

Information Memorandum on Listing of Chow Energy Public Company Limited
on The Stock Exchange of Thailand or The Market for Alternative Investment

Chow Energy Pcl. (“CE”), a subsidiary of the Company, intends to list its stocks on the Stock Exchange of Thailand (“SET”) or the Market for Alternative Investment (“MAI”) (hereinafter referred to as the “Stock Exchange”). CE will increase its registered capital from 570,000,000 Baht to be 815,000,000 Baht by offering 122,500,000 new ordinary shares at the par value of 0.50 Baht each to CE’s existing shareholders by way of rights issue. The number of 367,500,000 new ordinary shares each of 0.50 Baht par value will be offered by way of initial public offering (“IPO”) and also to the existing shareholders of Chow Steel Industries Public Company Limited (“Company”) in proportion to their shareholding percentage in the Company (“Pre-emptive Rights Offering”) in order to provide opportunities for the shareholders of the Company to invest in CE. Additionally, this will also reduce the impact on shareholders of the Company as its shareholding percentage in CE decreases. In this regards, such IPO and Pre-emptive Rights Offering to the existing shareholders of the Company are deemed as adisposition transaction of assets of a listed company pursuant to Notification of the Stock Exchange of Thailand regarding Disclosure of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets B.E. 2547 (2004), and the amendment pursuant to Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551, as well as Section 89/29 of the Securities and Exchange Act, B.E. 2551 (2008), thereby the maximum transaction size according to the net profit criteria equals to 20.45% of the consolidated net profit of the Company and subsidiary according to the consolidated financial statements ended as at 31 December 2016, which is higher than 15% but less than 50%. Therefore, the Company is obligated to prepare a report and disclose information on such transaction to the Stock Exchange as prescribed, and to submit a letter to notify the shareholders within 21 days from the date of disclosure of the transaction to the Stock Exchange. In addition, the Company will submit the plan on the listing of CE on the Stock Exchange and the capital increase with IPO and Pre-emptive Rights Offering to the Company’s shareholders meeting for consideration and approval. Details of the information memorandum are as follows:

1. Date of entering into the transaction

Listing of CE on the Stock Exchange by offering of new ordinary shares through IPO and pre-emptive rights offering to the existing shareholders of the Company shall take place after CE obtains permission on the IPO from the Office of the Securities and Exchange Commission (“Office of the SEC”).

2. Parties concerned

Seller of securities	:	Chow Energy Pcl.(“CE”)
Buyer of securities	:	General public and the Company’s shareholders

3. General characteristics of asset disposition transaction and transaction size

In listing CE on the Stock Exchange, CE will increase its registered capital from 570,000,000 Baht to be 815,000,000 Baht by offering 490,000,000 new ordinary shares at the par value of 0.50 Baht each as per the following allotment:

- 1) Pre-emptive Rights Offering of 122,500,000 shares at the par value of 0.50 Baht each ("Pre-emptive Rights Shares") to the Company's shareholders in proportion to their shareholding percentage in the Company
- 2) Initial public offering (IPO) of 367,500,000 shares at the par value of 0.50 Baht each and all unsubscribed Pre-emptive Rights Shares

After the issuance and offering of 490,000,000 new ordinary shares, the Company's shareholding percentage in CE after CE's listing on the Stock Exchange will decrease from 87.36% to 61.10% of its paid-up capital of 815,000,000 Baht, or decrease by 26.26%.

The listing of CE on the Stock Exchange is deemed as a disposition transaction of assets of a listed company pursuant to Notification of the Stock Exchange of Thailand regarding Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004), and the amendment pursuant to Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551, as well as Section 89/29 of the Securities and Exchange Act, B.E. 2551 (2008), thereby the maximum transaction size according to the net profit criterion equals to 20.45% of the consolidated net profit of the Company and subsidiary according to the consolidated financial statements ended as at 31 December 2016. Details of calculation of the size of such disposition transaction of assets as per four calculation criteria are as follows:

Basis of calculation	Calculation	Transaction size (%)
1. Asset value criteria	$\frac{\text{NTA of CE (disposing portion) X Acquired portion}}{\text{NTA of Company and subsidiary}}$	NTA is negative
2. Net profit criteria	$\frac{\text{Net profit of CE (disposing portion) X Acquired portion}}{\text{Net profit of Company and subsidiary}}$	20.45%
3. Total consideration value criteria	$\frac{\text{Value of disposing transaction}^1}{\text{Total assets of Company and subsidiary}}$	1.85%
4. Securities value criteria	$\frac{\text{Number of shares issued for disposing transaction}}{\text{Total number of issued and paid-up shares of Company}}$	Not applicable, as the Company is not to issue shares in this case.

