00%**
Revenues from services	0.06	0.04%	0.05	0.04%	0.06	0.04%
General administration expenses	(1.22)	(0.86%)	(1.16)	(0.84%)	(0.96)	(0.69%)
Revenues from services-net	**(1.16)**	**(0.82%)**	**(1.11)**	**(0.80%)**	**(0.91)**	**(0.65%)**
Interest income	141.39	99.96%	138.78	99.96%	139.34	99.93%
Interest expenses	(123.17)	(87.08%)	(120.94)	(87.11%)	(117.76)	(84.45%)
Appreciation (impairment) of financial assets	(1.14)	(0.81%)	0.05	0.04%	0.09	0.06%
Gain (loss) on foreign exchange	(0.07)	(0.05%)	0.01	0.01%	0.13	0.09%
Profit from lending	**17.01**	**12.03%**	**17.91**	**12.90%**	**21.80**	**15.63%**
Profit before corporate income tax	**15.85**	**11.20%**	**16.80**	**12.10%**	**20.89**	**14.98%**
Corporate income tax	(7.18)	(5.07%)	(7.13)	(5.13%)	(7.08)	(5.07%)
Net profit	**8.67**	**6.13%**	**9.68**	**6.97%**	**13.82**	**9.91%**

The IFA has converted the consolidated financial statements of MCBV from USD currency to Baht currency for comparison purpose, using the exchange rate as at the end of each year as quoted by the Bank of Thailand, the details of which are as follows:

(Unit: Baht million)	2018		2019		2020	
Revenues	0.00	0.00%	0.00	0.00%	1.37	0.03%
Operating costs	0.00	0.00%	0.00	0.00%	(1.34)	(0.03%)
Gross profit	**0.00**	**0.00%**	**0.00**	**0.00%**	**0.03**	**0.00%**
Revenues from services	1.93	0.04%	1.61	0.04%	1.64	0.04%
General administration expenses	(39.34)	(0.86%)	(34.67)	(0.84%)	(28.61)	(0.69%)
Revenues from services-net	**(37.41)**	**(0.82%)**	**(33.05)**	**(0.80%)**	**(26.98)**	**(0.65%)**
Interest income	4,551.55	99.96%	4,147.60	99.96%	4,148.92	99.93%
Interest expenses	(3,965.01)	(87.08%)	(3,614.47)	(87.11%)	(3,506.23)	(84.45%)
Appreciation (impairment) of financial assets	(36.73)	(0.81%)	1.61	0.04%	2.53	0.06%
Gain (loss) on foreign exchange	(2.25)	(0.05%)	0.42	0.01%	3.75	0.09%
Profit from lending	**547.56**	**12.03%**	**535.16**	**12.90%**	**648.97**	**15.63%**
Profit before corporate income tax	**510.15**	**11.20%**	**502.11**	**12.10%**	**622.03**	**14.98%**
Corporate income tax	(231.08)	(5.07%)	(212.96)	(5.13%)	(210.66)	(5.07%)
Net profit	**279.08**	**6.13%**	**289.14**	**6.97%**	**411.37**	**9.91%**

Remark: Exchange rate as at the end of 2018 was Baht 32.1924/USD.

Exchange rate as at the end of 2019 was Baht 29.8855/USD.

Exchange rate as at the end of 2020 was Baht 29.7749/USD.

1.4.3 IPM Asia Pte. Ltd. ("IPM")

a) General information

Company's name	IPM Asia Pte. Ltd. ("IPM")
Type of company	A juristic person in the type of limited company registered under the law of the Republic of Singapore
Juristic person registration number	199307415N
Type of business	IPM operates as a holding company, currently holding shares in two companies: (1) IPM Operation and Maintenance Services Pte. Ltd. ("IPMOMS") and (2) PT Paiton Operation and Maintenance Indonesia ("POMI").
Address	1 Robinson Road #17-00 AIA Tower, Singapore (048542)
Date of registration	November 9, 1993
Registered capital	USD 1,000,000 (or approximately Baht 29,774,900 based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), divided into 564,518,146 ordinary shares with an undetermined par value
Issued and paid-up capital	USD 1,000,000 (or approximately Baht 29,774,900 based on the Bank of Thailand's exchange rate as at December 31, 2020 of Baht 29.7749/USD), divided into 564,518,146 ordinary shares with an undetermined par value

b) Shareholders

– Before the transaction (data as at June 22, 2021)

No.	Name	No. of shares	As % of paid-up shares
1	Paiton Power Financing B.V.	366,936,795	65.00
2	Nebras Power Netherlands B.V.	197,581,351	35.00
	Total	564,518,146	100.00

– After the transaction (revised according to data as at June 22, 2021)

No.	Name	No. of shares	As % of paid-up shares
1	RH International (Singapore) Corporation Pte. Ltd. ("RHIS")	366,936,795	65.00
2	Nebras Power Netherlands B.V.	197,581,351	35.00
	Total	564,518,146	100.00

Remark: RHIS is a subsidiary in which the Company indirectly owns a 100% stake through RHIM which is indirectly wholly owned by the Company through RHIC.

c) Board of Directors

– Before the transaction (data as at June 22, 2021)

No.	Name	Position
1	Koh Boon Teck*,**	Director
2	Faisal Obaid Al-Siddiqi	Director
3	Peter Lithgow	Director
4	Koichiro Miyazaki*	Director
5	Ryuichi Maruyama*	Director

* Representative directors of PPF

** If Koh Boon Teck is unable to perform the duty, Tomonori Suzuki (Alternate Director to Koh Boon Teck) may act on his behalf.

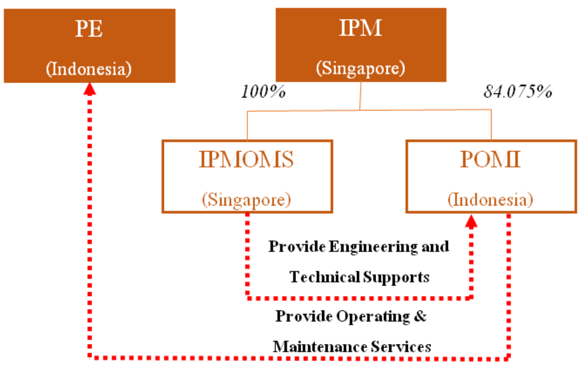
– <u>After the transaction</u> (revised according to data as at June 22, 2021)

The three representative directors of PPF, namely (1) Koh Boon Teck, (2) Koichiro Miyazaki and (3) Ryuichi Maruyama, will resign as the directors, and the Company will nominate new directors to replace them.

d) <u>Nature of business operation</u>

IPM Asia Pte. Ltd. ("IPM") was incorporated in the Republic of Singapore to operate as a holding company. It holds shares in two subsidiaries, comprising (1) IPM Operation and Maintenance Services Pte. Ltd. ("IPMOMS"), which was established in the Republic of Singapore, with IPM holding a 100% stake, to provide engineering and technical consulting services for POMI; and (2) PT Paiton Operation and Maintenance Indonesia ("POMI"), which was established in the Republic of Indonesia, with IPM holding a stake of 84.075%, to provide O&M services for P7/8 and P3 Power Plants.

Structure and business operation of IPM and its subsidiaries



e) <u>Financial position and operating results</u>

IPM's consolidated financial statements for the years ended December 31, 2018-2020 were audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants, Singapore.

– Statements of financial position

(Unit: USD million)	2018		2019		2020	
Assets						
Current assets						
Cash and deposits at banks	6.13	66.75%	5.33	28.93%	7.57	46.66%
Trade receivables	2.49	27.09%	7.62	41.40%	3.21	19.76%
Prepaid expenses	0.03	0.36%	0.01	0.08%	0.02	0.12%
Loans to related parties	0.00	0.03%	0.00	0.01%	0.00	0.03%
Total current assets	**8.65**	**94.22%**	**12.96**	**70.42%**	**10.80**	**66.57%**
Non-current assets						
Deferred tax assets	0.43	4.71%	0.00	0.00%	0.03	0.16%
Tax refund*	0.00	0.00%	5.35	29.06%	5.35	32.97%
Loans to employees	0.05	0.49%	0.05	0.24%	0.00	0.00%
Loans to related parties	0.05	0.58%	0.05	0.28%	0.05	0.30%
Total non-current assets	**0.53**	**5.78%**	**5.45**	**29.58%**	**5.42**	**33.43%**
Total assets	**9.18**	**100.00%**	**18.41**	**100.00%**	**16.22**	**100.00%**
Liabilities						
Current liabilities						
Trade payables and other payables	0.66	7.14%	1.91	10.38%	0.66	4.04%
Employee benefits for current period	1.62	17.67%	0.00	0.00%	0.00	0.00%
Income tax payable for current period	0.98	10.67%	2.21	12.03%	1.17	7.24%
Total current liabilities	**3.26**	**35.48%**	**4.13**	**22.41%**	**1.83**	**11.28%**
Non-current liabilities						
Employee benefits	0.11	1.17%	0.00	0.00%	0.13	0.80%
Total non-current liabilities	**0.11**	**1.17%**	**0.00**	**0.00%**	**0.13**	**0.80%**
Total liabilities	**3.36**	**36.65%**	**4.13**	**22.41%**	**1.96**	**12.07%**
Equity						
Paid-up capital	1.00	10.90%	1.00	5.43%	1.00	6.16%
Other reserve	(0.06)	(0.68%)	1.08	5.89%	0.97	5.95%
Retained earnings	2.83	30.83%	9.52	51.73%	9.11	56.18%
Total equity of the parent	**3.77**	**41.05%**	**11.61**	**63.05%**	**11.08**	**68.29%**
Non-controlling interests	2.05	22.31%	2.68	14.54%	3.19	19.63%
Total equity	**5.81**	**63.35%**	**14.28**	**77.59%**	**14.27**	**87.93%**
Liabilities and equity	**9.18**	**100.00%**	**18.41**	**100.00%**	**16.22**	**100.00%**

Remark: * For 2019, POMI received tax assessment and paid the tax obligation in the year; however, POMI management is confident that POMI will receive a refund in the future.

The IFA has converted the consolidated financial statements of IPM from USD currency to Baht currency for comparison purpose, using the exchange rate as at the end of each year as quoted by the Bank of Thailand, the details of which are as follows:

(Unit: Baht million)	2018		2019		2020	
Assets						
Current assets						
Cash and deposits at banks	197.22	66.75%	159.15	28.93%	225.43	46.66%
Trade receivables	80.03	27.09%	227.78	41.40%	95.44	19.76%
Prepaid expenses	1.06	0.36%	0.42	0.08%	0.58	0.12%
Loans to related parties	0.07	0.03%	0.07	0.01%	0.14	0.03%
Total current assets	**278.37**	**94.22%**	**387.42**	**70.42%**	**321.59**	**66.57%**
Non-current assets						
Deferred tax assets	13.91	4.71%	0.00	0.00%	0.77	0.16%
Tax refund	0.00	0.00%	159.87	29.06%	159.28	32.97%
Loans to employees	1.45	0.49%	1.34	0.24%	0.00	0.00%
Loans to related parties	1.72	0.58%	1.53	0.28%	1.46	0.30%
Total non-current assets	**17.08**	**5.78%**	**162.74**	**29.58%**	**161.50**	**33.43%**
Total assets	**295.46**	**100.00%**	**550.16**	**100.00%**	**483.09**	**100.00%**
Liabilities						
Current liabilities						
Trade payables and other payables	21.11	7.14%	57.10	10.38%	19.51	4.04%
Employee benefits for current period	52.20	17.67%	0.00	0.00%	0.00	0.00%
Income tax payable for current period	31.52	10.67%	66.20	12.03%	34.97	7.24%
Total current liabilities	**104.83**	**35.48%**	**123.30**	**22.41%**	**54.48**	**11.28%**
Non-current liabilities						
Employee benefits	3.45	1.17%	0.00	0.00%	3.85	0.80%
Total non-current liabilities	**3.45**	**1.17%**	**0.00**	**0.00%**	**3.85**	**0.80%**
Total liabilities	**108.28**	**36.65%**	**123.30**	**22.41%**	**58.33**	**12.07%**
Equity						
Paid-up capital	32.19	10.90%	29.89	5.43%	29.77	6.16%
Other reserve	(2.01)	(0.68%)	32.42	5.89%	28.75	5.95%
Retained earnings	91.09	30.83%	284.57	51.73%	271.40	56.18%
Total equity of the parent	**121.28**	**41.05%**	**346.87**	**63.05%**	**329.92**	**68.29%**
Non-controlling interests	65.90	22.31%	79.99	14.54%	94.84	19.63%
Total equity	**187.18**	**63.35%**	**426.86**	**77.59%**	**424.76**	**87.93%**
Liabilities and equity	**295.46**	**100.00%**	**550.16**	**100.00%**	**483.09**	**100.00%**

Remark: Exchange rate as at the end of 2018 was Baht 32.1924/USD.

Exchange rate as at the end of 2019 was Baht 29.8855/USD.

Exchange rate as at the end of 2020 was Baht 29.7749/USD.

– Statements of income

(Unit: USD million)	2018		2019		2020	
Revenues	21.94	99.81%	30.38	99.96%	23.72	99.85%
Other revenues	0.04	0.19%	0.01	0.04%	0.04	0.15%
Loss on foreign exchange-net	(0.06)	(0.29%)	(0.01)	(0.03%)	(0.10)	(0.41%)
Total expenses	(16.59)	(75.48%)	(17.92)	(58.95%)	(16.20)	(68.21%)
Profit before corporate income tax	**5.33**	**24.23%**	**12.47**	**41.02%**	**7.46**	**31.38%**
Corporate income tax	(1.94)	(8.84%)	(1.60)	(5.26%)	(1.33)	(5.61%)
Net profit	**3.38**	**15.39%**	**10.87**	**35.76%**	**6.12**	**25.78%**
Attributable to IPM	2.86	13.02%	10.19	33.54%	5.59	23.54%
Non-controlling interests	0.52	2.37%	0.67	2.22%	0.53	2.24%

The IFA has converted the consolidated financial statements of IPM from USD currency to Baht currency for comparison purpose, using the exchange rate as at the end of each year as quoted by the Bank of Thailand, the details of which are as follows:

(Unit: Baht million)	2018		2019		2020	
Revenues	706.26	99.81%	907.86	99.96%	706.29	99.85%
Other revenues	1.34	0.19%	0.35	0.04%	1.09	0.15%
Loss on foreign exchange-net	(2.02)	(0.29%)	(0.28)	(0.03%)	(2.90)	(0.41%)
Total expenses	(534.10)	(75.48%)	(535.40)	(58.95%)	(482.49)	(68.21%)
Profit before corporate income tax	**171.48**	**24.23%**	**372.53**	**41.02%**	**221.99**	**31.38%**
Corporate income tax	(62.58)	(8.84%)	(47.77)	(5.26%)	(39.65)	(5.61%)
Net profit	**108.90**	**15.39%**	**324.77**	**35.76%**	**182.34**	**25.78%**
Attributable to IPM	92.14	13.02%	304.61	33.54%	166.53	23.54%
Non-controlling interests	16.76	2.37%	20.16	2.22%	15.81	2.24%

Remark: Exchange rate as at the end of 2018 was Baht 32.1924/USD.
Exchange rate as at the end of 2019 was Baht 29.8855/USD.
Exchange rate as at the end of 2020 was Baht 29.7749/USD.

1.5 Total value of consideration

RHIS, an indirectly wholly owned subsidiary of the Company, will purchase ordinary shares in PE from Mitsui and ordinary shares in MCBV and IPM from PPF, which is a juristic person in which Mitsui holds 100% of the issued and paid-up shares, at a total value of USD 809.60 million (or approximately Baht 25,421.68 million), the details of which are as follows:

(1) Purchase of 19,332 ordinary shares in PE, representing 45.515% of PE's issued and paid-up shares, from Mitsui at a price of USD 707.20 million (or approximately Baht 22,206.29 million);

(2) Purchase of 2,275,750 ordinary shares in MCBV, representing 45.515% of MCBV's issued and paid-up shares, from PPF at a price of USD 53.50 million (or approximately Baht 1,679.92 million); and

(3) Purchase of 366,936,795 ordinary shares in IPM, representing 65.00% of IPM's issued and paid-up shares, from PPF at a price of USD 48.90 million (or approximately Baht 1,535.47 million).

RHIS, as the Buyer, will pay for such ordinary share purchase totally in cash, by paying USD 707.20 million (or approximately Baht 22,206.29 million) to Mitsui and USD 102.40 million (or approximately Baht 3,215.39 million) to PPF on the date these two Sellers transfer the ownership of the ordinary shares in the Group of Target Companies to RHIS.

However, a SPA condition is set out that the Company may have to pay additional amount on the investment according to price adjustment mechanism resulted from a revision of the account of the Group of Target Companies, whereby the process and method of such account revision are determined in the SPA. In this respect, the financial position of the Group of Target Companies will be adjusted for the period from December 31, 2020, which was the end of the latest period of the audited financial statements used by the Buyer and the Sellers as a basis for negotiation on the sale and purchase price under the agreement, to the date the transaction actually takes place, which is expected by March 2022.

As set forth in the SPA for shares of the Group of Target Companies, the sale and purchase price shall be revised twice. For the first price revision, RHIS shall pay the consideration for the sale and purchase of shares based on the account adjustment according to management account of the Group of Target Companies prepared by the Sellers. For the second price revision, the two parties mutually agree to assign PricewaterhouseCoopers LLP., an independent auditor, to examine the first price revision within 60 days after the share transfer date. The two parties agree to pay for the difference between the first and the second price revisions to the other party within 10 business days after completion of the examination of the second price revision.

1.6 <u>Basis for determination of value of consideration</u>

The value of Paiton Energy Project to be invested in by the Company is USD 809.60 million (or approximately Baht 25,421.68 million), divided into:

(1) 19,332 ordinary shares in PE, representing 45.515% of PE's issued and paid-up shares, at a price of USD 707.20 million (or approximately Baht 22,206.29 million);

(2) 2,275,750 ordinary shares in MCBV, representing 45.515% of MCBV's issued and paid-up shares, at a price of USD 53.50 million (or approximately Baht 1,679.92 million); and

(3) 366,936,795 ordinary shares in IPM, representing 65.00% of IPM's issued and paid-up shares, at a price of USD 48.90 million (or approximately Baht 1,535.47 million).

Such value has been determined based on the valuation of shares of the Group of Target Companies using the discounted cash flow approach because this approach focuses on future performance of the Group of Target Companies and is generally employed in the valuation of power sale and generation business which has a stable cash flow stream, thus properly reflecting the nature of operation of the Group of Target Companies. The determination of the value of consideration is also based on negotiation with the Sellers.

1.7 Type and size of the transaction

The Company will invest in Paiton Energy Project by having RHIS, its indirect subsidiary, enter into the transaction as follows:

(1) Purchase of ordinary shares in PE in the amount of 45.515% of PE's issued and paid-up shares from Mitsui at a price of USD 707.20 million (or approximately Baht 22,206.29 million);

(2) Purchase of ordinary shares in MCBV in the amount of 45.515% of MCBV's issued and paid-up shares from PPF at a price of USD 53.50 million (or approximately Baht 1,679.92 million); and

(3) Purchase of ordinary shares in IPM in the amount of 65.00% of IPM's issued and paid-up shares from PPF at a price of USD 48.90 million (or approximately Baht 1,535.47 million).

Pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated August 31, 2008 (as amended) 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 Acquisition or Disposition of Assets B.E. 2547 dated October 29, 2004 (as amended) ("Notifications on Acquisition or Disposal"), the aforementioned transaction is deemed as a major asset acquisition transaction, having the maximum size under the net profit basis equal to 55.4% (according to the Company's consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021, PE's audited financial statements for the year 2020 ended December 31, 2020 prepared by KAP Tanudiredja, Wibisana, Rintis & Rekan Public Accounting Firm (a member of PwC global network in Indonesia), MCBV's audited consolidated financial statements for the year 2020 ended December 31, 2020 prepared by Deloitte Accountants B.V., and IPM's audited consolidated financial statements for the year 2020 ended December 31, 2020 prepared by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants, Singapore).

Details of the transaction size calculation are as follows:

(1) Purchase of ordinary shares in PE

Basis of calculation	Details of calculation	Transaction size
1. Net tangible assets (NTA)	Baht 44,553.41 million[1/] x 45.515%[2/] x 100 / Baht 62,684.93 million[3/]	32.34%
2. Net profit	Baht 9,127.13 million[4/] x 45.515%[2/] x 100 / Baht 8,062.39 million[5/]	51.53%
3. Total value of consideration	Baht 22,206.29 million[6/] x 100 / Baht 123,323.70 million[7/]	18.02%
4. Value of equity shares	There is no issue of shares as payment for the assets.	N/A

Remark: [1/] PE's net tangible assets according to its audited financial statements for the year 2020 ended December 31, 2020.

[2/] Proportion of shares in PE to be acquired in this transaction.

[3/] The Company's net tangible assets according to its consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

[4/] PE's net profit according to its audited financial statements for the year 2020 ended December 31, 2020.

[5/] Net profit attributable to owners of the Company according to its audited and reviewed financial statements for the latest 12-month period from July 1, 2020 to June 30, 2021.

[6/] Value of consideration for the purchase of ordinary shares in PE in the amount of 45.515% of PE's issued and paid-up shares at USD 707.20 million (or approximately Baht 22,206.29 million).

[7/] The Company's total assets according to its consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

Details of the calculation of NTA and net profit used for the transaction size calculation are as follows:

Unit: Baht million	The Company[1/]	PE[2/]
Total assets	123,232.70	135,791.57
Less Total liabilities	57,118.07	91,238.16
Goodwill	181.04	-
Intangible assets	3,228.53	-
Deferred income tax	19.44	-
Non-controlling interests	0.70	-
NTA	62,684.93	44,553.41
Net profit attributable to owners of the parent	[3/]8,062.39	9,127.13

Remark [1/] According to the Company's consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

[2/] According to PE's audited financial statements for the year 2020 ended December 31, 2020, and being converted to Baht currency based on the Bank of Thailand's exchange rate as at June 22, 2021 of Baht 31.4003/USD.

[3/] Net profit attributable to owners of the Company for the latest 12-month period from July 1, 2020 to June 30, 2021.

(2) Purchase of ordinary shares in MCBV

Basis of calculation	Details of calculation	Transaction size
1. Net tangible assets (NTA)	$\frac{\text{Baht 1,106.83 million}^{1/} \times 45.515\%^{2/} \times 100}{\text{Baht 62,684.93 million}^{3/}}$	0.81%
2. Net profit	$\frac{\text{Baht 433.83 million}^{4/} \times 45.515\%^{2/} \times 100}{\text{Baht 8,062.39 million}^{5/}}$	2.45%
3. Total value of consideration	$\frac{\text{Baht 1,679.92 million}^{6/} \times 100}{\text{Baht 123,232.70 million}^{7/}}$	1.36%
4. Value of equity shares	There is no issue of shares as payment for the assets.	N/A

Remark: [1/] MCBV's net tangible assets according to its audited consolidated financial statements for the year 2020 ended December 31, 2020.

[2/] Proportion of shares in MCBV to be acquired in this transaction.

[3/] The Company's net tangible assets according to its consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

[4/] MCBV's net profit according to its consolidated audited financial statements for the year 2020 ended December 31, 2020.

[5/] Net profit attributable to owners of the Company according to its audited and reviewed financial statements for the latest 12-month period from July 1, 2020 to June 30, 2021.

[6/] Value of consideration for the purchase of ordinary shares in MCBV in the amount of 45.515% of MCBV's issued and paid-up shares at USD 53.50 million (or approximately Baht 1,679.92 million).

[7/] The Company's total assets according to its consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

Details of the calculation of NTA and net profit used for the transaction size calculation are as follows:

Unit: Baht million	The Company[1/]	MCBV[2/]
Total assets	123,232.70	79,016.53
Less Total liabilities	57,118.07	77,902.01
Goodwill	181.04	-
Intangible assets	3,228.53	7.38
Deferred income tax	19.44	0.31
Non-controlling interests	0.70	-
NTA	62,684.93	1,106.83
Net profit attributable to owners of the parent	[3/]8,062.39	433.83

Remark [1/] According to the Company's consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

[2/] According to MCBV's audited consolidated financial statements for the year 2020 ended December 31, 2020, and being converted to Baht currency based on the Bank of Thailand's exchange rate as at June 22, 2021 of Baht 31.4003/USD.

[3/] Net profit attributable to owners of the Company for the latest 12-month period from July 1, 2020 to June 30, 2021.

(3) Purchase of ordinary shares in IPM

Basis of calculation	Details of calculation	Transaction size
1. Net tangible assets (NTA)	Baht 347.12 million[1/] x 65.00%[2/] x 100 / Baht 62,684.93 million[3/]	0.36%
2. Net profit	Baht 175.62 million[4/] x 65.00%[2/] x 100 / Baht 8,062.39 million[5/]	1.42%
3. Total value of consideration	Baht 1,535.47 million[6/] x 100 / Baht 123,232.70 million[7/]	1.25%
4. Value of equity shares	There is no issue of shares as payment for the assets.	N/A

Remark: [1/] IPM's net tangible assets according to its audited consolidated financial statements for the year 2020 ended December 31, 2020.

[2/] Proportion of shares in IPM to be acquired in this transaction.

[3/] The Company's net tangible assets according to its consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

[4/] Net profit attributable to IPM according to its audited consolidated financial statements for the year 2020 ended December 31, 2020.

[5/] Net profit attributable to owners of the Company according to its audited and reviewed consolidated financial statements for the latest 12-month period from July 1, 2020 to June 30, 2021.

[6/] Value of consideration for the purchase of ordinary shares in IPM in the amount of 65.00% of IPM's issued and paid-up shares at USD 48.90 million (or approximately Baht 1,535.47 million).

[7/] The Company's total assets according to its consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

Details of the calculation of NTA and net profit used for the transaction size calculation are as follows:

Unit: Baht million	The Company[1/]	IPM[2/]
Total assets	123,232.70	509.46
Less Total liabilities	57,118.07	61.52
Goodwill	181.04	-
Intangible assets	3,228.53	-
Deferred income tax	19.44	0.81
Non-controlling interests	0.70	100.01
NTA	62,684.93	347.12
Net profit attributable to owners of the parent	[3/]8,062.39	[4/]175.62

Remark [1/] According to the Company's consolidated financial statements reviewed by its certified public accountant for the six-month period ended June 30, 2021.

[2/] According to IPM's audited consolidated financial statements for the year 2020 ended December 31, 2020, and being converted to Baht currency based on the Bank of Thailand's exchange rate as at June 22, 2021 of Baht 31.4003/USD.

[3/] Net profit attributable to owners of the Company for the latest 12-month period from July 1, 2020 to June 30, 2021.

[4/] Net profit attributable to IPM according to its audited consolidated financial statements for the year 2020 ended December 31, 2020.

