



(Translation)

No. 80000001/433

April 21, 2017

Subject: Notification of Amendment of Agenda Item on the Restructuring of PTT and Withdrawal of Agenda Item on ESOP for the 2017 Annual General Meeting of Shareholders

Attention: President  
Stock Exchange of Thailand

Copy to: Secretary-General of the Office of the Securities and Exchange Commission

Enclosures: 1. Information Memorandum on Disposition of Assets of PTT Public Company Limited (Amended Version)  
2. Executive Summary: the Independent Financial Advisor's Opinion on the Proposed Restructuring of PTT Public Company Limited (Amended Version)

The Board of Directors Meeting No. 4/2017 of PTT Public Company Limited (“**PTT**”), convened on April 21, 2017, resolved to approve the amendment of Agenda Item 6: *To approve the restructuring plan of its business and the plan for the initial public offering (the IPO) of ordinary shares of PTT Oil and Retail Business Co., Ltd. (“**PTTOR**”) and the listing of PTTOR on the Stock Exchange of Thailand, which is classified as a transaction under Section 107(2)(a) of the Public Limited Companies Act B.E. 2535 (1992) (including any amendment thereto), and the withdrawal of Agenda Item 7: *To approve the issuance and the offering for sale of the warrants to purchase ordinary shares of PTT Oil and Retail Business Company Limited (PTTOR), a subsidiary of PTT, to the executives and employees of PTTOR (ESOP), from the list of agenda items of the 2017 Annual General Meeting of Shareholders to be convened on April 28, 2017.**

The reason for the amendment of Agenda Item 6 is that it is the intention of PTT for the shareholders to be made aware of the possibility of the plan for the initial public offering of ordinary shares of PTTOR (IPO) and the listing of PTTOR on the Stock Exchange of Thailand in the future (the “**IPO Transaction**”), without requiring approval at the meeting of the shareholders, given that it is not required by law to propose the IPO Transaction to the meeting of the shareholders for approval. Notwithstanding the foregoing, considering that it is important information, the shareholders should be informed of the proposed plan. In addition, Agenda Item 7 is withdrawn with a view to alleviate any concerns that the shareholders may have.

In this regard, PTT hereby discloses the Information Memorandum on the Disposition of Assets of PTT Public Company Limited (Amended Version), the Executive Summary, and the Independent Financial Advisor's Opinion on the Proposed Restructuring of PTT Public Company Limited (Amended Version) as a result of the amendment of the Agenda Items for the 2017 Annual General Meeting of Shareholders stated above including the updates and wording correction of some information. Please find details in Enclosure 1 and Enclosure 2.

Consequently, the 2017 Annual General Meeting of Shareholders to be convened on April 28, 2017 shall consider the following agenda items:

Agenda Item 1: To certify the 2016 performance statement and to approve the 2016 financial statement ended on December 31, 2016

Agenda Item 2: To approve the 2016 net profit allocation and dividend payment

Agenda Item 3: To elect directors to replace those who are retired by rotation

There are 5 directors retired by rotation at the 2017 AGM, namely: (1) Mr. Kittipong Kittayarak, (2) AM Boonsuib Prasit, (3) Mr. Vichai Assarasakorn, (4) Mr. Somsak Chotrattanasiri, and (5) Mr. Thammayot Srichuai

Agenda Item 4: To approve the 2017 directors' remuneration

Agenda Item 5: To appoint an auditor and to approve the 2017 auditing fees

Agenda Item 6: To approve the restructuring of PTT which is classified as a transaction under Section 107(2)(a) of the Public Limited Companies Act B.E. 2535 (1992) (including any amendment thereto) and to acknowledge the possibility of the plan for the initial public offering (the IPO) of ordinary shares of PTT Oil and Retail Business Co., Ltd. (PTTOR) and the listing of PTTOR on the Stock Exchange of Thailand in the future  
(Amended)

The board's opinion:  
(amended)

The Board of Directors deemed it appropriate that the shareholders' meeting of PTT approve the Restructuring of PTT consisting of the transfer of the oil business unit, the assets and liabilities of such business unit, and the shares of the companies related to the oil business unit, from PTT to PTT Oil and Retail Business Co., Ltd. (PTTOR). The business transfer will occur only after PTT obtains any approval and/or consent necessary for the Restructuring of PTT from any relevant governmental authorities and/or agencies according to related rules and regulations; and acknowledges the possibility of the plan for the initial public offering of ordinary shares of PTTOR (IPO), including the offering of PTTOR's ordinary shares to PTT's existing shareholders who have the rights to subscribe for such allocated shares. However, PTTOR will not offer such shares to the shareholders who will cause PTTOR to be subject to the rules and regulations of foreign countries (Preferential Share Offering); and the listing of PTTOR on the Stock Exchange of Thailand in the future (the "IPO Transaction"). PTT will adhere to the comments from the Office of the Securities and Exchange Commission (the "SEC Office") in relation to the listing of PTTOR on the Stock Exchange of Thailand (the "SET"), and will obtain the approval from the SEC Office prior to undertaking any further action. The proposed Restructuring of PTT and the IPO Transaction are intended to enhance PTT's business operation to be consistent with the provision on non-competition with private entities pursuant to the Constitution B.E. 2560; to make PTT's oil business operation more transparent to the public; and to increase the potential and flexibility of PTT's competitiveness in business operation in line with the government policy on the liberalization of the oil business and the promotion of small and medium-sized businesses, which will in turn create more job opportunities for

the Thai people, strengthen Thai brands and enhance Thai entrepreneurs' access to the AEC and global markets. Furthermore, the proposed Restructuring of PTT and the IPO Transaction will promote and stimulate the Thai capital market and enhance the effectiveness of good corporate governance and management within the PTT Group. In addition, the proposed Restructuring of PTT and the IPO Transaction will enhance the ability to recruit talent and/or attract business partners with high experience, especially in the retail business, in order to take full advantage of the business potential of PTTOR. With the proposed Restructuring of PTT and the IPO Transaction, PTTOR will become a listed company on the SET and will be the flagship company for the oil and retail business both inside and outside the oil service stations and other related businesses of the PTT Group. PTTOR will be able to raise funds to accommodate its business expansion on its own, and this will alleviate PTT's burden of securing financial resources.

In furtherance of the above, the Board of Directors of PTT deemed it appropriate that the shareholders approve the authorization of the Board of Directors or its delegated person to: enter into negotiation and determine the criteria, conditions, and other details with respect to the Restructuring of PTT; execute the business transfer agreements, other agreements and supporting documents; and undertake any act necessary for and relevant to the said businesses for the purposes of the Restructuring of PTT.

Accordingly, the shareholders can refer to the information in the Information Memorandum on Disposition of Assets of PTT Public Company Limited (Amended Version) (Enclosure 1) and Executive Summary: the Independent Financial Advisor's Opinion on the proposed Restructuring of PTT Public Company Limited (Amended Version) (Enclosure 2).