Note: ¹ As the offering price of shares for the IPO and the Pre-emptive Rights Offering is not yet determined at present, the transaction size is calculated based on the par value of 0.50 Baht per share. However, if the calculation is based on book value per shares as of 31 December 2016, latest audit financial statement by auditor, the transaction size would be 1.70 percent

The maximum size of the above transaction according to the net profit criteria method equals to 20.45%, which is higher than 15% but less than 50%. Therefore, the Company is obligated to prepare a report and disclose information on such transaction to the Stock Exchange as prescribed, and to submit a letter to notify the shareholders within 21 days from the date of disclosure of the transaction to the Stock Exchange.

4. Preliminary description of disposed assets

Type of securities to be offered	:	New ordinary shares of CE
Number of shares to be offered	:	A total of 490,000,000 shares, which will be allotted as follows: <ol style="list-style-type: none">1) Pre-emptive Rights Offering of 122,500,000 shares at the par value of 0.50 Baht (“Pre-emptive Rights Shares”) to the Company’s shareholders in proportion to shareholding2) Initial public offering (IPO) of 367,500,000 shares each of 0.50 Baht par value and all unsubscribed Pre-emptive Rights Shares <p>Executive Committee or his designated person shall be authorized to determine the ratio of allotment of CE’s new shares to the existing shareholders of the Company, and the closing date of the share register book to determine the names of those entitled such new shares.</p>
Par value	:	0.50 Baht per share
Offering price	:	Not yet determined. The board of directors or his designated person shall be authorized to determine the offering price after CE obtains permission from Office of the SEC to offer the new shares.
Offering period	:	Not yet determined. Executive Committee or his designated person shall be authorized to determine the offering period after CE obtains permission from Office of the SEC to offer the new shares.

Details of CE

Entity name	:	Chow Energy Pcl. ("CE")
Head office	:	2525 FYI Center 2 Building, 10 th Floor, Unit 2/1006-1008 Rama IV Road, Klongtoey, Klongtoey, Bangkok 10110
Nature of business operation	:	Operate as a holding company by holding shares in entities relating to investment in, production and distribution of electricity from various types of energy.
Capital structure	:	<p>Before the IPO and shares offering to existing shareholders of the Company, CE will have registered capital of 570,000,000 Baht, divided into 1,140,000,000 ordinary shares at the par value of 0.50 Baht each.</p> <p>After the IPO and shares offering to existing shareholders of the Company, CE will have registered capital of 815,000,000 Baht, divided into 1,630,000,000 ordinary shares at the par value of 0.50 Baht each.</p>
Company's shareholding proportion in CE	:	<p>Before the IPO and shares offering to existing shareholders of the Company, the Company will have a shareholding percentage of 87.36% in CE.</p> <p>After the IPO and share offering to existing shareholders of the Company, the Company will have a shareholding percentage of 61.10% in CE.</p>
Subsidiaries	:	<p>CE engages in holding shares in other entities. It currently has 100% shareholding in Premier Solution Co., Ltd. ("PSCL") and Chow International Co., Ltd. ("CI").</p> <ol style="list-style-type: none">1. PSCL: engages in securing power sale and purchase agreements, land lease and purchasing agreements, and dealing projects for solar power plant operators.2. CI: engages in investing in solar power plant projects. At present, CI has investment only in projects developed by PSCL and/or subsidiary of PSCL.
Board of Directors	:	<p>As of 31 December 2016, CE's Board of Directors comprises of 8 members as follows:</p> <ol style="list-style-type: none">1. Mr. Narongsak Kammelet2. Mr. Smith Banomyong3. Mr. Jittiphon Devahastin Na Ayudhaya4. M.L. Dispanadda Diskul5. Mr. Sanguankiat Lewmanomont