Conclusion of transaction size calculation for the asset acquisition in Paiton Energy Project

Basis of calculation	Purchase of PE shares	Purchase of MCBV shares	Purchase of IPM shares	Total
1. Net tangible asset (NTA)	32.34%	0.81%	0.36%	33.51%
2. Net profit	**51.53%**	**2.45%**	**1.42%**	**55.40%**
3. Total value of consideration	18.02%	1.36%	1.25%	20.63%
4. Value of equity shares	N/A			

The Company's investment in Paiton Energy Project by having RHIS, its indirect subsidiary, purchase ordinary shares in PE, MCBV and IPM is a major asset acquisition transaction with the maximum size under the net profit basis equal to 55.4% according to the details of calculation above.

During the past six months, the Company entered into three other asset acquisition transactions as follows:

(1) Signing of the Share Purchase and Subscription Agreement to invest in a near-shore wind power plant project in the Socialist Republic of Vietnam on May 5, 2021, following which the Company has acquired assets through the purchase of 50% of ordinary shares in Nexif Energy BT Pte. Ltd. from Nexif Energy Pte. Ltd., which is not a connected person, with a total value of consideration of USD 8.68 million (approximately Baht 272.58 million), the transaction of which was approved by the Board of Directors' meeting of the Company on April 20, 2021;

(2) Investment in ordinary shares in Principal Capital Plc. ("PRINC") on May 24, 2021, which resulted in the Company acquiring assets through the purchase of 10% of PRINC's total issued and paid-up shares after the issue and offering of its new shares to the Company, divided into (a) investment in PRINC's 346,233,682 newly issued ordinary shares, and (b) purchase of PRINC's 34,623,369 existing ordinary shares from Miss Satita Viddayakorn, who is not a connected person, with a total value of consideration of about Baht 1,557.705 million, the transaction of which was approved by the Board of Directors' meeting of the Company on April 20, 2021; and

(3) Signing of the Capital Increase Share Purchase Agreement to invest in a private hospital business in Lao PDR on July 30, 2021, which led the Company to acquire assets through the purchase of capital increase shares in Bangkok Chain International (Lao) Co., Ltd., which is not a connected person, in a proportion of 9.91% with a total value of consideration of Baht 190 million, the transaction of which was approved by the Board of Directors' meeting of the Company on May 18, 2021. From the transaction size calculation for the asset acquisition from investment in Paiton Energy Project, combined with other asset acquisitions in the past six months, the maximum transaction size under the net profit basis is equal to 55.4%, the details of which are as follows:

Conclusion of transaction size calculation for the asset acquisition in Paiton Energy Project and other asset acquisitions in the past six months:

Basis of calculation	Paiton Energy Project	Purchase of shares in Nexif Energy BT Pte. Ltd.	Purchase of shares in Principal Capital Plc.	Purchase of capital increase shares in Bangkok Chain International (Lao) Co., Ltd.	Total
1. Net tangible asset (NTA)	33.51%	-	0.98%	0.06%	34.55%
2. Net profit	55.4%	-	-	-	55.4%
3. Total value of consideration	20.63%	0.24%	1.33%	0.16%	22.36%
4. Value of equity shares	N/A				

The investment in Paiton Energy Project, combined with other asset acquisitions in the past six months, has the maximum transaction size under the net profit basis equal to 55.4%, which is deemed as a Class-1 Transaction, i.e. a transaction with value equal to 50% or more but less than 100%. Therefore, the Company is required to disclose an information memorandum on the transaction to the SET and to seek the approval from its shareholders' meeting with the required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding votes cast by the shareholders having a conflict of interest. The Company must also appoint an independent financial advisor to provide opinion on such asset acquisition transaction.

1.8 Sources of funds

The Company will invest in Paiton Energy Project and will pay for the ordinary shares in the Group of Target Companies at a total value of USD 809.60 million (or approximately Baht 25,735.16 million based on the Bank of Thailand's exchange rate as at June 30, 2021 of Baht 31.7875/USD) totally in cash, using funds obtained from the two following sources:

(1) Loans from financial institutions: As at June 30, 2021, RATCH Group had an undrawn amount of credit facilities from financial institutions totaling around Baht 46,829.42 million available in various currencies, comprising Baht 33,344 million, USD 350 million (or approximately Baht 11,125.63 million based on the Bank of Thailand's exchange rate as at June 30, 2021 of Baht 31.7875/USD) and AUD 100 million (or approximately Baht 2,359.79 million based on the Bank of Thailand's exchange rate as at June 30, 2021 of Baht 23.5979/AUD).

(2) The Company's working capital: As at June 30, 2021, RATCH Group had cash and cash equivalents of Baht 4,438.62 million.

Such undrawn amount of credit facilities is not restricted for use as a funding source for this transaction. However, the conditions on loan drawdown, interest rate and repayment period for loans to be used to finance this investment will be further agreed upon with the relevant financial institutions as at the date of such loan drawdown. In this regard, the Company will primarily take into account the utmost benefit to the shareholders.

If the Company solely uses loans from financial institutions to fund this transaction, its total debt to equity ratio will edge up to 1.25 times. However, such total debt to equity ratio still can meet the financial covenants of financial institutions and the terms and conditions for the issue and offering of notes of the Company and its subsidiaries.

1.9 <u>Conditions for the transaction</u>

The investment in Paiton Energy Project, combined with other asset acquisitions in the past six months, has the maximum transaction size under the net profit basis equal to 55.4%, which is deemed as a Class-1 Transaction, i.e. a transaction with value equal to 50% or more but less than 100%. Therefore, the Company is required to disclose an information memorandum on the transaction to the SET and to seek the approval from its shareholders' meeting with the required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding votes cast by the shareholders having a conflict of interest. The Company must also appoint an independent financial advisor to provide opinion on such asset acquisition transaction.

The conditions precedent set out in the SPA must be satisfied completely or waived before entering into the transaction. The significant conditions precedent are as follows:

- Other shareholders of the Group of Target Companies, apart from the Sellers, shall not exercise the right to purchase shares of the Sellers under the same terms and conditions and at the same price as those offered to the Company, which is in accordance with the provision set forth in the agreement between the existing shareholders of Paiton Energy Project. It appeared that after the end of the ROFO period on August 23, 2021, none of the existing shareholders exercised its right to purchase the shares on the same terms and conditions that Sellers has offered.
- The Company must obtain the shareholders' approval to enter into the asset acquisition transaction through the investment in Paiton Energy Project, which shall be included on the agenda for the Extraordinary General Meeting of Shareholders No. 1/2021 to be held on October 21, 2021.
- Consent must be obtained from the state-owned electricity company of the Republic of Indonesia (PT Perusahaan Listrik Negara ("PLN")) and financing parties in accordance with the provision set forth in the PPA in case of a change of shareholders. The process of seeking such consent will begin immediately after the Company has obtained the shareholders' approval and is expected to take about four months. Other consent must also be obtained in relation to the entry into this transaction, including the contracts or agreements on transfer of rights, duties and responsibilities of the Sellers under the shareholders agreement between the Sellers and the existing shareholders of Paiton Energy Project to the Company.
- There is no incident taking place before the handover date, which has a material adverse impact on the operation of Paiton Energy Project in the amount exceeding 25% of the total assets of Paiton, MCBV and subsidiaries.

The Company expects that the transaction will be completed by March 2022.

A brief timeline of the transaction:

	Procedures	Target date
1	Signing of the SPA for shares in the Group of Target Companies	June 22, 2021
2	End of the Right of First Offer period for existing shareholders of the Group of Target Companies	August 23, 2021
3	Resolution of the Board of Directors' meeting of the Company to propose the shareholders' meeting to approve the purchase of shares in the Group of Target Companies	August 24, 2021
4	The extraordinary general meeting of shareholders of the Company	October 21, 2021
5	Seeking of consent from PLN for the change of shareholders	November 2021 – February 2022
6	Seeking of consent from financing parties of MCBV for the change of shareholders	November – December 2021
7	First price revision and payment for and investment in the project	By March 2022
8	Appointment of PricewaterhouseCoopers LLP to conduct the second price revision	Within 60 days after the first price revision
9	Payment of the difference between the first and the second price revisions to the other party	Within 10 business days after the second price revision

1.10 Overview of the Company's business operation

Please see the details in the Information Memorandum 2 of the Company on Asset Acquisition Transaction enclosed with the notice of the shareholders' meeting, as well as the annual registration statement for 2020 (Form 56-1) and the annual report 2020 which are downloadable from the SEC's website (www.sec.or.th).

1.11 Summary of the shares sale and purchase agreement

Please see the details in Attachment 1.

2. Reasonableness of the transaction

2.1 Objective and necessity of the transaction

Operating as a holding company, RATCH places its focus on power generation business which is its core activity and, for risk diversification, also invests in infrastructure business, related businesses and other businesses through its subsidiaries and associates both in Thailand and overseas. Currently, the Group has a total generating capacity of 8,174.00 MW, consisting of 6,599.89 MW from its commercially-operated power plants and 1,574.11 MW from power plants under development and construction.

Although the Company today is one the country's biggest power generators, it has an ambitious vision to become a leading energy and infrastructure company in Asia-Pacific and, thus, always seeks business opportunities to invest in power plant projects, particularly the overseas projects that could deliver favorable returns, in order to boost its electricity generating capacity. The objective of this is to achieve its goal to increase the capacity to 10,000 MW by 2025 and compensate the decreasing generation capacity due to the gradually expired PPAs of some of its power plants. Moreover, the overseas power plant project investment will enable the Company to diversify risk and reduce its reliance on domestic income-earning sources, as well as achieve its target to increase the revenue proportion from the overseas investment to not less than 50% of its total revenues by 2025, thereby leading to sustainable growth and achievement of its vision and goal.

Therefore, the Company intends to invest in Paiton Energy Project, which is a large-scale coal-fired thermal power plant project consisting of two power plants with a total combined capacity of 2,045 MW as follows: (1) P7/8 Power Plant comprising two power production units with a capacity of 615 MW each, making up a total capacity of 1,230 MW; and (2) P3 Power Plant having one power production unit with a capacity of 815 MW. The two power plants are situated in Paiton Power Complex on Java Island, which is one of Indonesia's strategically important electricity generation centers as it mainly generates and supplies electricity to Java Island with a combined capacity of about 4,700 MW. The two power plants entered into the power purchase agreement ("PPA") with PT Perusahaan Listrik Negara ("PLN"), which is the state-owned electricity company of the Republic of Indonesia in charge of electricity production and distribution. The said PPA has the remaining term of around 21 years (expiring in 2042). Considering that Paiton Energy Project has commercially produced and distributed electricity to PLN for more than 22 years, the Company, by investing in this project, will be able to recognize revenues instantly and expand its capacity, according to its shareholding proportion, from 8,174 MW to 9,104.78 MW. In addition, the Company has already invested in two earlier power plant projects in the Republic of Indonesia. Therefore, the investment in Paiton Energy Project will lead to a more efficient allocation of resources in the operation of its power business in the Republic of Indonesia and will also help to enhance its competitiveness in the power and related businesses in this country.

RHIS already signed the SPA for shares in PE, MCBV and IPM for investment in Paiton Energy Project on June 22, 2021, as notified to the SET. However, the sale and purchase of those shares will take full effect only after the conditions precedent under such agreement have been approved or waived and the shareholders' meeting of the Company has approved to enter into such transaction.

Therefore, the Board of Directors' Meeting No. 8/2021 of the Company, held on August 24, 2021, granted the approval for the Company to propose the Extraordinary General Meeting of Shareholders No. 1/2021, scheduled for October 21, 2021, to consider and approve the investment in Paiton Energy Project at a total value of USD 809.60 million (or approximately Baht 25,421.68 million) by giving the approval for RH International (Singapore) Corporation Pte. Ltd. ("RHIS") (a subsidiary in which the Company indirectly owns a 100% stake through RH International (Mauritius) Corporation Ltd. ("RHIM") which is indirectly wholly owned by the Company through RH International Corporation Ltd. ("RHIC")) to enter into the transaction as follows:

(1) Purchase of 19,332 ordinary shares in PT Paiton Energy ("PE"), representing 45.515% of PE's issued and paid-up shares, from Mitsui & Co., Ltd. ("Mitsui"), which is not a connected person of the Company, at a price of USD 707.20 million (or approximately Baht 22,206.29 million), with PE being the owner of two coal-fired thermal power plants (three power production units) with a combined capacity of 2,045 MW;

(2) Purchase of 2,275,750 ordinary shares in Minejesa Capital B.V. ("MCBV"), representing 45.515% of MCBV's issued and paid-up shares, from Paiton Power Financing B.V. ("PPF"), a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 53.50 million (or approximately Baht 1,679.92 million), with MCBV serving as a provider of funding sources for PE; and

(3) Purchase of 366,936,795 ordinary shares in IPM Asia Pte. Ltd. ("IPM"), representing 65.00% of IPM's issued and paid-up shares, from PPF, a juristic entity in which Mitsui holds 100% of the issued and paid-up shares, at a price of USD 48.90 million (or approximately Baht 1, 535.47 million), with IPM holding 84.075% of the issued and paid-up shares of PT Paiton Operation and Maintenance Indonesia ("POMI") which provides operation and maintenance (O&M) services for the two power plants of PE.

2.2 <u>Advantages and disadvantages of the transaction</u>

2.2.1 Advantages of the transaction

(a) <u>An increase of the Company's power generating capacity and alignment with its operational goal</u>

The investment in Paiton Energy Project which has a total electricity generating capacity of 2,045 MW (with the capacity according to the shareholding proportion equal to 930.78 MW) will help to increase the Company's capacity, according to the shareholding proportion, from 8,174 MW to 9,104.78 MW in line with its goal to reach the capacity of 10,000 MW by 2025.

	Capacity according to shareholding proportion (MW)		
	Before the transaction	Paiton Energy Project	After the transaction
Commercially-operated power plants	6,599.89	930.78	7,530.67
Power plants under construction and development	1,574.11	-	1,574.11
Total	**8,174.00**	**930.78**	**9,104.78**

(b) *An investment from which the Company can promptly recognize revenues*

The investment in Paiton Energy Project will result in the Company acquiring 45.515% of the issued and paid-up shares of PE which is the owner of two power plants, comprising (1) P7/8 Power Plant and (2) P3 Power Plant. P7/8 Power Plant commenced its commercial operation in 1999 and P3 Power Plant became commercially operated in 2012. Apparently, the two power plants have already been under commercial operation and have generated and distributed electricity to PLN for longer than 22 years. PE could produce revenues and net profits, as shown on its audited financial statements (the IFA has converted the figures in the table below from USD to Baht currency), as follows:

(Unit: Baht million)	2018	2019	2020
Total revenues	22,956.53	27,140.34	37,410.14
Total expenses	(16,645.09)	(20,459.01)	(26,145.22)
Net profit (loss)	6,311.44	6,681.33	11,264.92

By investing in Paiton Energy Project, the Company can recognize the revenues and profits of PE according to the percentage of its shareholding promptly without awaiting project development. Besides, since the two power plants have been in operation for a certain period of time, their processes for fuel supply, production, distribution to transmission lines, and power plant administration have become stable. Thus, unless there is a force majeure event or an impact from severe economic fluctuations, the Company expects to be able to recognize a stable and continuous performance from the investment in PE in the future.

(c) *A source of long-term stable income*

Paiton Energy Project is a large-scale coal-fired power plant project consisting of two power plants with a combined generating capacity of 2,045 MW, located on Java Island. The Project is situated at Paiton Power Complex which is one of Indonesia's strategically important electricity generation centers as it mainly generates and supplies electricity to Java and Bali Islands. The Project signed the power purchase agreement ("PPA") with PT Perusahaan Listrik Negara ("PLN"), which is Indonesia's state-owned electricity company in charge of power generation and distribution. Under such PPA, which has a remaining term of about 21 years (expiring in 2042), PLN shall purchase the entire electricity generated by the two power plants of PE, and the method for purchase price calculation has been definitely specified therein, thus ensuring the operational stability of those power plants of Paiton Energy Project. Throughout the period of their operation for over 22 years, the two power plants have continuously produced and distributed electricity to PLN. As a result, PE has all along brought in a profit from operation, achieving total revenues of USD 713 million – USD 1,256 million or equivalent to Baht 22,956 million – Baht 37,410 million and net profits of USD 196 million – USD 378 million or equivalent to Baht 6,311 million – Baht 11,264 million in 2018-2020 respectively.

Therefore, the investment in Paiton Energy Project with the remaining term of the PPA signed with PLN of around 21 years will ensure stable operation for the Company since it will be able to recognize the revenues and performance of PE according to its shareholding proportion for a period of about 21 years. This could create long-term stability for the Company and compensate its decreased capacity due to the gradually expired PPAs of some of its power plants. Such investment will provide long-term benefits for the Company and its shareholders.

2.2.2 Disadvantages of the transaction

(a) *A loss of opportunity to invest in other projects*

The total value of investment in Paiton Energy Project is USD 809.60 million (or approximately Baht 25,421.68 million). If there are other large-scale projects with favorable returns in the future, the Company may have some limitations to invest in any such projects.

However, the Company views that Paiton Energy Project delivers a favorable return and aligns with its goal and vision and has therefore decided to invest in this project. Given there is an opportunity to invest in other large-scale projects in the future, the Company is confident that it will be able to secure additional financing sources by way of borrowing from financial institutions and/or issuance of debt instruments and/or fund mobilization through the SET.

(b) *Incurrence of additional debts and interest expenses*

The Company will invest in Paiton Energy Project and pay for the ordinary shares in PE, MCBV and IPM at a total value of USD 809.60 million (or approximately Baht 25,735.16 million based on the Bank of Thailand's exchange rate as at June 30, 2021 of Baht 31.7875/USD) wholly in cash by using two sources of funds, (1) loans from financial institutions and (2) its own working capital.

As at June 30, 2021, the Company had an undrawn amount of credit facilities from financial institutions totaling around Baht 46,829.42 million available in various currencies, comprising Baht 33,344 million, USD 350 million (or approximately Baht 11,125.63 million based on the Bank of Thailand's exchange rate as at June 30, 2021 of Baht 31.7875/USD) and AUD 100 million (or approximately Baht 2,359.79 million based on the Bank of Thailand's exchange rate as at June 30, 2021 of Baht 23.5979/AUD), and also had cash and cash equivalents of Baht 4,438.62 million. Therefore, the Company expects that the sources of funds derived from loans from financial institutions and its own working capital are sufficient for the investment in Paiton Energy Project.

In case the Company opts to entirely use loans from financial institutions to fund this transaction, its liabilities as well as debt to equity ratio will increase accordingly. As at June 30, 2021, the Company had total liabilities of Baht 57,118.07 million and equity of Baht 66,113.94 million, representing a total debt to equity ratio of 0.86 time (according to its consolidated financial statements). If the Company solely uses loans from financial institutions to cover the total investment in Paiton Energy Project, its total liabilities will rise to Baht 82,853.23 million, its total debt to equity ratio will edge up to 1.25 times and its interest expenses on loans will increase approximately by Baht 1,060.83 million a year (based on the Company's current average interest rate of around 4.12% p.a.). However, such total debt to equity ratio still meet the financial covenants of financial institutions and the terms and conditions for the issue and offering of notes of the Company and its subsidiaries.

2.3 Advantages and disadvantages of not entering into the transaction

2.3.1 Advantages of not entering into the transaction

(a) Availability of funds for investment in other large-scale projects

If the Company does not invest in Paiton Energy Project with the total investment value of USD 809.60 million (or approximately Baht 25,421.68 million), it can use such amount for investment in other projects in the future without the need to secure additional financing from any external sources.

However, the Company views that Paiton Energy Project delivers a favorable return and aligns with its goal and vision and has therefore decided to invest in this project. Given there is an opportunity to invest in other projects that provide favorable returns in the future and its internal cash flow is insufficient, the Company is confident that it will be able to secure additional financing sources by way of borrowing from financial institutions and/or issuance of debt instruments and/or fund mobilization through the SET.

(b) No incurrence of additional debts

In case the Company needs to entirely use loans from financial institutions to cover the investment in Paiton Energy Project with the total investment value of USD 809.60 million (or approximately Baht 25,735.16 million based on the Bank of Thailand's exchange rate as at June 30, 2021 of Baht 31.7875/USD), this will lead to an increase in its liabilities and debt to equity ratio. As such, given the Company decides not to invest in this project, it will not need any borrowing from financial institutions and its liabilities and debt to equity ratio will not increase accordingly.

2.3.2 Disadvantages of not entering into the transaction

(a) A loss of opportunity to achieve the Company's goal

The investment in Paiton Energy Project will enable the Company to progress towards its vision to become a leading energy and infrastructure company in Asia-Pacific, as well as fulfill the goals to increase its capacity to 10,000 MW by 2025.

If the Company does not invest in Paiton Energy Project, the achievement of its vision may be delayed. Moreover, the Company may fail to attain the goal to increase its capacity to 10,000 MW by 2025 as planned, given it is unable to seek other projects with the characteristics and qualifications that could enable the Company to achieve such goal within the remaining period.

(b) *A loss of opportunity to invest in the project that delivers a long-term stable return*

If the Company does not invest in Paiton Energy Project, it will lose the opportunity to invest in the project that delivers a long-term stable return since it will lose the opportunity to immediately recognize a return on investment in the power plants that are ready to pay dividend to the shareholders and can provide such return for another 21 years.

2.4 Risks of the transaction

(a) *Risk on its operation performance of the Group of Target Companies failing to meet the projection*

The Company will invest in Paiton Energy Project by purchasing (1) ordinary shares in PE in the amount of 45.515% of the issued and paid-up shares of PE, (2) ordinary shares in MCBV in the amount of 45.515% of the issued and paid-up shares of MCBV, and (3) ordinary shares in IPM in the amount of 65.00% of the issued and paid-up shares of IPM. The total value of its investment in Paiton Energy Project is the sum of value of ordinary shares in the Group of Target Companies in the proportion to be invested in by the Company. However, the appraisal of shares in the Group of Target Companies has been carried out under the assumptions established based on the information obtained from the Company, the due diligence reports prepared by the legal, tax and technical experts, the interviews with the Company's management, and the analysis of overall economic situation of the Republic of Indonesia at the time of conducting the share valuation. Therefore, if the economic condition and other external factors that have an impact on the operation of the Group of Target Companies materially change from the established assumptions, this may cause significant deviation in the aforementioned projection, which will substantially affect the return on investment of this transaction. As a consequence, it is likely that RHIS, as the buyer of the ordinary shares in the Group of Target Companies, may have to record an impairment of investment in its financial statements, which will further impact the Company's financial statements.

Nonetheless, Paiton Energy Project operated by the Group of Target Companies has been in commercial operation for more than 22 years and the Group of Target Companies have all along shown satisfactory operating results. Thus, unless there is a force majeure event or an impact from severe economic fluctuations, risk on its operation performance of the Group of Target Companies failing to meet the projection is somewhat low.

(b) *Natural disasters risk that may affect the project*

The core assets in this transaction, comprising P7/8 and P3 Power Plants of PE, are located in the Republic of Indonesia which is among the countries susceptible to natural disasters such as earthquakes, tsunamis, volcanic eruptions, and typhoons. The occurrence of any of such disasters could affect the capability and continuity in electricity generation of the two power plants and possibly in a severe condition causing damage to their fixed assets. Nonetheless, the technical consultant's report describes risk incidental to natural disasters as follows:

- Paiton Energy Project is situated in the north coast of East Java Island, which virtually is a tsunami safe area where there has never been any tsunami reported since 1962. Hence, a tsunami risk of Paiton Energy Project is somewhat low. Moreover, the historical data show that typhoons formed over the sea usually do not rip into East Java, thus making it less likely for Paiton Energy Project to be hit by typhoons.

- Located in the earthquake-prone area, Paiton Energy Project was designed and constructed to be resistant to earthquakes, thereby helping to lessen the severity of the earthquake impact on the project.
- As regards risk of volcanic eruptions, the active volcano nearest to Paiton Energy Project is about 25 kilometers to the south of the project site. The latest explosive eruption of this volcano took place in 1981 covering a radius of 10 – 15 kilometers from its center, which became a dangerous area filled with rocks, dust and lava discharged from such explosion. Paiton Energy Project is outside that area and is accordingly exposed to a low risk from this volcano. However, there is another volcano which is as far as about 65 kilometers to the southwest of the project site, but its most recent explosive eruption in 2010 led Paiton Energy Project to be affected by dust and ash. It had to replace and clean the filtration equipment and parts, as well as provide dust-proof masks for its staff.

Throughout the past 22 years, Paiton Energy Project has never been gravely hit or damaged by any natural disasters, whether tsunamis, typhoons, earthquakes or volcanic eruptions. Therefore, risk incidental to natural disasters is rather low. Besides, insurance has been taken out for P7/8 and P3 Power Plants against material damage to the plants and equipment, business disruption, political violence, and third party liability, which could cope with possible impacts from natural disasters.

(c) *Risk from foreign exchange fluctuation*

The investment in Paiton Energy Project may cause a foreign exchange risk to the Company. This is because MCBV, which has duty to provide funding sources for PE, has secured loans from financial institutions in USD and JPY currencies with the outstanding amount as at year-end 2020 of USD 100.00 million (or approximately Baht 2,977.49 million based on the exchange rate quoted by the Bank of Thailand as at December 31, 2020 of Baht 29.7749/USD) and JPY 13.30 billion (or approximately Baht 3,801.38 million based on the exchange rate quoted by the Bank of Thailand as at December 31, 2020 of Baht 28.58/JPY 100), and also issued and offered senior secured notes worth USD 2,100 million (or approximately Baht 62,527.29 million based on the exchange rate quoted by the Bank of Thailand as at December 31, 2020 of Baht 29.7749/USD). Nonetheless, PE receives payment from PLN for the latter's power purchase in USD, JPY and IDR currencies, mainly in USD followed by JPY, for which a natural hedge has already been created. Besides, the Company plans to keep abreast of the foreign exchange movement and also considers executing additional risk hedging contracts from time to time as deemed fit so as to manage the remaining foreign exchange risk.

(d) *Risk from interest rate hike*

The investment in Paiton Energy Project may incur an interest rate risk to the Company. MCBV, whose duty is to secure funding sources for PE, has mobilized funds from two sources: (1) borrowing from financial institutions in USD and JPY currencies at a floating interest rate (LIBOR + fixed rate), with the outstanding amount as at year-end 2020 of USD 100.00 million (or approximately Baht 2,977.49 million based on the exchange rate quoted by the Bank of Thailand as at December 31, 2020 of Baht 29.7749/USD) and JPY 13.30 billion (or approximately Baht 3,801.38 million based on the exchange rate quoted by the Bank of Thailand as at December 31, 2020 of Baht 28.58/JPY 100); and (2) issue and offering of senior secured notes worth USD 2,100 million (or approximately Baht 62,527.29 million based on the exchange rate quoted by the Bank of Thailand as at December 31, 2020 of Baht 29.7749/USD) at a fixed interest rate. As such, MCBV is faced with risk from interest rate hike in relation to loans from financial institutions that carry a floating interest rate (LIBOR + fixed rate). However, MCBV has mitigated such risk by making an interest rate swap to allow for interest payment at a fixed rate and securing loans from financial institutions in a lower proportion than the note issue. MCBV will also repay the loans from financial institutions when they become due in 2023. Therefore, MCBV bears a rather low risk from interest rate hike.

