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Independent Financial Advisor Report
On
Asset Disposition and Connected Transaction

For



Sahathai Terminal Public Company Limited

By



WELCAP Advisory Company Limited

August 21st, 2019

August 21st, 2019

To : Shareholders

Sahathai Terminal Public Company Limited

Subject: Independent Financial Advisor Report On Asset Disposition and Connected Transaction

Refer: Board Resolution on Meeting No. 5/2019 at August 14th, 2019

On August 14th, 2019, the Board of Directors of Sahathai Terminal Public Company Limited ("the Company") passed the resolution of Meeting No. 5/2019 for the submission to the extraordinary general meeting of shareholders no. 1/2019 considering and approving the connected transaction of Sahathai Terminal Public Company Limited ("PORT") and Sahathai Steel Pipe Public Company Limited ("STS") entering the transaction of asset disposition, which is the warehouse in rental duty free area of 16,918.33 square meters. The asset is the one-storey warehouse building divided into zone A and B with areas including a restaurant, bathroom, smoking area, room for charging equipment, and office space on leasehold title deed no. 5979, 5980, 6120 and 6155, parcel number 6,2,5 and 1 with the dealing file number 497,511,515 and 540. The property is located at No. 40 / 2 Village No. 4, Soi Petra, Pu Chao Samingphrai Road BangYaPhraek Sub-district, PhraPradaeng District, SamutPrakarn Province.

On August 20th, 2019, the Company entered into an agreement to sell assets toward Sahathai Steel Pipe Public Company Limited ("Purchaser") for 118.00 million Baht, or 110.57 million Baht after deducting all ownership transfer costs. The buyer agrees to pay for the property to PORT at the same time as the transfer of property ownership. The company agreed to register the ownership transfer of the warehouse building without obligation to STS by 120 days from the date of the contract (August 20th, 2019) while the date of registration of ownership transfer would be within 2019 at the SamutPrakan Land Office, Phra Pradaeng branch. In order to comply with the asset transfer procedure, the Company proceeds to cancel the sublease agreement on the asset for the effective date on September 30th, 2019 onwards. The Company would also cancel the sublease agreement with STS on the same day as the ownership transfer of the assets (warehouse) at the Land Office Samut Prakarn Province, Phra Pradaeng branch.

PORT warehouse has been constructed with the assumption that the rental rate proposed by the original tenant (a major car manufacturer), which is the interesting project with 50 percent higher than the normal rental rate in the market (refer to the company's information and the rental contract review against the market price by IFA). Although the tenant terminates the contract since 2Q2019, it would not significantly impact to Company's revenue because the said income was only 3% of the total income and PORT could generate it from other activities. However, the Company is still charged on the rental fee of approximately 5.25 million Baht. Further consideration, although the company explores other potential tenants, the offering rental rates were still lower than of historical ones resulting of lower return and potential loss due to higher lease and management cost. In addition, the rental rate being increased every three years at the rate of 10 percent would be the challenges to acquire the appropriate tenants who would pay for such rising cost.

The precedent requirements on the contract are as follows:

1. The disposition must be approved by the corporate shareholder. In the event that the Company is unable to transfer the ownership of the agreed property, the agreement shall be deemed canceled.
2. The Company must allow the agent of the buyer to inspect the property. The said examination must be completed before the ownership transfer date.

For other conditions in the contract, see Section 3 (Characteristic and detail of the Transaction) under item no. 3.6 Condition for entering into the Transaction

The transaction is considered as;

(1) An acquisition of assets according 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 31st, 2008, and the amendments thereto, 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 and Disposition of Assets B.E.2547, dated October 29th, 2004, and the amendments thereto (collectively called “the Notification on Asset Acquisition or Disposal”). Upon the highest transaction size equal to 4.17% of the total value of consideration criteria, it is subjected into 3rd category list of the Notification on Asset Acquisition or Disposal with the transaction size less than 15% of the total assets of the company (according to the consolidated financial statements on June 30th, 2019 reviewed by the certified audit).

(2) A connected transaction according to the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated August 31st, 2008 (and the amendments thereto) 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 Connected Transactions, B.E. 2546 dated November 19th, 2003 and the amendments thereto (collectively called “the Notification on Connected Transaction”) as the transaction with STS has the same major shareholder as the company, which is Rattana Holding Company Limited (31.31% stake of the company as of March 29th, 2019), and there are seven board of directors of the company as directors of STS, which are Mr. Yuth Worachathan, Mrs. Wilai Chantanrasamee, Mr. Vitit Leenutaphong, Mr. Vijiit Rattanasirivilai, Mr. Suchin Rattanasirivilai, Mr. Angkoon Srisunthorn, and Mr. Chairat Chongyangyuenwong. The transaction size is 8.70 percent of the Company’s net tangible assets (NTA) which is over than 3.00 percent of NTA’s book value and worth over than 20.00 million Baht. Therefore, the Company has an obligation to immediately disclose information in respect of the transaction to SET, appoint an independent financial advisor to provide an opinion concerning the transaction, and arrange a shareholders’ meeting to consider and approve the transaction. The transaction requires three-fourths of shareholder approval from the shareholders attending the meeting and have voting right; with an exclusion of stakeholders.

Based on the above criteria, the Company has appointed WELCAP Advisory Company Limited ("IFA" or "Advisor") as the independent financial advisor to give an opinion on the asset disposition transaction (warehouse) of Saha Thai Terminal Public Company Limited ("PORT") toward STS, which is a connected transaction. Therefore, the shareholders of the company can review the supporting information before the voting.

Regarding to the consultant consideration and information analysis on the corporate asset disposition (warehouse) as abovementioned, the IFA opinion has been concluded using knowledge, competence and prudence on a professional standard through the corporation information received and published in the website of the Securities and Exchange Commission (www.sec.or.th) and the website of the Stock Exchange of Thailand (www.set.or.th).

Therefore, IFA opinion are considers on the assumptions of accurate and true information and documents without significant changes under the economic conditions and information available used for the analysis. The calculation for this report may round on 2nd or 3rd decimal position (as the case may be), resulting of possible mismatch value with the numbers shown in the report.

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Glossary

Term	Description
“PORT” or “the Company” or “Seller”	: Sahathai Terminal Public Company Limited
“STS” or “Buyer”	: Sahathai Steel Pipe Public Company Limited (Not registered in Stock Exchange of Thailand – SET)
Warehouse	: One-storey warehouse on rental duty-free area of 16,918.33 square meters located in Zone A and B
Agreement	: Sales contract between Sahathai Terminal Public Company Limited and Sahathai Steel Pipe Public Company Limited on August 20th, 2019
Sub-lease agreement	: Sub-lease agreement between Sahathai Steel Pipe Public Company Limited (“Lessor”) and Sahathai Terminal Public Company Limited (“Lessee”) on January 1 st , 2017 and the memorandum of agreement for the sub-lease of land dated January 1 st , 2017
IFA or Advisor or Consultant	: WELCAP Advisory Company Limited
Independent asset appraiser	: Charter Valuation and Consultant Company Limited
KTB	: Krung Thai Bank Public Company Limited
SEC	: Securities and Exchange Commission
SET	: The Stock Exchange of Thailand
The Notification on Asset 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, dated August 31st, 2008, and the amendments thereto, 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 and Disposition of Assets B.E.2547, dated 29 October 2004, and the amendments thereto
The Notification on Connected Transaction	: the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated August 31st, 2008, and the amendments thereto, 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 Connected Transactions, B.E. 2546 dated 19 November 2003, and the amendments thereto
Public Limited Companies Act	: Public Limited Companies Act, B.E. 2535 (as amended)
Securities and Exchange Act	: Securities and Exchange Act B.E 2535 (as amended)
Land and Building Tax Act	: Land and Building Tax Act, BE 2562

Part 1 : Executive Summary

Because in 2017, Company has constructed Free Zone Warehouse which contains approximate area of 17,511 square meters constructed on the land of title deeds No. 5979, 5980, 6120 and 6155, land No. 6,2,5 and 1, survey page of 497, 511, 515 and 540. The location of property is at 40/2, Moo 4, Soi Poochao Samingprai, Bang Ya Phraek sub-district, Phra Pradaeng district, Samut Prakan. It is a one story warehouse on area A and area B with size of 62.80 X 175.90 meters and 36.60 X 169.90 meters respectively. However, mentioned area consists of office, cafeteria, restrooms, smoking area and office material charger of approximately 109.53 million baht cost. It is for area A and B construction and improve surrounded property. Budget sources are loan from financial institution (Krung Thai Bank) of 100.00 million baht and Company's budget of 9.53 million baht.

Mentioned Free economic zone follows free zone license of Saha Thai Steel Pipe Public Co., Ltd. got in 2552 on the area of 4 Rai, 1 Ngan, 43.25 Square Wa. Later on 27 April 2017, Company requested to expand free zone supporting construction of one large Car Manufacturer that asked to rent Company's warehouse. Expanded area is 16 Rai, 2 Ngan, 66.25 Square Wa with total free zone of 21 Rai, 0 Ngan, 9.50 Square Wa. Company asked for free zone mentioned and is responsible process expense and annual fee of 300,000 baht a year of all free zone. As Company is the one uses free zone to support needs of Company's customers.

For the construction of warehouse, Company has constructed according to the plan of a large car manufacturer (former lessee) which was old building renovation and some additional construction. The car manufacturer rented the warehouse to keep parts of car imported to assemble cars in Thailand. At that time, Company saw that investment in warehouse construction for rent had relatively high compensation. Because of higher rental rate than market price of more than 50 percent (data from company together with consultant checking rental rate in the agreement and comparing with market value), it makes the project interesting for investment. Company made a contract with mentioned car manufacturer since 16 November 2016 which was 24 months. After the first 24 months, it can be continued for another 24 months up to agreement between Company and the car manufacturer and Company began to know income from rent in April 2017.

However, income from renting Free Zone Warehouse from April 2017 - June 2019 was total of 99.18 million baht and after deducting expense, Company got profit of about 22.24 million baht. (Source: Company's Administrative Section)

Summary on cash received against the investment value until June 30th, 2019

Unit: Million Baht	2017	2018	2019 (Jan-Jun0	Total
Cash flow from operating activities	18.41	22.21	0.66	41.28
Investment value*	(109.53)	-	-	(109.53)
Net cash balance	(91.12)	22.21	0.66	(68.25)

Remark: *Project investment value excludes construction interest because during construction, Company got credit from contractor and another part from Company's advanced payment so interests happened during the time Company already served rent.

Table above showed that on 30 June 2019, warehouse project value was not worth investment value yet. It was caused by the car manufacturer's lease cancellation in quarter 2 of 2019 as the car manufacturer could find one's own warehouse.

After Company acknowledged that the car manufacturer would cancel since the end of January 2019, Company hurriedly searched for new lessee to replace, but offered price was lower than former lessee's price quite a lot, which was decreased by 32 percent making expected income did not go with Company's hypothesis and might lead to loss. Income from rent and warehouse service can be compared in this following table.

Unit : million baht	Income from rent and warehouse service	
	Q1/2019	Q2/2019
Income from rent and warehouse service	27.60	14.89
Cost of rent and warehouse service	(17.19)	(16.38)
Primary net profit/(loss)	10.41	(1.49)

Source: Income and expense from Company's interior budget and total income of warehouse activities (not only transaction area)

: In quarter 2, Company got decreased income due to warehouse lease agreement termination of the car manufacturer.

From table above, in quarter 2 of 2019, Company started gain loss effect from decreased income from rent and warehouse service. Company saw that a way to manage property not used at its best was to sell this warehouse and try to find buyer interested to buy it. Company proceeded searching for lessee and buyer for some time. However, after considering significant factors related thoroughly and demand to buy the warehouse of Saha Thai Steel Pipe Public Co., Ltd. ("STS") to support manufacturing expansion and be a warehouse for steel pipes to be expected.

Nevertheless, the search for proper lessee, Company had improved surrounded areas of warehouse after the car manufacturer cancelling the rent for big cars to be able to go to the back of warehouse. Company removed office for larger road for big vehicles (i.e. cranes) to be able to travel. Therefore, area of the warehouse reduced from 17,115 square meters to only 16,918.33 square meters (according to Independent Appraiser check).

On August 14th, 2019, the Board of Directors of Sahathai Terminal Public Company Limited ("the Company") set up the resolution of Meeting No. 5/2019 on the asset disposition and connected transaction. The Board members who are not stakeholders on the transaction has passed the resolution for presenting to the extraordinary general meeting of shareholders no. 1/2019 considering and approving the connected transaction of Sahathai Terminal Public Company Limited ("PORT") and Sahathai Steel Pipe Public Company Limited ("STS") entering the transaction of asset disposition, which is the warehouse in rental duty free area of 16,918.33 square meters. The asset is the one-storey warehouse building divided into zone A and B with areas including a restaurant, bathroom, smoking area, room for charging equipment, and office space on leasehold title deed no. 5979, 5980, 6120 and 6155, parcel number 6,2,5 and 1 with the dealing file number 497,511,515 and 540. The property is located at No. 40 / 2 Village No. 4, Soi Petra, Pu Chao Samingphrai Road BangYaPhraek Sub-district, PhraPradaeng District, SamutPrakarn Province. In order to comply with the asset transfer procedure, the Company proceeds to cancel the sublease agreement on the asset for the effective date on September 30th, 2019 onwards. The Company would also cancel the sublease agreement with STS on the same day as the ownership transfer of the assets (warehouse) at the Land Office Samut Prakarn Province, Phra Pradaeng branch.

On August 20th, 2019, the Company entered into an agreement to sell assets toward Sahathai Steel Pipe Public Company Limited ("Purchaser") for 118.00 million Baht, or 110.57 million Baht after deducting all ownership transfer costs.

The buyer agrees to pay for the property to PORT at the same time as the transfer of property ownership. The company agreed to register the ownership transfer of the warehouse building without obligation to STS by 120 days from the date of the contract (August 20th, 2019) while the date of registration of ownership transfer would be within 2019 at the SamutPrakan Land Office, Phra Pradaeng branch.

Buy/Sell warehouse agreement summary

Contract Parties	1) Sahathai Terminal Public Company Limited (Seller) 2) Sahathai Steel Pipe Public Company Limited (Buyer)
Contract Date	August 20th, 2019
	<u>Details:</u> One-story warehouse on location number 40/2 covering Zone A and B with areas of 62.80m x 175.90m and 36.60m x 169.60m respectively. Total area of 16,918.33 square meters is built on sublease title deed no. 5979 , 5980, 6120 and 6155 with parcel numbers of 6, 2, 5 and 1, and dealing file number of 497, 511, 515, and 540 at BangYaPhraek Sub-district, PhraPradaeng District, SamutPrakarn Province.
Transaction value	118.00 million Baht
Ownership transfer date	The seller agrees to transfer the ownership of the warehouse without obligation to the buyer within 120 days from the date of the contract. The registration date of ownership transfer shall be complete by December 18 th , 2019, at SamutPrakan Land Office, PhraPradaeng Branch. And both parties agreed to submit a request to close the property sale announcement in advance to the Land Department on August 22 nd , 2019.
Asset payment	The buyer agrees to pay total whole value of the asset on the date of ownership transfer.
Fee payments	Expenses such as fees, duties and any expenses for the registration of ownership transfer are under seller's liabilities.
In case of default	In the event that the seller is in breach of contract, the buyer has the right to enforce or terminate the contract and claim damages caused by the responsibility of the seller including interest at the rate of 7.5 percent per year since the breach of contract, and exercise the right to claim other damages according to the law. In the event that the buyer is in breach of contract, the seller has the right to enforce or terminate the contract and claim damages caused by the responsibility of the buyer including interest at the rate of 7.5 percent per year since the breach of contract, and exercise the right to claim other damages according to the law.

Precedent conditions	<ul style="list-style-type: none"> - The asset disposition must be approved by the corporate shareholder. In the event that the Company is unable to transfer the ownership of the agreed property, the agreement shall be deemed canceled. - The Company must allow the agent of the buyer to inspect the property. The said examination must be completed before the ownership transfer date.
Obligation and liabilities	<p>1. Seller's</p> <ul style="list-style-type: none"> - The seller (the company) is liable to settle all pending expenses covering trade creditors, banks and financial institutions, or any tax liabilities toward the government. The seller must totally pay any debt to the bank or outsiders before the ownership transfer date - The seller certifies that does not act or refrain from doing anything that violates any types of laws related to the assets, and legally obtain permission to construct and use buildings in accordance with laws and regulations - The seller agrees to cooperate and facilitate the purchaser and the buying agent for all licenses and documents related to the asset transfer including licenses of the government issued for property business operation, construction permits and layout - The seller also agrees to cooperate and facilitate the buyers and agents of the purchaser for checking the accuracy and completeness of the said assets - The seller agrees to allow the agency to inspect the building structure as well as any other necessary requests by the buyer in order to accomplish the sales agreement <p>2. Buyer's</p> <ul style="list-style-type: none"> - The purchaser is obliged to pay the price of the property as agreed within the period specified in the contract. - If the buyer does not buy the property upon the agreement after signing the contract, the buyer is liable for damages to the seller on preparing to sell the property, which is equal to 7.5 percent of the asset value agreed in the contract

Consultant thinks that conditions of contract above is standard contract between buyer and seller which precedent conditions stated that this trading will complete when prospective seller is approved from meeting of stockholders of prospective seller and prospective buyer has checked the property for correctness and completeness before transferring. It also stated responsibility of each party and trading process duration and considered a general standard contract.

Later on 27th August 2019, Company had withdrawn security of the warehouse and paid Krung Thai Bank Public Ltd. loan with interest which budget source of increased cost of Company on 28th May 2019.

The transaction is considered as;

(1) An acquisition of assets according 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 31st, 2008, and the amendments thereto, 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 and Disposition of Assets B.E.2547, dated October 29th, 2004, and the amendments thereto (collectively called “the Notification on Asset Acquisition or Disposal”). Upon the highest transaction size equal to 4.17% of the total value of consideration criteria, it is subjected into 3rd category list of the Notification on Asset Acquisition or Disposal with the transaction size less than 15% of the total assets of the company (according to the consolidated financial statements on June 30th, 2019 reviewed by the certified audit).

(2) A connected transaction according to the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated August 31st, 2008 (and the amendments thereto) 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 Connected Transactions, B.E. 2546 dated November 19th, 2003 and the amendments thereto (collectively called “the Notification on Connected Transaction”) as the transaction with STS has the same major shareholder as the company, which is Rattana Holding Company Limited (31.31% stake of the company as of March 29th, 2019), and there are seven board of directors of the company as directors of STS, which are Mr. Yuth Vorachattarn, Mr. Vilai Chhatrasamee, Mr. Vithit Leenutapong, Mr. Vijit Ratanasirivilai, Mr. Suchin Ratanasirivilai, Mr. Anukoon Srisoonthorn and Mr. Chairat Chongyangyuenwong. The transaction size is 8.70 percent of the Company’s net tangible assets (NTA) which is over than 3.00 percent of NTA’s book value and worth over than 20.00 million Baht. Therefore, the Company has an obligation to immediately disclose information in respect of the transaction to SET, appoint an independent financial advisor to provide an opinion concerning the transaction, and arrange a shareholders’ meeting to consider and approve the transaction. The transaction requires three-fourths of shareholder approval from the shareholders attending the meeting and have voting right; with an exclusion of stakeholders.