6. Mr. Kanoksak Sukwatthanasinit
7. Mr. Anavin Jiratomsiri
8. Ms. Koo Man Wai

Financial information highlights of CE

Unit: THB million	2014	2015	2016
Total assets	1,209.29	4,945.67	10,633.49
Total liabilities	1,110.39	4,713.11	10,118.41
Issued and paid-up shares	221.54	308.65	570.00
Retained earnings (losses)	(31.68)	(4.18)	22.05
Shareholders' equity	98.90	232.56	515.07
Total revenues	93.18	989.15	1,253.66
Total expenses	104.31	871.36	1,121.11
Earnings Before Interest and Tax	(11.14)	122.44	131.34
Net profit	(31.89)	27.01	25.33

Note: CE was incorporated on 9 December 2014.

Financial Date based on audited financial statement by auditor as of 31 December 2014-2016

5. Total value of consideration

CE will offer shares to the existing shareholders of the Company in proportion to their shareholding percentage (pre-emptive rights) at the same offering price as that in the IPO. The offering price is not yet determined at present. CE will set the definite offering price upon receiving share offering approval from Office of the SEC.

6. Value of asset to be disposed of

The offering price is not yet determined at present. Thus, value of asset to be disposed of is calculated based on the par value of 0.50 Baht per share multiplied by total number of CE ordinary shares of 490,000,000 shares making up a total of Baht 245,000,000 in the asset value.

7. Expected benefits of the Company from the transaction

1) Benefits to shareholders of the Company

- Shareholders of the Company will be entitled to the allotment of the new ordinary shares in proportion to their shareholding percentage (pre-emptive rights).
- Shareholders of the Company will have opportunity to invest in the businesses relating to solar power directly.

2) Benefits to the Company

- The Company can relieve its burden in financial assistance to CE, such as capital increase in CE, guarantee obligation, securing of financial sources, lending of loans, etc.

- The Company can recognize business value of CE in term of fair value.
- The Company can recognize capital gains in case of divestment of its equity portion in CE.

3) Benefits to CE

- CE will have access to additional funding source.
- CE will have adequate capital funds for its business expansion or additional investment in any subsidiary and/or associated companies, and/or for CE's loan repayment, and/or for serving its working capital requirement.
- The transaction will strengthen and enhance the image of CE.
- The transaction will add value to and boost liquidity of CE ordinary shares.

8. Impacts from listing of CE on the Stock Exchange

1) EPS dilution and control dilution effects

The offering of 490,000,000 new ordinary shares will result in a decline in the Company's shareholding percentage from 87.36% to 61.10%, or a 26.26% decrease, resulting in dilution of EPS from and control in CE in future. However, to offset such impact, CE will propose to its shareholders' meeting to allocate 122,500,000 new ordinary shares at the par value of THB 0.50 each, representing 25% of a total new ordinary shares under this capital increase for pre-emptive rights offering to the Company's existing shareholders at the same offering price as that to the general public in the IPO.

2) Price dilution effect

As the shares to be offered are CE shares, no impact is expected on the market price of the Company's ordinary shares. However, the Company's decrease in the shareholding percentage in CE will affect the proportion of profit to be recognized from CE.

9. Plan on utilization of proceeds derived from the share offering

CE will use the proceeds derived from the share offering to the Company's shareholders and the general public for its business expansion or additional investment in any subsidiary and/or associated companies, and/or for CE's loan repayment, and/or for serving its working capital requirement.

10. Conditions of transaction

- 1) The Company's 2015 annual general meeting of shareholders has given approval for listing of CE on the Stock Exchange and CE's capital increase with the IPO and the pre-emptive rights offering to the existing shareholders of the Company.
- 2) CE's shareholders meeting has given approval for listing of CE on the Stock Exchange and CE's capital increase with the IPO and the pre-emptive rights offering to the existing shareholders of the Company.
- 3) CE has registered the capital increase with Department of Business Development.