(e) *Risk from the Company not having absolute control power in both power plants*

From its investment in Paiton Energy Project, the Company will acquire only 45.515% of the issued and paid-up shares of PE which is the owner of the two power plants. With such percentage of shareholding, the Company does not have an absolute control power over PE, including control over the majority voting at the Board of Directors' meetings and shareholders' meetings of PE. The Company will also be unable to control voting on significant transactions that require at least three-fourths of the votes cast by shareholders attending the meeting and having the right to vote such as a capital increase/decrease, etc.

However, its 45.515% stake in PE will enable the Company to cast a block vote on the significant transactions that require at least three-fourths of the votes cast by shareholders attending the meeting and having the right to vote.

Although the Company will not be an absolute major shareholder in PE which is the owner of the power plants, the investment in Paiton Energy Project will lead the Company to acquire 65.00% of the issued and paid-up shares of IPM which owns an 84.075% stake in POMI which has undertaken the operation management of the two power plants of PE. Thus, the Company still has a significant role in the management of the two power plants of PE after completion of this investment.

(f) *Risk from a change of coal suppliers*

Since the coal supply contracts made by PE with the main coal suppliers of P7/8 and P3 Power Plants will expire in 2022 and 2032 respectively, PE needs to procure coal from new suppliers. In this regard, PE has selected four new coal suppliers and is in the process of seeking PLN's approval of the four new suppliers and negotiating the supply contracts between PE, PLN and the four new suppliers.

The engineering consultant employed by PE already finished the study and design of power generation process modification for P7/8 Power Plant based on the quality of coal to be procured from new suppliers. Currently, PE is in the process of selecting an engineering service provider to undertake the modification of existing machinery in Paiton Energy Project to match the changing coal quality. It plans to gradually launch the machinery modification at P7/8 Power Plant during 2022 and 2023 to ensure that there is no disruption to power generation, and will proceed with the machinery modification at P3 Power Plant in 2031. After completion of such machinery modification, the Company expects that the operation efficiency of the machinery will become more efficient. The IFA is aware of such impact and has already factored cost of the said machinery modification into their valuation of Paiton Energy Project.

3. Fairness of price and conditions for the transaction

3.1 Fairness of price

The Board of Directors' Meeting No. 8/2021 of RATCH Group Plc. ("the Company"), held on August 24, 2021, resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2021, scheduled for October 21, 2021, to consider and grant the approval for RH International (Singapore) Corporation Pte. Ltd. ("RHIS"), an indirectly wholly owned subsidiary of the Company, to enter into the sale and purchase agreement ("SPA") for the ordinary shares in a group of companies operating the coal-fired thermal power plants with a total capacity of 2,045 MW located at Paiton Power Generation Complex in East Java, the Republic of Indonesia, at a total investment value of USD 809.60 million or approximately Baht 25,421.68 million.

In this respect, RHIS will enter into the transaction as follows:

(1) Purchase of ordinary shares amounting to 45.515% of the registered and paid-up capital of PT Paiton Energy ("PE") from Mitsui & Co., Ltd. at USD 707.20 million;

(2) Purchase of ordinary shares amounting to 45.515% of the registered and paid-up capital of Minejesa Capital B.V. ("MCBV") from Paiton Power Financing B.V. at USD 53.50 million; and

(3) Purchase of ordinary shares amounting to 65.00% of the registered and paid-up capital of IPM Asia Pte. Ltd. ("IPM") from Paiton Power Financing B.V. at USD 48.90 million.

The IFA has appraised the shares of PE, MCBV and IPM (hereinafter collectively called the "Group of Target Companies") by different approaches as a basis for expressing our opinion on the fairness of the said sale and purchase price, as follows:

3.1.1 Book Value Approach

3.1.2 Adjusted Book Value Approach

3.1.3 Market Comparable Approach

- (a) Price to Book Value Ratio Approach
- (b) Price to Earnings Ratio Approach
- (c) EV/EBITDA Ratio Approach

3.1.4 Market Value Approach

3.1.5 Discounted Cash Flow Approach

Details of the share valuation by each of the above approaches are as follows:

3.1.1 Book Value Approach

By this approach, the shares are appraised based on book value of net assets (total assets less total liabilities), or equal to equity, and deducted by number of shares to arrive at book value of the shares.

PE

By this approach, the IFA has appraised PE shares by using information from PE's financial statements as at December 31, 2020 audited by KAP Tanudiredja, Wibisana, Rintis & Rekan Public Accounting Firm (a member of PwC global network in Indonesia), the details of which are as follows:

Particulars, as at December 31, 2020	USD 000's
Paid-up registered capital	424,740
Additional paid-in capital	7,000
Other comprehensive loss	(42)
Retained earnings:	
- Appropriated	27,657
- Unappropriated	959,530
Total equity	**1,418,885**
Number of paid-up shares of PE (shares)	42,474
Book value per share (USD/share)	**33,406**
Number of PE shares to be acquired by the Company (shares)	19,332
Value of investment by the Company according to investment proportion	**645,805**

By the book value approach, PE shares are appraised at USD 33,406 per share (par value of USD 10,000 per share), or equal to a total value of investment by the Company according to the investment proportion of USD 645.81 million, which is lower than the purchase price of PE shares under the SPA of USD 707.20 million by USD (61.39) million or (8.68)%.

MCBV

By this approach, the IFA has appraised MCBV shares by using information from MCBV's financial statements as at December 31, 2020 audited by Deloitte Accountants B.V., the details of which are as follows:

Particulars, as at December 31, 2020	USD 000's
Paid-up registered capital	5,000
Share premium	22,500
Retained earnings	12,551
Hedging reserves	(4,557)
Total equity	**35,494**

Particulars, as at December 31, 2020	USD 000's
Number of paid-up shares of MCBV (shares)	5,000,000
Book value per share (USD/share)	**7.0988**
Number of MCBV shares to be acquired by the Company (shares)	2,275,750
Value of investment by the Company according to investment proportion	**16,155**

By the book value approach, MCBV shares are appraised at USD 7.0988 per share (par value of USD 1.00 per share), or equal to a total value of investment by the Company according to the investment proportion of USD 16.16 million, which is lower than the purchase price of MCBV shares under the SPA of USD 53.50 million by USD (37.34) million or (69.79)%.

<u>**IPM**</u>

By this approach, the IFA has appraised IPM shares by using information from IPM's financial statements as at December 31, 2020 audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants, Singapore, the details of which are as follows:

Particulars, as at December 31, 2020	USD 000's
Paid-up registered capital	1,000.00
Provisions for employee benefits	965.65
Retained earnings	9,114.93
Total equity attributable to owners of the parent	**11,080.58**
Number of paid-up shares of IPM (shares)	564,518,146
Book value per share (USD/share)	**0.019628**
Number of IPM shares to be acquired by the Company (shares)	366,936,795
Value of investment by the Company according to investment proportion	**7,202**

By the book value approach, IPM shares are appraised at USD 0.019628 per share (IPM has a total number of 564,518,146 issued and paid-up shares with an undetermined par value, and has a total registered capital of USD 1.00 million), or equal to a total value of investment by the Company according to the investment proportion of USD 7.20 million, which is lower than the purchase price of IPM shares under the SPA of USD 48.90 million by USD (41.70) million or (85.28)%.

The valuation of the Group of Target Companies by the book value approach can be summed up as follows:

Company	Appraised value of shares by book value approach (USD million)	Purchase value of shares in the Group of Target Companies under the SPA (USD million)	Appraised value of shares by book value approach being higher (lower) than purchase value of shares in the Group of Target Companies under the SPA	
			USD million	%
PE	645.81	707.20	(61.39)	(8.68)
MCBV	16.16	53.50	(37.34)	(69.79)
IPM	7.20	48.90	(41.70)	(85.28)
Total	**669.17**	**809.60**	**(140.43)**	**(17.35)**

From the share valuation by the book value approach, the total purchase value of shares in the Group of Target Companies according to the investment proportion in each entity is appraised at USD 669.17 million, which is lower than the total purchase price of shares in the Group of Target Companies under the SPA of USD 809.60 million by USD (140.43) million or (17.35)%.

The share valuation by this approach reflects only financial position as at December 31, 2020 of the Group of Target Companies, but does not reflect the present market value of assets and the future profitability of the Group of Target Companies.

3.1.2 *Adjusted Book Value Approach*[7]

Under this method, the shares are valued by taking total assets less total liabilities, adjusted by the items that materially affect value of assets and liabilities in order to reflect the net asset value as close as possible to the present value such as surplus or discount on market value of fixed assets appraised by an independent appraisal firm, interim dividend payment, commitments and contingent liabilities, etc., then divided by total number of shares.

However, the Sellers, which are Mitsui & Co., Ltd. and Paiton Power Financing B.V., and the Group of Target Companies have not assigned any independent valuer to appraise a fair value of assets, especially the investment value of the power purchase agreement with Indonesia's state-owned electricity company, PT Perusahaan Listrik Negara ("PLN"), (hereinafter called the "PPA"), which are recorded as 'financial assets from concession projects' and are the core operating assets of the Group of Target Companies. Value of these assets shown on PE's financial statements as at December 31, 2020 is equal to USD 3,176.84 million or 73.46% of PE's total asset value of USD 4,324.53 million. Therefore, the IFA cannot appraise the shares of the Group of Target Companies by the adjusted book value approach.

Although Mitsui & Co., Ltd. and Paiton Power Financing B.V., as the Sellers, and the Group of Target Companies did not carry out a fair value measurement of the core operating assets of the Group of Target Companies as mentioned

[7] The IFA has made reference to information from the technical due diligence report prepared by Jacobs Engineering Group Malaysia Sdn Bhd, the legal due diligence reports by Linklaters (Thailand) Ltd., and the tax due diligence reports by KPMG Services Pte. Ltd. The IFA has cross-checked the information therein to the best capacity of the user and has not found any discrepancy in the information that might materially affect accountability of the information in those reports such that it could not be used as a reference.

above, the Company engaged an engineering consultant, Jacobs Engineering Group Malaysia Sdn Bhd[8] ("Jacobs"), to conduct a technical due diligence review, according to Jacobs' report dated November 23, 2020.[9] In such report, there was no indication of any high-risk factors that may affect electricity generation due to deterioration of machinery currently used in Paiton Energy Project. At present, power generation has continued as usual. Therefore, at the time of preparing this IFA opinion report, there are no factors pointing to any impairment of the core operating assets of the Group of Target Companies.

In addition, the Company employed Linklaters (Thailand) Ltd. to conduct a legal and tax due diligence review, according to the legal due diligence reports prepared by Linklaters (Thailand) Ltd. dated September 2, 2020 and dated March 3, 2021, covering legal issues relevant to the operation of the Group of Target Companies and this transaction together with a review of material agreements compared with the present applicable law and regulations. The issues remarked by the legal consultant mostly involved risks from the requirement to seek consent from related parties such as PLN or financing parties of MCBV and consent from the existing shareholders for the Company to assume the rights of Mitsui under the shareholders agreement before entering into the transaction. These issues have been set forth as the conditions precedent under the SPA. Thus, risks mentioned in the legal consultant's reports have been considerably contained.

The Company also employed KPMG Services Pte. Ltd. to conduct a tax due diligence review, according to the tax due diligence reports prepared by KPMG Services Pte. Ltd. dated February 2, 2021 and March 31, 2021. The reports covered tax issues relevant to the operation of the Group of Target Companies and this transaction together with a review of information on past tax payment by the Group of Target Companies, including VAT, withholding tax and corporate income tax, compared with the present applicable tax law and regulations, and information on retroactive tax examination from the tax authorities related to the Group of Target Companies in order to express opinion on tax-related risks that may arise from the transaction. The only one material issue that may affect value of the transaction mentioned therein was about unfinalized tax assessments on value added tax and transfer pricing. However, it is set out as a condition in the SPA for shares of the Group of Target Companies between the Company and the Sellers that the Sellers shall be liable for any damage or expenses incurred from retroactive tax assessment in the amount of not exceeding 30% of the sale and purchase price with respect to the damage or expenses arising from the Group of Target Companies becoming subject to retroactive tax payment during the period of six years from the completion of the sale and purchase of shares of the Group of Target Companies. This helps to limit the degree of damage that may arise from such matter to a certain extent.

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[8] Jacobs Engineering Group Malaysia Sdn Bhd is a member of Jacobs Engineering Group Inc., which is a US-based corporation listed on the New York Stock Exchange with the symbol "J" and is a provider of engineering services for public utility projects and various construction projects of government and private agencies in several countries in the USA, Europe, Asia and the Middle East. The shareholders can find more details of Jacobs Engineering Group Inc. at https://www.jacobs.com/.

[9] The technical due diligence report covered matters such as machinery's efficiency in electricity generation, adequacy of repair and maintenance, impacts from change of coal quality, environmental impacts, and reasonableness of figures in the financial projection prepared by the Sellers, based on the project's historical operational statistics compared with the industry's standards, including the changing rules and regulations especially the safety and environmental factors specified by the authority, in order to express opinion in the technical aspect.

As for other significant items such as trade accounts receivable, PLN, as the major trade account receivable of the Group of Target Companies, is a state-controlled organization of the Republic of Indonesia and, thus, is deemed to carry a low level of default risk. Moreover, the Group of Target Companies have recorded the major accounting items in accordance with the related accounting standards applicable in the Republic of Indonesia pertaining to service concession agreements, lease contracts, derivatives, and others. Therefore, at the time of preparing this IFA opinion report, there are no factors suggesting any adjustment to book value of the said major accounting items in the financial statements.

Although we are unable to appraise value of the Group of Target Companies by the adjusted book value approach, the IFA is of the opinion, based on the reasons described above, that all major accounting items have been duly recorded in accordance with the accounting standards applicable in the Republic of Indonesia. As regards the contingent liabilities that may arise in the future from retroactive tax payment, which was the main issue mentioned in the legal and tax due diligence report, a measure to relieve and mange such impact has already been provided under the condition set forth in the SPA. Therefore, risk involved with adjustment to accounting items that will materially impact the financial position and/or the sale and purchase price of shares of the Group of Target Companies is at a low level.

3.1.3 Market Comparable Approach

By this approach, the shares are valued based on various market ratios, including (a) price to book value (P/BV) ratio, (b) price to earnings (P/E) ratio, and (c) enterprise value to EBITDA (EV/EBITDA) ratio, of peer companies that are listed on the Stock Exchange of Thailand (SET) and have primarily engaged in sale and generation of electricity using fossil fuels such as oil, natural gas, coal, etc., which is the core business of PE, or called the "Peer Group" comprising (1) six SET-listed companies[10] and (2) one company listed on Indonesia Stock Exchange (IDX).[11]

Despite the difference in type of business operated by the Group of Target Companies, MCBV and IPM engage in activities that mainly support the power generation of PE, while insignificantly rendering the services to third parties. Risk exposure for MCBV and IPM in their business operation accordingly rely primarily on the business operation of PE. Therefore, the appraisal of a fair value of shares in MCBV and IPM by the market comparable approach is conducted by similarly basing on the ratios of the Peer Group used for the valuation of PE shares.

Details of the Peer Group are as follows:

Symbol	Company's name	Nature of business	Market cap (Baht million)*
SET-listed companies			

[10] The IFA has not included in the share valuation by the market comparable approach the companies such as GPSC, SPCG, CKP, BPCG, etc. because they primarily engage in power production from renewable energy, and SCG which produces electricity from fossil fuel, like PE, but with a considerably small with a capacity of 214 MW compared with PE's of 2,045 MW.

[11] This does not include two companies listed on IDX and engaging in power production from renewable energy, namely (1) PT Terregra Asia Energy (TGRA) and (2) PT Kencana Energi Lestari (KEEN), and two other companies producing electricity from fossil fuel, namely (1) PT Leyand International (LAPD) and (2) PT Megapower Makmur (MPOW) with a capacity of only 107 MW and 65 MW respectively which is much smaller than that of PE.

	Symbol	Company's name	Nature of business	Market cap (Baht million)*
1	BGRIM	B.Grimm Power Plc.	BGRIM engages in generation and sale of electricity. As at December 31, 2020, it had a total installed capacity of 3,058 MW (with installed capacity based on ownership of 2,576 MW), of which 2,145 MW are produced from gas-fired co-generation power plants.	114,052
2	BPP	Banpu Power Plc.	BPP engages in generation and sale of electricity. As at December 31, 2020, it had a total installed capacity of 3,060 MW (with installed capacity based on ownership of 2,856 MW), of which 2,145 MW are produced from power plants using general fuels (fossil fuels).	57,602
3	EGCO	Electricity Generating Plc.	EGCO engages in generation and sale of electricity. As at December 31, 2020, it had a total installed capacity based on ownership of 5,423 MW, of which 4,380 MW are produced from power plants using fossil fuels (natural gas and/or coal).	94,500
4	GPSC	Global Power Synergy Plc.	GPSC engages in generation and sale of electricity. As at December 31, 2020, it had a total installed capacity based on ownership of 5,055 MW, of which 4,467 MW are produced from power plants using fossil fuels (natural gas and/or coal).	227,693
5	GULF	Gulf Energy Development Plc.	GULF engages in generation and sale of electricity. As at December 31, 2020, it had a total installed capacity based on ownership of 5,055 MW, around 90% of which are produced from power plants using fossil fuels (natural gas).	448,793
6	RATCH	RATCH Group Plc.	RATCH engages in generation and sale of electricity. As at December 31, 2020, it had a total installed capacity based on ownership of commercially operated power plants of about 6,600 MW, of which 5,817 MW are produced from power plants using fossil fuels (natural gas and/or coal).	66,338
IDX-listed company				
7	POWR	Cikarang Listrindo Tbk PT	POWR engages in generation and sale of electricity. As at December 31, 2020, it had a total installed capacity of 1,144 MW, entirely produced from coal-fired power plants.	22,828**

Source: www.set.or.th and Bloomberg

Remark: * As at August 25, 2021

** As at August 25, 2021, POWR's market cap was IDR 9.974 trillion, based on the Bank of Thailand's weighted-average exchange rate as at such date of IDR 436.9293/Baht.

(a) Price to Book Value Ratio Approach

Under the P/BV ratio approach, the shares are appraised by taking book value shown on financial statements of PE, MCBV and IPM as at December 31, 2020, equal to USD 1,418.89 million, USD 35.49 million and USD 11.08 million respectively, multiplied by the average of P/BV ratios of the Peer Group prevailing in different time periods of one month, three months, six months, nine months and 12 months up to the cut-off date of June 21, 2021, which is the business day before the date the Company disclosed news about the signing of the SPA for shares of the Group of Target Companies through the SET's information disclosure system.

	Peer Group	*Average of past 1 month*	*Average of past 3 months*	*Average of past 6 months*	*Average of past 9 months*	*Average of past 12 months*
1	BGRIM*	5.43	5.42	6.05	6.10	6.30
2	BPP	1.35	1.33	1.33	1.25	1.23
3	EGCO	0.87	0.88	0.91	0.94	1.02
4	GPSC	1.99	1.97	2.05	1.95	1.95
5	GULF*	5.69	5.22	3.43	4.39	4.26
6	RATCH	1.15	1.14	1.19	1.22	1.27
7	POWR	1.08	1.09	1.15	1.12	1.07
	Average*	**1.29**	**1.28**	**1.33**	**1.30**	**1.31**

Source: Bloomberg

Remark: P/BV ratios of BGRIM and GULF are excluded from the calculation because they are deemed the outliers.

PE

The valuation of PE shares by the P/BV ratio approach:

Period	Average P/BV of Peer Group	Book value (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
Average of past 1 month	1.29	1,418.89	1,830.37	45.515%	833.09
Average of past 3 months	1.28	1,418.89	1,816.00	45.515%	826.55
Average of past 6 months	1.33	1,418.89	1,887.00	45.515%	858.87
Average of past 9 months	1.3	1,418.89	1,845.00	45.515%	839.75
Average of past 12 months	1.31	1,418.89	1,859.00	45.515%	846.12

From the share valuation by the P/BV ratio approach, the value of investment in PE shares according to the investment proportion is appraised in a range of USD 826.55 million – USD 858.87 million, which is higher than the purchase price of PE shares under the SPA of USD 707.20 million by USD 119.35 million – USD 151.67 million or 16.88% – 21.45%.

MCBV

The valuation of MCBV shares by the P/BV ratio approach:

Period	Average P/BV of Peer Group	Book value (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
Average of past 1 month	1.29	35.49	45.78	45.515%	20.84
Average of past 3 months	1.28	35.49	45.00	45.515%	20.48
Average of past 6 months	1.33	35.49	47.00	45.515%	21.39
Average of past 9 months	1.30	35.49	46.00	45.515%	20.94
Average of past 12 months	1.31	35.49	46.00	45.515%	20.94

From the share valuation by the P/BV ratio approach, the value of investment in MCBV shares according to the investment proportion is appraised in a range of USD 20.48 million – USD 21.39 million, which is lower than the purchase price of MCBV shares under the SPA of USD 53.50 million by USD (33.02) million – USD (32.11) million or (61.72)% – (60.02)%.

IPM

The valuation of IPM shares by the P/BV ratio approach:

Period	Average P/BV of Peer Group	Book value (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
Average of past 1 month	1.29	11.08	14.29	65.000%	9.29
Average of past 3 months	1.28	11.08	14.00	65.000%	9.10
Average of past 6 months	1.33	11.08	15.00	65.000%	9.75
Average of past 9 months	1.30	11.08	14.00	65.000%	9.10
Average of past 12 months	1.31	11.08	15.00	65.000%	9.75

From the share valuation by the P/BV ratio approach, the value of investment in IPM shares according to the investment proportion is appraised in a range of USD 9.10 million – USD 9.75 million, which is lower than the purchase price of IPM shares under the SPA of USD 48.90 million by USD (39.80) million – USD (39.15) million or (81.39)% – (80.06)%.

Conclusion of the valuation of the Group of Target Companies by the P/BV ratio approach:

Company	Appraised value by P/BV ratio approach according to investment proportion (USD million)	Share purchase price of the Group of Target Companies under the SPA (USD million)	Appraised value by P/BV ratio approach being higher (lower) than share purchase price of the Group of Target Companies under the SPA	
			USD million	%
PE	826.55 – 858.87	707.20	119.35 – 151.67	16.88 – 21.45
MCBV	20.48 – 21.39	53.50	(33.02) – (32.11)	(61.72) – (60.02)
IPM	9.10 – 9.75	48.90	(39.80) – (39.15)	(81.39) – (80.06)
Total	**856.13 – 890.60**	**809.60**	**46.53 – 80.41**	**5.75 – 9.93**

From the share valuation by the P/BV ratio approach, the total value of shares in the Group of Target Companies according to the investment proportion in each entity is appraised in a range of USD 856.13 million – USD 890.60 million, which is higher than the total purchase price of shares in the Group of Target Companies under the SPA of USD 809.60 million by USD 46.53 million – USD 80.41 million or 5.75% – 9.93%.

The share valuation by this approach is based on book value of the Group of Target Companies, which reflects their performance and financial position at a given period of time, but does not reflect their future profitability.

(b) <u>Price to Earnings Ratio Approach</u>

By this method, the shares are appraised from net profit (excluding non-controlling interests in subsidiaries) of PE, MCBV and IPM for the previous 12 months (January 1, 2020 – December 31, 2020), equal to USD 290.67 million, USD 20.89 million and USD 5.59 million respectively, multiplied by the average P/E ratio of the Peer Group prevailing in different time periods of one month, three months, six months, nine months and 12 months up to the cut-off date of June 21, 2021, which is the business day before the date the Company disclosed news about the signing of the SPA for shares of the Group of Target Companies through the SET's information disclosure system.

Average P/E ratios of the Peer Group are as follows:

	Peer Group	***Average of past 1 month***	***Average of past 3 months***	***Average of past 6 months***	***Average of past 9 months***	***Average of past 12 months***
1	BGRIM	42.24	42.81	51.46	53.94	54.80
2	BPP	15.66	15.28	15.38	17.24	18.04
3	EGCO	9.59	9.71	10.38	10.47	10.96
4	GPSC	26.49	26.29	27.81	26.79	27.81
5	GULF*	68.36	71.00	89.28	94.32	97.27
6	RATCH	10.67	10.60	11.37	12.62	13.97
7	POWR	8.28	8.47	9.58	9.19	8.63
	Average*	**18.82**	**18.86**	**21.00**	**21.71**	**22.37**

Source: Bloomberg

Remark: P/E ratio of GULF is excluded from the calculation because it is deemed the outlier.

<u>PE</u>

The valuation of PE shares by the P/E ratio approach:

Period	**Average P/E of Peer Group**	**Net profit (USD million)**	**Total equity value (USD million)**	**Investment proportion (%)**	**Value according to investment proportion (USD million)**
Average of past 1 month	18.82	290.67	5,470.41	45.515	2,489.86
Average of past 3 months	18.86	290.67	5,482.00	45.515	2,495.13
Average of past 6 months	21.00	290.67	6,104.00	45.515	2,778.24

Period	Average P/E of Peer Group	Net profit (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
Average of past 9 months	21.71	290.67	6,310.00	45.515	2,872.00
Average of past 12 months	22.37	290.67	6,502.00	45.515	2,959.39

From the share valuation by the P/E ratio approach, the value of PE shares according to the shareholding proportion is appraised in a range of USD 2,489.86 million – USD 2,959.39 million, which is higher than the purchase price of PE shares under the SPA of USD 707.2 million by USD 1,782.66 million – USD 2,252.19 million or 92.66% - 98.26%.

MCBV

The valuation of MCBV shares by the P/E ratio approach:

Period	Average P/E of Peer Group	Net profit (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
Average of past 1 month	18.82	20.89	393.15	45.515	178.94
Average of past 3 months	18.86	20.89	394.00	45.515	179.33
Average of past 6 months	21.00	20.89	439.00	45.515	199.81
Average of past 9 months	21.71	20.89	454.00	45.515	206.64
Average of past 12 months	22.37	20.89	467.00	45.515	212.56

From the share valuation by the P/E ratio approach, the value of MCBV shares according to the shareholding proportion is appraised in a range of USD 178.94 million – USD 212.56 million, which is higher than the purchase price of MCBV shares under the SPA of USD 53.50 million by USD 125.44 million – USD 159.06 million or 234.47% - 297.31%.

IPM

The valuation of IPM shares by the P/E ratio approach:

Period	Average P/E of Peer Group	Net profit (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
Average of past 1 month	18.82	5.59	105.20	65.000	68.38
Average of past 3 months	18.86	5.59	105.00	65.000	68.25
Average of past 6 months	21.00	5.59	117.00	65.000	76.05
Average of past 9 months	21.71	5.59	121.00	65.000	78.65
Average of past 12 months	22.37	5.59	125.00	65.000	81.25

From the share valuation by the P/E ratio approach, the value of IPM shares according to the shareholding proportion is appraised in a range of USD 68.25 million – USD 81.25 million, which is higher than the purchase price of IPM shares under the SPA of USD 48.90 million by USD 19.35 million – USD 32.35 million or 39.57% - 66.16%.