By analyzing relevant information such as conditions entering into the transaction, advantages and disadvantages of entering the transaction, risk for entering the transaction, advantages and disadvantages of not entering the transaction including the reasonability of asset disposition (warehouse) of PORT, therefore, IFA summarizes the opinion as follows:

Advantage of entering into the Transaction with connected person

1. Time efficiency on negotiation and procedure

Both PORT and STS owns by the same major shareholder, Ratana Holding Company Limited and have seven common board of directors, namely, Mr. Yuth Worachattarn, Mrs. Wilai Chantanrasamee, Mr. Vitit Leenutaphong, Mr. Vijit Rattanasirivilai, Mr. Suchin Rattanasirivilai, Mr. Angkoon Srisunthorn, and Mr. Chairat Chongyangyuenwong. Therefore, it would succeed the negotiation of entering the transaction faster than negotiating with outsiders Company personnel is also familiar with STS making it more effective to work under related contract regulations and conditions.

2. Issue solving on procuring potential buyers

The company's warehouse is still on the sub-lease area with the agreement that the ownership would eventually transfer to the lessor (the landowner) resulting of minimal interesting buyers. As the property is on sublease area and have risk that ownership will be sublessor's (owner of land) and the price STS offered after fee deduction was 110.57 million baht, higher than project's investment value that Company had invested in 2017,

Consultant thought that having STS as a buyer this time was a way to reduce problems that Company needed to find someone interested in Company's warehouse before sublease agreement due and Company got offered price that was higher than project's investment value.

Disadvantage of entering into the Transaction with connected person

1. Opportunity loss for better buying offers

Given this asset disposition as a connected transaction, the company may not be fully negotiated on the asset price and other conditions compared when offer to the non-related buyers. Consultant saw that tax fee payments condition in the property sale contract stated that expenses of fee, tax and others for ownership registration, Company (prospective seller) was responsible for all of them. If Company did transaction with third parties, negotiation of fee payment condition might be divided into half reducing Company's expenses on fee, tax and others about 3.72 million baht (calculated from Company's expense of 7.44 million baht and dividing into half will be 3.72 million baht only).

Advantage of entering into the Transaction

1. Risk reduction on recruiting renters covering high cost and loss on operation

The warehouse has been constructed with the assumption that the rental rate proposed by the original tenant, which is 50 percent higher than the normal rental rate in the market (refer to the company's information and the rental contract review against the market price by IFA). However, when the tenant terminates the contract, it results of revenue impact, which has been affected since the second quarter of 2019. Although the company explores other potential tenants, the offering rental rates are still lower than of historical ones resulting of lower return and potential loss due to lease and management cost. In addition, the rental rate being increased every three years at the rate of 10 percent would be the challenges to acquire the appropriate tenants who would pay for such rising cost.

Therefore, the estimate rental rate by IFA valuation in part of Discounted Cashflow Method, it show the relatively high rent will make Company gain profit from the procedure, so increased rental rate leads to risk of obtaining lessee to cover increased cost of rent area. This effect reflects how Company had paid 5.25 million baht in quarter 2 of 2019 in order to have lessee with proper rental rate to cover rent cost and expense in the present without rent income that reduced the cost occurred while searching for lessee. As Consultant had studied industrial tendency from 2019 - 2564 (reference to Krungsri Research August 2019), tendency of warehouse rent need is consistent and expansion investments in some areas increased excess

supply causing extreme competitions and rent still have consistent tendency. Therefore, it could be seen that Company still has risk from price competition and obtaining new lessee.

Therefore, Consultant saw that doing such transaction of Company by selling this warehouse property is a management that helps Company reduce risks from loss of finding proper lessee for rent cost and future expenses.

2. Risk reduction on ownership transfer to lessor (the landowner)

The duty-free warehouse has been built on sub-lease areas owned by Sahathai Steel Pipe Public Company Limited, which the contract will expire on December 31st, 2021 but can be renewed until November 30th, 2032. According to the lease agreement, it specifies that the property built on the area would transfer ownership to the lessor after expired. Therefore, the company entering into this asset disposition would minimize such risk (the asset value at the maturity on year 2032, the net book value is 25.09 million Baht). As in case land owner does not want to renew sublease agreement (from remaining prediction at the time contract ends of property (warehouse) according to accounting in 2032 will have remaining value of 25.09 million baht, calculated with depreciation based on Company's account until 2032) and gain profit from the project,

3. Accounting profits from the asset disposition (warehouse)

Through PORT management's perspective on this asset disposition (warehouse) for 110.57 million Baht (after deducting fees for the asset transfer), it would generate accounting profits approximately 11.99 million (Comparing accounting value on 30 June 2019, the value was 98.58 million baht and trading value after transferring property fee deduction of 110.57 million baht making Company gain accounting profit of 11.99 million baht.)

Moreover, Consultant has made estimation about project which Company invested this time in form of cash inflow and outflow (no discounts) of each year until the year of selling warehouse. In conclusion, it can be estimated as follows.

Unit : million baht	2017	2018	6 month 2019	Total
Net profit (after expense interest deduction) + depreciation (source: Company's administrative section)	16.22	18.95	(0.60)	34.57
Remaining trading value after transferring expense deduction			110.57	110.57
Value of office area removal			(0.88)	(0.88)
Project's investment value*	(109.53)			(109.53)
Net Total Value	(93.31)	18.95	109.09	34.73

Remark:: Project's investment value excludes construction interest because during construction, Company got credit from contractor and another part from Company's advanced payment so interests happened during the time Company already served rent

Table above shows that cash (without discount) from this warehouse project makes Company have remaining cash of 34.73 million baht. It can be seen that it was not a loss for this project investment.

4. Cash for debt settlement reducing interest expenses

From the asset disposition, the Company would receive cash of 110.57 million Baht (after deducting transferring fees), Company can use the money to pay the loan (other long-term loan not related to warehouse) as well as reduce interest responsibility

Disadvantage of entering into the Transaction

1. Business opportunity loss on rental area and warehouse service

The Company currently owns and operates warehouses cover the total area of 37,684 sqm. Through this asset disposition, PORT would have less rental and warehouse areas for business operation. That is affect 44.89 percent of warehouse area will be lost with comparison in this following table.

Number of warehouse	Number of area (sq.m.)	Proportion
Free Zone warehouse	16,918	44.89 percent
General Zone warehouse	20,766	55.11 percent
Total area of warehouse	37,684	100.00 percent

In addition, Company's warehouse area in Free Zone sale affects proportion of rent income and warehouse service which decreased average of 47 percent of income from rent area and warehouse service of Company. However, big picture of Company's income shows that it affects approximately 3 percent of Company's total income estimated as follows.

Unit: Million baht	2017	2018	Quarter 2019	Total
1/Income from sold warehouse	37.04	49.38	12.35	98.77
2/Total income from warehouse activities	80.71	102.15	27.61	210.46
3/Total income from Company's service	1,345.33	1,557.89	393.05	3,296.27
Income from warehouse to be sold to total income specifically from warehouse activities	46%	48%	45%	47%
Income from warehouse to be sold to Company's total income	3%	3%	3%	3%

Remark: No. 1-2 are from Company's interior budget

No.3 is from audit and review budget of auditor

Consultant saw that selling property (warehouse) of Company this time affects income proportion of about 3 percent from Company's total income.

Advantage of not entering into the Transaction

1. Rental and warehouse service continuity

If Company did not do this transaction, Company would still have area for rent and service of Free zone warehouse and General zone warehouse total of 37,684 sq.m. as well as opportunity to rent out warehouse business from outsiders and other income aside from warehouse rent are weighing charge and wharfage.

Disadvantage of not entering into the Transaction

1. Financial loss exposure on rental and warehouse service

If the company does not enter into this transaction, it potentially impacts by financial loss on rental and warehouse service. Through second quarter of the year 2019, the revenue in the segment of the rental and service business has been declined resulting of loss signal as described below:

Unit: Million Baht	Period	
	Q1/2562	Q2/2562
Revenue on Rental and Warehouse services	27.60	14.89
Cost on Rental and Warehouse services	(17.19)	(16.38)
Gross Profit (Loss)	10.41	(1.49)

Source: The corporate financial statements of Sahathai Terminal Public Company Limited

It can be seen from Table above that in quarter 2 of 2019, Company still had income from former lessee making Company have primary income in quarter 1 in 2019 of 10.41 million baht but in quarter 2/2019 after warehouse contract termination, Company faced primary loss of 1.49 million baht in quarter 2 year 2019.

2. Loss on asset (warehouse) ownership

Although the company does not enter into this transaction, the asset ownership including the property (warehouse) on land is still eventually transfered to lessor upon the expiration of the sub-lease contract.

3. No additional accounting profits from asset disposition (warehouse)

If there is no asset disposition, the Company would loss financial opportunity for generating accounting profits approximately 11.99 million Baht.

4. No cash for debt settlement and interest expense reduction

If Company did not do this transaction, Company would not have money to pay loan and interest making responsibility remained the same.

Risk for entering into the transaction

1. Seller's liabilities

According to the contract, the seller (the company) is liable to settle all pending expenses covering trade creditors, banks and financial institutions, or any tax liabilities toward the government. And in the event that the purchaser is subject to any rights or damages because of the fact that a person has sued the court to revoke the asset disposition, the company is liable all damaged occurred including interest at the rate of 7.5 percent per year since the occurrence of contract breach.

However, from checking data and asking Company's administrative sector, Consultant concluded debts as follows.

List	Debt status	Reasons:
1. Debts with financial institutions	none	As the debt has been paid and the collateral has been redeemed from the bank already on 28 th August 2019
2. Debts with government	none	Because the expenses related to government sector such as cost of utilities and property tax have been paid by the previous lessee directly to the government sector and property tax has been paid already at the beginning of year 2019
3. Rent debts	none	The mentioned warehouse is built on the rental areas where assets of STS Company is. The rental payment has been done. The request for terminating rental payment was submitted on 28 th August 2019, however, the company owes PORT for the deposit for 3.5 million by return date within 30 days after the ownership transfer date.
4. For lawsuit and sue about property in this transaction	none	According to inspection of law firm, the certificate of ownership was provided without obligation and accusation or argument about the property in this transaction.

2. Seller's obligations

This asset disposition may cause the company a risk of contractual liability. The contract states that the seller (the company) does not act or refrain from doing anything, which is a violation of laws or regulations relating to the asset including requesting for construction and building permission (warehouse) resulting of contract breach. The company is liable all damaged occurred including interest at the rate of 7.5 percent per year since the occurrence of contract breach.

Through the management confirmation, and the review of the building permits revision No. 74/2560, it presented that the license is under the company entity with the appropriate legal process. Independent asset appraisers also confirmed of no

property case and issue on the asset. Therefore, IFA views that the Company has complied with the required laws and regulations on the asset (warehouse).

Potential impact after entering into the Transaction

After completion on the asset disposition, the revenue on the rental business and warehouse services would decrease. However, the company could acquire other revenues covering the change as follows:

Revenue (Unit: Million Baht)	Quarterly Financial Statement ended of June 30 th , 2019		Change
	2019	2018	
Full-ranged commercial port services	325.89	301.75	24.14
Inland container services	36.05	23.72	12.33
Container storage and warehouse services	18.11	29.48	(11.37)
Other related services	3.24	13.72	(10.48)
Total revenue	383.29	368.67	14.62

Note: Statement of income and other comprehensive income for the three-month periods ended June 30 (consolidated and reviewed)

: * Other related services such as being shipper agents, providing rental office for sea freight forwarders or sublease service providers for rental office areas in company's sea port including management fee for taking care products in warehouse and income as being freight forwarder.

: * Other related services decrease due to the decrease in freight forwarder services of customers.

According to above table, comparing the second trimester between 2019 and 2018 found that income from container depot service and warehouse decreased by 11.37 million because the lease contract of car manufacturer in free zone was terminated. However, expense ratio of other activities increases comparing second quarter in 2019 to 2018 such as complete service for commercial harbor and re-locating container service by land transportation increase by 24.14 million baht and 12.33 million baht respectively resulting in increase of total revenue in second quarter in 2019 by 14.62 million baht.

In addition, after entering into the transaction, the Company could earn accounting profits from the sale of assets (warehouses) in the amount of approximately 11.99 million Baht. PORT could generate many benefits from such fund to shareholders in the future. For example, reducing the debt burden by advance loan settlement toward financial institutions, which reduce the financial cost of the company, and using it as working capital to increase corporate liquidity.

The consultant considered that income from container depot service and warehouse decreased, however, the firm received income from other activities instead resulting in gaining accounting profit for 11.99 million baht. So, the company can use those funds to benefit the shareholders in the future.

Asset Valuation (Warehouse)

In order to determine the fair price of the asset disposition, the Independent Financial Advisor has evaluated the value of the PORT asset (warehouse) using various methods, which has criteria and details as follows:

1. Book Value Approach - the advisor has analyzed the current value of the assets (warehouse) after deducting depreciation before comparing with the transaction price.
2. Adjusted Book Value Approach - the advisor considered the value of the asset (warehouse) using the current market value evaluated by the independent appraiser. Through the appraisal, Cost Approach has been applied as the appropriate analysis because of the asset type. The analysis value is calculated on the current cost of construction deducting depreciation of asset's useful life. It is alternative valuation for comparing with the contract price.
3. Discount Cash Flow Approach - the advisor valued the asset based on its rental and warehouse service projection by estimating the remaining lease period (thirteen years) to compare with the transaction price.

Summary of the independent financial advisor's opinion about asset valuation (warehouse) of PORT

Valuation Method	Asset Value	Unit
Contract value (Buy/Sell)	110.57*	Million Baht
Book Value Approach (as of Jun 30 th , 2019)	98.58	Million Baht
Adjusted Book Value Approach	109.58	Million Baht
Utilization Value Approach (rental area)	55.03 – 108.97	Million Baht

Note: * Contract value (trading) after deducting expenses and transfer fees

- According to comparable method, the consultant viewed that asset valuation (warehouse) cannot be evaluated based on market price due as it is selling building on lease land.

1. Book Value Approach

A method that shows the book value of a company's assets at a certain time without considering the market value that may increase or decrease according to market construction at that time. It may not reflect the true value of the market, so the consultant expressed that Book Value Approach is not appropriate for asset valuation (warehouse) of the company.

2. Adjust Book Value Approach

This method is evaluated by an independent appraiser who names are in the list of appraisers of the SEC by using cost approach. Cost Approach is estimation of constructing a new replacement building at the current price minus the depreciation based on the useful life. Plus the market value of the land. However, asset for this evaluation excludes land,

therefore, calculate only constructing a new replacement building at the current price minus the depreciation based on the useful life. This method is suitable for specific building such as factories, and so on.

Hence, the consultant expressed that Adjust Book Value Approach is appropriate for asset valuation (warehouse) of the company as type of asset aligned with cost approach as it is specific method for warehouse.

3. Discounted Cash Flow Approach

A method for asset valuation (warehouse) of the company according to value of rental and depot services project regarding cash flow in the future from rental and depot areas of PORT by deducting Free Cash Flow that the company expects to receive from financial estimation by Weighted Average Cost of Capital or WACC from rental and depot services project of the company to find the net present value of fair asset value (warehouse) of PORT. The consultant has created financial estimation for rental and depot services project of the company for 6 month in 2019 (Jul-Dec) until November 2032 (total period 161 months) by evaluating under assumptions and situations as well as analysis of sensitivity for comparison. Hence, the consultant views that Discounted Cash Flow Approach reflects that the asset (warehouse) can generate cash flow in the future from rental and depot services project to compare to property trade value. This method is suitable to compare property trade value (warehouse)

According to above information, the consultant concluded that fair asset valuation (warehouse) shall be evaluated by Adjust Book Value Approach and Discounted Cash Flow Approach. Both approaches represent fair asset value in different views; in other word, Adjust Book Value Approach shows asset value regarding current market price while Discounted Cash Flow Approach shows asset value regarding future situation. The consultant normally use Discounted Cash Flow Approach for evaluation as it reflects benefit that shareholders receive in the future. However, estimation value from Adjust Book Value Approach is higher than Discounted Cash Flow Approach 109.58 million baht and value as per Net Cash Flow method was 55.03 – 108.97 million baht.

Thus, the consultant concluded that according to fair asset valuation (warehouse), proposed price by STS is appropriate because the value after deducting expenditures and fees is 110.57 million which is higher than fair value that the consultant estimated; 55.03 – 108.97 million baht. The consultant agrees to sell warehouse in this time as the company will gain higher benefit than continue running business in the future.

Regarding above reasons, the consultant agrees to sell the company asset (warehouse) in this time, so shareholders shall approve this transaction. However, shareholders shall consider reasonability and consultant's opinions based on assumption that received information, document and draft report as well as interview are complete and true. Besides, shareholders shall consider term and condition of this transaction.

The consultant expressed that assumption for preparing financial estimation is reasonable, however, assumptions are set by considering the economic conditions and data available during the study period only. Therefore, any occurrences change in the future may affect the consultant's opinion. The decision to approve or not depends on shareholders' consideration.

The balance after deducting transferring expenditure is 110.57 million baht

The Company will terminate the sandwich lease of land with STS on the same day as the ownership transfer of assets (warehouse) at the Land Office, Samut Prakarn Province, Phra Pradaeng branch

The Company will terminate the sandwich lease of land with STS on the same day as the ownership transfer of assets (warehouse) at the Land Office, Samut Prakarn Province, Phra Pradaeng branch

Section 2: Practice and Information used for the report

The IFA has considered and studied the information on the asset disposition of Sahathai Terminal Public Company Limited ("the Company" or "PORT") toward Sahathai Steel Pipe Public Company Limited ("STS"), which is considered as a connected transaction of the Company in accordance with the Notification on Connected Transaction. The asset is the warehouse on rental duty-free area of 16,918.33 square meters. It is located on the title deed No. 5979, 5980, 6120 and 6155, which is shown as No.40/2 Moo 4 Soi Petra, Pu Chao Samingphai Road, Bang Ya Phraek Sub-district, Phra Pradaeng District SamutPrakan Province. The IFA received information from the management's interviews, public information, and other relevant information including, but not limited to

1. The resolution of the Board of Directors No.5/2019 and the information memorandum of the Company disclosed to SET on the connected transaction of PORT's asset disposition in accordance with the Notification on Connected Transaction
2. Documents of PORT and Sahathai Steel Pipe Public Company Limited such as affidavit, memorandum of association, and article of association etc.
3. Various related contracts, such as a contract to buy and sell assets, and Warehouse building, Sublease agreement between PORT and STS etc.
4. The interview of Management and related parties
5. Asset valuation report
6. Statistic from the Stock Exchange of Thailand and Industry

The IFA's opinion based on the assumption that information and/or document in which the IFA receive as well as interview with the PORT management including relevant parties were true and accurate. The Advisor has carefully considered and studied such information to comply with professional standard. Moreover, the Advisor considered that all contracts and business agreements were effective and legally enforceable, and the conditions of such agreement will not be changed, revoked or canceled, and there is no circumstance or any condition which might significantly affect the asset disposition.

Therefore, in case that information and/or documents that the IFA received is untrue and/or inaccurate or the contracts and business agreements are not effective and/or not legally enforceable and/or the conditions of contracts and business agreements are changed, revoked or canceled, and/or there is any circumstance or condition that might cause significant effect to the asset disposition of PORT. The IFA, therefore, will not be able to provide an opinion on such effect to the Company and its shareholders.

The IFA's opinion was prepared based on the information received including information on the industry, economic condition, and other factors occurred during the preparation, which may significantly change later and affected the IFA's opinion. The Advisor does not have an obligation to edit the report on the IFA Report.

The IFA report was prepared for the Company's shareholders as a reference to consider the connected transaction according to the Notification on the Connected Transaction. Thus, a decision to approve or not to approve is up to

shareholder's consideration. Nonetheless, shareholders should carefully study the information and document enclosed with the invitation to the shareholders meeting, to make an appropriate decision.

However, the IFA Report does not guarantee success of the transaction, including possible impacts, and the IFA will not be, either directly or indirectly, accountable for any impact caused by entering into the transaction.