- 4) CE has obtained approval from Office of the SEC for making the IPO and the pre-emptive rights offering to the existing shareholders of the Company.
- 5) The Stock Exchange has accepted CE's securities as a listed security.

11. Opinion of the Board of Directors and the Audit Committee

The Company's Board of Directors, including Audit Committee, is of the opinion that the entry into this transaction is reasonable, improves CE's strength, enhances its competitiveness, and enables it to raise funds from the market on its own, as well as adds value to the Company's investment in CE.

12. Opinion of the Audit Committee and/or the director which is different from the Board of Directors' opinion in Item 11

-None-

13. Responsibility of the Board of Directors for the Information Memorandum

The Board of Directors of Chow Steel Industries Public Company Limited has reviewed, with prudence in the capacity of directors of the Company, information in this Information Memorandum regarding the disclosure and acts of the Company in the acquisition or disposal of assets, and hereby certify that such information is correct and complete, without any misleading or lack of material information that should have been disclosed. In this regard, this Information Memorandum has been prepared only for disclosure purpose, not for persuasion or as proposal to acquire or subscribe for any securities.

14. Other information

In the offering of the new shares to the Company's shareholders, which include the major shareholders, the controlling persons, directors and executives of the Company and their related persons as prescribed in the Notification of the Capital Market Supervisory Board No. Thor Jor. 40/2557 Regarding Underwriting of New Securities in form of Shares and Warrants to Purchase Ordinary Shares of Companies Issuing Equity Instrument. Such major shareholders, controlling persons, directors and executives including their related persons, who are preliminarily entitled to be allotted such new shares, are as follows:

Name	CE		Company		Number of Allotted Shares	Shareholding Percentage in CE	
	Position	Shareholding Percentage	Number of Shares	Shareholding Percentage		Before Offering	After Offering
<i>Mr. Anavin Jiratomsiri</i>	Director	0.00%	408,000,000	51.0%	62,475,000	0.00%	3.83%
<i>Ms. Koo Man Wai</i>	Person under Section 258	None	40,500,000	5.06%	6,201,563	None	0.38%
Ms. Benjamas Jiratomsiri	Person under Section 258	None	10,000,000	1.25%	2,531,250	None	0.09%
Mr. Tanachart Poudpongpaiboon	Director	12.64%	1,919,500	0.24%	293,924	12.64%	8.85%
Miss Preeyanuch	Person under	None	19,200,000	2.40%	2,940,000	None	0.18%

Name	CE		Company		Number of Allotted Shares	Shareholding Percentage in CE	
	Position	Shareholding Percentage	Number of Shares	Shareholding Percentage		Before Offering	After Offering
Panananda	Section 258						

If there are changes in the shareholding percentage in the Company of such major shareholders, controlling persons, directors or executives including their related persons, such changes may result in changing of the number of the shares to be allotted. However, the names of the allotted persons and the number of the allotted shares will be in accordance with the names and the number of shares held in the Company on the record data that is used to determine the names of the shareholders who are entitled to be allotted the shares and the closing date of the share register book that is used to gather the shareholders' names.

The rationale and necessity of the allotment of the new shares to such persons are that such persons are the Company's shareholders who will be affected by the dilution effect of the Company in its subsidiary as the other shareholders of the Company. The Company therefore gives opportunities to its shareholders to invest in the subsidiary in proportion to their shareholding percentage in the Company (Pre-emptive Rights) by offering the shares at the same price as the IPO price.

15. Transactions with related person and companies

15.1 Relationship and pricing policy

The relationship and pricing policies among the company, subsidiary, related persons and companies are as follows:

Relationship

Subsidiaries

Chow Energy Plc.	87.36% Shareholding and Directorship
Vertex Logistics Service Co., Ltd.	40% Shareholding and Directorship
Chow International Co., Ltd.	100% Shareholding by the subsidiary
Premier Solution Co., Ltd.	100% Shareholding by the subsidiary
AE Solar Godo Kaisha	100% Shareholding by the subsidiary
Premier Solution Japan K.K.	100% Shareholding by the subsidiary
Premier Solution GmbH	100% Shareholding by the subsidiary
Sun Energy Godo Kaisha	100% Shareholding by the subsidiary
Sol Power Godo Kaisha	100% Shareholding by the subsidiary
Sun Partner Japan Godo Kaisha	100% Shareholding by the subsidiary
CC Hamada Solar Godo Kaisha	100% Shareholding by the subsidiary