Conclusion of the valuation of the Group of Target Companies by the P/E ratio approach:

Company	Appraised value by P/E ratio approach according to investment proportion (USD million)	Share purchase price of the Group of Target Companies under the SPA (USD million)	Appraised value by P/E ratio approach being higher (lower) than share purchase price of the Group of Target Companies under the SPA	
			USD million	%
PE	2,489.86 – 2,959.39	707.20	1,782.66 – 2,252.19	92.66 – 98.26
MCBV	178.94 – 212.56	53.20	125.44 – 159.06	234.47 – 297.31
IPM	68.25 – 81.25	48.90	19.35 – 32.35	39.57 – 66.16
Total	**2,737.05 – 3,253.20**	**809.60**	**1,927.45 – 2,443.60**	**238.07 – 301.83**

From the share valuation by the P/E ratio approach, the total value of shares in the Group of Target Companies according to the investment proportion in each entity is appraised in a range of USD 2,737.05 million – USD 3,253.20 million, which is higher than the total purchase price of shares in the Group of Target Companies under the SPA of USD 809.60 million by USD 1,927.45 million – USD 2,443.60 million or 238.07% – 301.83%.

The share valuation by this approach focuses only on profitability over the previous 12 months of the Group of Target Companies, but takes no account of their capability and profitability in the future.

(c) <u>EV/EBITDA Ratio Approach</u>

By this approach, the shares are appraised from the average EV/EBITDA ratio of the Peer Group, multiplied by EBITDA of the Group of Target Companies, deducted by interest-bearing debts and non-controlling interests and added by cash of the Group of Target Companies. The formula for share value calculation by the EV/EBITDA ratio approach is as follows:

Enterprise value (EV)	=	Average EV/EBITDA ratio of Peer Group × EBITDA
Total equity value	=	EV – Non-controlling interests – Interest-bearing debts + Cash
Per share value	=	Total equity value / Total number of paid-up shares

Average EV/EBITDA ratios of the Peer Group are as follows:

	Peer Group	*Average of past 1 month*	*Average of past 3 months*	*Average of past 6 months*	*Average of past 9 months*	*Average of past 12 months*
1	BGRIM	16.11	16.11	16.11	15.77	15.69
2	BPP*	63.02	64.93	85.35	151.53	316.66
3	EGCO	20.80	20.56	19.40	18.06	17.85
4	GPSC	14.36	14.26	14.71	14.31	14.37
5	GULF*	45.49	45.53	48.34	50.85	51.09
6	RATCH	25.35	24.93	24.43	24.20	24.16
7	POWR*	5.22	5.24	5.43	5.25	5.03
	Average*	**19.16**	**18.97**	**18.66**	**18.09**	**18.02**

Source: Bloomberg

Remark: EV/EBITDA ratios of BPP, GULF and POWR are excluded from the calculation because they are deemed the outliers.

PE

As at December 31, 2020, PE had cash and cash equivalents of USD 209.32 million and interest-bearing debts of USD 2,437.36 million with EBITDA for the previous 12 months of USD 427.71 million and did not have non-controlling interests in subsidiaries.

The valuation of PE shares by the EV/EBITDA ratio approach:

Average of the previous period	Average EV/EBITDA ratio of Peer Group	EBITDA (USD million)	EV (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
1 month	19.16	427.71	8,194.92	5,966.88	45.515	2,715.83
3 months	18.97	427.71	8,114.00	5,885.96	45.515	2,678.99
6 months	18.66	427.71	7,981.00	5,752.96	45.515	2,618.46
9 months	18.09	427.71	7,737.00	5,508.96	45.515	2,507.40
12 months	18.02	427.71	7,707.00	5,478.96	45.515	2,493.75

From the share valuation by the EV/EBITDA ratio approach, the value of PE shares according to the investment proportion is appraised in a range of USD 2,493.75 million – USD 2,715.83 million, which is higher than the purchase price of PE shares of USD 707.20 million by USD 1,786.55 million – USD 2,008.63 million or 252.62% - 284.03%.

MCBV

As at December 31, 2020, MCBV had cash and cash equivalents of USD 55.68 million and interest-bearing debts of USD 2,434.80 million with EBITDA for the previous 12 months of USD 138.67 million and did not have non-controlling interests in subsidiaries.

The valuation of MCBV shares by the EV/EBITDA ratio approach:

Average of the previous period	Average EV/EBITDA ratio of Peer Group	EBITDA (USD million)	EV (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
1 month	19.16	138.67	2,656.92	277.79	45.515	126.44
3 months	18.97	138.67	2,631.00	251.87	45.515	114.64
6 months	18.66	138.67	2,588.00	208.87	45.515	95.07
9 months	18.09	138.67	2,509.00	129.87	45.515	59.11
12 months	18.02	138.67	2,499.00	119.87	45.515	54.56

From the share valuation by the EV/EBITDA ratio approach, the value of MCBV shares according to the investment proportion is appraised in a range of USD 54.56 million – USD 126.44 million, which is higher than the purchase price of MCBV shares of USD 53.50 million by USD 1.06 million – USD 72.94 million or 1.98% - 136.34%.

IPM

As at December 31, 2020, IPM had cash and cash equivalents of USD 7.57 million with no interest-bearing debts and recorded EBITDA for the previous 12 months of USD 7.46 million and non-controlling interests in subsidiaries of USD 3.19 million.

The valuation of IPM shares by the EV/EBITDA ratio approach:

Average of the previous period	Average EV/EBITDA ratio of Peer Group	EBITDA (USD million)	EV (USD million)	Total equity value (USD million)	Investment proportion (%)	Value according to investment proportion (USD million)
1 month	19.16	7.46	142.93	147.32	65.000	95.76
3 months	18.97	7.46	142.00	146.39	65.000	95.15
6 months	18.66	7.46	139.00	143.39	65.000	93.20
9 months	18.09	7.46	135.00	139.39	65.000	90.60
12 months	18.02	7.46	134.00	138.39	65.000	89.95

From the share valuation by the EV/EBITDA ratio approach, the value of IPM shares according to the investment proportion is appraised in a range of USD 89.95 million – USD 95.76 million, which is higher than the purchase price of IPM shares of USD 48.90 million by USD 41.05 million – USD 46.86 million or 83.95% - 95.83%.

Conclusion of the valuation of the Group of Target Companies by the EV/EBITDA ratio approach:

Company	Appraised value by EV/EBITDA ratio approach according to investment proportion (USD million)	Share purchase price of the Group of Target Companies under the SPA (USD million)	Appraised value by EV/EBITDA ratio approach being higher (lower) than share purchase price of the Group of Target Companies under the SPA	
			USD million	%
PE	2,493.75 – 2,715.83	707.20	1,786.55 – 2,008.63	252.62 – 284.03
MCBV	54.56 – 126.44	53.50	1.06 – 72.94	1.98 – 136.34
IPM	89.95 – 95.76	48.90	41.05 – 46.86	83.95 – 95.83
Total	**2,638.26 – 2,938.03**	**809.60**	**1,828.66 – 2,128.43**	**225.87 – 262.90**

From the share valuation by the EV/EBITDA ratio approach, the total value of shares in the Group of Target Companies according to the investment proportion in each entity is appraised in a range of USD 2,638.26 million – USD 2,938.03 million, which is higher than the total purchase price of shares in the Group of Target Companies under the SPA of USD 809.60 million by USD 1,828.66 million – USD 2,128.43 million or 225.87% – 262.90%.

The share valuation by this approach focuses only on profitability over the previous 12 months of the Group of Target Companies, but takes no account of their capability and profitability in the future.

3.1.4 Market Value Approach

Since the ordinary shares of the Group of Target Companies are not listed on any secondary market for securities trading, there is no market price of those shares available as a reference price. Therefore, their shares cannot be appraised by this approach.

3.1.5 Discounted Cash Flow Approach

By the discounted cash flow (DCF) approach, the shares are valued based on operating results of the Group of Target Companies, comprising PE, MCBV and IPM, by estimating present value of the projected net cash flow expected from the operation of each company, using a suitable discount rate. The IFA will estimate the free cash flow to equity (FCFE) and calculate the sum of present value of such FCFE by using cost of equity (Ke) as the discount rate.

In appraising a fair value of the investment in the Group of Target Companies, we calculate the future net cash flow based on financial projection on the Group of Target Companies for a period of 21 years and 3 months from January 1, 2021 to March 31, 2042, which is the PPA expiration date between PE and PLN. The said projection is under the assumption that the Group of Target Companies continue their operation on a going concern basis, and also is based on the current economic condition and present circumstances without any significant changes taking place throughout the projection period.

We have carried out the financial projection based on the information and assumptions obtained from the Company, the technical due diligence report, the legal due diligence reports, the tax due diligence reports, including information received through interviews with the executives and staff concerned. The objective is to identify a fair value of shares of the Group of Target Companies and express our opinion regarding the fairness of the share purchase price of the Group of Target Companies only. The appraised share value may not be used as a reference price for any purposes other than the objective mentioned above. Moreover, if there is any material changes from the established assumptions in the economic condition and other external factors that have an impact on the operation of the Group of Target Companies, as well as in the internal situation of the Group of Target Companies, the share value appraised by this approach will change accordingly and may not be used as a reference price.

The details of the appraisal of this investment by the DCF approach for each entity in the Group of Target Companies are as follows:

(a) Appraisal of a fair value of the investment in PE

PE engages in sale and generation of electricity from two coal-fired thermal power plants with a combined capacity of 2,045 MW, comprising:

- P7/8 Power Plant with a total capacity of 1,230 MW, consisting of two 615-MW power production units under the PPA signed with PT Perusahaan Listrik Negara ("PLN") for a period from May 1999 to March 2042; and
- P3 Power Plant with a capacity of 815 MW under the PPA signed with PLN for a period from March 2012 to March 2042.

The key assumptions used for appraising a fair value of the investment in PE are as follows:

(1) Assumptions on economic variables

Exchange rate:

Exchange rate 1/	**2021** 2/	**Change rate from 2022 until end of projection period (% per year)** 3/
IDR : USD	14,400	1.27
IDR : JPY	135	2.84
JPY : USD	107	-1.34
EUR : USD	0.84	-1.28

Remark: 1/ IDR, USD, JPY and EUR stand for Indonesian Rupiah, US Dollar, Japanese Yen and Euro respectively.

2/ An average of the previous 12 months from July 2020 to June 2021.

3/ An average change rate of the exchange rates over the past five years from July 2016 to June 2021, based on the exchange rates from World Development Indicators, World Bank.

Consumer Price Index:

Country	Consumer Price Index 2021 1/	Inflation rate from 2022 until end of projection period (% per year) 2/
US	265.00	1.78
Indonesia	146.00	3.10
Japan	101.90	0.36
EU	109.10	1.44

Remark: 1/ An average of the previous 12 months from July 2020 to June 2021.

2/ An average inflation rate over the past five years from July 2016 to June 2021, based on the inflation rate statistics from World Development Indicators, World Bank.

(2) <u>Revenues</u>

As specified in the PPA between PE and PLN, PLN will pay revenues from the investment in P7/8 and P3 Power Plants under four schemes of payment as follows:

- Component A: Capital Component is payable by PLN to PE as a return of capital invested in the project, which includes borrowing cost and shareholders' return on investment in the project.
- Component B: Fixed O&M Component is a fee for O&M services for the fixed cost portion, calculated based on the installed capacity.
- Component C: Fuel Component is a fee for a supply of coal for electricity generation, calculated based on heating value of the power plant and electricity sold to PLN.
- (4) Component D: Variable O&M Component is a fee for O&M services for the variable cost portion, calculated based on electricity sold to PLN.

Component B and Component D generate the least revenue for PE and have a rather minimal impact on the valuation. This is because they are paid by PLN to PE in order for PE to undertake the O&M for the power plants. PE has instead engaged POMI to provide the O&M services and, thus, Component B and Component D are eventually paid to POMI.

Component C is paid by PLN for coal used by PE for electricity generation, and PE has made contracts to procure coal from suppliers. Therefore, Component C is further paid to the coal suppliers. Although according to the projection Component C has the highest value, it has the least impact on the valuation.

Component A is paid by PLN to PE as a return of capital invested in the project, which includes borrowing cost and shareholders' return on investment in the project. Aside from interest expenses, Component A does not carry any other direct costs. As such, Component A has the most impact on the valuation.

The recognition of revenues under the PPA described above in PE's financial statements is divided into two portions as follows:

– Financial revenue from concession projects

Since the PPA between PE and PLN is subject to interpretation under the accounting standard for service concession arrangements and Component A is deemed as financial lease, Component A is therefore recorded as financial assets and is calculated from net present value of Component A receivable under the PPA and discounted by a suitable discount rate.

Component A is recognized in PE's financial statements by dividing into two portions: the first portion is recognized as financial revenue from concession projects in the statements of income and the second portion is recognized as amortization to offset the financial assets in the statements of financial position.

The calculation of Component A throughout the projection period is in line with the provisions specified in the PPA, the details of which are as follows:

Component A	**=**	**DC *(CRRm * Min(AFa,AFp) + CRRma * Max(AFa – Afp,0)**

Where:

DC	=	Net dependable capacity in each year as indicated in the PPA with PLN, equal to 1,220 MW for P7/8 and 807 – 813 MW for P3
CRRm	=	Capital cost recovery charge rate payable by PLN for Component A in each year
	=	(a) P7/8: equal to USD 309.33/kW; or
		(b) P3:
		(b1) From the start of the projection to January 2029: equal to USD 140.39/kW and JPY 10,755.81/kW
		(b2) From February 2029 to end of the projection: equal to USD 93.53/kW
CRRma	=	50% * CRRm
Max(AFa – Afp,0)	=	The higher of (AFa – Afp) and 0
Min(AFa,AFp)	=	The lower of AFa and AFp
AFp	=	Availability factor as specified in the PPA with PLN
AFa	=	Availability factor actually occurring in each payment as evaluated by POMI, the provider of O&M services for P7/8 and P3, according to the maintenance plan based on useful life

Details of the projection of significant variables are as follows:

DC

DC is based on the capacity usable for yearly power generation as specified in the PPA, as shown below:

Power Plant	DC specified in the PPA throughout the projection period
P7/8	Remaining constant at 1,220 MW throughout the agreement period
P3	2021 – 2023: 813 MW 2024 – 2029: 811 MW 2030 – 2035: 809 MW 2036 – 2042: 807 MW

Remark: Based on the PPA

AFp and AFa

AFp is as specified in the PPA and AFa is as projected by POMI, the provider of O&M services, whereby Jacobs, the technical consultant, did not have any arguments with such projection by POMI. AFp and AFa are projected based on the maintenance period of P7/8 and P3. AFp and AFa throughout the projection period are as follows:

Power Plant	AFp	AFa[3/]
P7/8[1/]	80.34% – 88.40%	80.28% – 89.77%
P3[2/]	75.86% – 90.70%	79.47% – 94.21%

Remark: 1/ According to historical data for the past five years, AFa of P7/8 was in a range of 83% – 93%, whereas AFp under the PPA is in a range of 80% – 87%.

2/ According to historical data for the past five years, AFa of P3 was in a range of 83% – 94%,[12] whereas AFp under the PPA is in a range of 75% – 91%.

3/ The PPA does not stipulate any penalty fee in the case where AFa is lower than AFp in any year.

CRRm

Capital cost recovery charge rate (CRRm) payable by PLN for Component A in each year throughout the projection period is as follows:

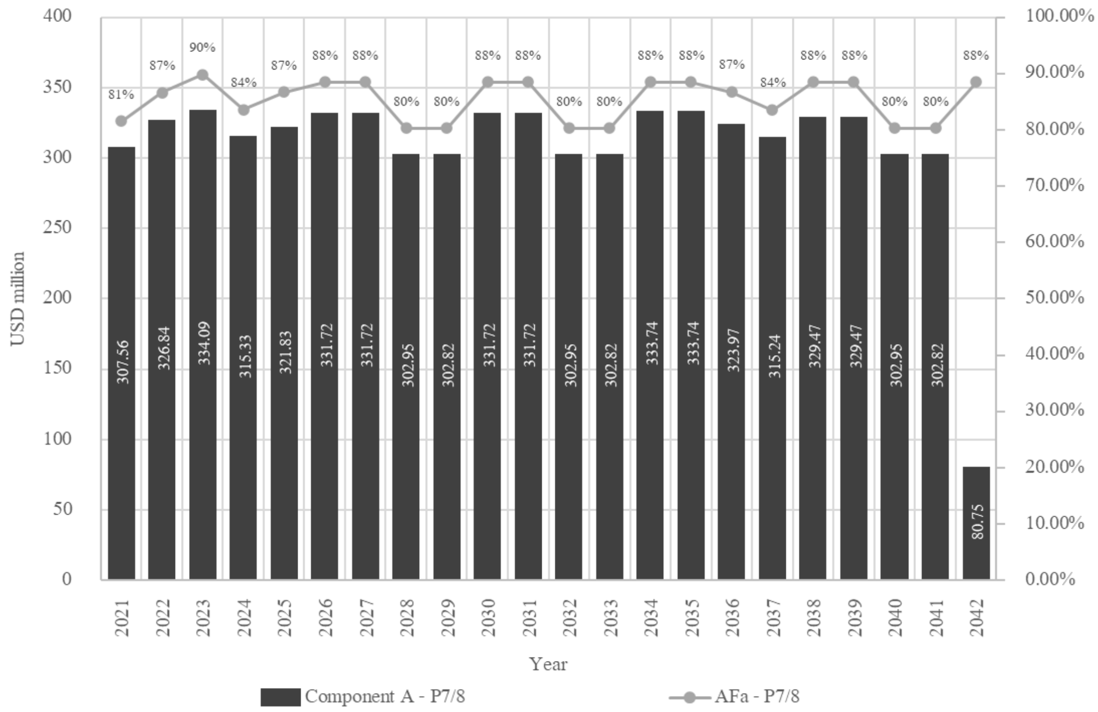
Power Plant	CRRm*
P7/8	IDR 4.45 million – 5.81 million/kW throughout the projection period
P3	2021-2028: IDR 3.47 million – 3.97 million/kW 2029-2042: IDR 1.51 million – 1.76 million/kW**

[12] This excluded 2018, the only year since COD in which AFa of P3 was lower than AFp. In such year, P3's AFa was 25%, resulting from breakdown of an equipment. Since there was no spare equipment at that time, the power production had to be halted for eight months. To prevent a repetition of such incident in the future, P3 makes available the spare equipment to always be ready for replacement.

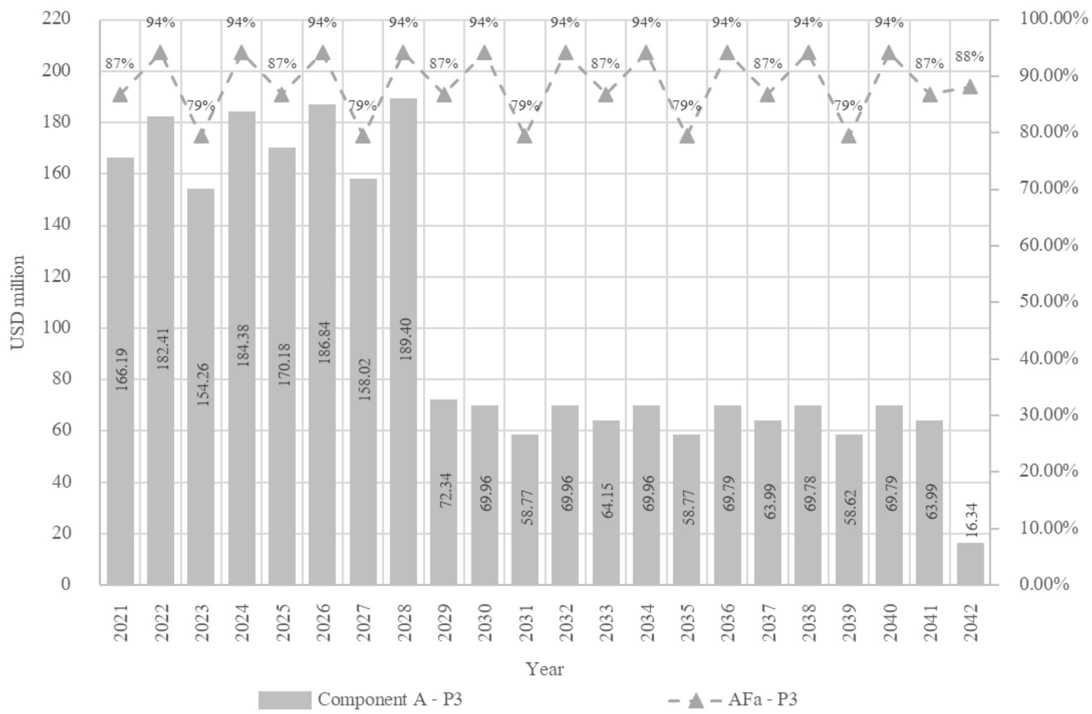
Remark: * CRRm is calculated from the fixed rate specified in the PPA and adjusted for inflation and change in the exchange rate with the method indicated in the PPA, using the calculation formula specified in the PPA.

** From 2029 onwards, Component A of P3 will be revised down as per the condition in the PPA.

Component A of P7/8 in each year throughout the projection period is as shown in the graph below:



Component A of P3 in each year throughout the projection period is as shown in the graph below:

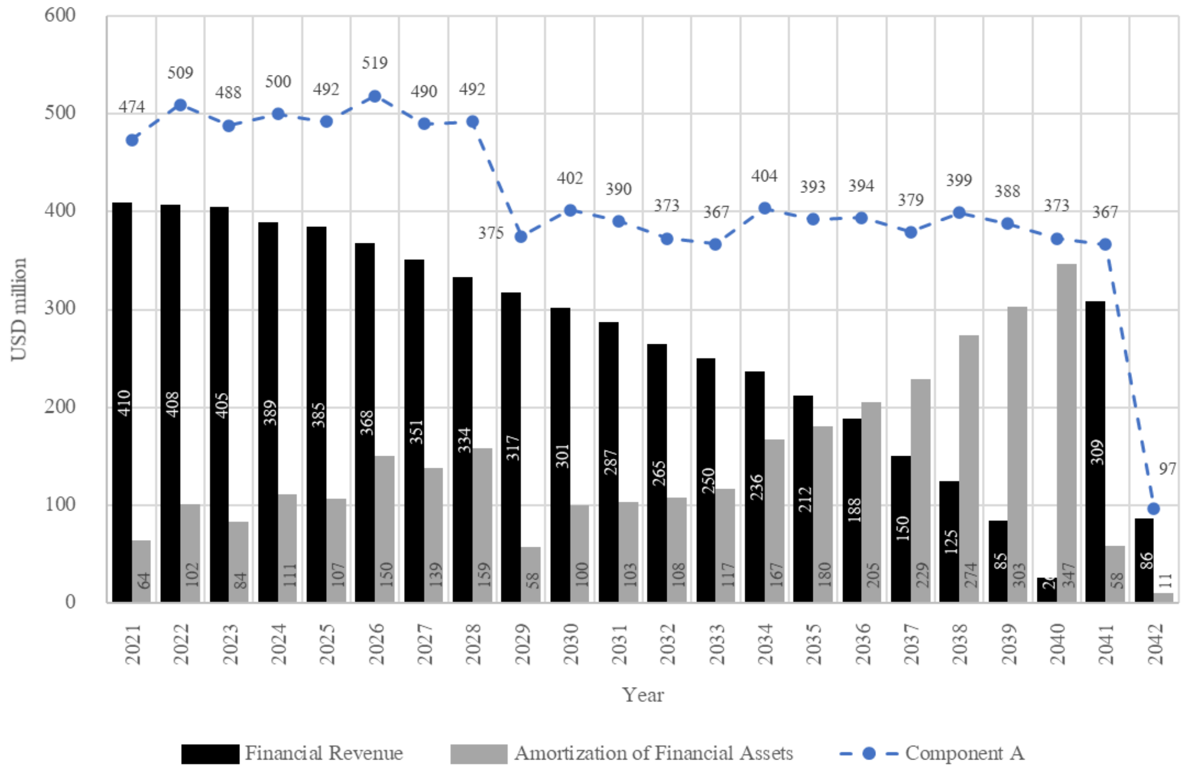


Remark: * In 2029, Component A of P3 will be revised down as per the condition in the PPA.

As described earlier, Component A is recognized in PE's financial statements by dividing into two portions: the first portion is recognized as financial revenue from concession projects in the statements of income and the second portion is recognized as amortization to offset the financial assets in the statements of financial position.

Financial revenue from concession projects in each year	**=**	**Component A received in each year – Amortization of financial assets in each year**[13]

Recognition of Component A in PE's financial statements can be shown in the graph below:



Remark: In 2029, amortization of financial assets will decrease due to the adjustment of Component A of P3 as per the condition in the PPA.

In 2041 – 2042, financial revenue will increase. This is because the PPA of P7/8, which would originally expire in 2040, was later extended to expire on the same date as the PPA of P3 on March 31, 2042. However, the financial assets of P7/8 have not been extended and, hence, the amortization will end in 2040 in accordance with the original agreement. As a result, in 2041 – 2042, Component A of P7/8 must be recognized in full.

[13] Value of financial assets from concession projects according to PE's financial statements and amortization of financial assets are calculated from net present value of Component A receivable under the PPA, using a suitable discount rate.

– Fuel and O&M revenue

Fuel and O&M revenue is recognized from Component B – Component D according to the PPA, the details of which are as follows:

Component B: Fixed O&M Component

Component B	**=**	**DC * FOMRm * Min(AFa, AFp)**

Where:

DC = Net dependable capacity as specified in the PPA with PLN

= 1,220 MW for P7/8 and 807 – 813 MW for P3

FOMRm = Fixed O&M cost recovery charge rate payable by PLN for Component B in each year, divided into two portions at an equal rate in both USD and IDR as specified in the PPA

Component B receivable by PE in each year is determined based on the following:

(1) Component B determined as at the agreement signing date is IDR 38,830/kW for P7/8 and IDR 158,726/kW for P3;

(2) Component B in (1) shall be adjusted by the inflation rate of the Republic of Indonesia for the amount paid in IDR as per the condition in the PPA; and

(3) Component B in (1) shall be adjusted by the inflation rate of the US and the change in IDR : USD exchange rate for the amount paid in USD as per the condition in the PPA.

In 2021, FOMRm of P7/8 and P3 is equal to IDR 0.602 million/kW and IDR 0.553 million/kW respectively.