Section 3: Characteristic and detail of the Transaction

3.1 General detail of the Transaction

Sahathai Terminal Public Company Limited has passed the resolution of the Board of Directors Meeting No. 5/2019 on August 14th, 2019 for the submission to the extraordinary general meeting of shareholders no. 1/2019 considering and approving the connected transaction of Sahathai Terminal Public Company Limited ("PORT") and Sahathai Steel Pipe Public Company Limited ("STS") entering the transaction of asset disposition, which is the warehouse in rental duty free area of 16,918.33 square meters on leasehold title deed no. 5979, 5980, 6120 and 6155, parcel number 6,2,5 and 1 with the dealing file number 497,511,515 and 540. The property is located at No. 40 / 2 Village No. 4, Soi Petra, Pu Chao Samingphrai Road BangYaPhraek Sub-district, PhraPradaeng District, SamutPrakarn Province. Its characteristics is a single-storey warehouse building on area A and area B, size 62.80 X 175.90 meters and 36.60 X 169.90 meters respectively. The purpose is used as a factory, warehouse or office and has a modified license No. 74/2560.

On August 20th, 2019, the Company entered into an agreement to sell assets toward Sahathai Steel Pipe Public Company Limited ("Purchaser") for 118.00 million Baht, or 110.57 million Baht after deducting ownership transferring cost, which the buyer agrees to pay for the property to the seller at the same time as the transfer of property ownership. The company agreed to register the ownership transfer of the warehouse building without obligation to STS by 120 days from the date of the contract (August 20th, 2019) while the date of registration of ownership transfer would be within 2019 at the SamutPrakan Land Office, Phra Pradaeng branch. Following the precedent requirements for the contract completeness, the disposition must be approved by the corporate shareholders.

In addition, the company has approved to cancel the sublease agreement with Sahathai Steel Pipe Co., Ltd. as per the title deed no. 5979, 5980, 6120 and 6155, parcel number 6, 2, 5, 1 located in BangYaPhraek Sub-district, PhraPradaeng District, Samutprakarn Province described on the contract dated March 27th, 2017. In order to comply with the asset transfer procedure, the Company intends to cancel the above sublease agreement with Sahathai Steel Pipe Public Company Limited for the effective date on September 30th, 2019 onwards. The Company would also cancel the sublease agreement with STS on the same day as the ownership transfer of the assets (warehouse) at the Land Office Samut Prakarn Province, Phra Pradaeng branch.

The transaction is considered as;

(1) An acquisition of assets according 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 31st, 2008, and the amendments thereto, 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 and Disposition of Assets B.E.2547, dated October 29th, 2004, and the amendments thereto (collectively called "the Notification on Asset Acquisition or Disposal"). Upon the highest transaction size equal to 4.17% of the total value of consideration criteria, it is subjected into 3rd category list of the Notification on Asset Acquisition or Disposal with the transaction size less than 15% of the total assets of the company (according to the consolidated financial statements on June 30th, 2019 reviewed by the certified audit).

(2) A connected transaction according to the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated August 31st, 2008 (and the amendments thereto) 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 Connected Transactions, B.E. 2546 dated November 19th, 2003 and the amendments thereto (collectively called “the Notification on Connected Transaction”) as the transaction with STS has the same major shareholder as the company, which is Rattana Holding Company Limited (31.31% stake of the company as of March 29th, 2019). And there are seven board of directors of the company as directors of STS, which are Mr. Yuth Vorachattarn, Mr. Vilai Chhatrasamee, Mr. Vithit Leenutapong, Mr. Vijit Ratanasirivilai, Mr. Suchin Ratanasirivilai, Mr. Anukoon Srisoonthorn and Mr. Chairat Chongyangyuenvong. The transaction size is 8.70 percent of the Company’s net tangible assets (NTA) which is over than 3.00 percent of NTA’s book value and worth over than 20.00 million Baht. Therefore, the Company has an obligation to immediately disclose information in respect of the transaction to SET, appoint an independent financial advisor to provide an opinion concerning the transaction, and arrange a shareholders’ meeting to consider and approve the transaction. The transaction requires three-fourths of shareholder approval from the shareholders attending the meeting and have voting right; with an exclusion of stakeholders.

3.2 Transaction date

Sahathai Terminal Public Company Limited ("The Seller") has agreed to sell a warehouse on the rental duty free area of 16,918.33 square meters toward Sahathai Steel Pipe Public Company Limited on August 20th, 2019 under the condition that the company has to get approval from the shareholders' meeting on September 28th, 2019 for the asset disposition and connected transaction. After the company has been approved by the extraordinary shareholders' meeting, the company will then transfer the assets to the Sahathai Steel Pipe Public Company Limited within 120 days from the date of the contract (August 20th, 2019), with the date of registration of ownership transfer by December 18th, 2019 at SamutPrakan Land Office PhraPradaeng Branch. In addition, the company has requested to cancel the land sublease agreement with the effective date from September 30th, 2019 onwards. The Company would also cancel the sublease agreement with STS on the same day as the ownership transfer of the assets (warehouse) at the Land Office Samut Prakarn Province, Phra Pradaeng branch.

3.3 Counterparty and relationship between counterparty

Seller	:	Sahathai Terminal Public Company Limited
Buyer	:	Sahathai Steel Pipe Public Company Limited
Relationship	:	Detail as follows

1. Major shareholder of PORT and STS is Rattana Holding Company Limited with hold 34.56 percent and 31.31 percent of the issued and paid-up shares respectively
2. There are same seven board of directors in both PORT and STS, which are:

- 2.1) Mr. Yuth Vorachattarn
- 2.2) Mrs. Wilai Chantanrasamee
- 2.3) Mr. Vitit Leenutaphong
- 2.4) Mr. Vijit Rattanasirivilai
- 2.5) Mr. Suchin Rattanasirivilai
- 2.6) Mr. Angkoon Srisunthorn
- 2.7) Mr. Chairat Chongyangyuenwong

Note: Sahathai Steel Pipe Public Company Limited used to be the major shareholder of the company in 2015 before STS has sold its shares to other shareholders of Sahathai Steel Pipe Public Company Limited at that time.
Mr. Yuth Worachattarn, Mrs. Wilai Chantanrasamee, Mr. Vitit Leenutaphong, Mr. Vijit Rattanasirivilai, Mr. Suchin Rattanasirivilai, Mr. Angkoon Srisunthorn, and Mr. Chairat Chongyangyuenwong

3.4 Criteria for valuating asset disposition

3.4.1 Asset disposition (Warehouse)

The asset acquisition has been categorized as the connected transaction based on calculating the transaction value according 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 31st, 2008, and the amendments thereto, 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 and Disposition of Assets B.E.2547, dated October 29th, 2004, and the amendments thereto (collectively called “the Notification on Asset Acquisition or Disposal”).

When calculating the transaction size through the audited consolidated financial statements for the six-month period ended 30 June 2019, total value of consideration criteria can be calculated as follows:

Criteria for transaction valuation

$$\begin{aligned}
 \text{Transaction value} &= \frac{\text{Total value of consideration} \times 100}{\text{Total assets of the Company}} \\
 &= \frac{118 \text{ million Baht}^1 \times 100}{2,832.76 \text{ million Baht}} \\
 &= 4.17\%
 \end{aligned}$$

According to the above calculation, the asset disposition has total value of consideration at 4.17 percent, which is less than 15 percent

Note: The cash receipt is calculated by the contractual value of 118.00 million baht.

3.4.2 Connected transaction

The above transaction is shown as the connected transaction of 4th category under the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated August 31st, 2008 (and the amendments thereto) 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 Connected Transactions, B.E. 2546 with the calculation as follows:

$$\begin{aligned}\text{Criteria value} &= \frac{\text{Total value of consideration} \times 100}{\text{Net tangible assets of the company (NTA) as of Jun 30}^{\text{th}}, 2019} \\ &= \frac{118 \text{ million Baht} \times 100}{1,356.84 \text{ million Baht}} \\ &= 8.70\%\end{aligned}$$

Upon the calculation on the asset disposition, it is 8.70 percent of total net tangible assets of the Company.

Note: Net selling asset value

The value of net assets sold could apply by the highest value among transaction value, book value, or market value. For the connected transaction, the highest value is the transaction value of 118 million Baht (contract value) so it has been applied for the calculation.

For this connected transaction, it is considered as an item of assets or services with transaction value exceeding 20,000,000 Baht and involved more than 3 percent of the net tangible assets of the Company. Therefore, the Company has to disclose the transaction information to the Stock Exchange of Thailand and acquire the shareholder approval through the shareholders' meeting with a vote of not less than three-fourths of the total votes of the shareholders attending meeting. The votes must exclude Stakeholders and Shareholders without voting rights, which are:

STS Shareholder (including related parties)	PORT		STS		Remark
	No. of shares as of July 17th, 2019	%	No. of shares as of July 17th, 2019	%	
1. Rattanasirivilai Group	198,859,627	36.02%	303,392,552	40.46%	
1.1 Rattna Holding Co., Ltd.	190,752,962	34.56%	234,829,606	31.31%	Mr. Suchin Rattanasirivilai's mother
1.2 Mr. Vijit Rattanasirivilai	748,200	0.14%	13,976,969	1.86%	
1.3 Mr. Wipong Ratanasirivila	680,333	0.12%	13,391,969	1.79%	
1.4 Mrs. Pornthip Ratanasirivila	633,333	0.11%	-	0.00%	
1.5 Mr. Suchin Rattanasirivilai	240,000	0.04%	13,391,969	1.79%	
1.6 Others	5,804,799	1.05%	27,802,039	3.71%	
2. Karuchit Group	107,947,368	19.54%	139,972,869	18.68%	
2.1 Mr. Somchai Karuchit	28,935,640	5.24%	72,042,699	9.61%	
2.2 Mr. Banchai Karuchit	15,778,820	2.86%	7,634,325	1.02%	
2.3 Mr. Sakchai Karuchit	15,351,888	2.78%	7,634,325	1.02%	
2.5 Mr. Thavichai Karuchit	14,765,420	2.67%	5,149,560	0.69%	
2.4 Mr. Songchai Karuchit	14,181,360	2.57%	5,149,560	0.69%	
2.7 Mrs. Sumalee Karuchit	6,697,680	1.21%	15,120,800	2.02%	
2.8 Mrs. Sauwakun Karuchit	4,988,800	0.90%	3,030,200	0.40%	
2.9 Others	7,247,760	1.31%	24,211,400	3.23%	
3. Chongyangyuenvong Group	24,618,600	4.47%	29,089,920	3.89%	
3.1 Mr. Chairat Chongyangyuenvong	6,833,760	1.24%	12,120,800	1.62%	
3.2 Mrs. Duangda Chongyangyuenvong	10,414,080	1.89%	4,848,320	0.65%	
3.3 Others	7,370,760	1.34%	12,120,800	1.62%	
4. Leenutaphong Group	836,040.00	0.15%	2,631,600.00	0.35%	
4.1 Mrs. Surirat Leenutaphong	596,040	0.11%	2,631,600.00	0.35%	Mr. Vitit Leenutaphong's wife
4.1 Mr. Vitit Leenutaphong	240,000	0.04%	-	0.00%	
5. Other shareholders*	48,970,587	8.87%	89,825,908	11.98%	
Total shareholders	381,232,222	69.05%	564,912,849	75.36%	

Note: 1. *Including family of Amphaphankit, Praphiphip, Tantpairot, Sutantivorakun, Vijitnith, Lamatipanon, Kunananthanakun, Rotchwatkanchanarat, Yotruangsang, and Amarporn, which is considered a minority shareholder

The list of stakeholders who have no right to vote is considered upon the list of shareholders who have the right to attend the Extraordinary General Meeting of Shareholders No. 1/2019 (Record Date) on August 30th, 2019.

** The list of director and shareholders in Rattana Holding Co., Ltd.

Board of Directors (as of August 20 th , 2019)	
1.	Mr. Vijit Rattanasirivilai
2.	Mr. Vimol Rattanasirivilai

Source: Corporate affidavit of Rattana Holding Company Limited as of August 20th, 2019

The list of shareholders as of Aug 20 th , 2019	Number of Shares	Percentage (%)
1. Mr. Vijit Rattanasirivilai	886,668	15.83
2. Mr. Vimol Rattanasirivilai	886,668	15.83
3. Mrs. Pornthip Ratanasirivila	886,666	15.83
4. Mr. Wipong Ratanasirivila	886,666	15.83
5. Others	2,053,332	36.67
Total	5,600,000	100.00

Source: According to Bor-Or-Jor. 5 form of Rattanathana Holding Company Limited on 20 August 2019

: * the list of other shareholders is the Rattanasiri Wilai family group

3.5 Details of asset disposition

The asset disposition by the company is a single-storey warehouse in the rental duty-free area of 16,918.33 square meters. It is established on the leasehold title deeds number 5979, 5980, 6120, and 6155, which located at Soi 4 Petra, PuChaoSamingphai Road, BangYaPhraek Sub-district, PhraPradaeng District, SamutPrakarn Province. It has been divided into zone A and B as follows:

No.	List of Buildings and Construction	Size (Meters)	Areas (Sqm.)	Title Deed Number
1	Warehouse Zone A*	62.80 x 175.90	10,476.38	5979, 5980, 6120, and 6155
2	Warehouse Zone B**	36.60 x 169.60	6,441.95	
	Total		16,918.33	

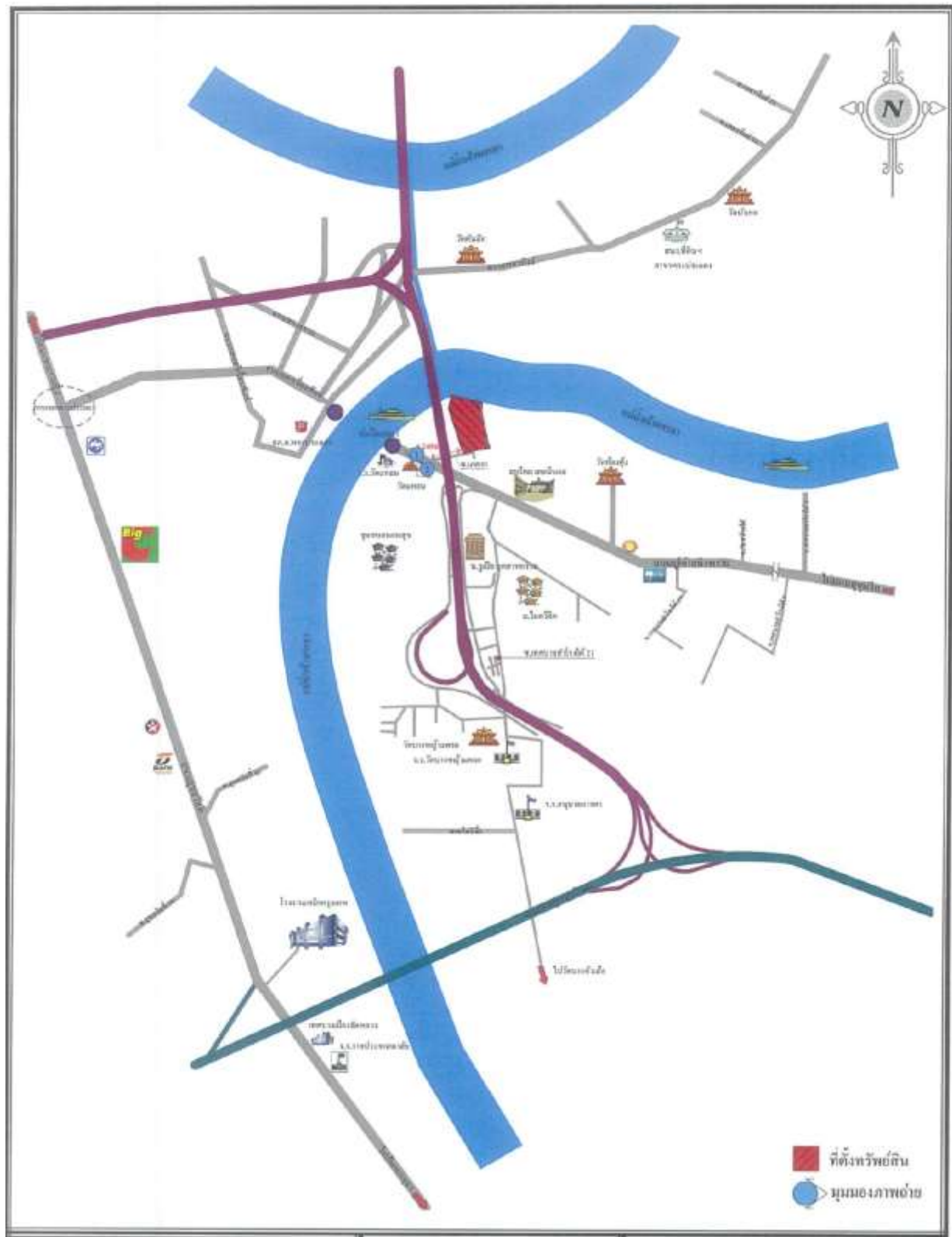
Note:

* The building is a 1-story steel structure used for a factory, warehouse or office under construction permit number 74/2560 allowed to modify the building (renovation)

** Warehouse zone B is the whole renovation approximately 5,865.95 sqm (except for foundations and building structures) while has a new construction area of approximately 576.00 square meters (front loading point area)

The said warehouse was wholly rented by the sole customer in the past. After the agreement was expired, the warehouse currently has no new tenants. Therefore, the sale of the asset would not affect the tenants or other customers of the company.