Agenda Item 7:

Other matters (if any)

Please be informed accordingly.

Sincerely yours,

(Mr. Tevin Vongvanich)

President and CEO

(Translation)

(Amended Version)

Enclosure 1

**Information Memorandum on Disposition of Assets of  
PTT Public Company Limited**

The Board of Directors of PTT Public Company Limited (the “Company” or “PTT”), at the meeting No. 3/2017 held on 17 March 2017 and also at the meeting No. 4/2017 held on 21 April 2017 which resulted in the amendment of the 2017 Annual General Meeting of Shareholders’ agenda items approved the restructuring of PTT consisting of a transfer of the oil business unit, the assets and liabilities of such business unit, and the shares of companies related to the oil business unit from PTT to PTT Oil and Retail Business Company Limited (“PTTOR”) (previously named as PTT Retail Business Company Limited) (the “Restructuring of PTT”) and the initial public offering of the ordinary shares of PTTOR (“IPO”) including the offering of PTTOR’s ordinary shares to PTT’s existing shareholders who have the rights to subscribe for such allocated shares. However, PTTOR will not offer such shares to shareholders who will cause PTTOR to be subject to rules and regulations of foreign countries (“Preferential Share Offering”) and the listing of PTTOR on the Stock Exchange of Thailand (the “SET”). In addition, the Board of Directors’ meeting of PTT approved to propose to the shareholders’ meeting of PTT to consider and approve the Restructuring of PTT and acknowledge the possibility of the plan for the initial public offering of the ordinary shares of PTTOR including Preferential Share Offering and the listing of PTTOR on the SET in the future (the “IPO Transaction”).

The Restructuring of PTT is classified as a disposition or a transfer of the whole or important parts of the Company’s business to other persons under Section 107(2)(a) of the Public Limited Companies Act B.E. 2535 (as amended), which shall be approved by the shareholders’ meeting of PTT with votes of not less than three-fourths of the votes of shareholders who attend the meeting and eligible to vote. Also, the IPO of PTTOR including the Preferential Share Offering and the listing of PTTOR on the SET are classified as disposition of assets of listed companies as described in 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 and

Disposition of Assets, 2004 (the “Notification Re: the Acquisition and Disposition of Assets”). Based on the calculation of the transaction size, the highest transaction size inclusive of all disposition transactions occurred over a 6-months period prior to the day that the Board of Directors of PTT approved the **IPO Transaction on 17 March 2017** is lower than 15% and PTT does not issue any securities as an exchange; therefore PTT is not obligated to prepare a report and disclose information on the transaction to the SET or request for approval from the Board of Directors’ meeting or the shareholders’ meeting of PTT as specified in the Notification Re: the Acquisition and Disposition of Assets. However, for good governance and sufficient information disclosure for the decision making of PTT’s shareholders, PTT deems it appropriate to disclose information of the transaction to the SET and to appoint the Independent Financial Advisor (“IFA”) **to provide an opinion on the reasonableness of the transfer value and the reasonableness of the Restructuring of PTT and the IPO Transaction** in order to provide PTT’s shareholders with important information for the decision making at the shareholders’ meeting of PTT to consider and **approve the Restructuring of PTT and acknowledge the IPO Transaction.**

The details of the transaction can be summarized as follows:

**1. Date of the Transaction**

The IPO of PTTOR including the Preferential Share Offering and the listing of PTTOR shares on the SET will occur after the transfer of the oil business unit, the assets and liabilities of such business unit, and the shares of companies related to the oil business unit from PTT to PTTOR, which depends on the fulfillment of the conditions for entering into the transaction as specified in Section 10.

**2. Related Parties and their Relationships with the Company**

Issuer : PTT and PTTOR, a subsidiary of PTT

Purchasers : (1) **Public investors**

- (2) PTT's existing shareholders who have the rights to subscribe for such allocated shares. However, PTTOR will not offer such shares to shareholders who will cause PTTOR to be subject to rules and regulations of foreign countries (Preferential Share Offering)

### 3. General Description of the Transaction

The Board of Directors, at the meeting No. 3/2017 held on 17 March 2017 and also at the meeting No. 4/2017 held on 21 April 2017 which resulted in the amendment of the 2017 Annual General Meeting of Shareholders' agenda items approved the Restructuring of PTT consisting of a transfer of the oil business unit, the assets and liabilities of such business unit, and the shares of companies related to the oil business unit from PTT to PTTOR in which PTT currently owns 100% of total shares with a transfer value of THB 121,952.7 million. In this regard, the key terms of the business transfer agreement between the Company and PTTOR are summarized as follows:

Topic	Content
Transfer Date	<ul style="list-style-type: none"> <li>▪ Expected to be within 2017</li> </ul>
Transfer Price	<ul style="list-style-type: none"> <li>▪ The Transfer Price shall be THB 121,952.7 million. Payment shall be made in cash.</li> </ul>
Price Adjustment	<ul style="list-style-type: none"> <li>▪ In the case that there is a loss or damage of assets on the scheduled date to finalize the list of assets and liabilities to be transferred (the Cut-off date) of more than 5% of the Transfer Price, the value of such loss or damages will be used to adjust the Transfer Price down.</li> <li>▪ In the case that there are agreements under which the rights, duties, and liabilities cannot be transferred to PTTOR, which have material negative effect on Earnings Before Interest, Income Tax, Depreciation, and Amortization (EBITDA), the</li> </ul>

	<p>parties agree to adjust the Transfer Price down under the terms to be mutually agreed by the parties.</p> <ul style="list-style-type: none"><li>■ In the case that the Transfer Date is later than 1 July 2017, the Transfer Price will be adjusted if there is material difference between the fair market value of net assets as of the Transfer Date and the estimate of the fair market value of net assets as at 30 June 2017.</li></ul>
Conditions Precedent	<ul style="list-style-type: none"><li>■ PTT and/or PTTOR shall obtain any approval / consent necessary for the Restructuring of PTT from any relevant governmental authorities and/or agencies according to related rules and regulations</li><li>■ Relevant governmental authorities shall grant PTTOR the right to use the state assets in accordance with the criteria and procedures as prescribed in Private Investments in State Undertakings Act B.E. 2556 (2013) (“PPP Act”) and PTT has complied with and completed all the requirements and procedures under the PPP Act</li><li>■ PTTOR obtains material licenses and permits to operate its business.</li><li>■ Material inter-company agreements are duly executed by relevant parties.</li></ul>

Preliminary information of total assets and total liabilities in relation to the oil business unit to be transferred to PTTOR<sup>(1)</sup> is summarized as follows:

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Items	(Unit: THB million)
Total Assets <sup>(2)</sup>	70,325
Total Liabilities <sup>(3)</sup>	57,363
<b>Net Asset Value</b>	12,962

- (1) Based on financial information from management accounts as at 31 December 2016, which have not been audited nor reviewed by auditor of the Company.
- (2) Core assets to be transferred to PTTOR mainly consist of trade and other receivables, inventories and supplies, investments, fixed assets, and other assets.
- (3) Core liabilities to be transferred to PTTOR mainly consist of trade and other payables, long-term loans and other liabilities.