Min(AFa, AFp) = The lower of AFa and AFp

AFp = Availability factor as specified in the PPA with PLN

AFa = Availability factor actually occurring in each payment

Details of the projection of significant variables are as follows:

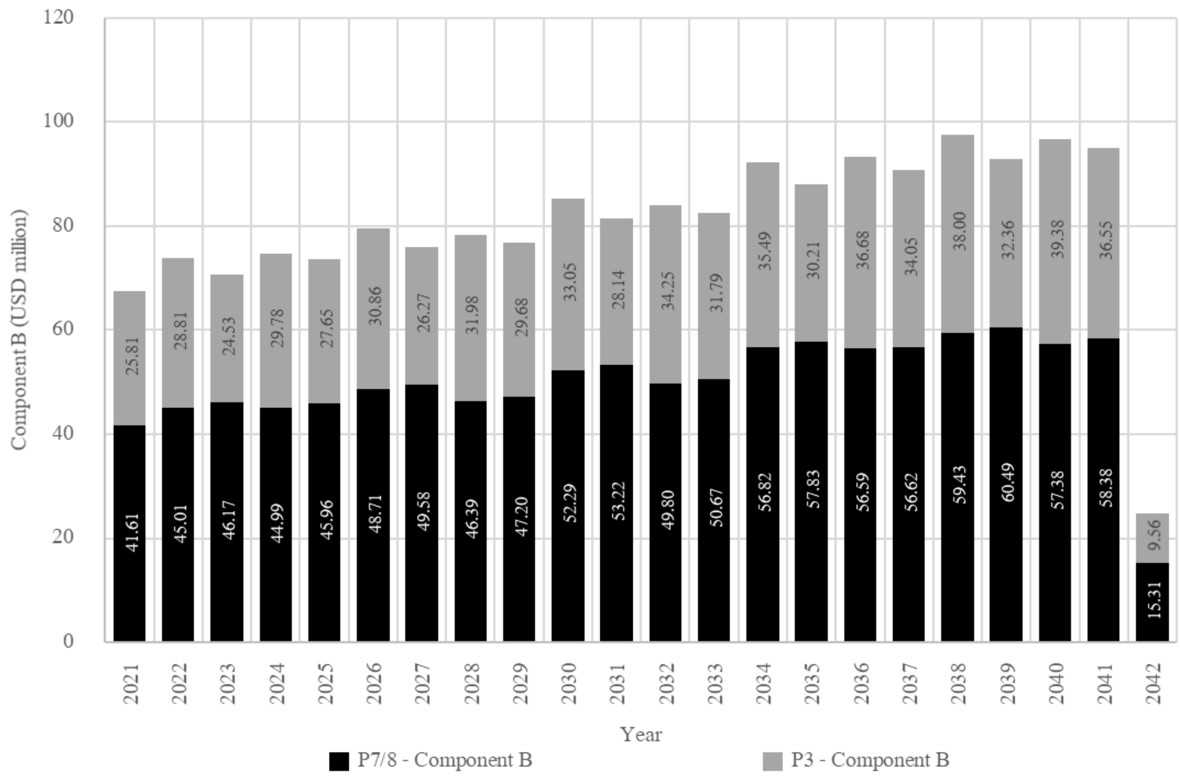
FOMRm

FOMRm of P7/8 and P3 throughout the projection period is as follows:

Power Plant	FOMRm
P7/8	In 2021, FOMRm is equal to IDR 0.602 million/kW and, from 2022 onwards, is projected to increase by 3.08% per year, which is equal to the net result of changes in the inflation rate of the Republic of Indonesia, changes in the inflation rate of the US, and changes in the IDR : USD exchange rate. In 2042, the final year of the projection, FOMRm will be IDR 1.139/kW.
P3	In 2021, FOMRm is equal to IDR 0.553 million/kW and, from 2022 onwards, is projected to increase by 3.09% per year, which is equal to the net result of changes in the inflation rate of the Republic of Indonesia, changes in the inflation rate of the US, and changes in the IDR : USD exchange rate. In 2042, the final year of the projection, FOMRm will be IDR 1.046/kW.

Remark * FOMRm is calculated from the fixed rate specified in the PPA and adjusted for inflation and change in the exchange rate with the method indicated in the PPA, using the calculation formula specified in the PPA.

Component B in each year throughout the projection period is as shown in the graph below:



Component C: Fuel Component

The calculation of Component C throughout the projection period is in line with the provision in the PPA, the details of which are as follows:

Component C	**= Ea * (SHRw / SHRcc) * ECRm**

Where:

Ea	=	Electricity power dispatched by PLN, measured in kWh
SHRw	=	Average heat rate per kWh of power generation in each payment period, measured in kCal/kWh
		SHRw is projected to be 2,600 kCal/kWh and 2,380 kCal/kWh for P7/8 and P3 respectively in 2021, based on the current heat rate of each power plant, and to increase by 0.20% per year for both power plants from 2022 onwards, based on the technical due diligence report.
SHRcc	=	Heat rate per kWh of power generation as specified in the PPA, equal to 2,447 kCal/kWh for P7/8 and 2,338 kCal/kWh for P3
ECRm	=	Energy cost, expressed in IDR/kWh
	=	SHRcc * (1/HHV) * Pm
HHV	=	Heating value of coal in each period, measured in kCal/kg
		HHV of the two power plants is assumed to be 4,800 kCal/kg, based on the quality of currently used coal.
Pm	=	Average coal price in each projection year, expressed in IDR/kg
		Pm is set to be USD 80/ton (equivalent to IDR 1,152/kg) in 2021, based on the average price over the previous 12 months (July 2020 – June 2021), and to decrease by a constant rate of 2.50% per year from 2022 onwards, based on World Bank Commodities Price Forecast, April 2021.

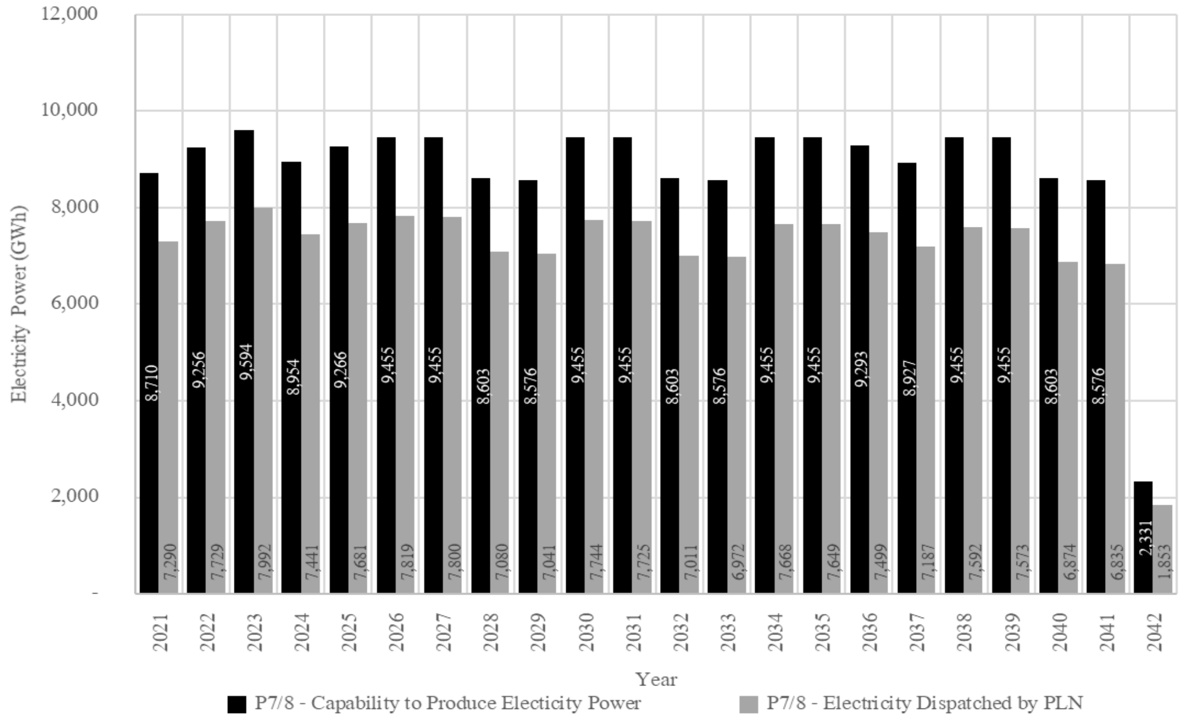
Details of the projection of significant variables are as follows:

<u>Ea</u>

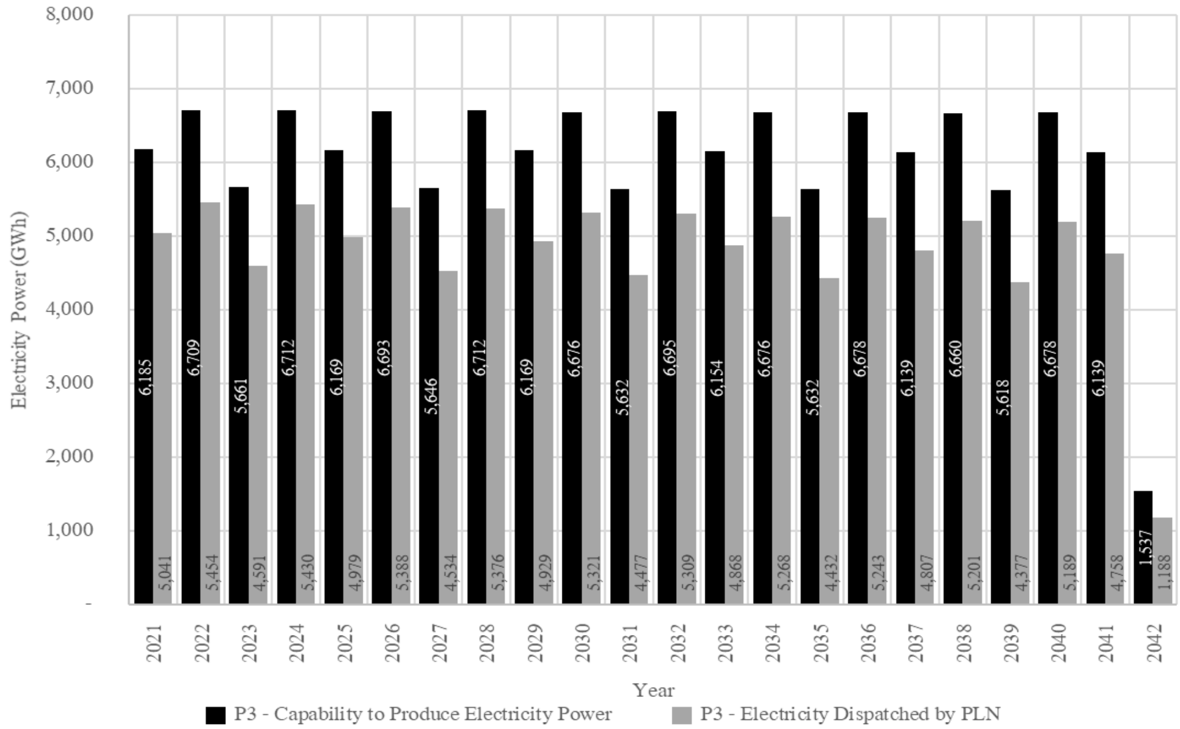
The IFA forecasts the electricity power dispatched by PLN to be 83.70% and 81.50% of the maximum annual capability to produce electricity power of P7/8 and P3 respectively, which is equal to the past five-year average of each power plant.

The maximum annual capability to produce electricity power of the two power plants is derived from multiplication of DC, AFa and number of hours in each year.

Ea of P7/8 throughout the projection period can be shown in the graph below:



Ea of P3 throughout the projection period is as follows:



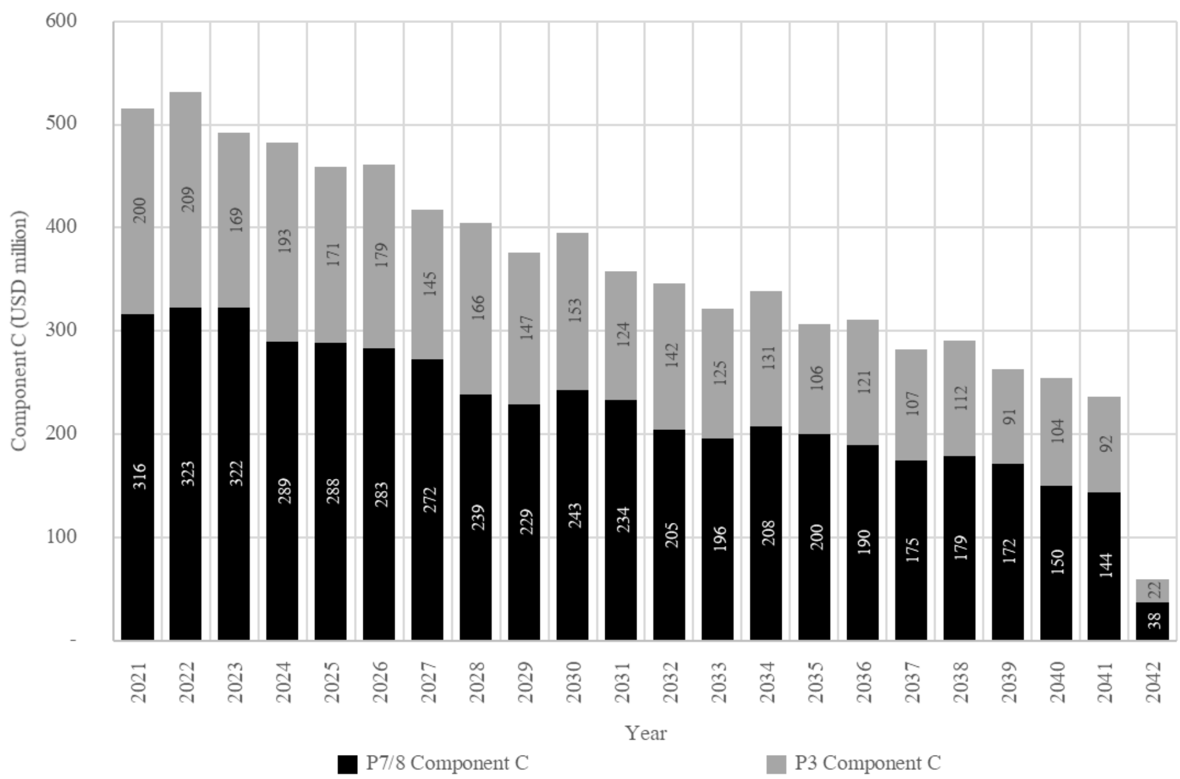
ECRm

ERCm of P7/8 and P3 throughout the projection period is as shown in the table below:

Power Plant	ECRm
P7/8	ECRm is equal to IDR 587.28/kWh in 2021 and is projected to decrease by 2.50% per year from 2022 onwards, in line with coal price projection based on World Bank Commodities Price Forecast, April 2021. In 2042, the final year of the projection, ECRm will be IDR 345.10/kWh.
P3	ECRm is equal to IDR 561.12/kWh in 2021 and is projected to decrease by 2.50% per year from 2022 until the end of the projection period, in line with coal price projection based on World Bank Commodities Price Forecast, April 2021. In 2042, the final year of the projection, ECRm will be IDR 329.73/kWh.

Remark * ECRm is calculated from the fixed rate specified in the PPA and adjusted for inflation and change in the exchange rate with the method indicated in the PPA.

Component C in each year throughout the projection period can be shown as follows:



Component D: Variable O&M Component

The calculation of Component D throughout the projection period is in line with the provision in the PPA, the details of which are as follows:

Component D	**=**	**Ea * VOMRm**

Where:

Ea = Electricity power dispatched by PLN, measured in kWh

VOMRm = Variable O&M rate payable by PLN for Component D in each year, divided into two portions:

(1) VOMRm payable by PLN for Component D in each year in USD currency: To be calculated from VOMRm payable by PLN for Component D in USD determined as at the PPA signing date at IDR 1.4520/kWh for P7/8 and IDR 1.4260/kWh for P3, then adjusted by the inflation rate of the US and the change in IDR : USD exchange rate as per the condition in the PPA; and

(2) VOMRm payable by PLN for Component D in each year in IDR currency: To be calculated from VOMRm payable by PLN for Component D determined as at the PPA signing date at IDR 4.3560/kWh for P7/8 and IDR 4.2780/kWh for P3, then adjusted by the inflation rate of the Republic of Indonesia as per the condition in the PPA

In 2021, VOMRm of P7/8 and P3 is equal to IDR 33.87/kWh and IDR 9.48/kWh respectively.

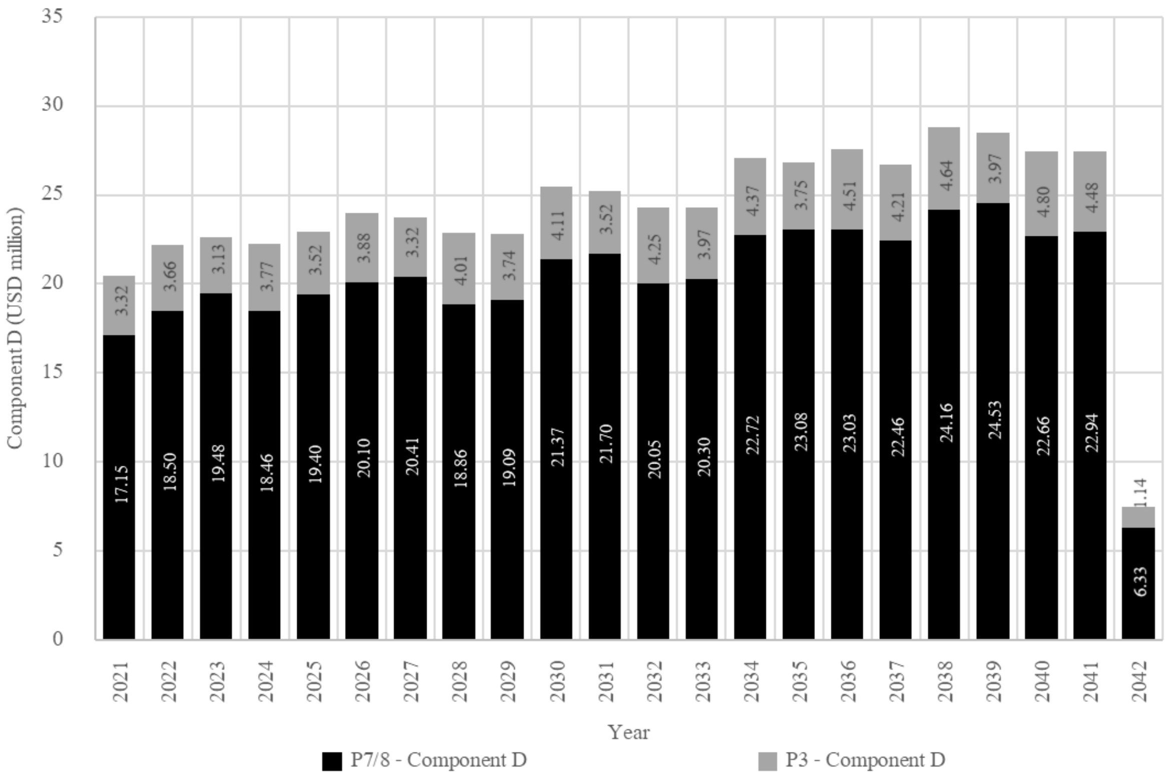
Details of the projection of significant variables are as follows:

VOMRm

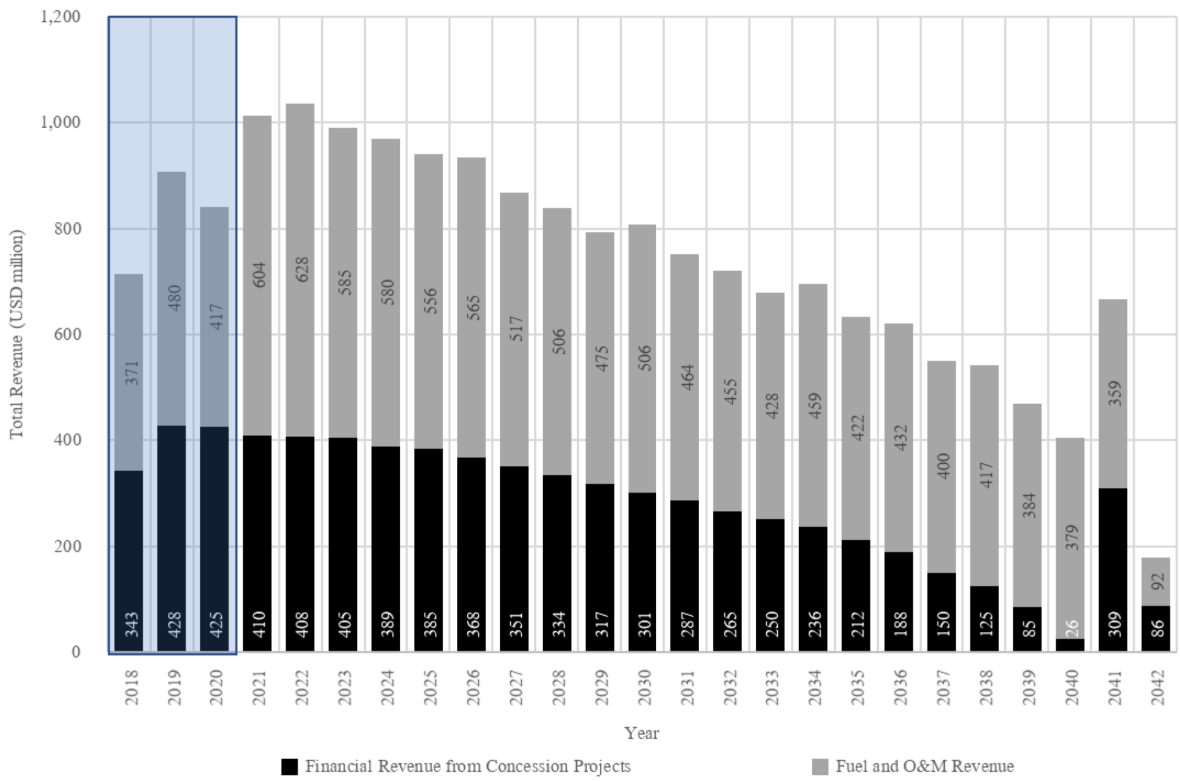
Power Plant	VOMRm
P7/8	In 2021, VOMRm is equal to IDR 33.87/kWh and, from 2022 onwards, is projected to increase by 3.08% per year, which is equal to the net result of changes in the inflation rate of the Republic of Indonesia, changes in the inflation rate of the US, and changes in the IDR : USD exchange rate. In 2042, the final year of the projection, VOMRm will be IDR 64.13/kWh.
P3	In 2021, VOMRm is equal to IDR 9.48/kWh and, from 2022 onwards, is projected to increase by 3.09% per year, which is equal to the net result of changes in the inflation rate of the Republic of Indonesia, changes in the inflation rate of the US, and changes in the IDR : USD exchange rate. In 2042, the final year of the projection, VOMRm will be IDR 17.97/kWh.

Remark * VOMRm is calculated from the fixed rate specified in the PPA and adjusted for inflation and change in the exchange rate with the method indicated in the PPA.