Picture 1: Location map of the warehouse on the transaction



Picture 2: All areas under Sahathai Terminal Public Company Limited

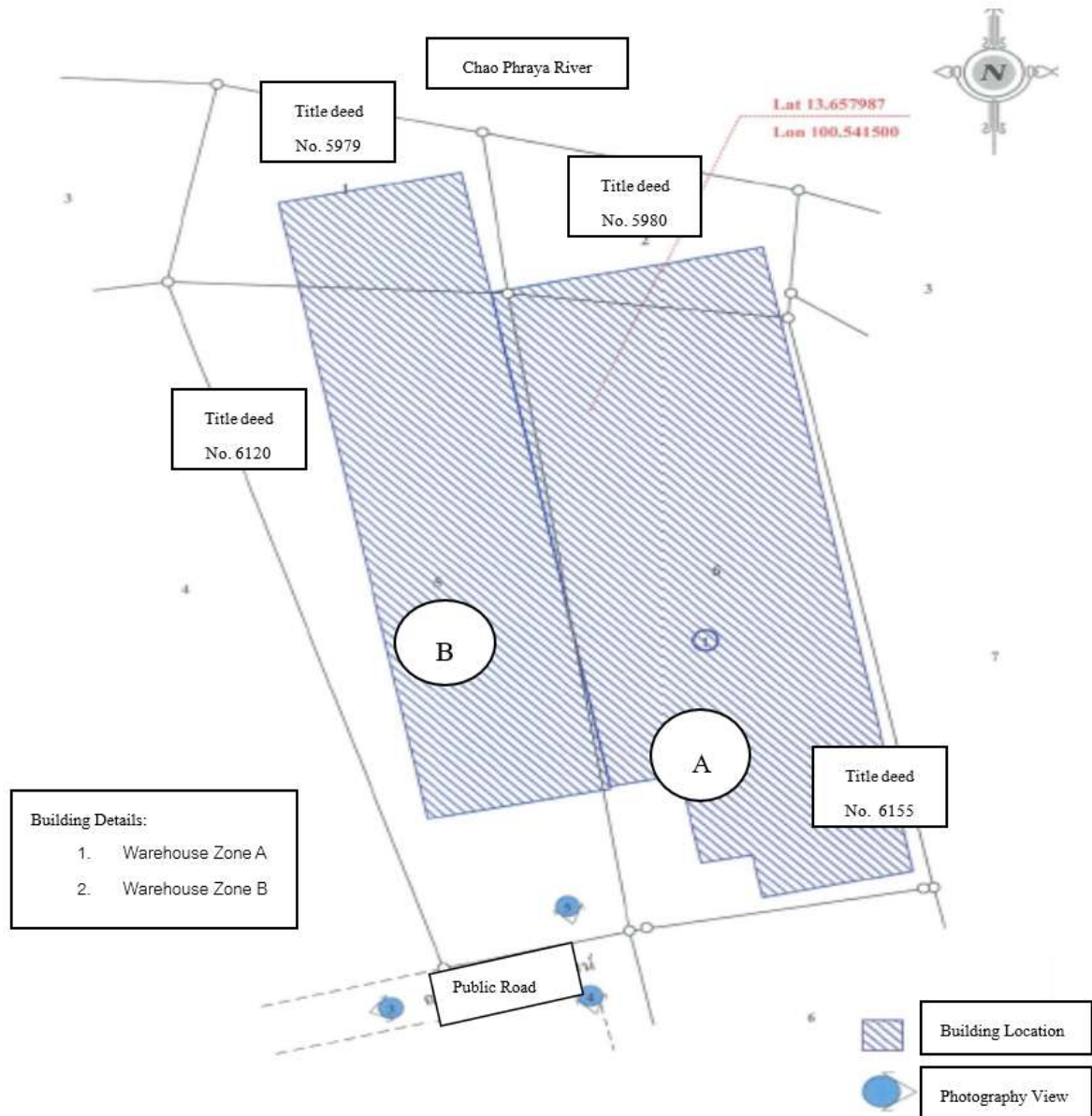


Note: Area Number 6 indicates the warehouse for the asset disposition

Picture 3: Warehouse for disposition (high angle view)



Picture 4: Layout of the building (warehouse) area A and B according to the title deed



Picture 5: Exterior surrounding of warehouse



Picture 6: Interior surrounding of warehouse zone A



Picture 7: Interior surrounding of warehouse zone B



Other related items:

The Board of Directors resolved to cancel the sublease agreement with Sahathai Steel Pipe Co., Ltd., for the title deed no. 5979, 5980, 6120 and 6155, parcel number 6, 2, 5, 1 located in BangYaPhraek Sub-district, PhraPradaeng District, SamutPrakarn Province. The details are shown in the sub-lease contract dated March 27th, 2017. The Company plans to cancel the agreement with Sahathai Steel Pipe Public Company Limited in order to comply with the asset disposition

process. The cancellation is effective from September 30th, 2019 onwards. The Company would also cancel the sublease agreement with STS on the same day as the ownership transfer of the assets (warehouse) at the Land Office Samut Prakarn Province, Phra Pradaeng branch.

3.6 Condition for entering into the Transaction

Contract Parties	1) Sahathai Terminal Public Company Limited (Seller) 2) Sahathai Steel Pipe Public Company Limited (Buyer)
Contract Date	August 20th, 2019
	Details: One-story warehouse on location number 40/2 covering Zone A and B with areas of 62.80m x 175.90m and 36.60m x 169.60m respectively. Total area of 16,918.33 square meters is built on sublease title deed no. 5979 , 5980, 6120 and 6155 with parcel numbers of 6, 2, 5 and 1, and dealing file number of 497, 511, 515, and 540 at BangYaPhraek Sub-district, PhraPradaeng District, SamutPrakarn Province.
Transaction value	118.00 million Baht
Ownership transfer date	The seller agrees to transfer the ownership of the warehouse without obligation to the buyer within 120 days from the date of the contract. The registration date of ownership transfer shall be complete by December 18 th , 2019, at SamutPrakan Land Office, PhraPradaeng Branch. And both parties agreed to submit a request to close the property sale announcement in advance to the Land Department on August 22 nd , 2019.
Asset payment	The buyer agrees to pay total whole value of the asset on the date of ownership transfer.
Fee payments	Expenses such as fees, duties and any expenses for the registration of ownership transfer are under seller's liabilities.
In case of default	In the event that the seller is in breach of contract, the buyer has the right to enforce or terminate the contract and claim damages caused by the responsibility of the seller including interest at the rate of 7.5 percent per year since the breach of contract, and exercise the right to claim other damages according to the law. In the event that the buyer is in breach of contract, the seller has the right to enforce or terminate the contract and claim damages caused by the responsibility of the buyer including interest at the rate of 7.5 percent per year since the breach of contract, and exercise the right to claim other damages according to the law.

Precedent conditions	<ul style="list-style-type: none"> - The asset disposition must be approved by the corporate shareholder. In the event that the Company is unable to transfer the ownership of the agreed property, the agreement shall be deemed canceled. - The Company must allow the agent of the buyer to inspect the property. The said examination must be completed before the ownership transfer date.
Obligation and liabilities	<ol style="list-style-type: none"> 1. Seller's <ul style="list-style-type: none"> - The seller (the company) is liable to settle all pending expenses covering trade creditors, banks and financial institutions, or any tax liabilities toward the government. The seller must totally pay any debt to the bank or outsiders before the ownership transfer date - The seller certifies that does not act or refrain from doing anything that violates any types of laws related to the assets, and legally obtain permission to construct and use buildings in accordance with laws and regulations - The seller agrees to cooperate and facilitate the purchaser and the buying agent for all licenses and documents related to the asset transfer including licenses of the government issued for property business operation, construction permits and layout - The seller also agrees to cooperate and facilitate the buyers and agents of the purchaser for checking the accuracy and completeness of the said assets - The seller agrees to allow the agency to inspect the building structure as well as any other necessary requests by the buyer in order to accomplish the sales agreement 2. Buyer's <ul style="list-style-type: none"> - The purchaser is obliged to pay the price of the property as agreed within the period specified in the contract. - If the buyer does not buy the property upon the agreement after signing the contract, the buyer is liable for damages to the seller on preparing to sell the property, which is equal to 7.5 percent of the asset value agreed in the contract

Other related conditions

– sublease agreement of land between PORT and STS

Parties of contract	1) Saha Thai Terminal Public Co., Ltd. (Sub-lessee) 2) Saha Thai Steel Pipe Public Co., Ltd. (Sub-lessor)
Contract date	January 1, 2017
Duration for sandwich lease	5 years from 1 January 2017 to 31 December 2021
Type and rental areas	sublease agreement together with building for 4 plots, with total rental area of 6,173 square two-meters The details of the land title deeds are as follows: - Title Deed No.6155 Parcel No. 1 - Title Deed No.6120 Parcel No. 5 - Title Deed No.5980 Parcel No. 2 - Title Deed No.5979 Parcel No. 6
Location of land with buildings	40/2 , Village no. 4, Bang Ya Phraek Sub-district, Phra Pradaeng District, Samut Prakan Province
Detail for rental payment	1. From 1st January 2017 to 30th April 2017. A lessee is exempt from rental fees for prepare for construction 2. From 1st May 2017 until 31st December 2019, the rental fee is about Baht 1,750,000.00 per month (one Million seven hundred and fifty thousand baht) 3. From 1st January 2020 to 31st December 2021, the rental rate increased by 10 percent. Rental price about 1,925,000 baht per month (One million nine hundred twenty five thousand baht only)
Renewal of the sublease agreement of land	On 21 st August 2017, the lessee has renewed the sublease agreement dated 1 st January 2017 and continue for 10 years 11 months as following details; 1. From 1 st January, 2022 to 31 st December, 2022, the rental fee will be 1,925,000 baht per month (One million nine hundred thousand Twenty-five thousand baht only) 2. From 1 st January, 2023 to 31 st December, 2025, the rental rate will be 2,117,500 baht per month (Two million one hundred seventeen thousand seven hundred and five baht only) 3. From 1 st January, 2026 to 31 st December, 2028 the rental rate will be 2,329,250 baht per month (two million three hundred and twenty thousand nine thousand two hundred and fifty baht only) 4. From 1 st January 2029 until 31 st December, 2031 the rental rate will be 2,562,175 baht per month (two million five hundred sixty-two thousand one hundred seventy-five baht only)

Sublease agreement conditions	<ul style="list-style-type: none"> - Rental payment is scheduled every 10 days of the month until ending the lease contract. - The sublessee agrees to pay the interest of the outstanding rent at the rate of 15 percent each year to the sublessor or pay the damage fee demanded by the sublessor. - To be used as an insurance to following this contract, the “sublessee” agrees to pay the insurance contract equal to 2 months of rental to “sublessor” on the contract signing date at the amount of 3,500,000 baht. “Sublessor” promises that if the “sublessee” did not damage the property or have an outstanding rent or any other debt to the “sublessor”, the “sublessor” would return the money to the “sublessee” when the rental period is due. - After the sublease contract has ended because of the end of the rental period. If the sublessee wishes to extend the contract, the sublessee must send a request to the sublessor for at least 60 days prior to the end of the rental period for the sublessor to consider the contract if they would allow the extension or not and the sublessor must notify the result within 3 days after the request. - When the sublessee cancels the contract before the end of the rental period or the sublessee breached the contract in any topic, this contract shall be voided and the sublessor gains back the rights of possessing the land and transfer people or things of the sublessee out.
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Procedure Summary for the Asset Disposition (Warehouse)

Step	Date/Period	Activities
1	August 20 th , 2019	PORT agrees on sales contract of the asset disposition (warehouse)
2	September 28 th , 2019	Both PORT and STS arrange the shareholder’s meeting to get the approval for PORT asset disposition (warehouse)
3	By September 2019	In case PORT acquires the shareholders’ approval for the asset disposition, the Company proceeds for the collateral redemption from the financial institution (KTB).
4	Within 120 days from the contract date (Aug 20 th , 2019), and must complete before the ownership transfer date	PORT allows STS’s representatives to review accuracy and completeness of the asset
5	Within 120 days from the contract date (Aug	PORT and STS finalize on the registration date of ownership transfer within 120 days from the contract date. STS agrees to pay for the whole value of 118 million Baht while PORT registered for the ownership

	20 th , 2019), or by December 18 th , 2019	transfer without obligations and liabilities by December 18th, 2019 at SamutPrakan Land Office PhraPradaeng Branch.
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3.7 Financial plan for cash received from asset disposition

The financial plans are described as follows:

- 1) As working capital or investments in the development of port or related businesses that have the potential to grow and enhance the core business of the company, which is expected to generate additional income from such investment
- 2) As financial repayment on loans from financial institutions, which helps reduce interest burden and increase net profit for the company

However, the plan to use the money will be further reviewed and approved by the Executive Committee and/or the Board of Directors and/or shareholders of the Company.

Section 4: Reasonability of the transaction

4.1 Objective of the Transaction

PORT warehouse has been constructed with the assumption that the rental rate proposed by the original tenant, which is 50 percent (Information from the company Including the consultant that has examined the rental fee according to the contract with market value) higher than the normal rental rate in the market (refer to the company's information and the rental contract review against the market price by IFA). However, when the tenant terminates the contract, it results of revenue impact, which has been affected since the second quarter of 2019. The revenue from the said lease agreement represents only three percent of the total corporate revenue, which PORT could generate it from other activities so the disposition would not affect total corporate revenue. Further consideration, although the company explores other potential tenants, the offering rental rates are still lower than of historical ones resulting of lower return and potential loss due to lease and management cost. In addition, the rental rate being increased every three years at the rate of 10 percent would be the challenges to acquire the appropriate tenants who would pay for such rising cost.

In addition, the duty-free warehouse has been built on sub-lease areas owned by Sahathai Steel Pipe Public Company Limited, which the contract will expire on December 31st, 2021 but can be renewed until November 30th, 2032. According to the lease agreement, it specifies that the property built on the area would transfer ownership to the lessor after expired. Therefore, the company would have exposure of ownership transfer to lessor at the maturity on lease agreement (November 30th, 2032).

In order to protect the interests of shareholders, therefore, the Board of Directors Meeting No. 5/2019 held on August 14th, 2019, resolved to propose the transaction into the shareholders' meeting for reviewing and voting on the asset disposition (warehouse), and connected transaction.

4.2 Necessity of the Transaction

Because the board of directors of the company agreed that selling the properties (warehouse) to Sahathai Steel Pipe Co., Ltd. Thailand in year 2017, the company had constructed the warehouse project to a big automobile manufacturer. From that investment, the company had made a hypothesis of a rental rates offered by existing tenants that was higher than normal rental rate in the market, making this project interesting. However, when the existing tenant had cancelled the contract in the second quarter of 2019 because the existing tenant found their own warehouse, causing the company to find a new tenant but because the rental rate of the market was lower than the expected rate, the company has a risk of loss from the warehouse rental. Along with the expenses of 1.75 million baht the company had to maintain the rental space while searching for a new tenant, the company began to have loss from the rental space and lesser warehouse service, which the company seen as an unbeneficial asset management. To achieve the highest benefit, the company wish to sell the warehouse and try to find the buyer. After the company had searched for a while and considering many important factors, as well as at that time Sahathai Steel Pipe Co., Ltd. Thailand (STS) need a warehouse to support the extension of production and to use the warehouse to store the pipes for export.

For that reason, the advisor commented that the company was affected by the loss of warehouse rental and services less. The company tried to find those who are interested in the warehouse by finding both tenant and buyer for a while but because the company has an expense of 1.75 million baht per month, the company would have to continue to pay expenses for the warehouse. With STS wished for a warehouse to support the extension of manufacturing, the company agreed that the appropriateness of this transaction is higher.

4.3 Advantage of entering into the Transaction with connected person

4.3.1 Time efficiency on negotiation and procedure

Both PORT and STS owns by the same major shareholder, Ratana Holding Company Limited and have seven common board of directors, namely, Mr. Yuth Worachathan, Mrs. Wilai Chantanrasamee, Mr. Vitit Leenutaphong, Mr. Vijit Rattanasirivilai, Mr. Suchin Rattanasirivilai, Mr. Angkoon Srisunthorn, and Mr. Chairat Chongyangyuenwong. Therefore, it would succeed the negotiation of entering the transaction faster than negotiating with outsiders. Including the company's personnel are familiar with the STS personnel, it helps efficient coordination in various aspects under the terms and conditions relevant to the contract.

4.3.2 Issue solving on procuring potential buyers

The company's warehouse is still on the sub-lease area with the agreement that the ownership would eventually transfer to the lessor (the landowner) resulting of minimal interesting buyers. Because the property is on the sublease space and there is a chance that the ownership of the building will be given to the sublessor (Land ownership) including the price that STS proposed to buy, after deducting the remaining fee of 110.57 million baht, which is higher than the investment of the project that the company has invested in 2017.

Therefore, the consultant agreed that STS as the buyer would reduce the problem where the company had to search for those who are interested in the company's warehouse before the company's rental period due and the company had received the offer of higher value than the previous investment.

4.4 Disadvantage of entering into the Transaction with connected person

4.4.1 Opportunity loss for better buying offers

Because this transaction is a transaction with a connected personal, the negotiation and agreements might not be done at full capacity like a transaction with an outsider. The consultant seen that the payment of fees and taxes according to the contract including fees, duty, and other expenses for the registration of ownership transfer are responsible by the company (seller). If the company made a transaction with the outsider, the negotiation of fees agreements might divide the payment in half, making the company to not pay fees in full amount which would reduce fees, duty, and other expenses for about 3.72 million baht (calculating from the fee responsible by the company at 7.44 million baht. If divided, the payment would be reduced to 3.72 million baht).

4.5 Advantage of entering into the Transaction

4.5.1 Risk reduction on recruiting renters covering high cost and loss on operation

The warehouse has been constructed with the assumption that the rental rate proposed by the original tenant, which is 50 percent (Information from the company including the consultant that has examined the rental fee according to the contract with market value), higher than the normal rental rate in the market. However, when the tenant terminates the contract, it results of revenue impact, which has been affected since the second quarter of 2019. Although the company explores other potential tenants, the offering rental rates are still lower than of historical ones resulting of lower return and potential loss due to lease and management cost. Which the rental rate has increased, causing the company to have a risk in finding tenants to cover the cost of increasing rental space.

As the rental estimation the advisor prepared in the discounted cash flow valuation method, it can be seen that the relatively high rental rate will make the company profit from operations. Therefore, the rising rental rates make the company higher risk of procuring tenants to cover the rising rental costs. From such impact currently reflected during which the company searching for tenants with the rental rate suitable for the cost of rental and the company's costs, the company has already paid the rental fee of 5.25 million baht in the 2nd quarter of the year 2019 without any rental income to support the costs incurred during looking for tenants. According to the advisor, studying of the industry trends in the year 2019-2021 (according to Krungsri Research, August 2019), the demand for warehouse rental is likely to be stable and investment in expanding areas in some locations will push up excess supply, causing the competition to remain fierce and the rents remained stable low. So, it can be seen that the company is still exposed to risks from price competition and new tenant procurements.

The advisor therefore agreed that, from the company entering into the said transaction, selling warehouse property, is an administrative management method that helps the company reduce the risk of loss from having to procure a tenant suitable for the cost of rent and expenses that will occur in the future.

4.5.2 Risk reduction on ownership transfer to lessor (the landowner)

The duty-free warehouse has been built on sub-lease areas owned by Sahathai Steel Pipe Public Company Limited, which the contract will expire on December 31st, 2021 but can be renewed until November 30th, 2032. According to the lease agreement, it specifies that the property built on the area would transfer ownership to the lessor after expired. Therefore, the company entering into this asset disposition would minimize such risk (the asset value at the maturity on year 2032, the net book value is 25.09 million Baht). In the event that the land owner does not renew the sublease agreement, (from the remaining estimate at the expiration of the contract, the book value of property (the warehouse) of 2032 will have a residual value of 25.09 million baht, calculating the depreciation of the company account until the year 2032).

4.5.3 Accounting profits from the asset disposition (warehouse)

Through PORT management's perspective on this asset disposition (warehouse) for 110.57 million Baht (after deducting fees for the asset transfer), it would generate accounting profits approximately 11.99 million (Comparing the book

value of 30 June 2019, the value is 98.58 million baht, with the trading value after deduction of the asset transfer fees equal to 110.57 baht, resulting in the company's accounting profit equal to 11.99 million baht.)

In addition, the advisors have prepared an estimation of the project the company invested in the warehouse in the form of received and paid cash flows, (not by mean of discount method), in each year until the year the warehouse is sold, which can be estimated as follows;

Unit : million baht	2017	2018	(6 month) 2019	Total
Net profit (after expense interest deduction) + depreciation (source: Company's administrative section)	16.22	18.95	(0.60)	34.57
Remaining trading value after transferring expense deduction			110.57	110.57
Value of office area removal			(0.88)	(0.88)
Project's investment value*	(109.53)			(109.53)
Net Total Value	(93.31)	18.95	109.09	34.73

Note: The investment value of the project does not include interest in construction. Since during the construction, the company received some credit from the contractor and the company paid some in advance, resulting in the interest occurred was from the period that the company already provides warehouse rental service

From the above table, it can be seen that the cash form (without a discount) from this warehouse project resulted in the company having cash remaining from the project equal to 34.73 million baht, as well as the company not losing any investment in this project.