The table above presents the information as at 31 December 2016, which is subject to future changes due to various factors, including changes in current assets, non-current assets, current liabilities, and non-current liabilities under a normal business of the oil business unit, as well as the consideration of the capital structure on the Transfer Date.

The Board of Directors also resolved to approve of **the IPO Transaction**. In this regard, the Company will continue to be a major shareholder of PTTOR, and PTT and government agencies will hold less than 50.0% of total paid-up capital after the offering of PTTOR's shares and its listing on the SET. In addition, the Company has a policy to maintain its shareholding in PTTOR to be at least 45.0% of total paid-up capital (in case that there is an over-allotment to stabilize the share price (Stabilization) for a period of 30 days from the first trading day of PTTOR's shares on the SET, PTT's holding percentage in PTTOR may temporarily decrease to be lower than 45.0% of total paid-up capital in that period). The limit of total shareholding by foreign entities shall not exceed 25.0%, and the shareholding by each foreign person will be limited to no higher than 3.0% per person. The Company and PTTOR will construct share allocation plan with certain criteria to ensure that PTTOR's IPO shares will be widely allocated to local individual investors. Furthermore, in order to reserve the rights of the existing shareholders of the Company, The Board of Directors approved the offering of PTTOR's IPO shares, not higher than 5.0% of ordinary shares being



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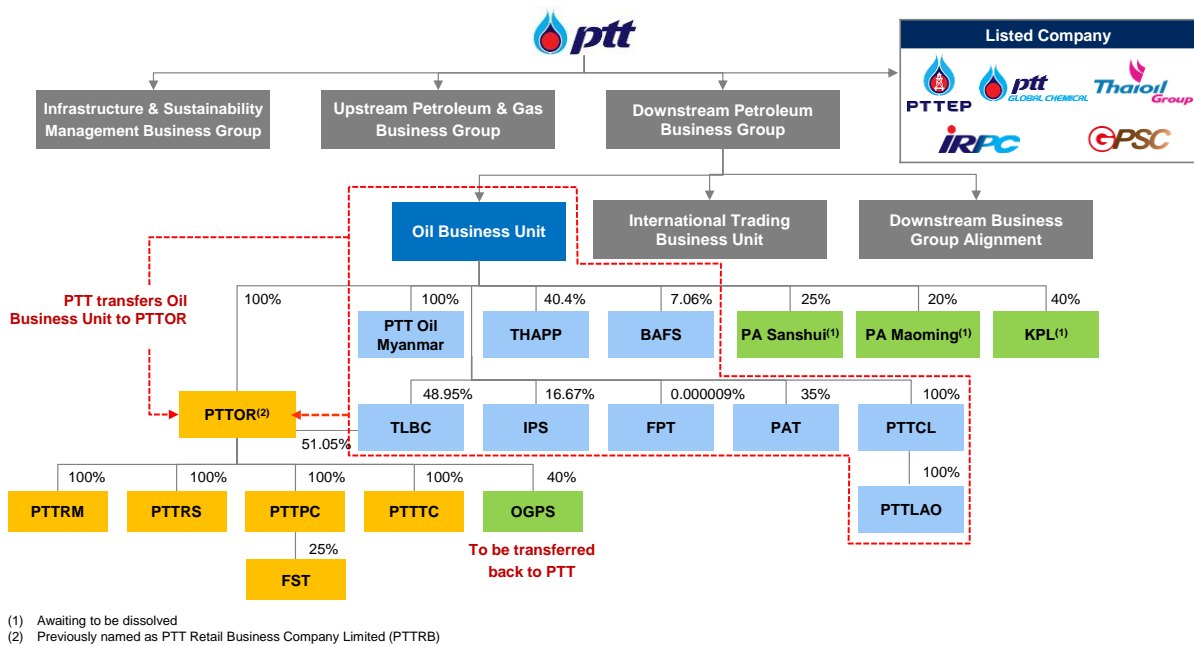
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offered at IPO, to PTT's existing shareholders who have the rights to subscribe for such allocated shares. However, PTTOR will not offer such shares to shareholders who will cause PTTOR to be subject to rules and regulations of foreign countries (Preferential Share Offering)

The Company will have the structure before and after the Restructuring of PTT and the IPO Transaction as follows:

Current Group Structure of the Oil Business Unit

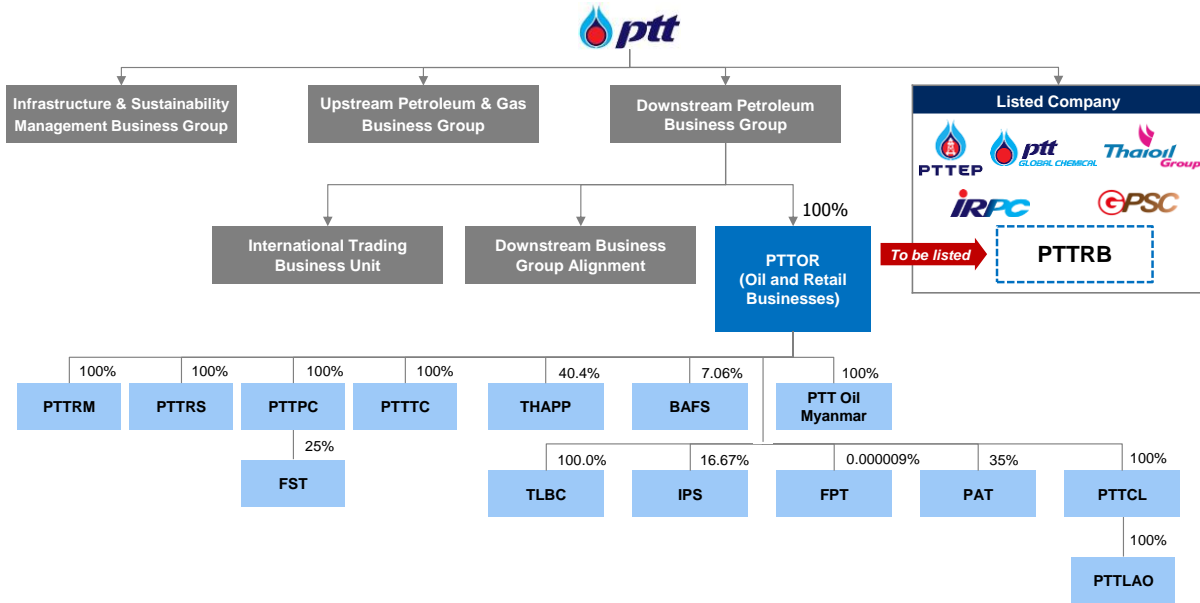


Group Structure after the Restructuring of PTT (Before the IPO Transaction)