Relationship

Joint ventures

Overseas Green Energy Co., Ltd.	40% Shareholding by the subsidiary an directorship
RICI International Investment Pte., Ltd.	40% Shareholding by the subsidiary

Related Companies

Lewmanomont International Law Office	Directorship
Sritanathep Co., Ltd.	Directorship
Parkin Property Co., Ltd.	Shareholder and Director

Related Persons

Mr. Anavin Jiratomsiri	Shareholder and Director
Mr. Tanachart Poudpongpaiboon	Shareholder and Director of subsidiary
Mr. Pruchya Piumsomboon	Director

Pricing policies

Loan to	Interest charged at rate of 7.75% - 12% per annum
Loan from	Interest charged at rate of 7.75% - 12% per annum
Service income	Compared to market price
Disposal of fixed assets	Compared to market price
Rental income	At Contract price which had been agreed upon
Transportation expense	At Contract price which had been agreed upon
Administrative expenses	At Contract price which had been agreed upon
Guarantee	No fee charged

15.2 Balances of transactions with subsidiary, related persons and companies

Balances of transactions among the Company with subsidiary, related persons and companies as at 31 December 2016 and 2015 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade accounts receivable</u> (Note 8)				
Related company	-	1,464,238	-	-
<u>Other receivables</u> (Note 8)				
Subsidiaries	-	-	149,996,911	145,682,583
Related companies	288,900	910,000	-	-
Total	288,900	910,000	149,996,911	145,682,583

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Short-term loan to</u>				
Subsidiaries				
Balance, beginning of the year	-	-	1,826,779,332	1,021,026,683
<u>Add</u> Increase during the year	-	-	6,520,858,385	3,987,001,338
<u>Less</u> Decrease during the year	-	-	(5,106,506,696)	(3,162,811,263)
Unrealized loss on foreign exchange rate	-	-	-	(18,437,426)
Balance, end of the year	-	-	3,241,131,021	1,826,779,332

Trade accounts payables (Note 19)

Subsidiary	-	-	645,541	-
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Other payables (Note 19)

Related person	-	-	14,945	-
Subsidiary	-	-	13,119,895	879,611
Related companies	686,263	489,787	97,900	-
Total	686,263	489,787	13,232,740	879,611

Short-term loan from

Related company

Balance, beginning of the year	2,000,000	10,000,000	-	-
<u>Add</u> Increase during the year	-	2,000,000	-	-
<u>Less</u> Decrease during the year	(2,000,000)	(10,000,000)	-	-
Balance, end of the year	-	2,000,000	-	-
Related person				
Balance, beginning of the year	2,000,000	-	-	-
<u>Add</u> Increase during the year	-	2,000,000	-	-
<u>Less</u> Decrease during the year	(2,000,000)	-	-	-
Balance, end of the year	-	2,000,000	-	-
Total	-	4,000,000	-	-
<u>Other current liabilities</u>				
Subsidiaries	-	-	107,019	108,560

15.3 Revenues and expenses transactions with related parties

Revenues and expenses transactions with subsidiary, related persons and companies for the year ended 31 December 2016 and 2015 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Revenues from service</u>				
Related company	-	1,368,447	-	-
<u>Rental income</u>				
Subsidiaries	-	-	1,643,624	1,284,222
<u>Interest income</u>				
Subsidiaries	-	-	242,354,426	146,407,344
<u>Cost of sales</u>				
Subsidiaries	-	-	-	541,234
<u>Transportation expense</u>				
Subsidiaries	-	-	29,484,433	22,165,576
<u>Legal fee</u>				
Related companies	3,632,169	1,382,802	1,575,719	1,302,752
<u>Finance cost</u>				
Related company	210,233	377,096	-	-
<u>Directors and management's benefits</u>	18,525,766	11,817,291	8,917,266	9,337,978

Yours Faithfully,

 (Mr. Anavin Jiratomsiri)
 Chief Executive Committee