4.5.4 Cash for debt settlement reducing interest expenses

From the asset disposition, the Company would receive cash of 110.57 million Baht (after deducting transferring fees), Company can use the money to pay the loan (other long-term loan not related to warehouse) as well as reduce interest responsibility

4.6 Disadvantage of entering into the Transaction

4.6.1 Business opportunity loss on rental area and warehouse service

The Company currently owns and operates warehouses cover the total area of 37,684 sqm. Through this asset disposition, PORT would have less rental and warehouse areas for business operation. If entering into the transaction, the warehouse space losing will be reduced by 44.89% of the company's total warehouse space as follow :



Area Number	Warehouse	Area (sqm)	Percent (%)
1	Warehouse – Free Zone (Selling asset)	16,918	44.89
2 and 3	Warehouse – General Zone	20,766	55.11
	Total area	37,684	100.00

In addition, as the company sells the free zone, the proportion of revenue in the rental area and warehouse services will decrease, which is equal to the average of 47% of the revenue of the rental areas and services of the warehouse. However, from the overall of the company's list, it can be seen that the revenue will be affected about 3% of the company's total revenue as the following table:

Unit : million baht	2017	2018	(6 month) 2019	Total
1/ Income generated from the warehouse to be sold	37.04	49.38	12.35	98.77
2/ Total revenue for warehouse activities	80.71	102.15	27.61	210.46
3/ Total revenue for warehouse activities	1,345.33	1,557.89	393.05	3,296.27
Income generated from the warehouse to be sold	46%	48%	45%	47%
Total revenue for warehouse activities/Total revenue of the company.	3%	3%	3%	3%

Remark: No. 1-2 are from Company's interior budget

No.3 is from audit and review budget of auditor

4.7 Advantage of not entering into the Transaction

4.7.1 Rental and warehouse service continuity

If the company does not enter into this transaction, the company would still have the same space for rent and the services of the Free Zone warehouse and the General Zone, with the total of 37,684 sqm., including the opportunity to rent warehouse business from third parties and other income in addition to warehouse rental fees, including weighing, port fees, etc.

4.8 Disadvantage of not entering into the Transaction

4.8.1 Financial loss exposure on rental and warehouse service

If the company does not enter into this transaction, it potentially impacts by financial loss on rental and warehouse service. Through second quarter of the year 2019, the revenue in the segment of the rental and service business has been declined resulting of loss signal as follows:

Unit: Million Baht	Period	
	Q1/2562	Q2/2562
Revenue on Rental and Warehouse services	27.60	14.89
Cost on Rental and Warehouse services	(17.19)	(16.38)
Gross Profit (Loss)	10.41	(1.49)

Source: The corporate financial statements of Sahathai Terminal Public Company Limited

From the table above, PORT still generate the revenue on rental and warehouse services from the original tenant in the first quarter of 2019, resulting of gross profit for 10.41 million Baht. For 2Q2019, however, the original tenant has cancelled the agreement causing the gross loss of 1.49 million Baht.

4.8.2 Loss on asset (warehouse) ownership

Although the company does not enter into this transaction, the asset ownership including the property on land is still eventually transferred to lessor (the landowner) upon the expiration of the sub-lease contract.

4.8.3 No additional accounting profits

If there is no asset disposition (warehouse), the Company would loss financial opportunity for generating accounting profits approximately 11.99 million Baht.

4.8.4 No cash for debt settlement and interest expense reduction

If the Company does not enter into the transaction, it would have no cash for debt settlement and interest expense reduction.

4.9 Risk for entering into the transaction

4.9.1 Seller's liabilities

According to the contract, the seller (the company) is liable to settle all pending expenses covering trade creditors, banks and financial institutions, or any tax liabilities toward the government. And in the event that the purchaser is subject to any rights or damages because of the fact that a person has sued the court to revoke the asset disposition, the company is liable all damaged occurred including interest at the rate of 7.5 percent per year since the occurrence of contract breach.

However, from the data reviewed and questioning the company's administrative, the advisor can summarize various liabilities as follows:

List	Debt status	Reasons:
1. Debts with financial institutions	none	As the debt has been paid and the collateral has been redeemed from the bank already on 28 th August 2019
2. Debts with government	none	Because the expenses related to government sector such as cost of utilities and property tax have been paid by the previous lessee directly to the government sector and property tax has been paid already at the beginning of year 2019
3. Rent debts	none	The mentioned warehouse is built on the rental areas where assets of STS Company is. The rental payment has been done. The request for terminating rental payment was submitted on 28 th August 2019, however, the company owes PORT for the deposit for 3.5 million by return date within 30 days after the ownership transfer date.
4. For lawsuit and sue about property in this transaction	none	According to inspection of law firm, the certificate of ownership was provided without obligation and accusation or argument about the property in this transaction.

4.9.2 Seller's obligations

This asset disposition may cause the company a risk of contractual liability. The contract states that the seller (the company) does not act or refrain from doing anything, which is a violation of laws or regulations relating to the asset including requesting for construction and building permission (warehouse) resulting of contract breach. The company is liable all damaged occurred including interest at the rate of 7.5 percent per year since the occurrence of contract breach.

Through the management confirmation, and the review of the building permits revision No. 74/2560, it presented that the license is under the company entity with the appropriate legal process. Independent asset appraisers also confirmed of no property case and issue on the asset after investigation on legal requirement whether the property (warehouse) has been complied with the local property law

4.10 Potential impact after entering into the Transaction

After completion on the asset disposition, the revenue on the rental business and warehouse services would decrease. However, the company could acquire other revenues covering the change as follows:

Revenue (Unit: Million Baht)	Quarterly Financial Statement ended of June 30 th , 2019		Change
	2019	2018	
Full-ranged commercial port services	325.89	301.75	24.14
Inland container services	36.05	23.72	12.33
Container storage and warehouse services	18.11	29.48	(11.37)
Other related services	3.24	13.72	(10.48)
Total revenue	383.29	368.67	14.62

Note: Statement of income and other comprehensive income for the three-month periods ended June 30 (consolidated and reviewed)

:* Other related services include: the service as representative of sender and the office rental to shipping agents or sub-service providers to use as an office operating within the port of the company, including the management fees for taking care of goods in the customer's warehouse and income from a service of an international shipping agent.

: Other related services decreased due to the decrease in the import and export services (Freight Forwarder) of customers.

From the above table by comparing year-on-year of the second quarter in 2019 and 2018, the revenue from container storage and warehouse services decreased by 11.37 million baht. The reason was due to expired contract of warehouse tenants in the duty-free zone. However, the Y-o-Y revenue proportion for full-ranged commercial port services, and inland container services have been increased by 24.14 million Baht and 12.33 million Baht respectively. As result, total revenue still moved up by 14.62 million Baht on this quarterly basis in 2Q2019.

In addition, after entering into the transaction, the Company could earn accounting profits from the sale of assets (warehouses) in the amount of approximately 11.99 million Baht. PORT could generate many benefits from such fund to shareholders in the future. For example, reducing the debt burden by advance loan settlement toward financial institutions, which reduce the financial cost of the company, and using it as working capital to increase corporate liquidity

The advisor found that due to the transaction made by the company, the proportion of revenue in the area of container storage and warehouse activities has decreased. But the company can earn money from other activities of the company to compensate, including the entering into the transaction, resulting in the company's accounting profit equal to 11.99 million baht. The company can create benefits for shareholders in the future from the said money.

4.11 IFA Opinion Summary

After reviewed the advantages and disadvantages of entering into the transactions with connected persons when compared to outsiders, advantages and disadvantages of entering into the transaction, advantages and disadvantages of not entering the transaction, and the risk of entering into the transaction, the asset disposition (warehouse) as the connected transaction upon the Notification on Connected Transaction would conclude as benefit toward the corporate and shareholders so **IFA opinions that this transaction is reasonable.**

Section 5: Asset Valuation

For valuation on assets (warehouse) of the company, the Independent Financial Advisor (IFA) performs the asset valuation through three methods as follows:

- (1) Book Value Approach
- (2) Adjusted Book Value Approach
- (3) Discounted Cash Flow Approach

For the comparable method, the advisor found that this evaluation of the property (the warehouse) cannot be compared in the market since it is the sale of buildings on the leased land.

Through each valuation method, the IFA summarizes the appropriateness of the fair value of acquired assets as follows:

5.1 Book Value Approach

This valuation method is presented the asset using the net asset value (warehouse). It is calculated by the balance between the original cost of the asset deducting depreciation. IFA refers the original cost of PORT asset from the consolidated financial statements for the six-month period ended 30 June 2019, which was reviewed by Mr. Narin Jura-mongkol, certified public accountant registration number 8593 from Grant Thornton Company Limited. The valuation of asset (warehouse) is as follows:

รายละเอียด	Ended of June 30 th , 2019	Unit
The original cost of the asset (warehouse)	109.53	Million Baht
Deduct by Accumulated depreciation	(10.95)	Million Baht
Net asset value (warehouse)	98.58	Million Baht

Note: - Original cost price of the property (the warehouse), data from the internal financial statements of the company at 30 June 2019.

- * the property details: Free zone A and B expanding building, waterproof wall, Free zone building improvement (offices, restrooms, restaurant, smoking area, charging area, as the improvements are on the existing buildings that are not owned by the company,

Through book value approach, the net asset value (warehouse) as of June 30th, 2019 is 98.58 million Baht.

However, the valuation of the assets (warehouse) of PORT using the book value method only represents the accounting value of the company assets at the period. It would not consider the market value that may increase/decrease according to the construction conditions of the market, which may not eventually reflect the actual value of the asset. Therefore, IFA opinion is that the book value method may not be appropriate for PORT's asset valuation (warehouse).

5.2 Adjusted Book Value Approach

The valuation method has applied the adjustment into the asset value shown in the the financial statements ended of June 30th, 2019. The method could represent approximate asset value closing to the present. IFA has considered all additional or discount upon the asset appraisal by independent appraiser, which concentrates on the asset (warehouse) entering into the transaction.

Based on the property appraisal report by Charter Valuation and Consultant Co., Ltd. (Independent appraiser), which is listed as appraisal company approved by the Securities and Exchange Commission (SEC), the firm applied Cost Approach for this appraisal (further details of the appraisal methods of the independent appraiser can be found in the Attachment 6 - Summary of the appraisal report) with the results as follows:

	As of June 30 th , 2019	Unit
Net asset value (warehouse)	98.58	M Baht
Adjusted Items		
+ Market value of building and warehouse in Zone A &B (upon the independent appraiser's valuation*)	109.58	M Baht
- Book value of building and warehouse in Zone A &B	(98.58)	M Baht
Adjustment on net appraisal value	11.00	M Baht
Adjusted Book Value (warehouse)	109.58	M Baht

Note: * Adjusted value of building and construction (warehouse) based on the appraisal report by Charter Valuation and Consultant Co., Ltd as of July 3rd, 2019

Through adjusted book value approach, therefore, the asset (warehouse) value as of June 30th, 2019 is **109.58** million Baht.

The Cost Approach is the estimated cost of constructing a new replacement building at the current price and deducting the depreciation based on the useful life before plus the market value of land. However, the valuation of the assets (warehouse) of PORT does not include land. As result, the calculation is only the cost of new construction at the current price deducting by the depreciation on the useful life. This method is generally appropriate for property valuation such as factory.

Therefore, IFA opinion is that the adjusted book value method may be appropriate for PORT's asset valuation (warehouse) because the asset characteristics are matched with Cost Approach methodology, which generally used for this type of asset (warehouse).

5.3 Discounted Cash Flow Approach

The valuation approach is to analyze total net present value of cash flow generated on rental and warehouse services using the asset (warehouse) of PORT. The value of free cash flow will be discounted to the net present value using the weighted average cost of capital rate (WACC). To calculate the net present value of the PORT asset (warehouse), IFA has performed the financial projection toward the rental and warehouse services from the next 6-month of 2019 (July-December) until November 2032 (total duration is 161 months or between July 2019 and November 2032). The projection has been

conducted under the assumption that the business of PORT's warehouse rental and service business will continue to go on (Going Concern Basis) and no significant change happened under current economic and business environment. IFA opinion is that the abovementioned assumption is appropriate for valuation on PORT asset (warehouse).

In addition, IFA has made assumptions based on the Company's information and the consolidated financial statements of PORT for the 6-month period ended June 30th, 2019 audited by Mr. Narin Jura-mongkol, Certified Public Accountant Registration Number 8593, from Grant Thornton Company Limited. The Advisor also applied the estimated operating results from the growth of the company's business on the sub-lease agreement, historical operating plan, the land valuation data from the Treasury Department in order to calculate the land and building tax according to the Land and Building Tax Act BE 2562, the industry conditions, PORT management interviews including other related documents.

IFA has studied and analyzed the reliability and reasonableness of various assumptions received from the PORT management interview and adjusted some assumptions to be in accordance with the principles of caution (Conservative Basis). However, the financial projection is made under the assumption that there would not be any significant changes toward the rental and warehouse service of PORT. In the event of significant impact on PORT business, it may consequently change the asset value. The evaluation by IFA on this discounted cash flow approach are described as follows:

Financial Assumption

Revenue Assumption

Main PORT revenue for rental and warehouse services are rental and service income, water and electricity income, and other revenues with the estimation below

1. Assumption on Rental and Service Income

Rental and service income. The advisor has estimated the area for rent and warehouse services with a total area of 16,918.33 square meters, which is a duty-free warehouse area.

The advisor has set the assumption of the rental and service fees of the duty-free warehouse from 145 to 160 baht per square meter. The advisor has compared the rental and service fees from a survey duty-free warehouses in Samut Prakan Province and nearby areas that which have an average price starting at 140 baht per square meter, as the following table:

Comparison data for the rental fee of free zone warehouses

List	Comparison	
	Data 1	Data 2
Type of Property	Home life Reality rent warehouse	Free zone warehouse
Locations	Bangplee industrial estate	Ladkrabang
Size of Area (sqm.)	4,500	18,000-20,000
Rental price per square meter.	140.00	140.00

Note: Price comparison data is based on websites of warehouse rental in Free Zone announcement, including www.baanfinder.com and www.thaiFranchisecenter.com

And the advisor has compared the rental and service fees from the survey for general zone warehouse rental in Samut Prakan Province as in the table below.

Comparison data of General Zone warehouse rental price data

รายการ	Comparison			
	Data 1	Data 2	Data 3	Data 4
Type of Property	Home life Reality rent warehouse	Irentwarehouse rent warehouse	Rent warehouse	Rent warehouse
Locations	Phra Pradaeng	Phra Pradaeng	Phra Pradaeng	Phra Pradaeng
Size of Area (sqm.)	840.00	80,000.00	816.00	1,000.00
Rental price per square meter.	130.95	110.00	120.00	150.00

Note: Price comparison data is based on websites of warehouse rental in Free Zone www.Irentwarehouse.com , www.smartmoveproperty.com และ www.ddproperty.com

Therefore, the advisor deems it appropriate that the rental and service fees assumption to be suitable for this estimate, setting the proportion of rental and service fees with 87 baht and 58 baht per square meter, respectively, and increasing the price by 10% every 3 years, (based on the Lease Contract), which the rental price will start to increase from 2020 onwards, with details in the following table:

Table 5.1: Assumption on Revenue from rental and warehouse services (July 2019 – November 2032)

Items	Estimated revenue from rental and warehouse services						
	2019 (Jul. - Dec.)	2020	2021	2022	2023	2024	2025
Rental rate (Baht/sqm.)	87.00	96.00	96.00	96.00	106.00	106.00	106.00
Service rate (Baht/sqm.)	58.00	64.00	64.00	64.00	70.00	70.00	70.00
Rental area @16,918.33 sqm.	16,918.33	16,918.33	16,918.33	16,918.33	16,918.33	16,918.33	16,918.33
Rental revenue (M Baht)	8.83	19.49	19.49	19.49	21.52	21.52	21.52
Service revenue (M Baht)	5.89	12.99	12.99	12.99	14.21	14.21	14.21
Total revenue (M Baht)	14.72	32.48	32.48	32.48	35.73	35.73	35.73

Items	Estimated revenue from rental and warehouse services						
	2026	2027	2028	2029	2030	2031	2032 (Jan. – Nov.)
Rental rate (Baht/sqm.)	117.00	117.00	117.00	129.00	129.00	129.00	142.00
Service rate (Baht/sqm.)	77.00	77.00	77.00	85.00	85.00	85.00	94.00
Rental area @16,918.33 sqm.	16,918.33	16,918.33	16,918.33	16,918.33	16,918.33	16,918.33	16,918.33
Rental revenue (M Baht)	23.75	23.75	23.75	26.19	26.19	26.19	26.43
Service revenue (M Baht)	15.63	15.63	15.63	17.26	17.26	17.26	17.49
Rental rate (Baht/sqm.)	39.39	39.39	39.39	43.45	43.45	43.45	43.92

2. Assumption on water and electricity income

Income from water and electricity is generated from the usage by the tenant in the warehouse area A and B. IFA estimates the revenue as follows:

- Income from water, the advisor has estimated the water fee income by 0.2 percent of rental and service income, (calculated from the average proportion of rental and service fee income from March to June 2019), the water fee per unit estimate is equal to 18 baht throughout the projection, based on the water rate from the lease agreement with other customers leased to the company. According to inspecting the lease contracts with other customers, the rental rate does not change throughout the rental period.
- Revenue on electricity usage
 1. Assumption applied from the historical average electricity usage between 2017 and June 2019. The average electricity usage is 10,213.64 units per month or 122,563.67 units per year.
 2. The electricity usage fee is 5.5 baht per unit (refer to the lease agreement of the company with the tenant), with the growth of electricity fee increased by 2.21 percent for every 3 years (refer to the historical 20-year inflation rate by the Bank of Thailand)

Table 5.2: Assumption on water and electricity revenue (July 2019 – November 2032)

Items	Estimated revenue on water and electricity						
	2019 (Jul. - Dec.)	2020	2021	2022	2023	2024	2025
Electricity unit usage	61,281.83	122,563.67	122,563.67	122,563.67	122,563.67	122,563.67	122,563.67
Water fee per unit	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Electricity fee per unit	5.50	5.61	5.61	5.61	5.73	5.73	5.73
Water revenue (M Baht)	0.03	0.07	0.07	0.07	0.07	0.07	0.07
Electricity revenue (M Baht)	0.34	0.69	0.69	0.69	0.70	0.70	0.70
Total revenue (M Baht)	0.37	0.75	0.75	0.75	0.77	0.77	0.77

Items	Estimated revenue on water and electricity						
	2026	2027	2028	2029	2030	2031	2032 (Jan. – Nov.)
Electricity unit usage	122,563.67	122,563.67	122,563.67	122,563.67	122,563.67	122,563.67	112,350.03
Water fee per unit	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Electricity fee per unit	5.84	5.84	5.84	5.96	5.96	5.96	6.08
Water revenue (M Baht)	0.08	0.08	0.08	0.09	0.09	0.09	0.09
Electricity revenue	0.72	0.72	0.72	0.73	0.73	0.73	0.68
Total revenue (M Baht)	0.80	0.80	0.80	0.82	0.82	0.82	0.77

3. Assumption on other revenues

Other income is revenue from container rental space, forklift service, etc. From the estimation, other income would be 1.14 percent of rental and service income (according to the income proportion between January - June of the year 2019)

Table 5.3: Assumption on all estimated revenue (July 2019 – November 2032)

Items	Estimated revenue						
	2019 (Jul. - Dec.)	2020	2021	2022	2023	2024	2025
Rental and warehouse service (M Baht)	14.72	32.48	32.48	32.48	35.73	35.73	35.73
Revenue percentage on overall (%)	96.50%	96.66%	96.66%	96.66%	96.80%	96.80%	96.80%
Water and electricity (M Baht)	0.37	0.75	0.75	0.75	0.77	0.77	0.77
Revenue percentage on overall (%)	2.41%	2.24%	2.24%	2.24%	2.10%	2.10%	2.10%
Other revenue (M Baht)	0.17	0.37	0.37	0.37	0.41	0.41	0.41
Revenue percentage on overall (%)	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Total revenue (Million Baht)	15.25	33.61	33.61	33.61	36.91	36.91	36.91