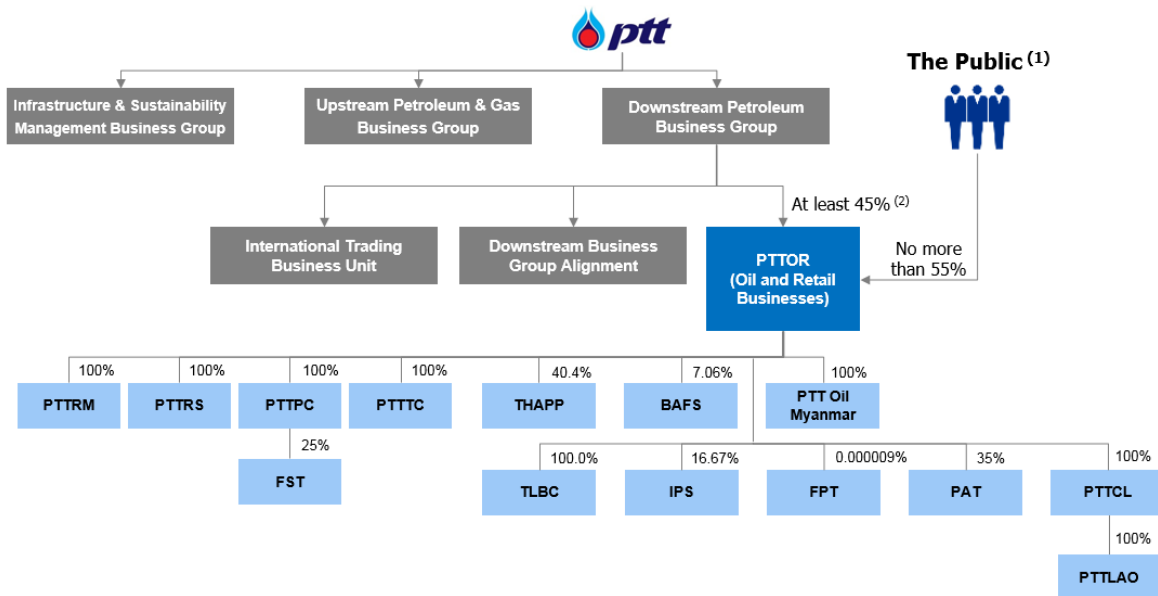
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Group Structure after the Restructuring of PTT (After the IPO Transaction)



(1) The Public refers to 1) Public investors and 2) PTT's existing shareholders who have the rights to subscribe to such allocated shares. However, PTTOR will not offer such shares to shareholders who will cause PTTOR to be subject to rules and regulations of foreign countries (Preferential Share Offering)  
(2) PTT and government agencies will hold less than 50.0% of PTTOR's total paid-up capital after the offering of PTTOR's shares and its listing in the SET

The transaction is classified as a disposition of assets pursuant to the Notification Re: the Acquisition and Disposition of Assets. Details regarding the calculation of transaction size are as follows:

The calculation of transaction size uses the information from the consolidated financial statements for year ended 31 December 2016 of the Company that are audited by the auditor and the pro-forma consolidated financial information for year ended 31 December 2016 after the Restructuring of PTT, which are prepared based on financial information from management accounts and have not been audited nor reviewed by the auditor.

Calculation Basis	Calculation Formula
1. Net Tangible Assets (NTA)	<p>= The value of NTA of PTTOR of the portion being disposed<sup>(1)</sup> / the value of NTA of PTT according to the Company's consolidated financial statements<sup>(1)</sup></p> <p>= (THB 1,503.3 million x 55.0%) / THB 540,844.2 million</p> <p>= 0.2% and when the calculation includes all transactions occurred over the 6-month period prior to the day of the Board of Directors' Resolution was made, 3.4%</p>
2. Net Profit	<p>= Net Profit of PTTOR of the portion being disposed<sup>(2)</sup> / Net Profit of PTT according to the Company's consolidated financial statements</p> <p>= (THB 16,131.2 million x 55.0%) / THB 94,609.1 million</p> <p>= 9.4% and when the calculation includes all transactions occurred over the 6-month period prior to the day of the Board of Directors' Resolution was made, 11.0 %</p>
3. Total Value of Consideration	<p>= ((Book value of PTTOR before the business transfer + Transfer Price of the oil business unit and the shares</p>

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of companies related to the oil business unit) x Portion  
of shares being disposed)<sup>(3)</sup> / Value of total assets of  
PTT according to the Company's consolidated  
financial statements

= ((THB 9,581.4 million + THB 121,952.7 million) x  
55.0%) / THB 2,232,331.1 million

= 5.9% and when the calculation includes all  
transactions occurred over the 6-month period prior to  
the day of the Board of Directors' Resolution was  
made, 7.6%

4. Value of Securities Issued by the Company in exchange for the assets acquired = Not applicable as the Company does not issue its securities in exchange for the assets acquired

Note:

(1) The calculation of transaction size will use book value of net tangible assets. Book value of net tangible assets of PTTOR is calculated based on the portion of such assets being disposed by the Company according to the information from the pro-forma consolidated financial information of PTTOR after the Restructuring of PTT for the year ended 31 December 2016, which is prepared based on financial information from management accounts.

(2) Net profit of PTTOR refers to the information from the pro-forma consolidated financial information of PTTOR after the Restructuring of PTT for the year ended 31 December 2016 which is prepared based on financial information from management accounts.

(3) The total value of consideration is subject to the price of the IPO of PTTOR including the preferential share offering, which currently has not yet been determined. Therefore, in calculating the total value of consideration, the Company uses PTTOR's book value before the business transfer for the year ended 31 December 2016 plus the transfer price of the oil business unit and the shares of companies related to the oil business unit, which is within the range of fair market value of Enterprise Value provided by the IFA who is in the approved list of the SEC, which could be different from the IPO price of PTTOR to be determined by the bookbuilding process.

From the above calculation, the highest transaction size which is calculated from the net profit method equals 9.4%. When the calculation includes all transactions occurred over the 6-months period prior to the day of the Board of Directors' resolution was made, the total transaction size equals 11.0%. With regards to the Notification Re: the Acquisition and Disposition of Assets, the Company can proceed with the IPO of PTTOR including Preferential Share Offering and the listing on the SET without disclosing information memorandum to the SET. However, the Board of Directors has considered the benefits to PTT's shareholders and deems it appropriate to disclose the transaction to the SET with information memorandum containing at least the information specified in schedule (1) annexed to the Notification Re: the Acquisition and Disposition as well as to appoint the IFA to provide an opinion on the reasonableness of the transfer value and the reasonableness of the Restructuring of PTT and the IPO Transaction. This opinion shall provide PTT's shareholders with important information for the decision making at the shareholders' meeting of PTT to consider and approve the transaction.