Component D in each year throughout the projection period can be shown in the graph below:



Total revenue according to PE's financial statements throughout the projection period can be summed up as follows:



(3) Costs and expenses

Cost of coal

The IFA calculates the amount and cost of coal used by PE for power generation in each year based on the variables in the calculation formula specified in the PPA, as follows:

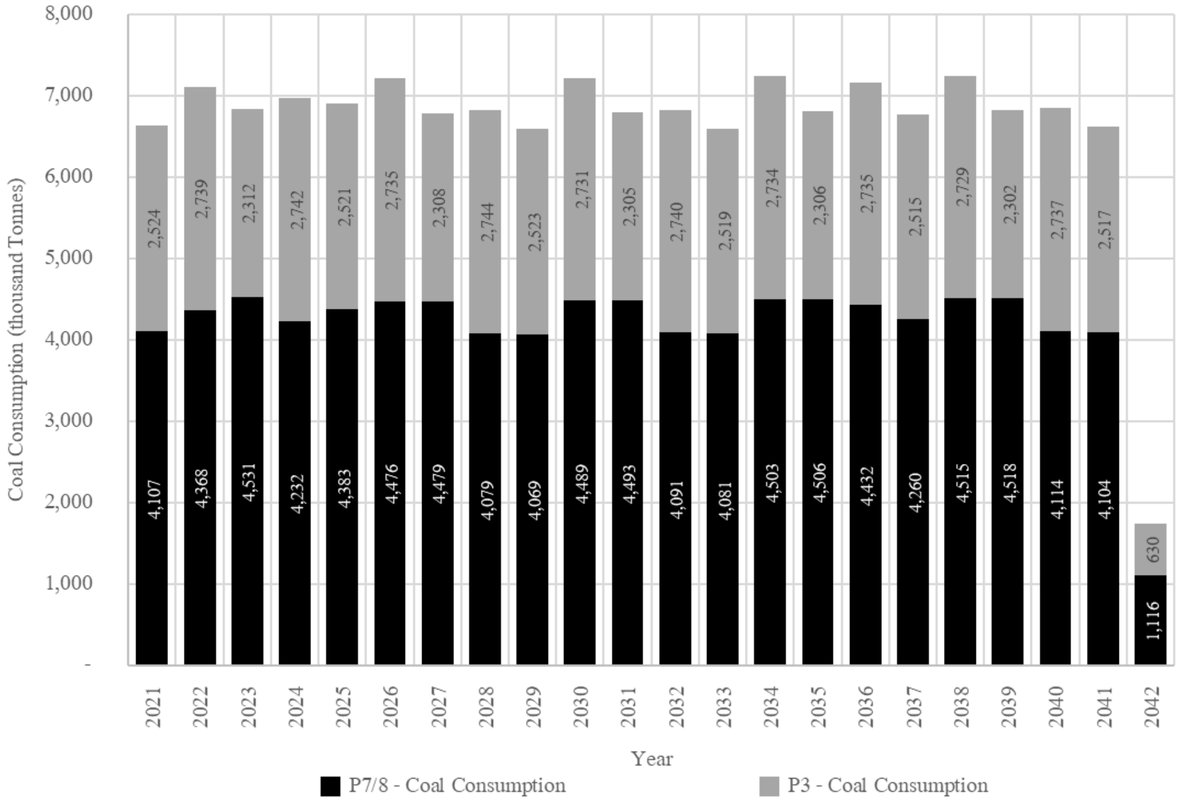
Coal consumption = Ea * SHRw* (1/HHV) * (1 + Heat loss rate)

Cost of coal = Coal consumption * Pm

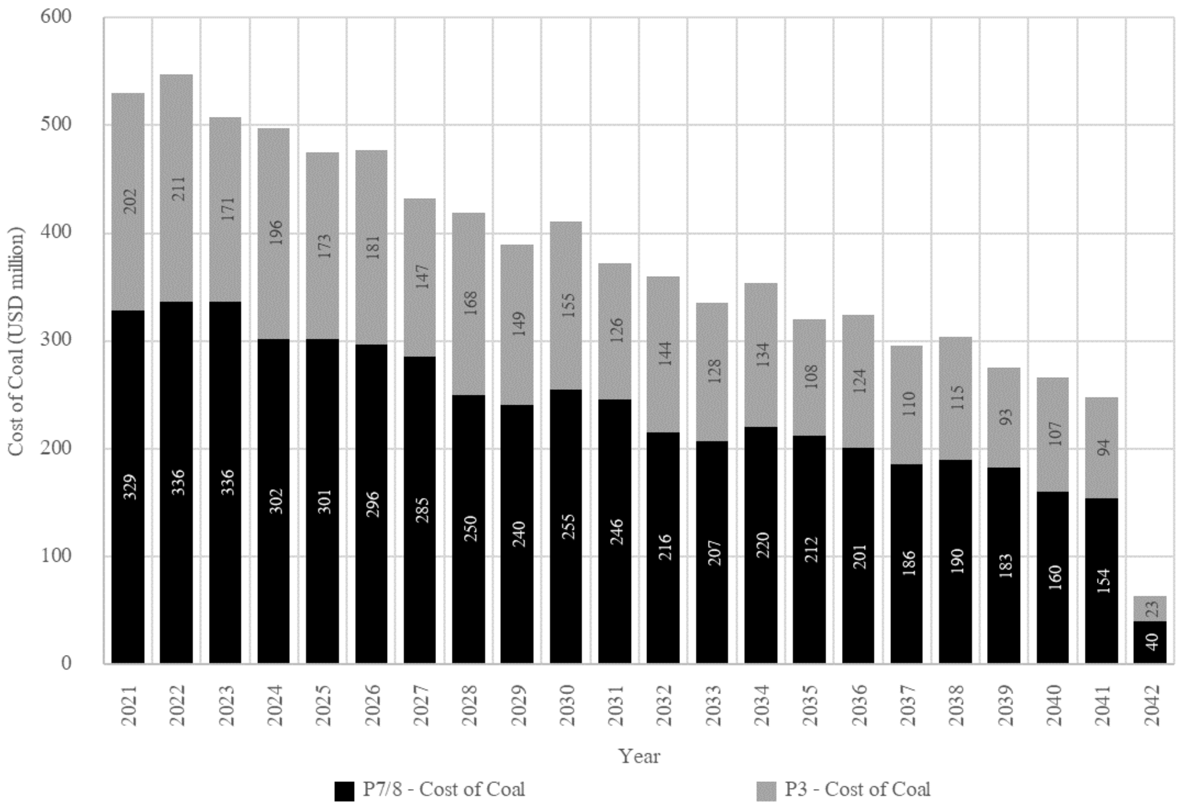
Where:

Ea	=	Electricity power dispatched by PLN, measured in kWh
SHRw	=	Average heat rate per kWh of power generation in each payment period SHRw is projected to be 2,600 kCal/kWh and 2,380 kCal/kWh for P7/8 and P3 respectively in 2021, based on the current heat rate of each power plant, and to increase by 0.20% per year for both power plants from 2022 onwards, based on the technical due diligence report.
HHV	=	Heating value of coal in each period, measured in kCal/kg HHV of the two power plants is assumed to be 4,800 kCal/kg, based on the quality of currently used coal.
Heat loss rate	=	Heat loss rate of each production unit Based on the average over the projection period of heat loss rates of production units as evaluated by POMI, the provider of O&M services for P7/8 and P3, it is assumed that (1) heat loss rate of P7/8's production units is 4.00% in 2021 and will increase by 0.125% per year from 2022 onwards (based on the average of changes in heat loss rates forecast by POMI throughout the projection period) and (2) heat loss rate of P3's production unit is 1.00% in 2021 and will increase by 0.075% per year from 2022 onwards (based on the average of changes in heat loss rates forecast by POMI throughout the projection period).
Pm	=	Average coal price in each projection year, expressed in IDR/kg Pm is set to be USD 80/ton (equivalent to IDR 1,152/kg) in 2021, based on the average price over the previous 12 months (July 2020 – June 2021), and to decrease by a constant rate of 2.50% per year from 2022 onwards, based on World Bank Commodities Price Forecast, April 2021.

Coal consumption for PE's yearly power generation is shown in the graph below:



Cost of coal used for PE's yearly power generation is as follows:

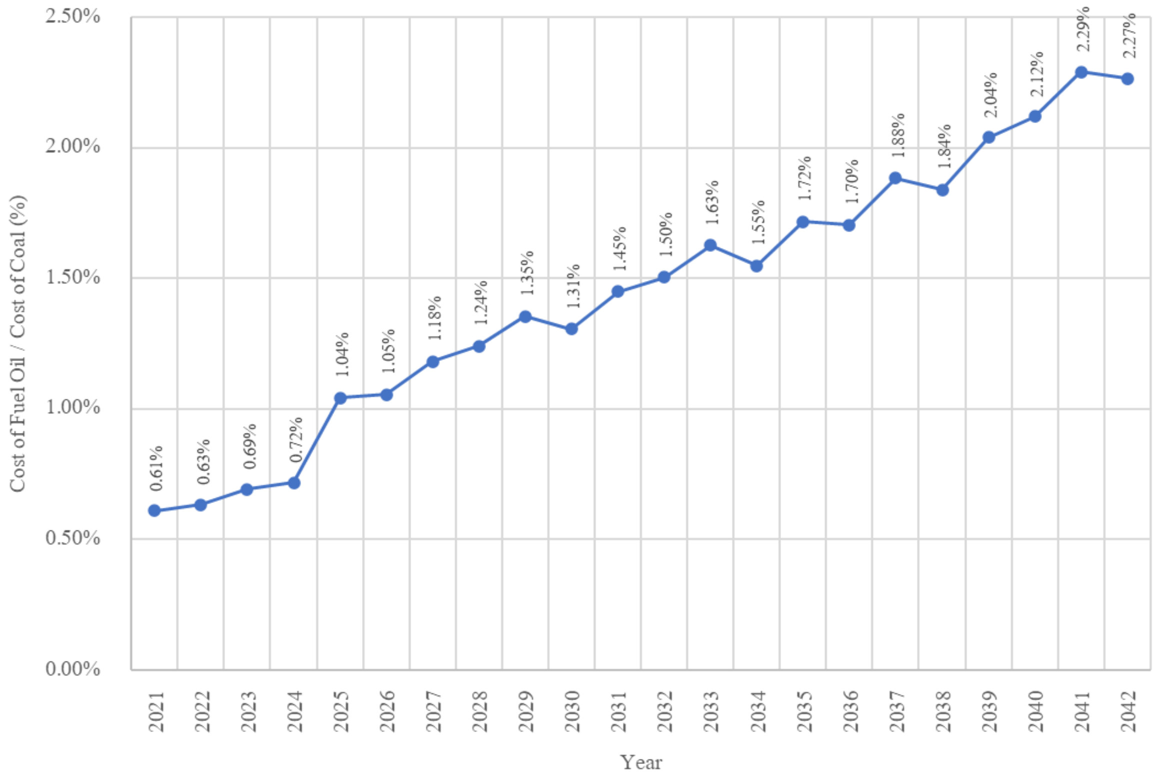


Cost of fuel oil

Cost of fuel oil is almost entirely incurred from fuel oil used in the management and conveyance of coal into the power production process. It is assumed that, in 2021, cost of fuel oil of PE accounts for 0.61% of cost of coal.

However, it is projected that, throughout the projection period, coal price will drop by 2.50% per year, while fuel oil price will increase by 0.50% – 7.41%, based on World Bank Crude Oil Price Forecast, April 2021. In view of this, together with the increase in fuel oil consumption in line with machinery deterioration over time, the percentage of cost of fuel oil is projected in a range of 0.63% – 2.27% from 2022 until the end of the projection period.

The percentage of cost of fuel oil to cost of coal in each projection year is shown below:



O&M contract costs

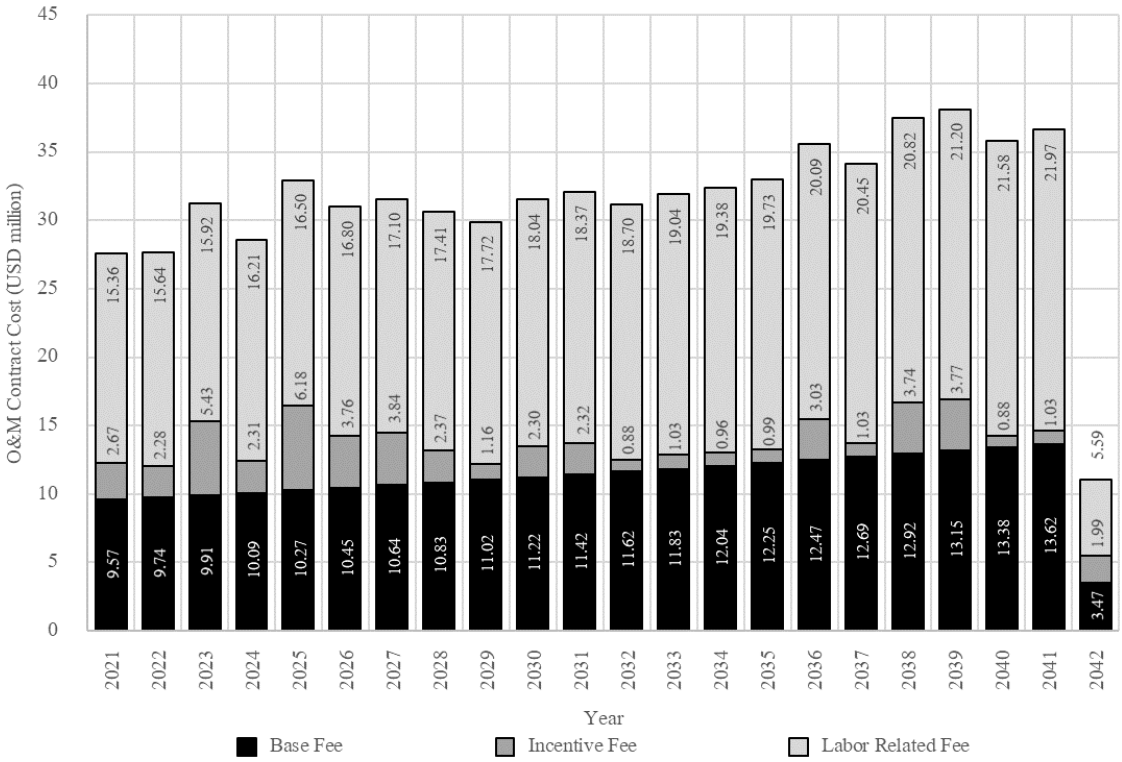
PE signed a contract hiring POMI to provide O&M services for its two power plants, whereby compensation is payable under the terms and conditions as follows:

Expenses	P7/8	P3
Base fee	USD 3.25 million, payable on the contract signing date and to be adjusted for the US's inflation on a yearly basis	USD 2.80 million, payable on the contract signing date and to be adjusted for the US's inflation on a yearly basis
	In 2020, PE paid a total base fee for P7/8 and P3 in the amount of USD 8.47 million. From 2021 onwards, base fee is projected to increase in line with the US's projected inflation rate.	

<table>
<tr><th>Expenses</th><th>P7/8</th><th>P3</th></tr>
<tr><td rowspan="2">Incentive fee</td><td>PE will pay incentive fee to POMI in the amount equal to the sum of:
(1) 60% of Bonus Component received by P7/8 from PLN in the case where AFa is higher than AFp for the portion not exceeding USD 3.744 million; and
(2) 55% of Bonus Component received by P7/8 from PLN in the case where AFa is higher than AFp for the portion exceeding USD 3.744 million.</td><td>60% of Bonus Component received by P3 from PLN in the case where AFa is higher than AFp</td></tr>
<tr><td colspan="2">Bonus Component received by P7/8 and P3 from PLN in the case where AFa is higher than AFp can be calculated as follows:
Bonus Component = CRRma * Max(AFa – Afp,0)</td></tr>
<tr><td>Labor related expenses</td><td colspan="2">Subject to the annual plan to be mutually agreed upon between PE and POMI
In 2020, PE paid labor related expenses to POMI in the amount of USD 13.34 million (approximately IDR 194 billion).
Since these expenses are paid entirely in IDR currency, labor related expenses from 2021 onwards are projected to increase at the rate equal to Indonesia's inflation rate.</td></tr>
<tr><td>VAT</td><td colspan="2">PE is subject to 10% VAT on the sum of base fee, incentive fee, and labor related fee paid to POMI.</td></tr>
</table>

O&M contract costs[14] in each projection year can be shown as follows:

[14] Inclusive of VAT.



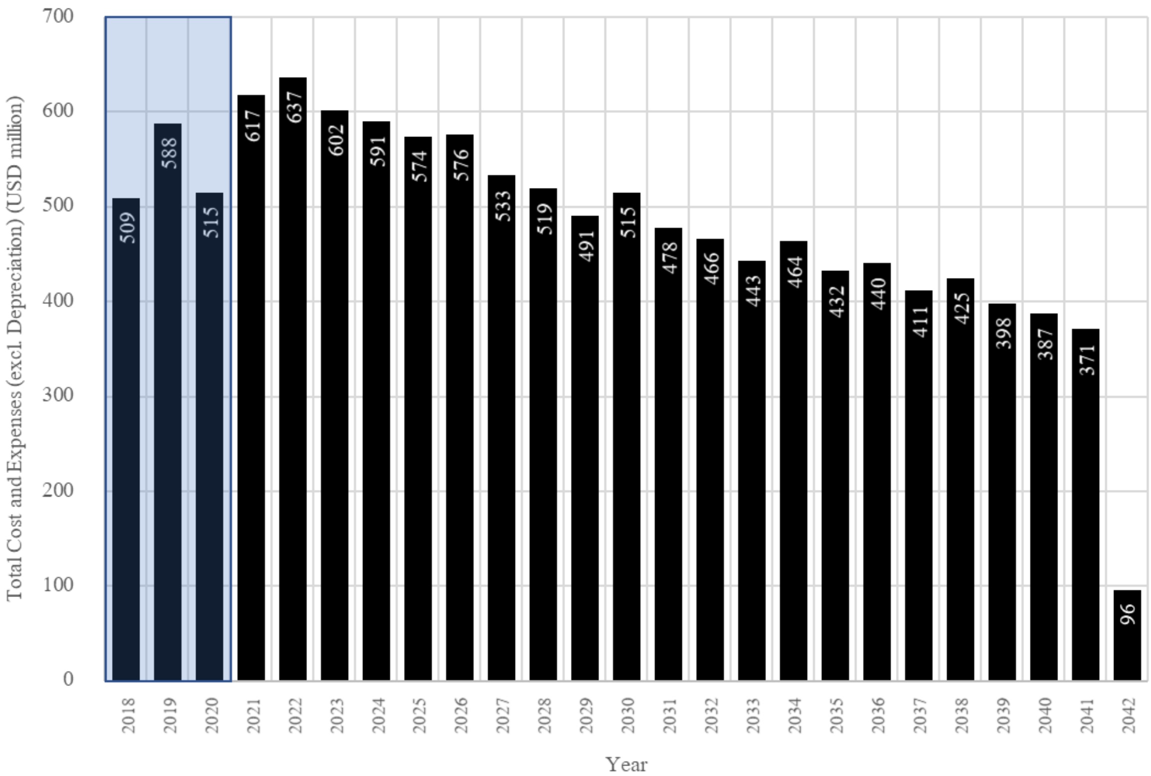
Insurance cost

Insurance cost of PE remains rather constant at around USD 12 million a year and, hence, is projected for 2021 to be USD 12.17 million, based on a full-year forecast for 2021. Since such cost is totally paid in USD, it is assumed to increase throughout the projection period at the rate equal to the US's inflation rate.

Other costs and expenses

Other costs and expenses consist of other maintenance and service contract costs, costs of spare parts, supplies related expenses, costs of chemical products, and general administration expenses. Of these, nearly 90% are fixed costs and 43% on average are paid in USD and the remainder in IDR. Thus, from 2021 until the end of the projection period, other costs and expenses paid in USD are projected to increase at the rate equal to the US's inflation rate and those paid in IDR are projected to increase at the rate equal to Indonesia's inflation rate. In 2020, PE recorded other costs and expenses according to its financial statements in the amount of USD 47.20 million.

Total costs and expenses (excluding depreciation) of PE throughout the projection period can be shown as follows:


Total Cost and Expenses (excl. Depreciation) (USD million)
700
600
500
400
300
200
100
0
509
588
515
617
637
602
591
574
576
533
519
491
515
478
466
443
464
432
440
411
425
398
387
371
96
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
Year

(4) Restructuring settlement payment (RSP)

Restructuring settlement payment (RSP) was stemmed from the amendment to the PPA by PLN and PE as some incidents caused the rate of return on PE's power plant project drop by more than the mutually agreed amount and relatively led to the requirement for PLN to pay for the shortfall to PE.[15]

In this respect, PLN shall make RSP in monthly installments each of USD 4.00 million for a consecutive period of 30 years, starting on January 1, 2002.

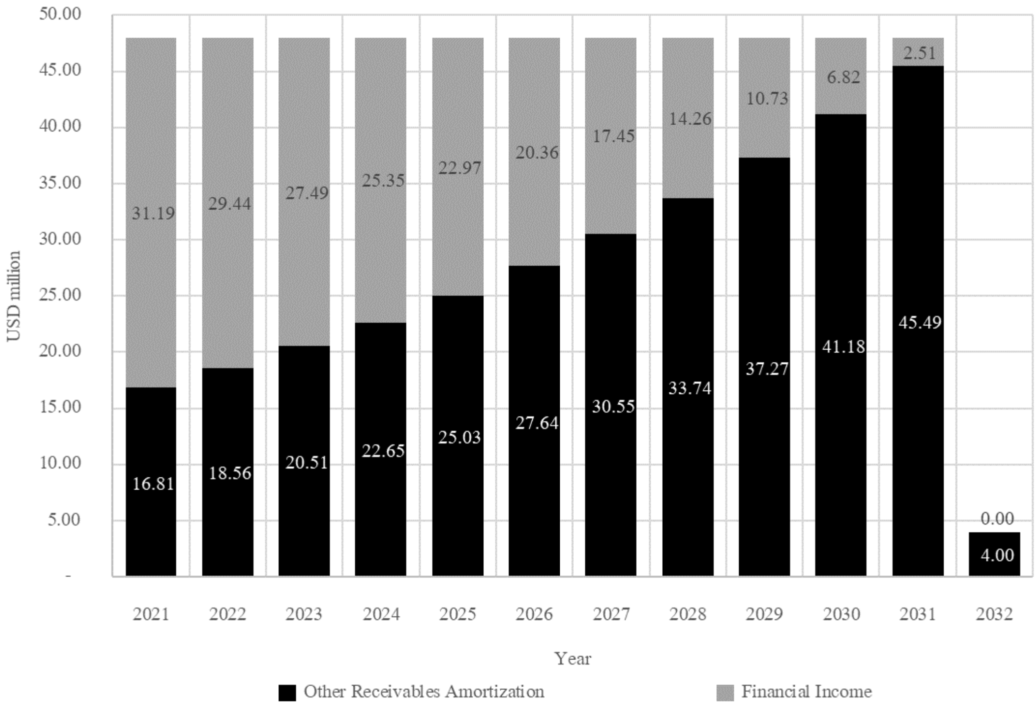
The recognition of RSP in PE's financial statements is divided into two portions: 1) financial income being recognized in the statements of income and 2) amortization to offset other receivables being recognized in the statements of financial position.

Financial income	**=**	**USD 48 million – Other receivables amortization**[16]

The recognition of RSP in PE's financial statements for both financial income and other receivables amortization throughout the projection period can be shown as follows:

[15] The PPA for P7/8 Power Plant was executed during the period when the Republic of Indonesia was still in the initial stage of enhancing the country's energy security. Therefore, conditions were set forth requiring a guarantee for electricity payment by the government and a guarantee for rate of return on investment. In this respect, PLN must pay compensation in case of any amendment to conditions in the PPA due to PLN's policy such as changes in power purchase price or execution of other activities by PLN which negatively affects the project's originally agreed rate of return.

[16] Value of other receivables in PE's financial statements and other receivables amortization are calculated from net present value of RSP receivable under the PPA in the amount of USD 4 million/month for a period of 30 years (starting on January 1, 2002), using a suitable discount rate.



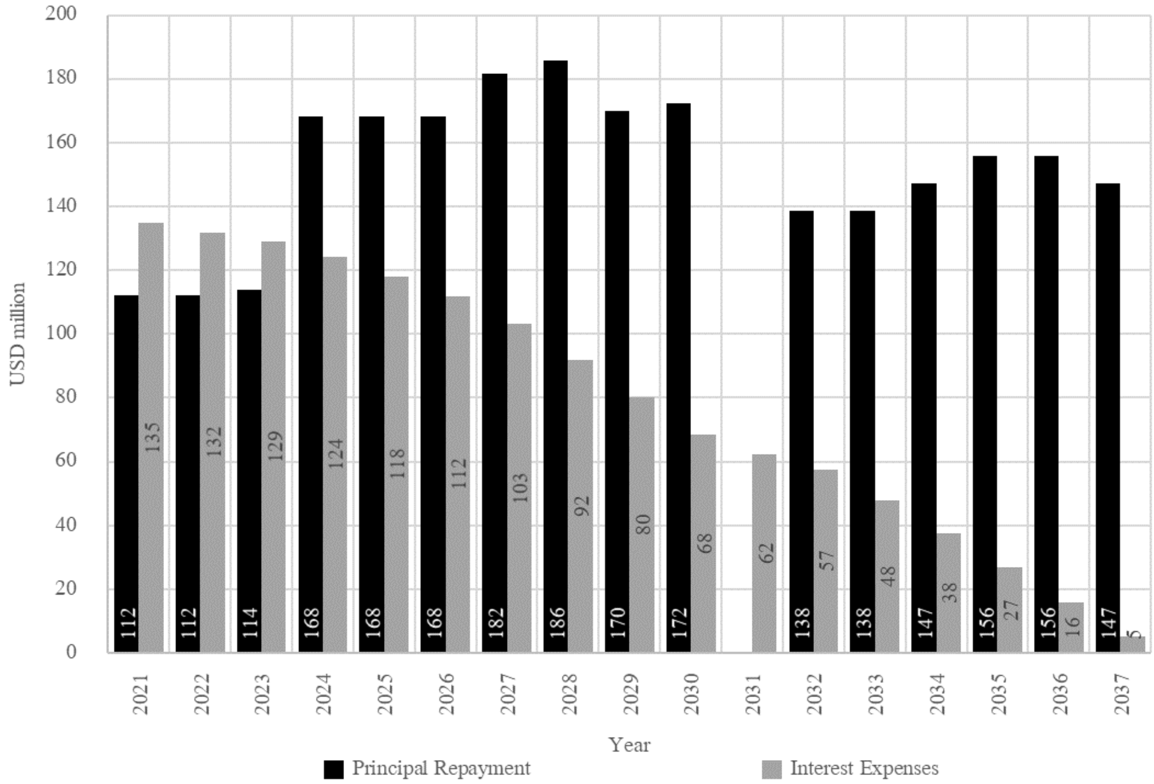
(5) Financial debts

As at December 31, 2022, there are an outstanding of PE's intercompany financial debts from MPBV, a subsidiary of MCBV which is a related company and is one of the Group of Target Companies in which the Company will invest under this transaction. There are 5 loan facilities as follows:

Facility	Outstanding value as at Dec 31, 2021 (USD million)	Summary of terms and conditions
Loan Facility A	874.62	Amount: USD 874.62 million Loan period: 20 years Principal repayment: Jan 31, 2030 – Jul 31, 2037 Interest rate: 7.4686% p.a.
Loan Facility B	566.07	Amount: USD 566.07 million Loan period: 13 years Principal repayment: Jan 31, 2027 – Jan 31, 2030 Interest rate: 6.695% p.a.
Loan Facility C	145.13	Amount: JPY 30,000 million Loan period: 6 years Principal repayment: Jan 31, 2018 – Jul 31, 2023 Interest rate: 6.695% p.a.

Facility	Outstanding value as at Dec 31, 2021 (USD million)	Summary of terms and conditions
Loan Facility D	801.31	Amount: USD 959.31 million Loan period: 3 years, extendable for not more than another 3 years subject to the lender's approval and change of interest rate Principal repayment: Jan 31, 2018 – Dec 31, 2021 Interest rate: 6.695% p.a.
Loan Facility E	48.77	Amount: JPY 10,000 million Loan period: 6 years Principal repayment: Jan 31, 2018 – Jul 31, 2023 Interest rate: LIBOR + 1.457%

Assumption on financial loans throughout the projection period is as follows:



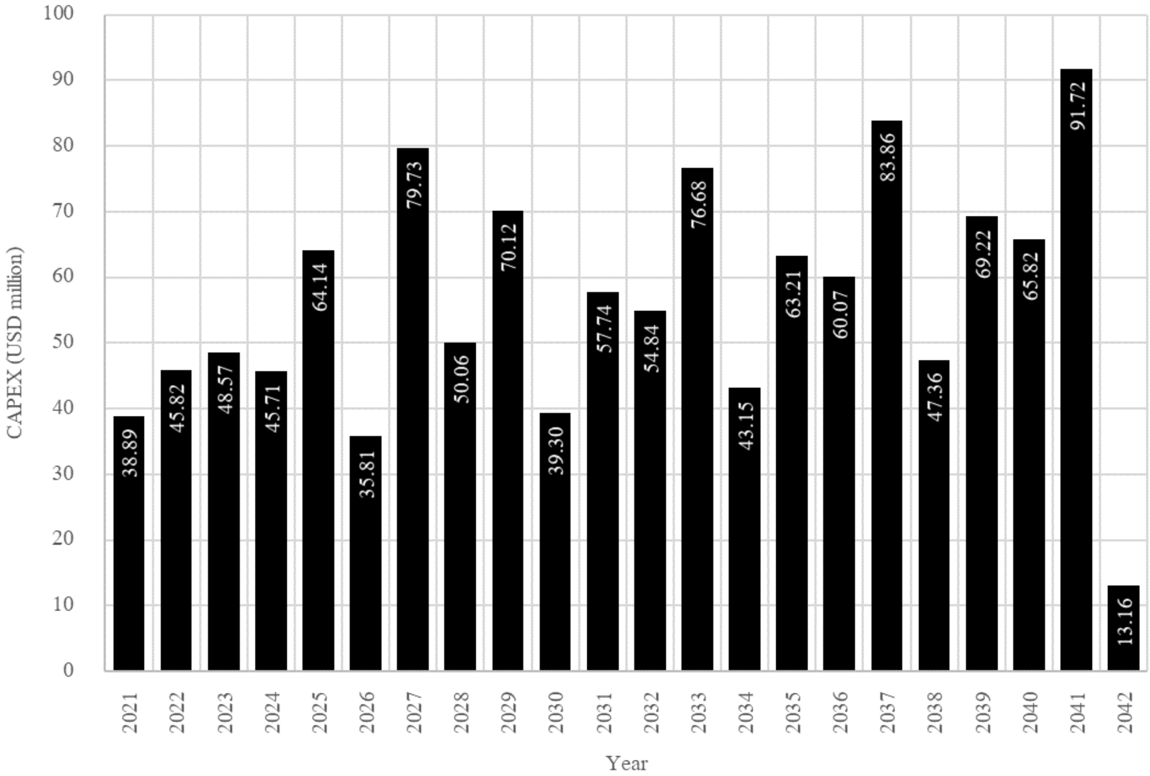
(6) Corporate income tax

It is assumed that PE will be subject to corporate income tax at a rate of 22% in 2021 and at a decreasing rate of 20% from 2022 until the end of the projection period, which is in line with Indonesia's current regulations.