Items	Estimated revenue						
	2026	2027	2028	2029	2030	2031	2032 (Jan. – Nov.)
Rental and warehouse service (M Baht)	39.39	39.39	39.39	43.45	43.45	43.45	43.92
Revenue percentage on overall (%)	96.94%	96.94%	96.94%	97.07%	97.07%	97.07%	97.18%
Water and electricity (M Baht)	0.80	0.80	0.80	0.82	0.82	0.82	0.77
Revenue percentage on overall (%)	1.96%	1.96%	1.96%	1.83%	1.83%	1.83%	1.71%
Other revenue (M Baht)	0.45	0.45	0.45	0.49	0.49	0.49	0.50
Revenue percentage on overall (%)	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Total revenue (Million Baht)	40.63	40.63	40.63	44.76	44.76	44.76	45.19

Cost assumption on rent, water, and electricity supply

The detail are as follows:

- Cost of rental land in 2019 is at the rate of 1.75 million Baht per month with the estimated growth rate of ten percent in every three years (refer to the sublease agreement)
- Cost of water supply is calculated at 87.83 percent of water revenue (refer to the water rate charge by Metropolitan Waterworks Authority)
- Cost of electricity supply is about 80.36 percent of electricity revenue (refer to the Metropolitan Electricity Service fees)

Table 5.4: Cost assumption summary on rent, water, and electricity supply (July 2019 – November 2032)

Items	Estimated costs						
	2019 (Jul. - Dec.)	2020	2021	2022	2023	2024	2025
Cost of rental land (M Baht)	10.50	23.10	23.10	23.10	25.41	25.41	25.41
Proportion to rent revenue (%)	71.34%	71.11%	71.11%	71.11%	71.11%	71.11%	71.11%
Cost of water supply (M Baht)	0.03	0.06	0.06	0.06	0.06	0.06	0.06
Proportion to water supply revenue (%)	87.83%	87.83%	87.83%	87.83%	87.83%	87.83%	87.83%
Cost of electricity supply (M Baht)	0.27	0.55	0.55	0.55	0.56	0.56	0.56
Proportion to electricity supply (%)	80.36%	80.36%	80.36%	80.36%	80.36%	80.36%	80.36%
Total cost (million Baht)	10.80	23.71	23.71	23.71	26.04	26.04	26.04

Items	Estimated costs						
	2026	2027	2028	2029	2030	2031	2032 (Jan. – Nov.)
Cost of rental land (M Baht)	27.95	27.95	27.95	30.75	30.75	30.75	31.00
Proportion to rent revenue (%)	70.97%	70.97%	70.97%	70.77%	70.77%	70.77%	70.59%
Cost of water supply (M Baht)	0.07	0.07	0.07	0.08	0.08	0.08	0.08
Proportion to water supply revenue (%)	87.83%	87.83%	87.83%	87.83%	87.83%	87.83%	87.83%
Cost of electricity supply (M Baht)	0.58	0.58	0.58	0.59	0.59	0.59	0.55
Proportion to electricity supply (%)	80.36%	80.36%	80.36%	80.36%	80.36%	80.36%	80.36%
Total cost (million Baht)	28.60	28.60	28.60	31.41	31.41	31.41	31.63

Assumption on administrative expenses

It represents the estimated administrative expenses including maintenance cost, warehouse depreciation, property tax, land tax on all new constructions operating in 2020, interest expenses and other service costs. The details are as follows:

1. Maintenance cost is related to repairing inside and outside the warehouse area such as lighting system, the warehouse renovation, the equipment for repairing the office. IFA calculated the expense history (between 2018 and 2019) and realized the average expense of 25,000 Baht for every two months. The average expense has been applied for 2019 with the increasing rate of 2.03 percent per annum (based on the 20-year inflation rate from the Bank of Thailand) for the rest of analysis period.

2. Warehouse depreciation is the depreciation estimation on warehouse (Free zone), A and B areas and improvements around the building (office, restroom, restaurant, smoking area, charging areas), calculating warehouse depreciation based on the remaining duration of the project, equal to 161 months or from July 2019 to November 2032, (which is different from accounting policies deducting depreciation in a straight line for a period of 20 years, as to comply with the assumption that the contract is extended until the year 2032

3. Property tax has been estimated with 12.50 percent per year on rent revenue in 2019 only because the Land and Buildings Tax Act B.E. 2562 will be used instead of.

4. Corporate income tax is at 20 percent per annum throughout the projection period.

5. Interest expenses is at 4.275 percent per annum based on the loan agreement between the Company and Krung Thai Bank Plc.

Table 5.5 Estimation of paid interest

List	Unit	Estimation of paid interest			
		2019 (Jul. - Dec.)	2020	2021	2022– 2032 (Jan.-Nov.)
Paid interest	(Million baht)	1.06	1.41	0.49	-
Total Paid interest	(Million baht)	1.06	1.41	0.49	-

6. Estimated expenses according to Land and Buildings Tax Act B.E.2562 with the regulation as follows:

- i. Land and building appraisal value (based on the criteria of the Treasury Department) would be used to determine the tax rates paid in 2020 and 2021. The criteria rate is as follows:

Table 5.6: Tax rate under Land and Buildings Tax Act B.E.2562

Asset value (million Baht)	Tax rate
0 - 50	0.3%
> 50 – 200	0.4%
> 200 – 1,000	0.5%
>1,000 – 5,000	0.6%
> 5,000	0.7%

Note: Above table would be the tax rate applied for 2020-2021 while calculate 1.2 percent of appraisal value for 2022 onwards.

- ii) Land and Buildings Tax Act B.E. 2019 provides tax relief in 2020-2022. In the year 2020-2022, the tax that must be paid as Land and Buildings Tax Act B.E. 2019 should be compared with the House and Land Tax base of the Year 2019, if there is excess from the House and Land Tax base of the year 2019, only 25%, 50% and 75% of the interest will be paid in each year of 2020-2022, respectively, as the following table:

Table 5.7: Calculated land and building tax expenses following Land and Buildings Tax Act B.E.2562 applied in 2020 (according to the new land tax value (Commerce) for July 2019 – November 2032)

Items	Estimated appraisal value						
	2019 (Jul. - Dec.)	2020	2021	2022	2023	2024	2025
Land (M Baht)	N/A	342.91	342.91	377.20	377.20	414.92	414.92
Buildings (M Baht)	N/A	54.41	53.84	53.28	52.71	52.14	51.58
Total value (M Baht)	N/A	397.32	396.75	430.48	429.91	467.06	466.50
Tax expense (M Baht)	N/A	1.99	1.98	5.17	5.16	5.60	5.60

Items	Estimated appraisal value						
	2026	2027	2028	2029	2030	2031	2032 (Jan. – Nov.)
Land (M Baht)	456.41	456.41	502.05	502.05	552.26	552.26	607.49
Buildings (M Baht)	51.01	50.44	49.88	49.31	48.74	48.17	47.61
Total value (M Baht)	507.42	506.86	551.93	551.36	601.00	600.44	655.09
Tax expense (M Baht)	6.09	6.08	6.62	6.62	7.21	7.21	7.86

Note: 1. For 2019 (Jul. – Dec.), the expense is calculated on the property tax rate at 12.50 percent per year of the rent revenue

2. Between 2020 and 2032, the expense is calculated on Land and Buildings Tax Act B.E.2562

Table 5.8: Assumption summary on estimated administrative expenses (Jul. 2019 – Nov. 2032)

Expense items (Million Baht)	Estimated administrative expenses						
	2019 (Jul. - Dec.)	2020	2021	2022	2023	2024	2025
Maintenance	0.08	0.15	0.16	0.16	0.16	0.17	0.17
Warehouse depreciation	3.67	7.35	7.35	7.35	7.35	7.35	7.35
Property tax	1.10	-	-	-	-	-	-
Land and Building tax for 2020 onward	-	1.99	1.98	4.43	5.16	5.60	5.60
Other administratives	0.31	0.69	0.69	0.69	0.76	0.76	0.76
Total administrative expenses	5.17	10.18	10.18	12.63	13.43	13.88	13.88

Expense items (Million Baht)	Estimated administrative expenses						
	2026	2027	2028	2029	2030	2031	2032 (Jan. – Nov.)
Maintenance	0.17	0.18	0.18	0.18	0.19	0.19	0.19
Warehouse depreciation	7.35	7.35	7.35	7.35	7.35	7.35	6.73
Property tax	-	-	-	-	-	-	-
Land and Building tax for 2020 onward	6.09	6.08	6.62	6.62	7.21	7.21	7.21
Other administratives	0.84	0.84	0.84	0.93	0.93	0.93	0.94
Total administrative expenses	14.45	14.45	14.99	15.07	15.67	15.67	15.07

Discount rate

The discount rate applied to calculate the net present value of the asset is the weighted average cost of capital (WACC) with the following formula:

$\text{WACC} = (\text{D}/(\text{D}+\text{E})) * K_d * (1-\text{T}) + (\text{E}/(\text{D}+\text{E})) * K_e$
--

Where;

WACC = weighted average cost of capital (91.30% debt and 8.70% equity)

D = The proportion of debt borrowed from Krung Thai Bank for the construction of the project (a loan value of 100 million Baht)

E = The proportion of PORT investment into the project

K_d = The loan rate from Krung Thai Bank at 4.275 % per annum

T = Corporate tax rate at 20%

K_e = The rate of return expected by shareholders, which the value is 10.45% based on Capital Asset Pricing Model (CAPM). K_e calculation is described below

$K_e = R_f + \beta(R_m - R_f)$

Where;

K_e = The rate of return expected by shareholders

Risk Free Rate (R_f) = Return on risk-free investment based on the interest rate of 20-year government bonds at 2.21 percent (source from www.thaibma.or.th as of July 31st, 2019). IFA applied this rate to align with the historical average 20-year return rate in the Stock Exchange of Thailand.

R_m = Rate of return on investment in the Stock Exchange of Thailand (SET) over the last 20 years between August 1999 and July 2019 at 9.77% per annum. The period is the most appropriate to reflect the rate of return by average. (source: www.set.or.th)

Beta (β) = The coefficient ratio of the risk (Beta) at 1.09 on weekly SET 50 INDEX between August 9th, 2017 and August 9th, 2019
(source: Bloomberg.com)

According to the abovementioned formula and variable values applied for the calculation, the expected return of shareholders (K_e) would be at 10.45 percent per year

The calculation for the expected return of shareholders (K_e)

$$\begin{aligned} K_e &= R_f + \beta(R_m - R_f) \\ &= 2.21\% + 1.09(9.77\% - 2.21\%) \\ &= 10.45\% \end{aligned}$$

The calculation for the weighted average cost of capital

$$\begin{aligned} WACC &= (D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e \\ &= 3.12\% + 0.91\% \\ &= 4.03\% \end{aligned}$$

Table 5.9: Financial projection (Jul. 2019 – Nov. 2032)

Unit: Million Baht	2019 (Jul. - Dec.)	2020	2021	2022	2023	2024	2025
Rent and warehouse service revenue	14.72	32.48	32.48	32.48	35.73	35.73	35.73
Water and electricity supply revenue	0.37	0.75	0.75	0.75	0.77	0.77	0.77
Other revenue	0.17	0.37	0.37	0.37	0.41	0.41	0.41
Total revenue	15.25	33.61	33.61	33.61	36.91	36.91	36.91
Cost on water and electricity supply	10.80	23.71	23.71	23.71	26.04	26.04	26.04
Administrative expenses	5.17	10.18	10.18	12.63	13.43	13.88	13.88
Total cost and expenses	15.96	33.89	33.89	36.34	39.47	39.92	39.92
Profit before interest and tax	(0.71)	(0.28)	(0.28)	(2.73)	(2.56)	(3.01)	(3.00)
Interest expenses	1.06	1.41	0.49	-	-	-	-
Profit before tax	(1.77)	(1.70)	(0.78)	(2.73)	(2.56)	(3.01)	(3.00)
Tax expenses	-	-	-	-	-	-	-
Net profit (loss)	(1.77)	(1.70)	(0.78)	(2.73)	(2.56)	(3.01)	(3.00)
Net profit from post-tax operations	(1.77)	(1.70)	(0.78)	(2.73)	(2.56)	(3.01)	(3.00)
+ Depreciation	3.67	7.35	7.35	7.35	7.35	7.35	7.35
+ Interest expenses	1.06	1.41	0.49	-	-	-	-
+ Cash deposit for the end of the contract	-	-	-	-	-	-	-
+ Cash deposit	2.45	2.71	-	-	2.98	-	-
- Cash deposit	-	(2.45)	-	-	(2.71)	-	-
Annual net cashflow value	5.42	7.32	7.06	4.62	5.06	4.34	4.34
Free cashflow value	5.37	7.02	6.51	4.08	4.31	3.54	3.41

Unit: Million Baht	2026	2027	2028	2029	2030	2031	2032 (Jan. – Nov.)
Rent and warehouse service revenue	39.39	39.39	39.39	43.45	43.45	43.45	43.92
Water and electricity supply revenue	0.80	0.80	0.80	0.82	0.82	0.82	0.77
Other revenue	0.45	0.45	0.45	0.49	0.49	0.49	0.50
Total revenue	40.63	40.63	40.63	44.76	44.76	44.76	45.19
Cost on water and electricity supply	28.60	28.60	28.60	31.41	31.41	31.41	31.63
Administrative expenses	14.45	14.45	14.99	15.07	15.67	15.67	15.07
Total cost and expenses	43.05	43.04	43.59	46.49	47.08	47.08	46.70
Profit before interest and tax	(2.42)	(2.41)	(2.96)	(1.73)	(2.33)	(2.32)	(1.51)
Interest expenses	-	-	-	-	-	-	-
Profit before tax	(2.42)	(2.41)	(2.96)	(1.73)	(2.33)	(2.32)	(1.51)
Tax expenses	-	-	-	-	-	-	-
Net profit (loss)	(2.42)	(2.41)	(2.96)	(1.73)	(2.33)	(2.32)	(1.51)
Net profit from post-tax operations	(2.42)	(2.41)	(2.96)	(1.73)	(2.33)	(2.32)	(1.51)
+ Depreciation	7.35	7.35	7.35	7.35	7.35	7.35	6.73
+ Interest expenses	-	-	-	-	-	-	-
+ Cash deposit for the end of the contract	-	-	-	-	-	-	3.50
+ Cash deposit	3.28	-	-	3.62	-	-	3.99
- Cash deposit	(2.98)	-	-	(3.28)	-	-	(7.61)
Annual net cashflow value	5.24	4.93	4.39	5.96	5.02	5.02	5.10
Free cashflow value	3.95	3.57	3.05	3.98	3.22	3.09	3.03
Total present value of the free cash flow	58.14 Million Baht						

Fair value for rent and warehouse service

According to information and above assumption, IFA could calculate PORT fair value on rent and warehouse service using the net present value of the free cash flow as follows:

Valuation	Unit: Million Baht
Net present value of free cash flow	58.14

Based on the cash flow projections derived from above assumptions, using a weighted average cost rate (WACC) of 4.03 percent, the net present value of the cash flows generated from the rental and warehouse service is at 58.14 million Baht.

5.6 Sensitivity Analysis

The fair valuation of PORT's assets (warehouses) will be accurate depending on the accuracy and appropriateness of the assumptions used in the financial projection, business plans, and future management policies under the current economic conditions and circumstances. In the events impacting economic conditions, natural environment, and government policies, it may cause the significant changes toward the fair value of the PORT assets (warehouses) as well.

Given several potential factors affecting the fair value assessment of the PORT assets (warehouse) may change along the period, therefore, IFA conducted a sensitivity analysis of the fair value of the ordinary shares, which mainly concentrates on three main factors: the weighted average rate of capital (WACC) of PORT, and the rental rate of the warehouse between the current price and proposed price by the tenant, the rental area. As result, it can summarize the sensitivity analysis of the fair value of the PORT assets (warehouse) through discounted cash flow method as follows:

Table 5.10 Table showing the sensitivity analysis result based on changes of the Weighted Average Cost of Capital (WACC) rate and the warehouse rental rate to estimate the fair value of the property (warehouse) or warehouse rental and service project of PORT. (The area assumption is equal to 16,918.33 sqm.)

(Unit : Million Baht)

Weighted average rate of capital (WACC)	Rental rate on warehouse		
	@145 Baht	@150 Baht	@160 Baht
WACC – 1.0%	61.53	74.12	100.04
WACC – 0.5%	59.79	71.99	97.06
WACC	58.14	69.95	94.21
WACC + 0.5%	56.55	68.00	91.49
WACC + 1.0%	55.03	66.13	88.87

Table 5.11 Table showing the sensitivity analysis result based on changes of the Weighted Average Cost of Capital (WACC) rate and the warehouse rental rate and the estimated area is 17,335.48 sqm. (including component parts of restrooms, restaurant, charging room, smoking area) to estimate the fair value of the property (warehouse) or warehouse rental and service project of PORT.

(หน่วย : ล้านบาท)

อัตราเฉลี่ยถ่วงน้ำหนักของทุน(WACC)	อัตราค่าเช่าคลังสินค้า และ @ พื้นที่ 17,335.48 ตรม.		
	@145 บาท	@150 บาท	@160 บาท
WACC – 1.0%	71.62	84.48	108.97
WACC – 0.5%	69.56	82.01	105.71
WACC	67.58	79.65	102.58
WACC + 0.5%	65.69	77.39	99.60
WACC + 1.0%	63.88	75.22	96.73

According to the Sensitivity Analysis of fair value estimation of rental and warehouse service projects of PORT by changing of the weighted average cost of capital (WACC) rate of PORT and the warehouse rental rate and the component parts area of the warehouse in order to calculate the value of the warehouse rental project of PORT by referring to the current market price and the price offered to tenants of PORT, **resulting in the fair value of the PORT warehouse rental and service project calculated is between 55.3 - 108.97 million baht.**

5.7 Asset valuation summary

PORT asset valuation are as follows:

Valuation Method	PORT Asset value (Million Baht)
1. Book Value approach	98.58
2. Adjusted Book Value approach	109.58
3. Discounted Cash Flow approach	55.03-108.97

1.The estimation of property value according to the Book Value Approach

Book Value Approach is a method displaying the book value of a company's property at a certain period of time without considering the market value that may increase or decrease according to the construction condition of the market at that time. It may not reflect the true value in the market. Therefore, the advisor considers that the book value approach is inappropriate for the estimation of the company's property.

2. The estimation of value by Adjust Book Value Approach

Adjust Book Value Approach is a method for adjusting book values using property estimation methods by Cost Approach. It is an assessment of the cost of new replacement buildings at current prices and then deducted by depreciation according to the lifetime already used plus the market value of land. But since the property in this assessment do not include the area of land, therefore, it is only calculated from the cost of constructing a new replacement building at the current price and minus the depreciation based on the lifetime. In most cases, this method is suitable for property built specifically such as factories.

Therefore, the advisor deems that the Adjust Book Value Approach is an appropriate method for estimating the company's property (warehouse), as the characteristics of the estimated property match the Cost Approach because it is a method for evaluating warehouse building specifically

3. The estimation of value according to Discounted Cash Flow Approach

Discounted Cash Flow Approach is a method of estimating value of the company's property (warehouse) according to the method of the value of warehouse rental and service projects, considering the ability to generate future cash flows from the PORT warehouse rental and service project by discounting the Free Cash Flow Company expects to receive from the preparation of financial projections with Weighted Average Cost of Capital : WACC) of the company's warehouse rental and service projects in order to find the net present value of the PORT property(warehouse) fair value. The advisor has prepared financial projections for the warehouse rental and service project of the company during the period of 6 months of 2019 (July - December) to November 2032 (total period of 161 months). Therefore, the financial advisor found that the Discounted Cash Flow Approach is a method that reflects the comparison of property(warehouse) generating future cash flows from the warehouse rental and service projects and the trading value of the property. It is considered as an appropriate method to compare the trading value of the property(warehouse).