#### 4. Details of the Disposed Assets

##### 4.1 Details of the IPO of PTTOR

Issuer:	PTT and/or PTTOR (Currently, PTTOR has not yet converted to a public company limited.)
Type of Offered Securities:	Ordinary shares of PTTOR (Currently, ordinary shares of PTTOR have not yet been listed on the SET.)
No. of Ordinary Shares Being Offered:	Not higher than 55.0% of its registered and paid-up capital after the IPO Transaction which can be separated as follows: <ul style="list-style-type: none"><li>■ Not less than 95.0% of PTTOR's ordinary shares being offered, to be offered to public investors.</li></ul>

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- Not higher than 5.0% of PTTOR's ordinary shares being offered, to be offered to PTT's existing shareholders who have the rights to subscribe for such allocated shares. However, PTTOR will not offer such shares to shareholders who will cause PTTOR to be subject to rules and regulations of foreign countries (Preferential Share Offering).

Par Value: THB 100 (par value may be subject to change)

Preferential Share Offering Ratio and Book Closing Date to Compile Shareholders Lists Who Will be Entitled to Preferential Share Offering: To be determined by the Board of Directors and/or any person authorized by the Board of Directors on the Preferential Share Offering ratio entitled to existing shareholders of the Company to subscribe for ordinary shares of PTTOR, record date to determine the right of the shareholders who are entitled to the allocation (Record Date) and book closing date to compile shareholders list according to Section 225 of Securities and Exchange Act B.E. 2535, which will be determined after the Securities and Exchange Commission (SEC) approves the IPO of PTTOR's ordinary shares. In this regard, the Company will notify its shareholders at least 14 days in advance as required by the SET rules.

Offer Price: The offer price has not yet been determined. The price will be determined based on the demand for the securities from investors (Bookbuilding). The offer price of PTTOR's preferential share offering shares will be similar to the offer price of ordinary shares to general public.

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Offering Period: After the SEC approves the IPO of PTTOR's newly issued ordinary shares to the public, the Prospectus is rendered effective, and the SET approves the listing application of PTTOR under the condition that PTTOR meets the free-float requirements.

Other Detail: The Company will later inform the details of the IPO of PTTOR to its shareholders for acknowledgement.

Note: The aforementioned details are subject to changes according to the Board of Directors and/or any persons authorized by the Board of Directors as deemed appropriate.

## 4.2 Details of PTTOR

### 4.2.1 General Details

Type of Business : Oil and retail business under logo of PTT and other brands both inside and outside oil service stations and other related businesses (after proceeding in accordance with the plan of the Restructuring of PTT)

Head Office Address : 1010 Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900

Registered Capital : THB 8,780.0 million

Paid-Up Capital : THB 8,621.7 million

Current Par Value : THB 100.0 (Par value may be changed)

#### 4.2.2 PTTOR's Business Strategy

##### Development of oil service stations and retail businesses in the country

- Expand the oil service station network nationwide and develop new platforms of service stations (City / Compact model) to suit the network expansion in urban areas and secondary roads in the provincial areas in response to different consumer needs and business conditions which are different from existing traditional service station model. The total number of stations will be 1,800 within the next five years.
- Expand Café Amazon business both inside and outside of service stations amounting to 2,700 branches within five years together with extending the Café Amazon business along the supply chain from upstream to downstream by investing in roasting plant, new products development such as Coffee Drip, mixed powder drink and bakery, and building a product distribution center in order to enhance operational performances.
- Manage the retail brands i.e. Texas chicken, Hua Seng Hong, etc. There is a plan to expand the number of stores in areas with potentials and to seek new retail brands that will be PTTOR-owned or PTTOR has the right to manage franchise (Master Franchise).
- Leverage capabilities and rental space management skills within the oil service stations to rental area management outside service stations such as airports, rest areas, bus terminals and budget hotels.
- Develop smart analytics with big data for use in planning and building a new business models, as well as seeking new business partners in order to diversify and add value to consumers.



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- Build electric vehicle car charging points in service stations amounting to 20 locations, in parallel with conducting feasibility studies on various potential businesses along the electric vehicle value chain.

Expansion of oil and retail businesses outside of the country

- Expand oil service stations in the Philippines, Cambodia, Laos, and Myanmar to a total of approximately 500 stations within five years.
- Expand non-oil business including Café Amazon in the form of Master Franchise into the Philippines, Cambodia, Laos, Myanmar, etc. to a total of approximately 400 branches within five years as well as Jiffy convenience stores in Laos and Cambodia to an estimated total of 160 stores within five years.
- Expand sales of lubricants by focusing on markets in China and India by doing global sourcing, increasing manufacturing bases overseas, and creating acceptance from various OEM manufacturers with high demands.

4.2.3 PTTOR's Board of Directors

Board of Directors of PTTOR as at 17 March 2017 is as follows:

Name	Position in PTTOR	Shareholding in PTTOR as at 14 March 2017 (Shares/%)	Position in the Company	Shareholding in the Company as at 14 March 2017 (Shares/%) <sup>(1)</sup>	
1. Mr. Autthapol Roekphiboon	Director	-None-	Senior Executive Vice President, Oil Business Unit	26,800	0.0
2. Mr. Phoomsak Aranyakasemsuk	Director	-None-	-None-	-None-	-None-

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3. Ms. Wilaiwan Kanjanakanti	Director	-None-		Vice President Acting Executive Vice President, Group Finance and Accounting Policy	3,699	0.0
4. Ms. Jiraporn Khaosawas	Director	1	0.0	Executive Vice President, Oil Business Unit	-None-	-None-

Note: (1) Percentage of shareholding in the Company includes shares held by connected person.

#### 4.2.4 Summary of financial position and operation results of PTTOR

Summary of financial position and operation results of PTTOR for the year 2015 and 2016 from the pro-forma consolidated financial information based on financial information from management accounts after the business transfer which have not been audited nor reviewed by auditor is as follows:

(Unit: THB million)	As at 31 December 2015	As at 31 December 2016
<b>Consolidated Statement of Financial Position</b>		
Total Assets	75,496	115,105
Total Liabilities	55,270	95,018
Total Equity	20,226	20,087
<b>Consolidated Statement of Income</b>		
Sales and Service Income	510,747	484,298
Gross Profit	27,604	35,818
Earnings Before Interest and Taxes (EBIT)	12,819	20,500
Net Profit	9,905	16,131

- (1) Pro-forma consolidated financial information after the business transfer have been prepared based on an assumed Transfer Date of 31 December 2016, with an adjustment on historical consolidated financial information for the year 2015 according to Guidance on Accounting for Business Combination under Common Control.
- (2) On the Transfer Date, PTTOR will record the deferred tax asset and VAT receivables as a result of the transfer. However, for the financial information to reflect the impact from the transfer, the pro-forma consolidated financial information for year 2016 has been prepared based on the assumption that the Transfer Date is 31 December 2016. As a result, PTTOR will have deferred tax asset of approximately THB 14,300 million and VAT receivables of approximately THB 7,600 million booked as part of its total assets as at 31 December 2016.