(7) Capital expenditures

The assumption on capital expenditures is based on POMI's forecast according to useful life of machinery and maintenance plan for each item, and also based on the technical consultant's opinion state that the estimation of capital expenditures by POMI is adequate. In addition, this capital expenditures already include cost of half-life refurbishment in 2022, as well as covers cost of machinery modification to suit the changing quality of coal used for power generation of P7/8 and P3 in 2023 and 2031.

Capital expenditures in each year throughout the projection period can be shown in the graph below:



Remark: In 2041, PE will incur higher-than-usual capital expenditures because in such year capital expenditures will include cost of power plant demolition, which will be undertaken from 2041 onwards starting with the sections unrelated to the core activity. Capital expenditures in 2042 will almost totally be for the power plant demolition upon expiration of the PPA in that year.

(8) Working capital

Working capital is projected based on the average of historical data, as follows:

–	Trade accounts receivable	45.00	days
–	Inventories	30.00	days
–	Trade accounts payable	60.00	days
–	Accrued expenses	60.00	days

(9) Terminal value

The IFA has not made any assumption on terminal value since the PPA has a definite term and our financial projection covers the period up to the expiration date of the PPA. Besides, the PPA is in the form of Build-Own-Operate whereby PE might make a decision to demolish the power plants after expiration of the agreement. The demolition cost has already been incorporated into the capital expenditures for 2041 and 2042.

From the assumptions for financial projection described above, we have projected free cash flow to equity (FCFE) expected from the operation of PE over a period of 21 years and 3 months (January 1, 2021 – March 31, 2042) and then calculated the present value of such projected cash flow by using a discount rate derived from the calculation of cost of equity (Ke) in each projection year, which is in a range of 7.33% – 13.21% (the average Ke throughout the projection period is equal to 9.96%).

Calculation of Ke: [17]

$$Ke = Rf + \beta(Rm - Rf)$$

Where: Risk free rate (Rf)		Risk free rate of return on investment, derived from www.thaibma.or.th as at June 21, 2021, is equal to 2.60% per year, based on 20 years government bond yield which is a period that reflects investment condition in different time periods better than short-term data.
Beta (β)		This is a variance of SET return compared with a variance of return on investment in PE shares. We use the beta of six companies[18] in the Peer Group, as earlier described in Section 'Market Comparable Approach,' based on the weekly trading statistics from Bloomberg over the past three years from June 22, 2018 to June 21, 2021. The beta of these reference companies is adjusted to arrive at an unlevered beta, which is then adjusted by interest-bearing debt to equity ratio of PE as at the end of the projection period to derive a relevered beta, which is equal to 0.489 – 1.097 (or an average of 0.76 throughout the projection period).
Rm		This is an average rate of return on the SET over the past 20 years, which is a period that reflect investment condition in different time periods better than shorter-term data (source: SET data from August 2001 to July 2021), equal to 12.27%.

[17] The IFA calculates Ke of the Company based on information in Thailand to reflect the Company's return expectation of investors who trade the Company's shares on the Stock Exchange of Thailand.

[18] Beta of POWR is excluded because it is considered as the outlier.

Based on the above assumptions, the IFA has calculated a base case fair value of the investment in PE shares according to the investment proportion at USD 709.87 million, the details of which are tabulated below:

Unit: USD million	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net profit	214.70	219.80	207.69	196.25	183.64	175.51	156.06	151.08	140.17	139.75	124.11
Add: Depreciation and amortization of fixed assets	15.20	20.94	27.00	32.71	40.73	45.21	53.10	52.18	56.09	55.27	56.42
Add: Amortization of financial assets from concession projects	64.03	101.70	83.67	110.91	107.22	150.47	138.66	158.84	57.71	100.38	103.20
Add: Other receivables amortization (RSP)	16.81	18.56	20.51	22.65	25.03	27.64	30.55	33.74	37.27	41.18	45.49
Change in net working capital	91.51	(15.96)	(13.00)	(6.06)	27.40	(4.99)	10.42	(5.43)	43.47	21.70	3.15
Less: Capital expenditures	(38.89)	(45.82)	(48.57)	(45.71)	(64.14)	(35.81)	(79.73)	(50.06)	(70.12)	(39.30)	(57.74)
Less: Repayment of financial debts*	(112.08)	(112.08)	(113.98)	(168.28)	(168.28)	(168.28)	(181.58)	(185.85)	(169.82)	(172.37)	-
Free cash flow to equity (FCFE)	**251.28**	**187.14**	**163.32**	**142.49**	**151.60**	**189.75**	**127.48**	**154.51**	**94.76**	**146.61**	**274.62**
Discount period (year)	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00
Return on equity	13.21%	12.86%	12.83%	12.30%	11.82%	11.43%	10.97%	10.61%	10.15%	9.95%	10.06%
Discount factor	0.88333	0.78268	0.69368	0.61771	0.55244	0.49578	0.44675	0.40391	0.36668	0.33350	0.30303
Present value of FCFE	**221.97**	**146.47**	**113.29**	**88.01**	**83.75**	**94.07**	**56.95**	**62.41**	**34.75**	**48.90**	**83.22**

Remark: In 2031, there will be no principal repayment of any loans becoming due.

Unit: USD million	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Net profit	109.79	101.76	105.60	91.26	79.86	50.00	31.47	(16.94)	(77.17)	96.61	25.45
Add: Depreciation and amortization of fixed assets	57.57	59.13	60.04	58.79	62.15	69.37	75.59	89.67	112.07	175.86	55.73
Add: Amortization of financial assets from concession projects	107.61	116.58	167.40	180.29	205.35	229.13	274.30	303.31	347.08	58.17	10.83
Add: Other receivables amortization (RSP)	4.00	-	-	-	-	-	-	-	-	-	-
Change in net working capital	(5.50)	13.65	(38.75)	(71.90)	(30.00)	152.51	(44.80)	(22.61)	(24.63)	43.87	(78.04)
Less: Capital expenditures	(54.84)	(76.68)	(43.15)	(63.21)	(60.07)	(83.86)	(47.36)	(69.22)	(65.82)	(91.72)	(13.16)
Less: Repayment of financial debts	(138.47)	(138.47)	(147.22)	(155.97)	(155.97)	(147.22)	-	-	-	-	-
Free cash flow to equity (FCFE)	**80.16**	**75.96**	**103.92**	**39.27**	**101.33**	**269.93**	**289.20**	**284.21**	**291.52**	**282.79**	**0.81**
Discount period (year)	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	21.25
Return on equity	9.71%	9.32%	8.97%	8.54%	8.18%	7.96%	8.06%	8.21%	8.31%	8.31%	7.33%
Discount factor	0.27622	0.25267	0.23187	0.21363	0.19748	0.18292	0.16927	0.15643	0.14442	0.13333	0.13099
Present value of FCFE	**22.14**	**19.19**	**24.10**	**8.39**	**20.01**	**49.38**	**48.95**	**44.46**	**42.10**	**37.70**	**0.11**

Particulars	USD million
Total present value of FCFE	1,350.32
Add: Cash	209.32
Total equity value of PE	1,559.64
Proportion of PE shares being acquired	45.515%
Value according to investment proportion	709.87

In addition, the IFA has performed a sensitivity analysis[19] on the valuation of PE shares to cover a range of impacts that are expected from changes to various factors having an effect on value of Component A which has the most impact on the valuation, comprising IDR : USD exchange rate, IDR : JYP exchange rate, and AFa. We have also analyzed the sensitivity to changes in Ke or cost of equity, which is another factor having a considerable impact on the valuation. The outcomes are as follows:

- Increase/decrease in the change rate of the IDR : USD exchange rate of between (2.37)% and 5.27% per year (or ± 4% from the base case change rate of 1.27% per year)

Change rate of the IDR : USD exchange rate	-2.73%	-0.73%	1.27%	3.27%	5.27%
Value according to investment proportion (USD million)	702.16	706.38	709.87	712.77	715.10

- Increase/decrease in the change rate of the IDR : JYP exchange rate of between (1.16)% and 6.84% per year (or ± 4% from the base case change rate of 2.84% per year)

Change rate of the IDR : JPY exchange rate	-1.16%	0.84%	2.84%	4.84%	6.84%
Value according to investment proportion (USD million)	692.68	700.98	709.87	719.32	729.62

- Change in AFa by ± 3% from the base case

Change in AFa	-3.00%	-1.50%	0.00%	1.50%	3.00%
Value according to investment proportion (USD million)	676.51	694.80	709.87	719.67	726.40

- Change in Ke by ± 1% from the base case

Change in Ke	-1.00%	-0.50%	0.00%	0.50%	1.00%
Value according to investment proportion (USD million)	754.78	731.62	709.87	689.41	670.19

From the above sensitivity analysis with changes to various factors, the value of investment in PE shares according to the investment proportion is appraised in a range of USD 670.19 million – USD 754.78 million, which is higher (lower) than the sale and purchase price under the SPA of USD 707.2 million by USD (37.01) million – USD 47.58 million or (5.23)% – 6.73%.

[19] The range of changes in various factors in the sensitivity analysis is set out for the purpose to show sensitivity of such factor that may result in changes of the transaction price in a range of 8%-10% from the base case.

(b) *Appraisal of a fair value of the investment in MCBV*

MCBV is a juristic entity established with the objective to secure funding sources for business operation of PE by mobilizing funds from third party investors for further lending to PE. Currently, MCBV provides loans solely to PE and PE likewise has MCBV as its only creditor.

The key assumptions for cash flow projection of MCBV are as follows:

(1) Interest income

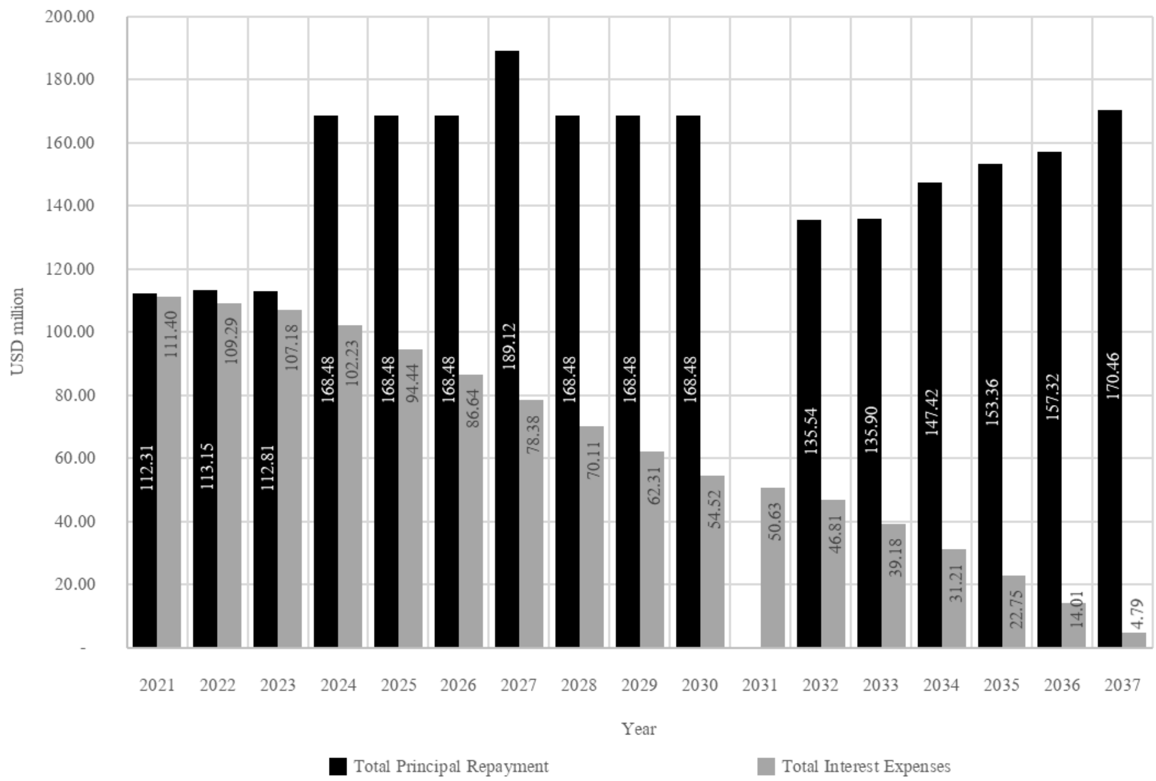
The core operating assets of MCBV are loans receivable from PE, the outstanding balance of which was USD 2,536.59 million as at December 31, 2020 according to MCBV's consolidated financial statements. The principal and interest payments for those loans provided to PE are projected under the assumptions for cash flow projection of PE described in Item 3.1.5 (a) (5) on pages 89 – 90.

(2) Interest expenses

MCBV's financial debts as at December 31, 2020 can be separated into four tranches as follows:

Tranches	Outstanding value as at Dec 31, 2021 (USD million)	Summary of terms and conditions
Loan Facility A	148.80	Amount: USD 300 million Loan period: 6 years Principal repayment: On a semi-annual basis during 2018-2023 Interest rate: USD LIBOR + 1.30% p.a.
Loan Facility B	193.04	Amount: JPY 40,000 million Loan period: 6 years Principal repayment: On a semi-annual basis during 2018-2023 Interest rate: JPY LIBOR + 0.80% p.a.
Senior Note 2030	1,200	Issue size: USD 1,200 million Maturity period: 13 years Principal repayment: On a semi-annual basis during 2024-2030 Interest rate: 4.625% p.a.
Senior Note 2037	900	Issue size: USD 900 million Maturity period: 20 years Principal repayment: On a semi-annual basis during 2024-2037 Interest rate: 5.625% p.a.

Assumptions on financial debts throughout the projection period are as follows:



(3) <u>Other finance costs</u>

In addition to the interest expenses, MCBV has capitalized the costs of issuing two series of Senior Note, the outstanding balance of which was Baht 11.85 million as at December 31, 2020, with amortization in the statements of income in the amount of USD 0.76 million and USD 0.25 million per year for Senior Note 2020 and 2027 respectively, calculated based on the straight line method under MCBV's policy.

(4) <u>Administrative expenses</u>

In 2018-2020, MCBV's administrative expenses were rather constant at an average of USD 1.00 million. Thus, we project its selling and administrative expenses in 2021 to be USD 0.98 million, which is in line with MCBV's forecast and close to the past three-year average. Since these expenses mainly are salaries and professional/specialist fees, which are fixed costs, administrative expenses in any year throughout the projection period are projected to increase from the prior year by the same rate as the EU's inflation rate.

(5) <u>Working capital</u>

Working capital is projected based on the average of historical data, as follows:

- Accrued interest receivable 60 days

  (This is in line with the turnover rate of accrued interest payable of PE, which is the only debtor of MCBV.)

- Accrued interest payable 135 days

  (Interest on most debts is payable on a semi-annual basis.)

(6) Income tax

It is assumed that MCBV is subject to the average income tax rate of 40%, which is close to the past three-year data, consisting of withholding tax at the rate of 10% of interest income and corporate income tax of 15% – 20%.

(7) Discount rate

Since MCBV is a juristic entity established as a special purpose vehicle to secure funding sources for business operation of PE only, its business risk is therefore related primarily to business operation risk of PE. The IFA accordingly views that the discount rate used for calculating a fair value of the investment in MCBV shares should be based on cost of equity (Ke) at the same rate as that of PE, which is in a range of 7.33% – 13.21% (the average Ke throughout the projection period is equal to 9.96%).

Based on the above assumptions, the IFA has calculated a base case fair value of the investment in MCBV shares according to the investment proportion at USD 57.08 million, the details of which are tabulated below:

Unit: USD million	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Net profit	17.23	14.95	12.66	12.05	12.99	13.94	13.74	11.82	9.49	7.08	6.19
Add: Amortization – cost of financing	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	0.25
Change in accrued interest receivable	1.60	0.48	0.48	0.75	1.02	1.02	1.41	1.88	1.92	1.94	1.00
Add: Cash received from loan repayment by PE	112.08	112.08	113.98	168.28	168.28	168.28	181.58	185.85	169.82	172.37	-
Change in accrued interest payable	(5.27)	-	-	(1.44)	(2.88)	(2.88)	(3.06)	(3.06)	(2.88)	(2.88)	(1.44)
Repayment of loans and Senior Notes	(114.35)	(114.35)	(113.15)	-	-	-	-	-	-	-	-
Repayment of Senior Notes	(0.00)	0.00	0.00	(168.48)	(168.48)	(168.48)	(189.12)	(168.48)	(168.48)	(168.48)	-
Repayment of lease liabilities	(0.12)	-	-	-	-	-	-	-	-	-	-
Repayment of other debts	(6.31)	-	-	-	-	-	-	-	-	-	-
Free cash flow to equity (FCFE)	**5.87**	**14.17**	**14.99**	**12.16**	**11.93**	**12.88**	**5.57**	**29.02**	**10.87**	**11.03**	**6.01**
Discount period (year)	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00
Return on equity	13.21%	12.86%	12.83%	12.30%	11.82%	11.43%	10.97%	10.61%	10.15%	9.95%	10.06%
Discount factor	0.88333	0.78268	0.69368	0.61771	0.55244	0.49578	0.44675	0.40391	0.36668	0.33350	0.30303
Present value of FCFE	**5.19**	**11.09**	**10.40**	**7.51**	**6.59**	**6.38**	**2.49**	**11.72**	**3.99**	**3.68**	**1.82**

Unit: USD million	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Net profit	5.55	4.28	3.01	1.65	0.26	(0.65)	(0.75)	(0.76)	(0.77)	(0.79)	(0.80)
Add: Amortization – cost of financing	0.25	0.25	0.25	0.25	0.25	0.25	-	-	-	-	-
Change in accrued interest receivable	0.80	1.60	1.65	1.76	1.82	1.76	0.85	-	-	-	-
Add: Cash received from loan repayment by PE	138.47	138.47	147.22	155.97	155.97	146.34	-	-	-	-	-
Change in accrued interest payable	(1.41)	(2.82)	(2.95)	(3.13)	(3.23)	(3.41)	(1.77)	-	-	-	-
Repayment of loans and Senior Notes	-	-	-	-	-	-	-	-	-	-	-
Repayment of Senior Notes	(135.54)	(135.90)	(147.42)	(153.36)	(157.32)	(170.46)	-	-	-	-	-
Repayment of lease liabilities	-	-	-	-	-	-	-	-	-	-	-
Repayment of other debts	-	-	-	-	-	-	-	-	-	-	-
Free cash flow to equity (FCFE)	**8.13**	**5.88**	**1.77**	**3.14**	**(2.26)**	**(26.17)**	**(1.67)**	**(0.76)**	**(0.77)**	**(0.79)**	**(0.80)**
Discount period (year)	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	21.25
Return on equity	9.71%	9.32%	8.97%	8.54%	8.18%	7.96%	8.06%	8.21%	8.31%	8.31%	7.33%
Discount factor	0.27622	0.25267	0.23187	0.21363	0.19748	0.18292	0.16927	0.15643	0.14442	0.13333	0.13099
Present value of FCFE	**2.24**	**1.49**	**0.41**	**0.67**	**(0.45)**	**(4.79)**	**(0.28)**	**(0.12)**	**(0.11)**	**(0.10)**	**(0.10)**

Particulars	USD million
Total present value of FCFE	69.72
Add: Cash	55.68
Total equity value of MCBV	125.40
Proportion of MCBV shares being acquired	45.515%
Value according to investment proportion	57.08

In addition, the IFA has conducted a sensitivity analysis on the valuation of MCBV shares by changing Ke by ± 2% from the base case, the outcome of which is as follows:

Change in Ke[20]	-2.00%	-1.00%	0.00%	1.00%	2.00%
Value according to investment proportion (USD million)	59.82	58.42	57.08	55.80	54.59

From the above sensitivity analysis, the value of investment in MCBV shares according to the investment proportion is appraised in a range of USD 54.59 million – USD 59.82 million, which is higher than the sale and purchase price under the SPA of USD 53.50 million by USD 1.09 million – USD 6.32 million or 2.04% – 11.81%.

[20] The range of changes in various factors in the sensitivity analysis is set out for the purpose to show sensitivity of such factor that may result in changes of the transaction price in a range of 8%-10% from the base case.

(c) Appraisal of a fair value of the investment in IPM

IPM was established with the objective to exclusively provide O&M services for the power plants of PE. POMI, a subsidiary in which IPM holds a stake of 84.08%, executed the O&M contract for both power plants of PE for a term that covers the entire period of the PPA between PE and PLN.

The key assumptions for appraisal of a fair value of the investment in IPM are as follows:

(1) Revenue from rendering of services

The compensation under the contract is earlier described in Item 3.1.5 (a) (3) Sub-Item "O&M contract costs" on pages 85 – 86.

(2) Costs and expenses

In 2018-2020, IPM recorded costs and expenses of USD 16 million – USD 17 million. Thus, we project its costs and expenses in 2021 at USD 16.64 million, which is in line with IPM's forecast and close to the past data. Costs and expenses of IPM mainly are salaries and employee-related expenses, professional/specialist fees, expenses relating to technical service contracts from related companies, and salaries for staff assigned by the technical consultant to work full time at IPM, nearly all of which are fixed costs. Therefore, costs and expenses of IPM in any year throughout the projection period are projected to increase by the same rate as the US's inflation rate, which aligns with most of the agreements that require price adjustment based on the US's inflation rate.

(3) Working capital

Working capital is projected based on the average of historical data, as follows:

- Trade accounts receivable 60 days
- Trade accounts payable 30 days

(4) Income tax

It is assumed that IPM is subject to corporate income tax rate of 17%, according to the law of the Republic of Singapore.

(5) Discount rate

Since IPM is a juristic entity established to provide O&M services exclusively for PE's power plants without rendering the services to any third parties, its business risk is therefore related primarily to business operation risk of PE. The IFA accordingly views that the discount rate used for calculating a fair value of the investment in IPM shares should be based on cost of equity (Ke) at the same rate as that of PE, which is in a range of 7.33% – 13.21% (the average Ke throughout the projection period is equal to 9.96%).

Based on the above assumptions, the IFA has calculated a base case fair value of the investment in IPM shares according to the investment proportion at USD 53.97 million, the details of which are tabulated below:

Unit: USD million	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net profit	7.99	8.90	11.64	9.18	12.53	10.65	10.86	9.78	8.92	10.00	10.17
Change in net working capital	(0.39)	(0.20)	(0.57)	0.46	(0.69)	0.35	(0.07)	0.19	0.14	(0.24)	(0.06)
Loans to related companies	-	-	-	-	-	-	-	-	-	-	-
Free cash flow to equity (FCFE)	**7.60**	**8.69**	**11.07**	**9.64**	**11.84**	**11.00**	**10.79**	**9.97**	**9.06**	**9.76**	**10.11**
Discount period	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00
Return on equity	13.21%	12.86%	12.83%	12.30%	11.82%	11.43%	10.97%	10.61%	10.15%	9.95%	10.06%
Discount factor	0.88333	0.78268	0.69368	0.61771	0.55244	0.49578	0.44675	0.40391	0.36668	0.33350	0.30303
Present value of FCFE	**6.71**	**6.80**	**7.68**	**5.96**	**6.54**	**5.45**	**4.82**	**4.03**	**3.32**	**3.26**	**3.06**

Unit: USD million	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Net profit	9.13	9.41	9.51	9.69	11.55	10.05	12.47	12.66	9.29	9.58	4.17
Change in net working capital	0.18	(0.09)	(0.05)	(0.07)	(0.40)	0.27	(0.51)	(0.07)	0.63	(0.09)	3.89
Loans to related companies	-	-	-	-	-	-	-	-	-	-	0.05
Free cash flow to equity (FCFE)	**9.30**	**9.32**	**9.46**	**9.62**	**11.15**	**10.31**	**11.96**	**12.59**	**9.92**	**9.49**	**8.11**
Discount period	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	21.25
Return on equity	9.71%	9.32%	8.97%	8.54%	8.18%	7.96%	8.06%	8.21%	8.31%	8.31%	7.33%
Discount factor	0.27622	0.25267	0.23187	0.21363	0.19748	0.18292	0.16927	0.15643	0.14442	0.13333	0.13099
Present value of FCFE	**2.57**	**2.36**	**2.19**	**2.06**	**2.20**	**1.89**	**2.02**	**1.97**	**1.43**	**1.26**	**1.06**

Particulars	USD million
Total present value of FCFE	78.65
Add: Cash	7.57
Less: Non-controlling interests in subsidiaries	(3.19)
Total equity value of IPM	83.03
Proportion of IPM shares being acquired	65.00%
Value of according to investment proportion	53.97

In addition, the IFA has conducted a sensitivity analysis[21] on the valuation of IPM shares to cover a range of impacts that are expected from changes to various factors. Since IPM's revenues under the O&M service contract made with PE are calculated based mainly on Component A under the PPA of PE, we have performed the sensitivity analysis with changes to the factors having an effect on Component A, comprising changes in IDR : USD exchange rate and changes in AFa. We have also analyzed the sensitivity to changes in Ke or cost of equity, which is another factor having a considerable impact on the valuation. The outcomes are as follows:

[21] The range of changes in various factors in the sensitivity analysis is set out for the purpose to show sensitivity of such factor that may result in changes of the transaction price in a range of 8%-10% from the base case.

- Increase/decrease in the change rate of the IDR : USD exchange rate of between (0.73)% and 3.27% per year (or ± 2% from the base case change rate of 1.27% per year)

Change rate of the IDR : USD exchange rate	-0.73%	0.27%	1.27%	2.27%	3.27%
Value according to investment proportion (USD million)	66.14	59.66	53.97	48.96	44.52

- Change in AFa by ± 1% from the base case

Change in AFa	-1.00%	-0.50%	0.00%	0.50%	1.00%
Value according to investment proportion (USD million)	48.71	51.60	53.97	57.40	60.32

- Change in Ke by ± 2% from the base case

Change in Ke	-2.00%	-1.00%	0.00%	1.00%	2.00%
Value according to investment proportion (USD million)	62.39	57.92	53.97	50.46	47.34

From the above sensitivity analysis with changes to various factors, the value of investment in IPM shares according to the investment proportion is appraised in a range of USD 44.52 million – USD 66.14 million, which is higher (lower) than the sale and purchase price under the SPA of USD 48.90 million by USD (4.38) million – USD 17.24 million or (8.96)% – 35.26%.