From the above data, the advisor concluded that this estimation of property(warehouse) value should be based on the highest value of the Adjust Book Value Approach and the Discounted Cash Flow Approach, which here is equal to 109.58 million baht and the value by the Discounted Cash Flow Approach is 55.03 - 108.97 million baht. Therefore, the advisor summarized that, according to this estimation of property(warehouse) value, the proposal the company received from STS is a reasonable price as the price proposed to buy by STS, after deducting expenses and fees, has remained at 110.57 million baht, which is higher than the fair value estimated by the advisors, with the range of 55.03 – 108.97 million baht.

Section 6: Opinion Summary of Independence Financial Advisor

Summary of the opinion of advisor regarding the transaction

From studying relevant data such as conditions of entering into the transaction, advantages and disadvantages of entering into the transaction, risks from entering into the transaction, and the appropriateness of the transaction price, the advisor's opinions can be summarized as follows:

Advantages of entering into transactions with connected persons comparing to outsiders

1. Entering into the transaction with connected person helps company to reduce problems of people interested in buying property because in the case that the company has to find an interested person to buy the property, the consultant found that it would take time, since the said property is on non-proprietary land of the company, and there is a chance that the ownership of the building will become the lessor's under the sublease agreement. Also, the value of the property to be sold is quite high, so that may cause the company to take a longer time to find someone interested in the said property. It may cause the company to take a longer time to find someone interested in the property. Therefore, the company must bear the rental cost while finding someone interested in buying this property. In addition, for the price that STS proposed to buy, the consultant is of the opinion that it is higher than the value of the investment in the project of the company that has already invested in 2017, which can be considered a reasonable price for the company.
2. The transaction with the connected persons at this time made the company able to proceed conveniently because the company's personnel are familiar with the personnel of STS. It will help the coordination to be effective under the relevant terms and conditions of the contract.

Disadvantages of transactions with connected persons compared to outsiders

1. Entering into a transaction with a connected party may result in negotiation of various conditions and may not be able to be fully implemented like a transaction with a third party. The consultant is of the opinion that the conditions of payment of various tax fees according to the asset purchase agreement specify that the expenses, including fees, duties and any expenses in the registration of the ownership transfer of the company (the person who will Sell) will be the total payer. If the company enters into a transaction with a third party, negotiating the terms of payment of fees may be split in half, therefore the company does not have to pay various fees in full. The company can reduce the cost of fees, duties and any expenses by about 3.72 million baht (calculated from the fees that the company is responsible for 7.44 million baht and if divided in half, resulting in only 3.72 million baht remaining).

Advantages of the transaction

1. In this transaction, the consultant is of the opinion that it should help the company to reduce the risk from loss due to the company has invested in the project quite high at the rental rate in the market that is lower than expected. This will put the company at risk from losses, including the burden of rent during the time that the company cannot find a tenant. The consultant is of the opinion that the transaction is considered a management that helps the company reduces the risk of loss that must find a lessee that is suitable for the cost of rental and future expenses.
2. In this transaction, the consultant is of the opinion that the disposal of assets (warehouse) of the company worth 110.57 million baht (after deducting various fees for transferring assets) will cause the company to receive accounting profits from disposal of assets (warehouse) of the company in the amount of 11.99 million baht.

In addition, from the estimation of the project that the company has invested in this warehouse, the company made the said transaction which will make the company cash flow from the project equal to 34.73 million baht. The company will not have losses from the investment in this project.

3. In this transaction, the consultant is of the opinion that the company will reduce the risk from the assets of the company that are the property of the land owner on the date the lease expires, in the event that the land owner does not renew the sublease agreement.
4. From this asset disposal, the company will receive cash from the sale of the net asset value of 110.57 million baht (after deduction of various transfer fees), the company can use the said money to pay for the loan (other long-term loans Warehouse loan) including the ability to reduce the interest burden of the company.

Disadvantages of the transaction

1. In this transaction, the consultant is of the opinion that the company will lose the rental space and warehouse services. The proportion of the warehouse decreased to 44.89 percent of the company's total warehouse space. However, if considering the overview of the company's revenue, it can be seen that the company has an impact on the revenue of approximately 3 percent of the company's total revenue only

The risk of the transaction

1. Contractual risk in respect of liability of the seller

This transaction may expose the company to the risk of responsibility under the sales contract: in the agreement specifying that the seller (the company) is responsible for various debt obligations relating to the assets agreed to buy and sell owed to trade creditors, bank and financial institution creditors or overdue taxes to the government and in the event that the purchaser must be under rights or damaged because of the case that the prosecutor requested the court to cancel the transfer of any assets under the contract. The company has a responsibility to the buyer in the event that the buyer is damaged including interest at the rate of 7.5 percent per annum since the occurrence of the broken seller.

However, the consultant has examined the information and asked the management of the company to find that there is no debt with the financial institution because the company has already paid the debt and redeemed the collateral and there is no liability to the government because the renter is the person who pays the water and electricity fees and the house tax. The company is responsible which is paid at the beginning of every year. As for lawsuits and litigation, the law firm has confirmed that there are no lawsuits or disputes. The consultant is of the opinion that the company has no risk in terms of responsibility regarding the debt obligations under the contract.

2. Contractual risk of the seller's liability

This transaction may expose the Company to the risk of contractual liability. In the agreement specifying that the seller (the company) does not act or refrain from any action in violation of laws relating to the assets agreed to purchase as well as requesting permission to construct and construct a building in accordance with the laws and regulations relating to the property (warehouse) at this time. As a result of breach of contract, the company shall be liable for damages as according to the law including interest at the rate of 7.5% per annum since the event of the breach of contract.

However, the consultant has inquired the management of the company and inspected the building modification license no. 74/2017. It was found that the license is a name on behalf of the company and the company has requested the complete license. In addition, the independent appraiser assures that there are no rights infringements in the property area. Therefore, it can be seen that the Company has complied with various laws and regulations regarding property. (This warehouse is completed).

Effect in the case that the shareholders do not approve this transaction, the company has terminated the lease agreement with STS

Effect in the case that the shareholders do not approve this transaction, the company has requested to cancel the sublease agreement from STS, the purchaser of the said warehouse assets, effective from September 30, 2019 onwards.

The consultant is of the opinion that after reviewing the procedures of the company, the company will cancel the land sublease agreement with STS within the same day as the transfer of property rights (warehouse) at the Samut Prakan Provincial Land Office. By law, the sublease agreement of the company still has rights until the company can cancel the sublease at the land office only. And the company intends to complete everything by this 30 September 19 if it has been approved by the shareholders' meeting of the company at this time.

Considering the advantages and disadvantages as well as the impact in the event that shareholders do not approve the said transaction, the consultant therefore concludes that this transaction is reasonable.

In regard to the appropriateness of the price, the consultant has assessed the fair value of the assets (warehouse) from the appraisal in each method which can be summarized as follows:

Valuation summary	Property Valuation (Warehouse)	Unit
Contract amount (buy / sell)	110.57*	Million baht
Book value as at 30 th Jun 09	98.58	Million baht
Valuation price according to accounting adjustment method	109.58	Million baht
Value appraised according to project (Space rental)	55.03 – 108.97	Million baht

Remarks:1. * Contract value (trading) after deducting expenses and transfer fees

- Regarding the comparable method, the consultant is of the opinion that this asset evaluation (warehouse) cannot be compared in the market because it is the sale of buildings on lease land.

From the above table, the consultant can conclude that this valuation of the property (warehouse) should use the highest comparable method to assess the adjustment of accounting value and the present value method of net cash flow. Both methods show the fair value of the property from different perspectives, that is, the method of adjusting the book value will show the fair value of the property by considering the current market value.

While the discounted cash flow method shows fair value by considering future events, in which the consultant usually takes the fair value which can be estimated from discounted cash flow method, since it is a reflection of the return that shareholders will receive in the future if the business continues to proceed. However, in the case that the valuated value from the method of adjusting the book value is higher than the discounted cash flow method of the project. Here, equal to 109.58 million baht and the value range using the net cash flow method is equal to 55.03-108.97 million baht.

Therefore, for selling the property (warehouse) to the connected person this time, the consultant is of the opinion that it is reasonable in the price proposed by the buyer. In summary, the consultant is of the opinion that the shareholders should approve the transaction of the asset disposal transaction at this time.

In consideration of approval or disapproval of PORT's asset disposal (warehouse) transaction, which is a connected transaction of the Company as per the connected transaction announcement, the shareholders of the company can consider the information and the reasons together with considering the opinions on various issues that the consultants have presented in this report. However, the decision to approve or not, the sale of assets The warehouse (warehouse) of PORT will be at the discretion of the shareholders of the company.

Wellcap Advisory Company Limited, as the company's independent financial advisor, certifies that it has considered and studied the information carefully and reasonably according to professional standards and reasoning on the basis of reasonability and fair analysis, with due regard to the benefits of the shareholders of the company.

Yours sincerely
WELCAP Advisory Co., Ltd.

.....
(Mr. Pipath Kittiakrastien)

Director

.....
(Mr. Sith Boonchusanong)

Director

.....
(Mr. Badin Rittiboonchai)

IFA Operator

Attachment 1: Sahathai Terminal Public Company Limited (PORT)

1. Corporate Overview

Company Name	: Sahathai Terminal Public Company Limited (PORT)
Registration Number	: 0105548115897
Business Scope	: The company operates four main businesses, which are providing full commercial berth services, inland container transportation services, container and warehouse areas, and other related services
Location	: 51/1 Moo.3, PooJaoSamingPrai Rd., BangYaPhraek Sub-district Prapadaeng SamutPrakarn 10130 Tel: 023-868000 Fax: 023-868006
Registered Capital	: 299,000,000 Baht for 598,000,000 common shares@ 0.50 Baht per share (as of August 14 th , 2019)
Issued and Paid-up Capital	: 275,999,981 Baht for 551,999,962 common shares @ 0.50 Baht per share (as of August 14 th , 2019)

2. Corporate Profile

Sahathai Terminal Public Company Limited ("PORT" or "the Company"), formerly known as, “Sahahai Thai Port Company Limited”, was established on March 10th, 2008 with an initial registered capital of two million Baht by Thai Steel Pipe Public Company Limited ("STS"). The company is to operate the commercial berth and support the main business of STS, which has outstanding volume of import and export of coils and steel pipes over two hundred thousand tons per year. At the period of time, STS had a cost and logistics management issue because of no port ownership and facilities resulting of relatively high service fee and logistics flexibility. Given inefficient logistics management, it caused unnecessary expenses, so PORT has been used to provide the logistics support toward STS onwards.

Key Development - Sahathai Terminal Public Company Limited (PORT)

Period	Description
March 2008	The company was registered toward the Ministry of Commerce on March 10th, 2008 with a registered capital of two million Baht under the legal entity of “Sahahai Thai Port Company Limited”. The registered office was located at 51/1 Moo 3, Pu Chao Samingphrai Road Bang Ya Phraek Subdistrict Phra Pradaeng District Samut Prakarn Province. The business purpose is to operate the commercial terminal business and other related services as a subsidiary of Sahathai Steel Pipe Public Company Limited, which holds 100% ownership of the Company.
March 2010	The Company increased the registered capital by twenty-eight million Baht to thirty million Baht for improving the berth to accommodate international cargo vessels.
March 2011	The Company raised the registered capital for another thirty million Baht to sixty million Baht for crane investment to drive the service efficiency toward the international cargo vessel.
February 2013	The Company registered the change of legal entity with the Department of Business Development from “Sahathai Port Company Limited” to “Sahathai Terminal Company Limited”.
October 2014	The company has been certified for quality management systems ISO 9001: 2008 and environmental management systems. ISO14001: 2004 by Intertek, which has been qualified by the UKAS (United Kingdom Accreditation Service) for "multi-purpose port services including management for Containers and general cargo, goods yard, warehouse and domestic waterway transportation"
March 2015	The company has reorganized its shareholding structure, which Sahathai Steel Pipe Public Company Limited sold 100 percent of its shares to all shareholders at a par price of 100 baht per share. It authorized the shareholders of Sahathai Steel Pipe Public Company Limited to directly hold the shares, resulting in the status change for PORT as no longer a subsidiary of Sahathai Steel Pipe Public Company Limited.
July 2015	The company has jointly invested in establishing Bangkok Barge Terminal Company Limited ("BBT") on July 14 th , 2015 with a registered capital of 175 million Baht to operate the barge terminal and provide domestic shipping services by barge between BBT Port and Laem Chabang Port. The registered address was at 8/8 Moo 8, Pu Chao Samingphrai Road Bang Ya Phraek Subdistrict Phra Pradaeng District In Samut Prakan Province. The company had invested

Period	Description
	and owned 51 percent of total BBT shares while the remaining 49 percent was under MOL Liner Company Limited (a company registered in Japan), which was a subsidiary of Mitsui OSK Lines (MOL). BBT has been paid with 50% payment with total amount of 87.5 million Baht.
December 2015	The Company increased more registered capital at 50 million Baht to 170 million Baht as the payment for BBT shares.
January 2016	The company received the promotional certificate no. 59-0101-0-00-1-0 for sea cargo handling business from the Board of Investment. With its benefit, the company has been exempted from corporate income tax for net profit derived from the promoted business for eight years starting on January 19th, 2016 until January 18th, 2024.
March 2016	BBT called for payment of 25% of the issued share value from the shareholders for the total amount of 43.75 million Baht.
April 2016	The company has invested in the “Container Depot” business in order to expand the business covering the work related to the container.
May 2016	BBT called for another payment of 25% of the issued share value from the shareholders for the total amount of 43.75 million Baht.
September 2016	The company invested in establishing Bangkok Barge Service Company Limited ("BBS") on September 27 th , 2016 with a registered capital of five million Baht to operate the business of Barge Management. Its registered address was at 8/8 Moo 8, Pu Chao Samingphrai Road Bang Ya Phraek Subdistrict Phra Pradaeng District In Samut Prakan province. The company has invested and owned 40% of the total BBS shares while the remaining were invested by Global Thai Depot Company Limited and South East Asia Medlog Logistics CO Pte. Ltd. (a registered firm in Singapore) for 30% each, which both companies were affiliated companies of Mediterranean Shipping Company or MSC.
October 2016	BBT receives investment promotion certificates for sea cargo handling business from the Board of Investment, which benefited to exempt from corporate income tax on net profits derived from promoted businesses for eight years.

Period	Description
November 2016	The company has invested in construction to expand the packing area. It used to support the exporters who did not have space or facilities for packing products into containers.
March 2017	The company invested in establishing the Bangkok Container Depot Service Company Limited ("BCDS") on March 30th, 2017 with a registered capital of one million Baht to operate container maintenance services. Its registered address was at 51/1 Village No. 3, Pu Chao Samingphrai Road Bang Ya Phraek Sub-district Phra Pradaeng District Samut Prakan Province. The company fully invested and owned 100 percent of the registered capital.
May 2017	The company transformed from a limited company to a public limited company on May 3rd, 2017.
July 2017	BBT is licensed as the first waterway ICD (Inland Container Depot) in Thailand.
October 2017	Made a memorandum of understanding with the Customs Department on the installation of the Mobile X-Ray system of the Customs Department in the Sahathai Port. It is used in the process of inspecting products that are in the container of the Customs Department
	The company invested in the establishment of Bangkok Tracking Service Co., Ltd. ("BTS") on October 17 th , 2017 with a registered capital of one million baht to operate land transportation services. Its registered address was at 51/1 Village No. 3, Pu Chao Samingphrai Road Bang Ya Phraek Sub-district Phra Pradaeng District Samut Prakan Province. The company invests 100 percent of the registered capital.
	BBS receives investment promotion certificate for marine transportation business, Category 7.3.3 from the Board of Investment. It is exempted from corporate income tax for the net profit derived from the business that has been granted Investment promotion for eight years.
February 2018	The Customs Department has approved the company to expand the Custom Permission Harbor and renovate the total area of 41 rai 1 ngan 67.5 square wah
March 2018	The company has been approved to perform export customs procedures on the release of goods in the Bangkok Customs Office area (Specific Local Vessel) and loading at the office Laem Chabang Port Customs Office
April 2018	BTS has increased the registered capital of four million Baht from the original registered capital of one million baht to five million Baht for support as working capital in the business.
	BCDS provided container repair and cleaning service with a team of experts and standardized equipment on a total area of 37 rai. The first phase of operation was started on 15 rai of land.

Period	Description
May 2018	<p>BBT has increased the registered capital of 60 million baht from the original registered capital of 175 million baht to 235 million baht for supporting as working capital in the business.</p> <p>The company has passed the assessment and received the certification for Customer and Trade Partnership Against Terrorism (C-TPAT), which is an international safety standard. The assessment was a collaboration between public and private sectors to develop of supply chain security for transporting of goods across the border. With C-TPAT certification, it was considered as security certification for operators, which benefited when transporting goods through customs to the United States.</p>
September 2018	BBT has received additional privileges and benefits in accordance with investment promotion measures from the Board of Investment as follows: under Section 35 (1) to receive a corporate income tax deduction for the net profit received from the investment at the rate of 50 percent of the normal rate for the specified five-year period from the date of expiration of the period under Section 31 (1)
October 2018	<p>BCDS started its service in Phase 2 (22 rai)</p> <p>The company has invested in establishing Bangkok River Terminal Company Limited ("BRT") on October 24th, 2018 with a registered capital of 150 million baht to operate a commercial international terminal, and to receive investment promotion and privileges from the Board of Investment (BOI). Its registered address at 131 Moo 2, Samrong Klang Subdistrict Phra Pradaeng District Samut Prakan Province. The company invested and owned 55 percent of the total BRT shares while the remaining 45 percent was invested by Mitr Phol Sugar Company Limited</p>
November 2018	BRT received a promotion certificate on transferring goods business for vessels of type 7.1 from the Board of Investment. It was exempted from corporate income tax on net profits derived from promoted businesses for eight years
December 2018	The company has been approved by the Port Authority of Thailand (PAT) to transport containers from international ships to Sahathai port using a coastal boat (barge) and deliver to Bangkok Port
January 2019	The company has approved for being the joint venture with TICON Industrial Connection Public Company Limited to establish Bangkok Logistics Park Company Limited with registered capital of 300 million baht (ordinary shares in the amount of 30,000,000 shares with a par value

Period	Description
	of 10 baht per share) in an investment proportion of 25% to invest, own, develop, manage and manage the logistics park, warehouse and real estate projects for domestic industry
	Bangkok Logistics Park Company Limited was registered with the Department of Business Development. During the six-month period ending June 30 th , 2018, Bangkok Logistics Park Company Limited called for payment of 180 million Baht for 30,000,000 shares at the rate of 6 Baht per share. The Company paid for the shares in the amount of Baht 45.00 million.
April 2019	The company increased the registered capital by 69,000,000 Baht from the original registered capital of 230,000,000 Baht to total registered capital of 299,000,000 Baht by issuing 138,000,000 new ordinary shares with a par value of 0.50 baht per share.
August 2019	The resolution proposing to the Extraordinary General Meeting of Shareholders No. 1/2562 for considering and approving the disposition of warehouses in the rental Free Zone area, which sublease from Sahathai Steel Pipes Public Company Limited, for the amount of 118.00 million Baht. After deducting the transfer costs, the balance is 110.57 million Baht, which the buyer agrees to pay the seller at one time on the date of ownership transfer (expected to transfer within year 2019)

3. Business Scope

3.1 Revenue by Business Type

Revenue by Business Type between 2016 and 2018

Revenue	Operated by	Financial statements for year ended					
		Dec 31 st , 2016		Dec 31 st , 2017		Dec 31 st , 2018	
		(Consolidated)		(Consolidated)		(Consolidated)	
		M Baht	%	M Baht	%	M Baht	%
Commercial Terminal Service	PORT, BBT, BBS	921.42	85.28	1,022.27	75.98	1,287.43	85.64
Container Shipping Service	PORT, BTS	58.02	5.37	95.23	7.08	115.1	7.39
Container and Warehouse Services	PORT	53.83	4.98	103.83	7.72	120.22	7.72
Other Services ¹	PORT, BCDS	47.22	4.37	124.01	9.22	35.13	2.25
Total Service Revenue		1,080.49	100	1,345.33	100	1,557.88	100

Note: 1. Other related services include management fees for goods in warehouse, rental space income, revenue as freight forwarding agents, etc.