This above pro-forma consolidated financial information is only for the preliminary illustration of the overall financial information after the business transfer. Such information is subject to changes due to various factors, including changes in current assets, non-current assets, current liabilities, and non-current liabilities under a normal business of the oil business unit and PTTOR, and the consideration of the capital structure including capital increase of PTTOR on the Transfer Date.

## 5. Value for Consideration

The total value for consideration is subject to the IPO price of PTTOR, which currently has not yet been determined.

## 6. Value of Disposed Assets

The disposed assets are newly issued ordinary shares of PTTOR and ordinary shares held by PTT, the existing shareholder of PTTOR, to be offered at the IPO receiving cash in exchange from investors. The IPO price of PTTOR shares has not yet been determined. However, in calculating the value of the disposed assets, the Company uses (1) PTTOR's book value before the business transfer according to financial information from management accounts for the year ended 31 December 2016 which have not been audited nor reviewed by auditor of THB 9,581.4 million and (2) the transfer price of the oil business unit and the shares of companies related to the oil business unit of THB 121,952.7 million, which is within the range of fair market value of Enterprise

Value provided by the IFA who is in the approved list of the SEC. Using the portion of newly issued ordinary shares of PTTOR and ordinary shares held by PTT to be offered at IPO of no higher than 55.0% of the total registered and paid-up capital after the IPO, the value of disposed assets will equal to THB 72,343.5 million.

#### 7. Basis Used to Determine the Value of Consideration

Currently, IPO price has not yet been determined. Thus, in calculating of the Value of Consideration, the Company uses the book value of PTTOR before the business transfer for the year ended 31 December 2016 plus the transfer price of the oil business unit and the shares of companies related to the oil business unit, which may be different from the IPO price of PTTOR that will be determined by the demand from investors (Bookbuilding).

#### 8. Rationale, Needs, and Expected Benefits of the Transaction

- **The Restructuring of PTT and the IPO Transaction** are in accordance with the policy of governmental authorities to encourage the free market in oil businesses and industry to create national energy security and increase the effectiveness in oil procurement. As a result, Thailand has a surplus in refinery capacity. The number of Section 7 oil traders has increased to be more than 40 traders. Traders are free to import and export oil and petroleum products. The market share of foreign oil companies becomes smaller from approximately 80% in 1978 to approximately 28% in 2016. The intensity in competition among oil retail business operators is higher as a result of an increase in the number of operators. The increasing variety and complexity in business and service models and offerings creates more choices to customers to have better service. Therefore, **the Restructuring of PTT and the IPO Transaction** will increase business efficiency and flexibility to PTTOR in the changing business environment. In addition, **the Restructuring of PTT and the IPO Transaction** comply with the provision in the constitution of Thailand B.E. 2560, stipulating in

Section 6 “State’s policy”, Article 75 Paragraph 2, “The State shall refrain from any engagement in an enterprise in a manner of competition with the private sector, unless it is of necessity for the maintenance of security of the State, the maintenance of public interest, the provision of public utilities, or the provision of public services.”

- **The Restructuring of PTT and the IPO Transaction** will provide a clearer corporate structure where PTTOR will be a flagship company in the oil and retail business for PTT Group in the future, with objectives to operate and explore for clear growth opportunities that will enhance the governance and administration of the PTT Group. In addition, the Company will list PTTOR on the SET, which expects to help improve transparency of the oil business unit to the public as more information of operating performance and financial status will be disclosed.
- **The Restructuring of PTT and the IPO Transaction** will make the value of the oil and retail business reflective of its true potential as a non-state controlled business enhancing the ability to recruit talents and/or attracting business partners with high experience especially in the retail business in order to fully unleash business potential of PTTOR. When PTTOR is traded on the SET, its price will reflect an increase in the value of oil and retail business, which will be higher than the value of oil business unit under PTT.
- The transfer of assets from PTT to PTTOR and the sales of PTTOR’s shares on the SET by PPT will result in an increase in PTT’s revenue from disposal of assets and PTTOR’s shares.
- PTTOR’s listing and fund raising on the SET will make the Thailand’s capital market more attractive to both domestic and international investors. Being a public company on the SET will also allow the public to closely monitor the operation and performance

of the Company and provide PTTOR's access to additional source of fund, which is not accounted as the public debt.

- PTT's oil and retail business currently supports SMEs as trading partners. As at December 2016, 83% of the approximately 1,530 PTT oil service stations and 90% of the approximately 1,667 branches of Café Amazon are owned by SMEs. In addition, there are many SME business partners located in oil service stations across the country. **The Restructuring of PTT and the IPO Transaction** will offer PTTOR the flexibility and increase its ability to invest in both domestically and internationally. This expansion will allow SME to grow alongside PTTOR and create more job opportunities to Thai people.

#### 9. Plan on Utilization of IPO Proceed

PTT plans to use the proceeds from this IPO as follows:

- 1) To be used for PTT's business expansion in the future
- 2) To be used as PTT's working capital

#### 10. Conditions for Entering Into the Transaction

10.1 **The shareholders' meeting of PTT shall approve the Restructuring of PTT including the transfer of the oil business unit, the assets and liabilities of such business unit, and shares of companies related to the oil business unit from PTT to PTTOR in accordance with Section 107(2)(a) of the Public Limited Companies Act B.E. 2535. (as amended).**

10.2 **The shareholders' meeting of PTTOR shall approve the conversion of PTTOR to a public company limited, the listing of PTTOR's ordinary shares on the SET, and an increase in the company's capital to offer the shares to the public which includes**

the approval on the issuance and offering of ordinary shares of PTTOR to the Company's existing shareholders who have the rights to subscribe for such allocated shares. However, PTTOR will not offer such shares to shareholders who will cause PTTOR to be subject to rules and regulations of foreign countries (Preferential Share Offering).

- 10.3 PTT and/or PTTOR shall obtain any approval / consent necessary for the Restructuring of PTT from any relevant governmental authorities and/or agencies according to related rules and regulations.
- 10.4 Relevant governmental authorities shall grant PTTOR the right to use the state assets in accordance with the criteria and procedures as prescribed in PPP Act and PTT has complied with and completed all the requirements and procedures under the PPP Act.
- 10.5 The Company shall transfer the oil business unit, the assets and liabilities of such business unit, and the shares of companies related to the oil business unit to PTTOR.
- 10.6 PTTOR shall obtain approval from the SEC to offer newly issued shares to the public and the registration statement and the prospectus are rendered effective.
- 10.7 PTTOR shall register the conversion of the company and the increase in registered capital with the Department of Business Development, Ministry of Commerce.
- 10.8 The SET shall approve the listing of ordinary shares of PTTOR on the SET and its free- float amount meets the regulatory required amount.
- 10.9 PTTOR shall register the change in paid-up capital after the IPO of newly issued ordinary shares to the public.