Summary of the IFA's opinion on the valuation of share purchase in the Group of Target Companies according to the investment proportion

Table showing comparison of the purchase price of PE shares

Valuation approach	Appraised price (Baht million)	Purchase price of PE shares (Baht million)	Appraised price being higher/(lower) than purchase price	
			Baht million	%
1. Book value approach	645.81	707.20	(61.39)	(8.68)
2. Adjusted book value approach	N/A	707.20	N/A	N/A
3. Market comparable approach				
(a) P/BV ratio approach	826.55 – 858.87	707.20	119.35 – 151.67	16.88 – 21.45
(b) P/E ratio approach	2,489.86 – 2,959.39	707.20	1,782.66 – 2,252.19	92.66 – 98.26
(c) EV/EBITDA ratio approach	2,493.75 – 2,715.83	707.20	1,786.55 – 2,008.63	252.62 – 284.03
4. Market value approach	N/A	707.20	N/A	N/A
5. Discounted cash flow approach	670.19 – 754.78	707.20	(37.01) – 47.58	(5.23) – 6.73

Table showing comparison of the purchase price of MCBV shares

Valuation approach	Appraised price (Baht million)	Purchase price of MCBV shares (Baht million)	Appraised price being higher/(lower) than purchase price	
			Baht million	%
1. Book value approach	16.16	53.50	(37.34)	(69.79)
2. Adjusted book value approach	N/A	53.50	N/A	N/A
3. Market comparable approach				
(a) P/BV ratio approach	20.48 – 21.39	53.50	(33.02) – (32.11)	(61.72) – (60.02)
(b) P/E ratio approach	178.94 – 212.56	53.50	125.44 – 159.06	234.47 – 297.31
(c) EV/EBITDA ratio approach	54.56 – 126.44	53.50	1.06 – 72.94	1.98 – 136.34
4. Market value approach	N/A	53.50	N/A	N/A
5. Discounted cash flow approach	54.59 – 59.82	53.50	1.09 – 6.32	2.04 – 11.81

Table showing comparison of the purchase price of IPM shares

Valuation approach	Appraised price (Baht million)	Purchase price of IPM shares (Baht million)	Appraised price being higher/(lower) than purchase price	
			Baht million	%
1. Book value approach	7.20	48.90	(41.70)	(85.28)
2. Adjusted book value approach	N/A	48.90	N/A	N/A
3. Market comparable approach				
(a) P/BV ratio approach	9.10 – 9.75	48.90	(39.80) – (39.15)	(81.39) – (80.06)
(b) P/E ratio approach	68.25 – 81.25	48.90	19.35 – 32.35	39.57 – 66.16
(c) EV/EBITDA ratio approach	89.95 – 95.76	48.90	41.05 – 46.86	83.95 – 95.83
4. Market value approach	N/A	48.90	N/A	N/A
5. Discounted cash flow approach	44.52 – 66.14	48.90	(4.38) – 17.24	(8.96) – 35.26

Table showing comparison of the purchase price of shares in the Group of Target Companies

Valuation approach	Appraised price (Baht million)	Purchase price of shares in the Group of Target Companies (Baht million)	Appraised price being higher/(lower) than purchase price	
			Baht million	%
1. Book value approach	669.17	809.60	(140.43)	(17.35)
2. Adjusted book value approach	N/A	N/A	N/A	N/A
3. Market comparable approach				
(a) P/BV ratio approach	856.13 – 890.60	809.60	46.53 – 80.41	5.75 – 9.93
(b) P/E ratio approach	2,737.05 – 3,253.20	809.60	1,927.45 – 2,443.60	238.07 – 301.83
(c) EV/EBITDA ratio approach	2,638.26 – 2,938.03	809.60	1,828.66 – 2,128.43	225.87 – 262.90
4. Market value approach	N/A	N/A	N/A	N/A
5. Discounted cash flow approach	776.36 – 889.97	809.60	(33.24) – 80.37	(4.11) – (9.93)

There are a differences in strengths and weaknesses of the above valuation approaches when identifying a fair value of the shares, as described below:

(1) The share valuation by the book value approach focuses on financial position at a given period of time and book value of assets, but does not reflect the true market value of assets and the future profitability.

(2) The adjusted book value approach could reflect the net asset value better than the share valuation by the book value approach. This is because the appraised book value of shares in (1) is adjusted by value of property, plant and equipment at a market or fair value, and also by interim dividend payment, commitments and contingent liabilities, etc. Although this approach is better than the book value approach, the adjusted value of assets to their present value can only measure the net asset value at a certain point in time, but does not reflect the future profitability of the Group of Target Companies.

(3) The market comparable approach, comprising P/E ratio, P/BV ratio and EV/EBITDA ratio approaches, may not reflect the true value of the business due to the variation and difference in certain factors of the Peer Group in terms of business operation policy, marketing plan, customer base, future business plan, financial structure, and profitability of each company.

(4) The market value approach can well reflect demand and supply of shares traded on the stock exchange in different time periods. However, since the shares of the Group of Target Companies are not listed on the stock market, their shares cannot be valued by this approach.

(5) The discounted cash flow approach focuses on future operation and profitability of the business by taking into account the present value of future net cash flow based on past operation, as well as the economic trend and future operation of the Group of Target Companies. Therefore, this approach can reflect the true value of the Group of Target Companies better than all other approaches.

The IFA is of the opinion that the most suitable method for fair value measurement of the shares in the Group of Target Companies is the discounted cash flow approach. This is because this approach focuses on future business operation and profitability based on consideration of the present value of net free cash flow of the business, coupled with the overall economic and industrial trends. Shown in the below table is the fair value of the investment in ordinary shares of the Group of Target Companies as measured by the DCF approach:

Company	Fair value of the share of the Group of Target Companies according to investment proportion (USD million)	Share purchase price of the Group of Target Companies under the SPA (USD million)	Fair value of the share purchase being higher (lower) than share purchase price of the Group of Target Companies under the SPA	
			USD million	%
PE	670.19 – 754.78	707.20	(37.01) – 47.58	(5.23) – 6.73
MCBV	54.59 – 59.82	53.50	1.09 – 6.32	2.04 – 11.81
IPM	44.52 – 66.14	48.90	(4.38) – 17.24	(8.96) – 35.26
Total	**769.30 – 880.74**	**809.60**	**(40.30) – 71.14**	**(4.30) – 8.79**

From the above table, we would like to express opinion regarding price for this transaction as follows:

(1) The purchase price of PE shares under the SPA of USD 707.20 million is within the range of fair value of the purchase of PE shares according to the investment proportion appraised by the IFA at USD 670.19 million – USD 754.78 million, and is therefore considered appropriate.

(2) The purchase price of MCBV shares under the SPA of USD 53.50 million is lower than the range of fair value of the purchase of MCBV shares according to the investment proportion appraised by the IFA at USD 54.59 million – USD 59.82 million, and is therefore considered appropriate.

(3) The purchase price of IPM shares under the SPA of USD 48.90 million is within the range of fair value of the purchase of IPM shares according to the investment proportion appraised by the IFA at USD 44.52 million – USD 66.14 million, and is therefore considered appropriate.

(4) The total value of investment in the Group of Target Companies under the SPA of USD 809.60 million is within the range of fair value of the purchase of shares in the Group of Target Companies according to the investment proportion appraised by the IFA at USD 769.30 million – USD 880.74 million, and is therefore considered appropriate.

3.2 Appropriateness and conditions for the transaction

3.2.1 Appropriateness of the condition for price revision

Under the conditions in the SPA between the Company and the Sellers, the sale and purchase price of the shares is set at USD 809.60 million derived from the valuation based on financial statements of the Group of Target Companies as at December 31, 2020 (valuation date) and the payment plan to be made in March 2022. The valuation date and the payment date are about 15 months apart. Hence, to ensure the payment is fair for both parties, there is a price adjustment mechanism to best align with the updated financial position during the period from the valuation date under the SPA, i.e. December 31, 2020, to the payment date, which is expected in March 2022.

According to the SPA, the sale and purchase price shall be revised twice. For the first price revision, RHIS will pay the consideration for the sale and purchase of shares by March 2022 based on the account adjustment according to management account of the Group of Target Companies prepared by the Sellers. Then, after the share transfer date, the two parties will make the second price revision by appointing PricewaterhouseCoopers LLP., an independent auditor, to examine the first price revision within 60 days. The two parties agree to pay for the difference between the first and the second price revisions to the other party within 10 business days after completion of the examination of the second price revision.

The IFA is of the opinion that the said condition for sale and purchase price revision is fair for both parties. This is because the valuation date and the payment date are about 15 months apart; therefore, such price revision will enable the sale and purchase price as at the payment date to reflect the most updated financial position of the Group of Target

Companies. Besides, the revised sale and purchase price will be calculated based mainly on the adjustment to an increase or decrease in cash due to change in net working capital and change in financial debts, both of which are the major items that affect the change in fair value of equity of the Group of Target Companies. Furthermore, the final price adjustment will be examined by an independent auditor. Thus, we view that the condition for revision of the sale and purchase price to reflect the changing financial position under the above method **is appropriate**.

3.2.2 Appropriateness of other conditions for the transaction

The conditions precedent include: (1) the requirement that other shareholders of the Group of Target Companies, apart from the Sellers, do not exercise the right to purchase shares of the Sellers under the same terms and conditions and at the same price as those offered to the Company, which is in accordance with the provision set forth in the agreement between the existing shareholders of Paiton Energy Project, whereby after the end of the ROFO period on August 23, 2021, none of the existing shareholders exercised its right to purchase the shares on the same terms and conditions that the Seller has offered; (2) the approval from the Company's shareholders for the asset acquisition transaction through the investment in Paiton Energy Project, which is the normal condition where the Company is legally required to seek the shareholders' prior approval for the transaction since it is deemed a material asset acquisition transaction; (3) the consent from the state-owned electricity company of the Republic of Indonesia (PT Perusahaan Listrik Negara ("PLN")) and financing parties in accordance with the provision set forth in the PPA in case of a change of shareholders, and other consents in relation to the entry into this transaction, including the contracts or agreements on transfer of rights, duties and responsibilities of the Sellers under the shareholders agreement between the Sellers and the existing shareholders of Paiton Energy Project to the Company. These three condition precedents are set forth in accordance with the regulations or provisions of other agreements relating to this transaction; and (4) a SPA clause of no material adverse event taking place before the share transfer date which has a material adverse impact on the operation of Paiton Energy Project in the amount exceeding 25% of the total assets of Paiton, MCBV and subsidiaries, is a mechanism to prevent risk from investment associated with any incident that may severely impact value of the investment and accordingly is a condition that helps to mitigate risk to the Company. Therefore, the IFA views that these conditions precedent **are appropriate**.

As regards other risk-prone issues cited in the tax consultant's report such as the unfinalized tax assessments, it is set out in the SPA that the Company shall be entitled to claim compensation from the Sellers for a period of six years after entering into the transaction. As such, risks mentioned in the legal and tax consultants' reports have been contained as appropriate.

Apart from the conditions mentioned above, other conditions in the SPA such as the liability for damages, the representation, the causes of agreement termination, etc. are consistent with the general principles of sale and purchase agreements for shares. Having considered the terms and conditions in such agreement, we view that the SPA is in line with the general principles and practices and, hence, the conditions for this transaction under the SPA for shares in the Group of Target Companies **are appropriate**.

Notwithstanding to the opinion of the IFA regarding the reasonableness of the conditions of the transaction as specified above, the IFA would suggest the shareholders take the following remarks into consideration to approve the transaction.

As at the date that the shareholders consider to approve the transaction, minimum or maximum of the final transaction price is yet to be known, for the final transaction price shall be determined by the financial statements of the Target Companies as at the payment date which is expected to occur within March 2022.

Transaction price adjustment can affect the transaction price either positively or negatively from the contract transaction price of USD 809.60 million. However, no matter how much the price adjustment shall either negatively or positively affect the contract price of USD 809.60 million, return of investment of the transaction shall remain unaffected, given that performance of the Target Companies is still in line with the financial projection.

In the event that the Company has to additionally pay for discrepancy amount per the price adjustment, it has to seek for additional source of fund, resulting in additional interest expenses. However, according to Clause 1.8 "Sources of funds," the Company and its subsidiaries have cash and cash equivalent and unutilized credit facilities in aggregate of around Baht 50,000 million, which is twice as much as the transaction's contract price of USD 809.60 million. Therefore, the Company shall have sufficient sources of funds used for the transaction settlement.

It is primarily estimated by the financial advisor of the Company based on management of the Target Companies prepared by the Target Companies' management as at June 30, 2021 that the Company might has to additionally pay around USD 36 million for the price discrepancy according to the conditions for transaction price settlement. However, the actual/final transaction price may vary from such amount depending on the financial status of the Target Companies, which is going to be audited by PricewaterhouseCoopers LLP – an independent auditor, up until the settlement date.

Though the transaction is deemed beneficial, with fair conditions, to the Company; for the final purchase price of the transaction is yet to be known as at the date on which the transaction shall be considered by the shareholders, the IFA would suggest the shareholders prudently consider to approve the transaction, especially for price adjustment.

4. Conclusion of opinion of the Independent Financial Advisor

We, Advisory Plus Co., Ltd., as the IFA appointed by the Company to provide opinion to its shareholders regarding such asset acquisition transaction, are of the view that the investment in Paiton Energy Project through the purchase of shares in PE, MCBV and IPM by RHIS at a total value of USD 809.60 million (or approximately Baht 25,421.68 million) as described above is a reasonable transaction. This is because the transaction aligns with the Company's goal, which are to increase its electricity generating capacity to 10,000 MW and to compensate the gradually decreasing capacity due to the expired PPAs of some of its power plants, in a bid to achieve its vision to become a leading energy and infrastructure company in Asia-Pacific.

The advantages to the Company from this transaction include (1) an increase of the Company's power generating capacity and alignment with its operational goal, (2) an investment from which the Company can promptly recognize revenues, and (3) a source of long-term stable income. However, the entry into this transaction will create some disadvantages, i.e. (1) a loss of opportunity to invest in other projects, and (2) incurrence of additional debts (in case of securing loans from financial institutions to finance the investment in Paiton Energy Project).

If not entering into the transaction, the advantages are (1) availability of funds for investment in other large-scale projects, and (2) no incurrence of additional debts. However, there will be some disadvantages, including (1) a loss of opportunity to achieve the Company's goal, and (2) a loss of opportunity to invest in the project that delivers a long-term stable return.

The entry into this transaction will also involve a number of risks, comprising (1) risk on its operation performance of PE, MCBV and IPM failing to meet the projection, (2) natural disasters risk that may affect the project, (3) risk from foreign exchange fluctuation, (4) risk from interest rate hike, (5) risk from the Company not having absolute control power in both power plants, and (6) risk from a change of coal suppliers.

As regards the value of investment in Paiton Energy Project, the IFA is of the opinion that the suitable method for fair value measurement of the purchased shares in the Group of Target Companies according to the investment proportion is the discounted cash flow approach. This is because this approach focuses on future business operation and profitability based on consideration of the present value of net free cash flow of the business, coupled with the overall economic and industrial trends. Shown in the below table is the fair value of the investment in ordinary shares of the Group of Target Companies as measured by the DCF approach:

Company	**Fair value of the share purchase of the Group of Target Companies according to investment proportion (USD million)**	**Share purchase price of the Group of Target Companies under the SPA (USD million)**	**Fair value of the share purchase being higher (lower) than share purchase price of the Group of Target Companies under the SPA**	
			USD million	**%**
PE	670.19 – 754.78	707.20	(37.01) – 47.58	(5.23) – 6.73
MCBV	54.59 – 59.82	53.50	1.09 – 6.32	2.04 – 11.81
IPM	44.52 – 66.14	48.90	(4.38) – 17.24	(8.96) – 35.26
Total	**769.30 – 880.74**	**809.60**	**(40.30) – 71.14**	**(4.30) – 8.79**

From the above table, we would like to express opinion regarding price for this transaction as follows:

(1) The purchase price of PE shares under the SPA of USD 707.20 million is within the range of fair value of the purchase of PE shares according to the investment proportion appraised by the IFA at USD 670.19 million – USD 754.78 million, and is therefore considered appropriate.

(2) The purchase price of MCBV shares under the SPA of USD 53.50 million is lower than the range of fair value of the purchase of MCBV shares according to the investment proportion appraised by the IFA at USD 54.59 million – USD 59.82 million, and is therefore considered appropriate.

(3) The purchase price of IPM shares under the SPA of USD 48.90 million is within the range of fair value of the purchase of IPM shares according to the investment proportion appraised by the IFA at USD 44.52 million – USD 66.14 million, and is therefore considered appropriate.

(4) The total value of investment in the Group of Target Companies under the SPA of USD 809.60 million is within the range of fair value of the purchase of shares in the Group of Target Companies according to the investment proportion appraised by the IFA at USD 769.30 million – USD 880.74 million, and is therefore considered appropriate.

As regards the conditions for the transaction, there are terms and conditions set out in the SPA for shares in the Group of Target Companies between the Company and the Sellers to determine a mechanism for revision of the share sale and purchase price to align with the changing Group of Target Companies' financial position. According to the principle agreed upon between the Company and the Sellers, the sale and purchase price under the SPA shall be determined by basing on the financial statements of the Group of Target Companies as at December 31, 2020, which is deemed as the valuation date. Hence, to ensure the payment is fair to both parties, a condition has been set forth for a revision of the sale and purchase price to reflect the change in financial position during the period from the valuation date, i.e. December 31, 2020, to the payment date, which is expected in March 2022.

According to the SPA for shares in the Group of Target Companies, the sale and purchase price shall be revised twice. For the first price revision, RHIS shall pay the consideration for the sale and purchase of shares based on the account adjustment according to management account of the Group of Target Companies prepared by the Sellers. For the second price revision, the two parties mutually agree to assign PricewaterhouseCoopers LLP., an independent auditor, to examine the first price revision 60 days after the share transfer date. The two parties agree to pay for the difference between the first and the second price revisions to the other party within 10 business days after completion of the examination of the second price revision.

The IFA is of the opinion that the said condition for sale and purchase price revision is fair for both parties. This is because the valuation date and the payment date are about 15 months apart; therefore, such price revision will enable the sale and purchase price as at the payment date to reflect the most updated financial position of the Group of Target Companies. Besides, the revised sale and purchase price will be calculated based mainly on the adjustment to an increase or decrease in cash due to change in net working capital and change in financial debts, both of which are the major items that affect the change in fair value of equity of the Group of Target Companies. Thus, we view that the condition for revision of the sale and purchase price to reflect the changing financial position under the above method **is appropriate**.

As regards other risk-prone issues cited in the legal and tax consultants' reports such as the unfinalized taxes assessments, it is set out in the SPA that the Company shall be entitled to claim compensation from the Sellers for a period of six years after entering into the transaction. Other risks include the requirement to seek consent from related parties such as PLN or financing parties of MCBV and consent from the existing shareholders for the Company to assume the rights of Mitsui under the shareholders agreement. These issues have been set forth as the conditions precedent under the SPA. As such, risks mentioned in the legal and tax consultants' reports have been contained as appropriate.

Apart from the conditions mentioned above, other conditions in the SPA such as the conditions precedent, the liability for damages, the representation, the causes of agreement termination, etc. are consistent with the general principles of sale and purchase agreements for shares. Having considered the terms and conditions in such agreement, we view that the SPA is in line with the general principles and practices and, hence, the conditions for this transaction under the SPA for shares in the Group of Target Companies **are appropriate**.

Based on the aforementioned factors, the IFA views that the entry into this asset acquisition transaction through the investment in Paiton Energy Project is reasonable and beneficial to the Company. Therefore, we recommend that the shareholders should approve such asset acquisition transaction. However, the decision whether to approve or disapprove the transaction depends primarily on the shareholders' discretion.

Notwithstanding to the opinion of the IFA regarding the reasonableness of the conditions of the transaction as specified above, the IFA would suggest the shareholders take the following remarks into consideration to approve the transaction.

As at the date that the shareholders consider to approve the transaction, minimum or maximum of the final transaction price is yet to be known, for the final transaction price shall be determined by the financial statements of the Target Companies as at the payment date which is expected to occur within March 2022.

Transaction price adjustment can affect the transaction price either positively or negatively from the contract transaction price of USD 809.60 million. However, no matter how much the price adjustment shall either negatively or positively affect the contract price of USD 809.60 million, return of investment of the transaction shall remain unaffected, given that performance of the Target Companies is still in line with the financial projection.

In the event that the Company has to additionally pay for discrepancy amount per the price adjustment, it has to seek for additional source of fund, resulting in additional interest expenses. However, according to Clause 1.8 "Sources of funds," the Company and its subsidiaries have cash and cash equivalent and unutilized credit facilities in aggregate of around Baht 50,000 million, which is twice as much as the transaction's contract price of USD 809.60 million. Therefore, the Company shall have sufficient sources of funds used for the transaction settlement.

It is primarily estimated by the financial advisor of the Company based on management account of the Target Companies prepared by the Target Companies' management as at June 30, 2021 that the Company might has to additionally pay around USD 36 million for the price discrepancy according to the conditions for transaction price settlement. However, the actual/final transaction price may vary from such amount depending on the financial status of the Target Companies, which is going to be audited by PricewaterhouseCoopers LLP – an independent auditor, up until the settlement date.

Though the transaction is deemed beneficial, with fair conditions, to the Company; for the final purchase price of the transaction is yet to be known as at the date on which the transaction shall be considered by the shareholders, the IFA would suggest the shareholders prudently consider to approve the transaction, especially for price adjustment.

We hereby certify that we have rendered our opinion with due care according to professional standards and in the interests of the shareholders.

Yours sincerely,

Advisory Plus Company Limited

- *Thawatchai Vorawandthanachai* -

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(Mr. Thawatchai Vorawandthanachai)

Managing Director

- *Thanasak Boulowpetch* -

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(Mr. Thanasak Boulowpetch)

Supervisor

Attachment 1 Summary of the shares sale and purchase agreement

Parties to the agreement	Buyer : RH International (Singapore) Corporation Pte. Ltd. ("RHIS") Sellers : 1. Mitsui & Co., Ltd. ("Mitsui") 2. Paiton Power Financing B.V. ("PPF")
Objectives	1. Mitsui wishes to sell and RHIS wishes to buy 19,332 ordinary shares in PE, representing 45.515% of the total issued and paid-up shares of PE. 2. PPF wishes to sell and RHIS wishes to buy 2,275,750 ordinary shares in MCBV, representing 45.515% of the total issued and paid-up shares of MCBV. 3. PPF wishes to sell and RHIS wishes to buy 366,936,795 ordinary shares in IPM, representing 65.00% of the total issued and paid-up shares of IPM.
Signing date	June 22, 2021
Sale and purchase value	The Company will invest in Paiton Energy Project at a total value of USD 809.60 million (or approximately Baht 25,421.68 million), divided into: 1. 19,332 ordinary shares in PE, representing 45.515% of the total issued and paid-up shares of PE, at USD 707.20 million (or approximately Baht 22,206.29 million); 2. 2,275,750 ordinary shares in MCBV, representing 45.515% of the total issued and paid-up shares of MCBV, at USD 53.50 million (or approximately Baht 1,679.92 million); and 3. 366,936,795 ordinary shares in IPM, representing 65.00% of the total issued and paid-up shares of IPM, at USD 48.90 million (or approximately Baht 1,535.47 million).
Closing Date	The date of completion of the transaction shall be as mutually agreed upon between the Buyer and the Sellers, but not longer than 270 days from the signing date hereof, unless the two parties have agreed in writing to an extension beyond such 270-day period.

<table>
<tr><td>Terms of payment</td><td>

The Buyer shall transfer the entire amount payable to the Sellers into a notary account, which is mutually agreed upon between the Buyer and the Sellers, within two business days before the Closing Date.
On the Closing Date, the Sellers shall hand over the documents showing the consent or waiver obtained from third parties such as other shareholders of the Group of Target Companies and financing parties, and other documents from third parties required for the registration or transfer of ownership of shares in the Group of Target Companies from the Sellers to the Buyer, etc.
The Buyer shall instruct the notary public, which is responsible for the notary account, to transfer the amount in such account to the Sellers.

However, the Buyer and the Sellers have mutually agreed to revise the account of the Group of Target Companies, whereby the process and method of such account revision are set out in the shares sale and purchase agreement. In this respect, the financial position of the Group of Target Companies will be adjusted for the period from December 31, 2020, which was the end of the latest period of the audited financial statements used by the Buyer and the Sellers as a basis for negotiation on the purchase price under the agreement, to a Closing Date on which the transaction actually takes place, which is expected by March 2022.
As set forth in the sale and purchase agreement, the purchase price shall be revised on twice. For the first price revision, RHIS shall pay the consideration for the sale and purchase of shares based on the account adjustment on management account of the Group of Target Companies prepared by the Sellers. For the second price revision, the two parties mutually agree to assign PricewaterhouseCoopers LLP., an independent auditor, to examine the first price revision 60 days after the share transfer date. The two parties agree to pay for the difference between the first and the second price revisions to the other party within 10 business days after completion of the examination of the second price revision.
</td></tr>
<tr><td>Other agreed provisions</td><td>

The representative directors of the Sellers in the Group of Target Companies, including subsidiaries of the Group of Target Companies, shall resign from such position on the Closing Date.
The representative directors of the Buyer shall assume the position in place of the representative directors of the Sellers in the Group of Target Companies, including subsidiaries of the Group of Target Companies, on the Closing Date.

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</table>

Conditions precedent	• Other shareholders of the Group of Target Companies, apart from the Sellers, do not exercise the right to purchase shares of the Sellers under the same terms and conditions and at the same price as those offered to the Company, which is in accordance with the provision set forth in the agreement between the existing shareholders of Paiton Energy Project. It appeared that after the end of the ROFO period on August 23, 2021, none of the existing shareholders exercised its right to purchase the shares on the same terms and conditions that the Seller has offered. • The Company must obtain the shareholders' approval to enter into the asset acquisition transaction through the investment in Paiton Energy Project, which shall be included on the agenda for the Extraordinary General Meeting of Shareholders No. 1/2021 to be held on October 21, 2021. • Consent must be obtained from the state-owned electricity company of the Republic of Indonesia (PT Perusahaan Listrik Negara ("PLN")) and financing parties (lenders and bondholders) in accordance with the provision set forth in the PPA and financing agreements in case of a change of shareholders. The process of seeking such consent will begin immediately after the Company has obtained the shareholders' approval and is expected to take about four months. Other consent must also be obtained in relation to the entry into this transaction, including the contracts or agreements on transfer of rights, duties and responsibilities of the Sellers under the shareholders agreement between the Sellers and the existing shareholders of Paiton Energy Project to the Company. • There is no material adverse event taking place before the share transfer date, which has a material adverse impact on the operation of Paiton Energy Project in the amount exceeding 25% of the total assets of Paiton, MCBV and subsidiaries.