## 11. Opinion of the Board of Directors on the Transaction

The Board of Directors deemed it appropriate that the shareholders' meeting of PTT approves the Restructuring of PTT consisting of a transfer of the oil business unit, the assets and liabilities of such business unit, and the shares of companies related to the oil business unit from PTT to PTT Oil and Retail Business Company Limited (PTTOR). The business transfer will occur only after PTT obtains any approval / consent necessary for the Restructuring of PTT from any relevant governmental authorities and/or agencies according to related rules and regulations.; and acknowledges the possibility of the plan for the initial public offering of ordinary shares of PTTOR (IPO) including the offering of PTTOR's ordinary shares to PTT's existing shareholders who have the rights to subscribe for such allocated shares. However, PTTOR will not offer such shares to shareholders who will cause PTTOR to be subject to rules and regulations of foreign countries (Preferential Share Offering); and the listing of PTTOR on the Stock Exchange of Thailand in the future (the "IPO Transaction") in which PTT will adhere the comment from the office of the Securities and Exchange Commission (the "SEC") in relation to the listing of PTTOR on the Stock Exchange of Thailand (the "SET") and will obtain the approval from the SEC prior to further proceeding. The proposed Restructuring of PTT and the IPO Transaction are intended to enhance PTT's business operation to be consistent with the provision on non-competition with private entities pursuant to the Constitution B.E. 2560, to make PTT's oil business operation more transparent to the public, and to increase the potential and flexibility to PTT's competitiveness in business operation in line with the government policy on liberalization of the oil business and the promotion of small and medium sized businesses which will in turn create more job opportunities to the Thai people, strengthen Thai brands and enhance Thai entrepreneurs' access to the AEC and global markets. Furthermore, the proposed Restructuring of PTT and the IPO Transaction will promote and stimulate the Thai capital market and enhance the effectiveness in good corporate governance and management of PTT Group. In addition, the proposed Restructuring of PTT and the IPO Transaction will enhance the ability to recruit talents and/or attract business partners with



high experience especially in the retail business in order to fully unleash business potential of PTTOR. With the proposed Restructuring of PTT and the IPO Transaction, PTTOR will become a listed company on the SET and the flagship company for the oil and retail business inside and outside of the oil service stations and other related business of PTT Group. PTTOR will be able to raise funds to accommodate its business expansion on its own and PTT's burden to secure financial resources will be lessened.

In furtherance of the above, the Board of Directors of PTT deemed it appropriate that the shareholders approve the authorization of the Board of Directors or its delegated person to: enter into negotiation and determine the criteria, conditions, and other details with respect to the Restructuring of PTT; execute the business transfer agreements, other agreements and supporting documents; undertake any act necessary for and relevant to the said businesses for the purposes of the Restructuring of PTT.

**12. Opinion of the Audit Committee and/or Directors of the Company Which is Different From the Opinion of the Board of Directors**

-None-

**13. Opinion of the Independent Financial Advisor on the Restructuring of PTT**

13.1 Fair market value of the transfer price of the oil business and the shares of companies related to the oil business unit

IFA applied 3 valuation methods which are Discount Cash Flows Method (“DCF”), Market Comparable Method (“Market Comparable”), and Book Value Method (“Book Value”). The value from appropriate methods. DCF and EV/EBITDA, can be summarized as follow.

(Translation)

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(THB Million)	DCF	EV/EBITDA
Enterprise Value	110,826	147,401

IFA has opinion on the selection of valuation methods as follow:

- DCF is appropriate because it reflects the performance of the operation based on the assumptions that are in accordance with future tendency and management's business plan and policy.
- Market Comparable is appropriate because it reflects the share price in the investor's view regarding future operation through demand and supply of shares.
  - P/E ratio is not appropriate as debt to equity ratios of the comparable peers are significantly different from that of PTTOR which results in different financial cost.
  - P/BV is not appropriate because book value does not reflect the value of intangible assets such as brands or trademarks which have an impact on profitability in the future.
  - EV/EBITDA is appropriate because it reflects the demand and supply of the investors without an impact of different capital structure.
- BV is not appropriate because it refers to the book value which does not reflect performance of the operation in the future.

To summarize the fair value of enterprise value for the Business Transfer, IFA uses a range of the values derived from DCF and EV/EBITDA methods. The fair range of enterprise value is THB 110,826 million – THB 147,401 million

13.2 Reasonableness of the price and the conditions of the transfer of the oil business unit

For the reasonableness of the value, IFA has assessed the enterprise value in a range of THB 110,826 million – THB 147,401 million. Thus, the transfer price within the said range shall be deemed reasonable.

IFA is of the view that the conditions of the transaction, including any required approval and/or agreement from relevant agencies and shareholders' meeting in accordance with the relevant rules and regulations obtained by PTT and/or PTTOR, a consent from governmental authorities and/or approval from relevant agencies regarding the lease/sublease of assets under PPP Act and the grant of license needed to operate the business, are reasonable as they are processes defined by law.

13.3 Justification of **the Restructuring of PTT and the IPO Transaction**

IFA is of the opinion that **the Restructuring of PTT and the IPO Transaction** have more pros than cons. The Conditions of the Business Transfer are also reasonable as the conditions are necessary to ensure that the Business Transfer has been done according to the law. **Therefore, IFA is of the opinion that the Restructuring of PTT and the IPO Transaction are appropriate.**

IFA is of the view that the Board of Directors **shall vote for the Restructuring of PTT and the IPO Transaction** and the Shareholders of PTT shall **vote for the Restructuring of PTT**. However, **the approval of this transaction** is the decision of the Board of Directors and the Shareholders of PTT. Therefore, the Board of Directors and the Shareholders of PTT should review the information disclosed in

(Translation)

(Amended Version)

Enclosure 1

the IFA Report together with the information disclosed by PTT and make decision with due care.

## **Executive Summary**

### **The Independent Financial Advisor's Opinion on the Proposed Restructuring of PTT Public Company Limited**

#### **1. Role and Scope of Service**

Asia Plus Advisory Company Limited ("ASP" or "IFA") has been engaged by PTT Public Company Limited ("PTT") as its Independent Financial Advisor to render opinion regarding the enterprise value of its Oil and Retail Business ("the Business Transfer") and to render opinion regarding the reasonableness of the Business Transfer for public purpose whereby ASP's qualifications meet the Terms and Conditions of the engagement.

The scope of the work shall cover the transfer of the business, assets and liabilities of the Oil Business Unit which comprises Retail Sales, Commercial Sales, Supply Sales to the traders under Article 7 of the Fuel Trade Act, Convenient Store, Café and Restaurants, Space Rental and Lubricants (collectively "Oil Business Unit") and the transfer of shares of the following PTT's subsidiaries and affiliates that are under Oil Business Unit to PTTOR; a) Bangkok Aviation Fuel Services Public Company Limited ("BAFS"), b) Fuel Pipeline Transportation Co., Ltd. ("FPT"), c) Intoplane Services Co., Ltd. ("IPS"), d) Petroasia (Thailand) Co., Ltd. ("PAT"), e) PTT (Cambodia) Co., Ltd. ("PTTCL"), f) PTT (Lao) Co., Ltd. ("PTTLAO"), g) PTT Oil Myanmar Co., Ltd. ("PTTOM"), h) Thai Petroleum Pipeline Co., Ltd. ("THAPP"), and i) Thai Lube Blending Co., Ltd. ("TLBC")

The scope of work shall not include a) the valuation of subsidiaries and affiliates that PTTOR has already held shares, b) the impact of accounting and tax as a result of the Business Transfer, c) the transfer of OGP Energy Solutions Co., Ltd. to PTT, d) the valuation of intangible assets, e) the purchase price allocation and f) impact of related party transactions that shall occur in the future.

#### **2. Working Approach**

IFA has reviewed the projections prepared by PTT's Advisors ("Advisors") and considered the information received from PTT, Advisors and public information in assessing the fair value of the Business Transfer. IFA has done the following; a) **verify information for the year ended 2016 which is the base year of IFA's financial projection with the Carve-Out Financial information of the relevant Oil Business Unit provided by PTT**, b) assess the reasonableness of the key assumptions used by the Advisors, c) test whether the assumptions used are in line with information appeared in the projections and d) test the calculation accuracy of the information received.

#### **3. Nature of the Transaction**

PTT would like to transfer the business, assets and liabilities of the Oil Business Unit and those shares of PTT's subsidiaries and affiliates engaging in businesses related to Oil Business Unit in Thailand and abroad to PTTOR. PTTOR will be PTT's flagship company to operate Oil and Retail Business and will be listed in the Stock Exchange of Thailand ("**the Proposed Restructuring of PTT Public Company Limited**"). PTT will a) transfer assets or right to use assets to PTTOR for compensation, b) **engage PTTOR to operate, render maintenance service and other services for the Gas Tank Farm in Chonburi**, c) grant permission of trademark use to PTTOR, d) transfer employees of the transferred business to

PTTOR, e) render human resource management services, f) support secondment, and g) **rent PTTOR's assets to operate PTT's business.**

#### 4. The Valuation and the Reasonableness of the Value

IFA applied 3 valuation methods which are Discount Cash Flows Method (“DCF”), Market Comparable Method, and Book Value Method (“Book Value”). The value from appropriate methods, DCF and EV/EBITDA, can be summarized as follow.

<b>(Baht Million)</b>	<b>DCF</b>	<b>EV/EBITDA</b>
<b>Enterprise Value</b>	<b>110,826</b>	<b>147,401</b>

IFA has opinion on the selection of valuation methods as follow.

- DCF is appropriate because it reflects the performance of the operation based on the assumptions that are in accordance with future tendency and management's business plan and policy.
- Market Comparable is appropriate because it reflects the share price in the investor's view regarding future operation through demand and supply of shares.
  - P/E ratio is not appropriate because debt to equity ratios of the comparable peers are significantly different from that of PTTOR which results in different financial cost.
  - P/BV is not appropriate because book value does not reflect the value of intangible assets such as brands or trademarks that have an impact on profitability in the future.
  - EV/EBITDA is appropriate because it reflects the demand and supply of the investors without an impact of different capital structure.
- BV is not appropriate because it refers to book value which does not reflect performance of the operation in the future.

To summarize the fair value of enterprise value for the Business Transfer, IFA uses a range of the value derived from DCF and EV/EBITDA methods. The fair range is Baht 110,826 million – Baht 147,401 million. Therefore, the Business Transfer at the aforementioned range shall deem appropriate.

#### 5. The Reasonableness of the Conditions of the Transaction

IFA is of the view that the conditions of the transaction, including any required approval and/or agreement from relevant agencies and shareholders' meeting in accordance with the relevant rules and regulations obtained by PTT and/or PTTOR, a consent from governmental authorities and/or approval from relevant agencies regarding the lease/sublease of assets under Private Investments in State Undertaking Act B.E. 2556 (2013) and the grant of license needed to operate the business, are reasonable as they are processes defined by law.

#### 6. The Reasonableness of the Transaction

Advantages of the Transaction

- Oil and related businesses will be transferred to PTTOR, resulting in more unity, flexibility and efficiency.
- Higher flexibility helps boost competitive advantage both in the country and abroad as well as increase the return to shareholders in the long run.
- Create more transparency of each division in PTT Group in the public views.
- Be in compliance with **the provision in the constitution of Thailand B.E. 2560** which states that the government shall not compete with the private sector.
- Create an investment option to enable investors to selectively invest in oil and related retail businesses.
- Create an opportunity for local operators to become a partner in the business which will support the growth of SME enterprises and create more jobs for Thai people.

#### Disadvantages of the Transaction

- Expenses and complexities related to the Business Transfer such as approval processes, defining price and conditions for the related party transactions, drafting relevant contracts, employee transfer and public relation to inform relevant parties.

#### Advantages of the IPO

- PTTOR will have access to the capital markets without relying on a sole support from PTT.
- Reflect an intrinsic value of oil and retail businesses.
- Regulations of the Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand shall enhance the check and balance of PTTOR's management.
- Public sector will have more access to PTTOR's information.
- Stimulate Thai capital market and increase tax revenue to the Thai government.
- PTT can use the capital gain from the Business Transfer and the IPO for the business expansion.

#### Disadvantages of the IPO

- PTT's ownership in PTTOR will be diluted. However, after IPO, PTT still be major shareholder of PTTOR and have management control.

### **7. Risks that might impact the Business Transfer and IPO**

- Negative public reaction on the privatization

### **8. IFA's Opinion**

The Business Transfer and the IPO have advantages, disadvantages and risks as stated above. However, IFA is of the opinion that the Business Transfer and the IPO have more pros than cons. The Conditions of the Business Transfer are also reasonable as the conditions are necessary in order to ensure that Business Transfer has been done according to the law. **Therefore, IFA is of the opinion that the Business Transfer and the IPO are appropriate.**

(Translation)

**(Amended Version)**

Enclosure 2

For the reasonableness of the value, IFA has assessed the enterprise value in a range of Baht 110,826 million – Baht 147,401 million. Thus, the transfer price within the said range shall be deemed reasonable.

IFA is of the view that the Board of Directors shall vote for The Business Transfer and the IPO and the Shareholders of PTT shall vote for the Business Transfer. However, the approval of this transaction is the decision of the Board of Directors and the Shareholders of PTT. Therefore, the Board of Directors and the Shareholders of PTT should review the information disclosed in the IFA Report together with the information disclosed by PTT and make decision with due care.