The company currently operate four main business categories as follows:

3.1.1 Terminal Business Unit

The company's jetty, called Sahathai Pier, is located on Pu Chao Samingphrai Road. Phra Pradaeng District Samut Prakarn Province. The location is convenient in the transportation of goods from various industrial plants around the area to Sahathai Port since the Sahathai Pier is close to the Bhumibol Bridge or the Industrial Ring Bridge, which is only 400 meters from the Sahathai Pier. The Bhumibol Bridge and the Industrial Ring Road can connect the transportation between Rama III Road, Suksawat Road. Pu Chao Samingphrai Road And Kanchanaphisek Road so all industrial plants in Bangkok and Samut Prakan could use the service.

It is also a convenient location for transporting goods between industrial estates in the area outside of Bangkok and the metropolitan area to the port of the company through main roads such as Kanchanaphisek Road, which can connect to industrial estates located in the north of Bangkok, Pathum Thani, Nonthaburi and Phra Nakhon Si Ayutthaya such as 1. Nava Nakorn Industrial Estate 2. Bang Chan Industrial Estate 3. Lat Krabang Industrial Estate 4. Bang Pa-in Industrial Estate 5. Bangpoo Industrial Estate 6. Bang Phli Industrial Estate 7. Bangka Industrial Estate.

The services of the commercial berth business can be classified into 3 sub-categories as follows:

- (1) Terminal Handling Service
- (2) Container Freight Station: CFS
- (3) Container Depot

3.1.2 In-land Transportation Business Unit

Sahathai Port is capable of providing docking services either for international freight vessels or feeders of approximately 1,000 TEU, and for domestic coastal vessels or barge of between 40 and 240 TEU. It is used to transport goods between Sahathai Port and Laem Chabang Port. The berth of the Sahathai Port has a total width of 300 meters, and the depth (Draft) about 8 meters from the lowest water level, which is the same level as the depth of the Chao Phraya River. The Sahathai Port is divided into one feeder terminal (approximately 170 meters width) and 2 barge (approximately 65 meters width), which are estimated to accommodate containers of approximately 420,000 TEUs per year.

Bangkok Barge Terminal Company Limited, a subsidiary of the Company with 51% ownership, also provides another barge service terminal, which is a barge port with a relatively wide port area. Length is therefore able to simultaneously service two barges (total width of approximately 96 meters). The said port is at the entrance of the industrial ring road on the side of Poo Chao Saming Phrai Road, which is approximately 1.42 kilometers away from the port of the company. The said terminal began commercial service in November 2016, which is expected to have the capacity to serve containers approximately 240,000 TEU per year.

The number of containers using the company and subsidiaries' services (Year 2016 – 2018)

Item	Year Ended		
	Dec 31 st , 2016	Dec 31 st , 2017	Dec 31 st , 2018
	TEU	TEU	TEU
Containers with goods	290,131.00	335,208.00	430,654.00
Containers without goods	35,663.00	34,954.00	90,307.00
Total	325,794.00	370,162.00	520,961.00

The sales of containers shipping area in barge to the nearby port (Year 2016 – 2018)

Item	Year Ended		
	Dec 31 st , 2016	Dec 31 st , 2017	Dec 31 st , 2018
	TEU	TEU	TEU
Containers with goods	65,342.00	74,135.00	106,054.00
Containers without goods	8,981.00	9,600.00	7,325.00
Total	74,323.00	83,735.00	113,379.00

หมายเหตุ : 1 TEU or Twenty-foot equivalent unit is an international unit of measurement often used to describe the size of a container carrier, container or container yard. 1 TEU refers to the size of one standard container that is 20 feet (6.1 meters) wide and 8 Feet (2.4 meters), 8 feet tall, 6 inches (2.6 meters)

In addition, the company began to provide container maintenance services and investment to expand more service in April 2016. By March 2017, the company established a subsidiary (BCDS) to support this business. In October 2018, the company has moved all container maintenance services out of the Sahathai Port to nearby areas to increase Sahathai Port's efficiency.

The number of containers using the company services on cleaning, repairing, and modifying (Year 2016 – 2018)

Item	Year Ended		
	Dec 31 st , 2016	Dec 31 st , 2016	Dec 31 st , 2016
	TEU	TEU	TEU
Cleaning	31,663	31,663	31,663
Repairing and modifying	39,078	64,775	95,383
Total	70,741	122,615	182,416

3.1.3 Rental Area and Warehouse Business Unit

It is a service for receiving goods from the shipper and package them into the container at the company's port before lifting it toward cargo ships. It is generally for exporters who do not have their own container facilities.

Most of the services are in the form of a Full Container Load (FCL) for export, which the Company would charge service fees from the exporter or representative of the exporter (Shipping firm).

In addition, the company also offers consignee services for opening containers, unloading goods, and preparing them for importers at the Company's port. The service would cover consolidated container, or Less than container load (LCL), which include products from various importers. After open the containers, all goods are kept in the warehouse while waiting for each importer to directly pick up his own stuffs. The company would charge the service fee from importers or agents of the importer (Shipping firm).

The number of containers using CFS service (Year 2016 -2018)

Item	Year Ended		
	Dec 31 st , 2016	Dec 31 st , 2016	Dec 31 st , 2016
	TEU	TEU	TEU
Loading service (Stuffing)	38,850.00	33,668.00	40,334.00
Unloading service (Unstuffing)	6,556.00	6,634.00	5,736.00
Total	45,406.00	40,302.00	46,070.00

3.1.4 Other Service Business Units

There are two additional services as follows:

1) Freight Forwarder - the company would act as an intermediary in procuring slots for the transportation of goods that are suitable for the exporter. The company would consolidate the shipping needs from multiple exporters in order to buy freight from various shipping lines with volume discount. Moreover, using a good relationship with these shipping lines could benefit with effective rate to offer exporters. At the point of analysis, the Company solely provides the service toward STS.

2) Renting office space to agents or service providers (Subcontractor) so they could use them as operation offices within the Company's port.

4. Board of Directors

As of May 3rd, 2019, there are nine Board of Directors as follows:

No	Full Name	Position
1.	MR. YUTH WORACHATTHAN	CHAIRMAN AND INDEPENDENT BOARD OF DIRECTOR
2.	MS. SAUWAKUN KARUCHIT	BOARD MEMBER / CHIEF EXECUTIVE OFFICER
3.	MR. BANCHAI KARUCHIT	BOARD MEMBER / DEPUTY CHIEF EXECUTIVE OFFICER
4.	MR. WICHIT RATTANASIRIVILAI	BOARD MEMBER
5.	MR. SUCHIN RATTANASIRIVILAI	BOARD MEMBER
6.	MR. ANGKON SRSUNTHORN	BOARD MEMBER
7.	MR. CHAIRAT CHONGYANGYUENWONG	BOARD MEMBER
8.	MS. WILAI CHANTANRASAMEE	INDEPENDENT BOARD MEMBER/ CHAIRMAN OF THE AUDIT COMMITTEE
9.	MR. VITHIT LEENUTAPHONG	INDEPENDENT BOARD MEMBER / AUDIT COMMITTEE

Source : www.set.or.th

Authorized directors whose signature legally bind the company

The signatory by either Ms. Sauwakun Karuchit or Mr. Chairat Chongyangyuenwong or Mr. Banchai Karuchit co-sign with the signatory by Mr. Wichit Rattanasirivilai or Mr. Suchin Rattanasirivilai or Mr. Angkon Srisunthorn, and the seal of the Company.

5. Shareholding Structure

At the point of analysis, the company has registered capital of 299,000,000.00 Baht with paid-up 275,999,981.00 Baht. It comprises with 551,999,962.00 common shares at a par value of 0.50 baht per share. For the list of the top ten shareholders at the company's registration book on May 3rd, 2019 is as follows:

No	Name	Number of Shares	%
1.	Rattana Holding Co., Ltd	158,960,800	34.56
2.	Mr. Somchai Khruchit	24,074,700	5.23
3.	Ms. Sunantha Lamatiipanon	13,736,800	2.99
4.	Mr. Banchai Khruchit	12,951,600	2.82
5.	Mr. Sakchai Khruchit	12,285,000	2.67
6.	Mr. Thawichai Khruchit	12,051,600	2.62
7.	Mr. Songchai Khruchit	11,851,800	2.58
8.	Ms. Dalat Prapinthip	10,300,000	2.24
9.	Ms. Duangda Chongyangyuenvong	8,678,400	1.89
10.	Mr. Nares Ngamapichon	8,300,000	1.80

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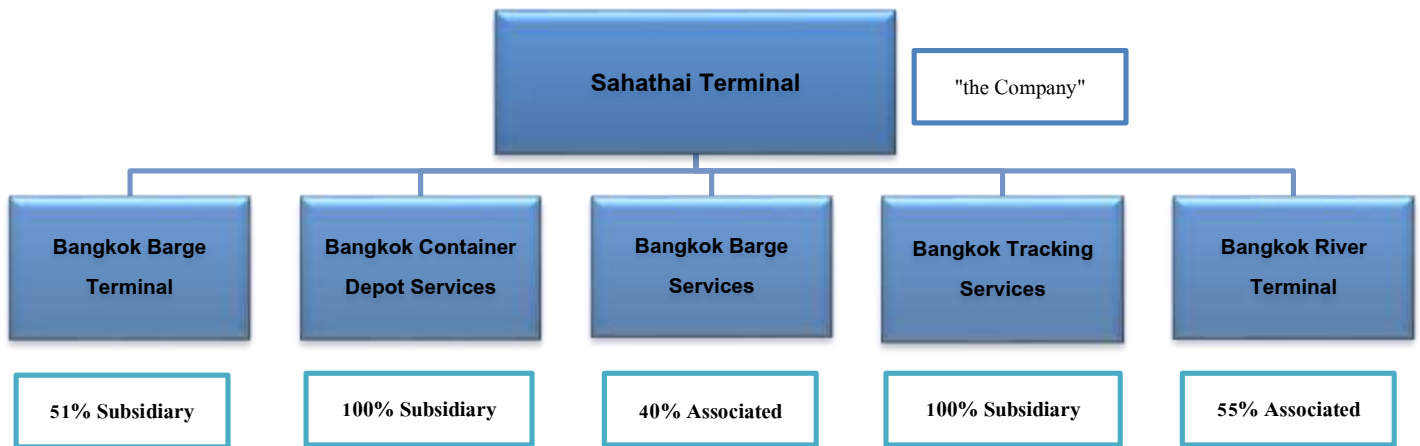
Structure of shareholders divided by family type

List of shareholders by family group	The number of shares held in the company as of 17 July 2019	Calculated as proportion
1. Rattanawilai's family	199,648,960	36.17%
2. Kurujit's family	107,947,368	19.56%
3. Jongyeonwong's family	24,684,600	4.47%
4. Wangtheeraprateep 's family	22,424,113.00	4.06%
5. Prapinthip's family	16,821,360.00	3.05%
6. Phetsutthi 's family	11,690,000.00	2.12%
7. Ngamaphichon 's family	10,022,500.00	1.82%
8. Boonyanit's family	7,618,580.00	1.38%
9. Leenutaphong's family	836,040.00	0.15%
10. Shareholders of other small family groups *	150,306,441	27.23%
Total	551,999,962	100.00%

Note: Shareholders of other small family groups including Ampaphankit's family, Tanpairot's family, Sutantiworakun's Family, Vjitrnited's family, Lamatiipanon's family, Kunanantakun's family, Rochawatkanchana's family, Yodruengsa's family and

Amaraporn's family which is considered a minority shareholder as well as Noppakunthong's family, Laolikitnan's family, Ueasudkit's family, Ampaphankit's family, etc.

6. Shareholding Structure of Corporate Group



The company owned three subsidiaries ("subsidiaries" or "associated companies" and collectively with the company as "the company and its subsidiaries") and related two associated companies ("associates" or "affiliated companies" and collectively with the company and subsidiaries as "the company and its affiliates" or "the corporate group" which are

Subsidiaries

1. Bangkok Barge Terminal Company Limited ("**BBT**") operates a commercial berth service for coastal vessels or barge boats at "**BBT Port**". The service includes transporting goods between the BBT port and Laem Chabang port. The company owns 51 percent of the BBT's paid-up registered capital while the remaining 49 percent of the registered capital held by MOL Liner Company Limited

2. Bangkok Container Depot Services Company Limited ("**BCDS**") provide container maintenance services. The Company holds 100% of BCDS shares.

3. Bangkok Tracking Services Company Limited ("**BTS**") offers inland transportation business. The Company holds 100% of BTS shares.

Associates

1. Bangkok Barge Services Company Limited ("**BBS**") supports the container transporting by barge. The Company holds 40 percent of BBS paid-up registered capital while 60 percent of the registered capital was invested by South East Asia Mekong Logistics Company Limited, and Global Thai Depot Company Limited for 30 percent of the paid-up capital each. Both companies are affiliated companies under Mediterranean Shipping Company or MSC

2. Bangkok River Terminal Company Limited ("**BRT**") provides service on international commercial shipping terminal at "BRT Port". The area is used to transport international and domestic products. The Company holds 55 percent of BRT paid-up registered capital while 45 percent of the registered capital was invested by Mitr Phol Sugar Company Limited.

Major Shareholders Relationship

Corporate	Relationship	Business Type
QA Logistics Company Limited	Rattanasirivilai as major shareholder	Transportation and warehouse
K2 Laem Chabang Property Company Limited	Rattanasirivilai as major shareholder	Warehouse for sales or rent, and other business
Sahathai Property and Development Company Limited	A subsidiary of the company Sahathai Steel Pipe Public Company Limited, which has Rattanasirivilai and Karuchit as the major shareholder	Warehouses for sale or rent and construction of steel structures for building factories
KRC Property Company Limited	A subsidiary of TSK Capital Holding Company Limited, which has Karuchit as the major shareholder	Real estate
KRC Logistics Company Limited ¹	Karuchit as major shareholder	Rental and real estate operations

Note: ¹ Karuchit group has sold out the share of KRC Logistics Company Limited on July 31st, 2018

7. Financial Statements

7.1 Balance Sheet

Balance Sheet	Consolidated financial statements for the year / six-month period ended							
	Dec 31 st , 2016		Dec 31 st , 2017		Dec 31 st , 2018		Jun 30 th , 2019	
	Audited		Audited		Audited		Reviewed	
	M Baht	%	M Baht	%	M Baht	%	M Baht	%
CURRENT ASSETS								
Cash and cash equivalents	37.42	2.27	245.21	10.48	70.76	2.52	61.47	2.17
Trade and other accounts receivable - general customers	131.01	7.94	133.21	5.69	184.69	6.57	211.40	7.46
Trade and other accounts receivable – related companies	44.43	2.69	20.88	0.89	82.82	2.95	65.04	2.30
Short-term loan to subsidiaries	-	-	-	-	-	-	-	-
Short-term loan to related companies	-	-	-	-	12.48	0.44	12.48	0.44
Accrued income	14.11	0.86	25.72	1.10	7.90	0.28	23.18	0.82
Prepaid expenses	7.83	0.47	9.43	0.40	12.62	0.45	17.00	0.60
Spare parts and supplies	3.00	0.18	5.65	0.24	5.48	0.19	6.39	0.23
Other current assets	31.09	1.88	46.16	1.97	59.37	2.11	45.19	1.60
Total current assets	268.90	16.30	486.25	20.78	436.12	15.52	442.17	15.61
NON-CURRENT ASSETS								
Restricted deposits with bank	0.10	0.01	-	-	10.60	0.38	1.64	0.06
Investment in associated companies - net	1.78	0.11	9.50	0.41	20.62	0.73	64.37	2.27
Investment in subsidiaries - net	-	-	-	-	-	-	-	-
Investment in other companies - net	-	-	-	-	-	-	-	-
Property, building and equipment - net	1,281.78	77.69	1,753.19	74.93	2,042.06	72.66	2,025.60	71.51
Computer software - net	15.83	0.96	14.20	0.61	13.12	0.47	12.72	0.45
Leasehold right - net	27.48	1.67	27.47	1.17	228.72	8.14	222.78	7.86
Income tax withheld at sources	17.17	1.04	15.18	0.65	13.74	0.49	19.61	0.69
Other non-current assets	36.84	2.23	33.88	1.45	45.38	1.61	43.88	1.55
Total non-current assets	1,380.98	83.70	1,853.42	79.22	2,374.24	84.48	2,390.59	84.39
TOTAL ASSETS	1,649.88	100.00	2,339.67	100.00	2,810.35	100.00	2,832.76	100.00

Balance Sheet	Consolidated financial statements for the year / six-month period ended							
	Dec 31 st , 2016		Dec 31 st , 2017		Dec 31 st , 2018		Jun 30 th , 2019	
	Audited		Audited		Audited		Reviewed	
	M Baht	%	M Baht	%	M Baht	%	M Baht	%
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>								
<u>EQUITY</u>								
CURRENT LIABILITIES								
Bank overdraft and short-term loan from financial institutions	0.29	0.02	-	-	100.00	3.56	18.56	0.66
Short-term loan from related companies	50.00	3.03	99.17	4.24	30.00	1.07	30.00	1.06
Trade accounts payable	103.91	6.30	87.19	3.73	117.80	4.19	113.16	3.99
Amount due to related companies	167.12	10.13	48.46	2.07	53.61	1.91	50.43	1.78
Account payable for purchase of fixed assets	109.97	6.67	70.64	3.02	22.20	0.79	8.87	0.31
Current portion of:								
- Liabilities under finance lease agreements	17.92	1.09	24.23	1.03	35.10	1.25	38.69	1.37
- Long-term loans from financial institution	154.61	9.37	490.31	20.96	204.77	7.29	111.62	3.94
Accrued expenses	56.83	3.44	40.46	1.73	113.14	4.03	110.86	3.91
Other current liabilities	17.94	1.09	33.66	1.44	44.16	1.57	36.87	1.30
Total current liabilities	678.59	41.14	894.12	38.22	720.78	25.66	519.06	18.32
NON-CURRENT LIABILITIES								
Liabilities under finance lease agreements - net	98.74	5.98	101.47	4.34	198.12	7.05	180.29	6.36
Long-term loans from financial institution - net	455.99	27.64	356.34	15.23	698.36	24.85	624.21	22.04
Long-term loans from related parties - net	-	-	-	-	-	-	-	-
Deferred income tax liabilities - net	11.02	0.67	12.06	0.52	6.90	0.24	9.53	0.34
Liabilities under employee benefits obligation	7.67	0.47	9.95	0.42	7.12	0.25	7.85	0.28
Other non-current liabilities	34.12	2.07	44.18	1.88	114.52	4.07	50.94	1.80
Total non-current liabilities	607.54	36.83	524.00	22.39	1,025.02	36.46	872.82	30.81
TOTAL LIABILITIES	1,286.13	77.97	1,418.12	60.61	1,745.80	62.12	1,391.88	49.13
SHAREHOLDERS' EQUITY								
Share capital - common share at Baht 0.5 par value								
Registered as of 2018- 460,000,000 shares	170.00	10.30	230.00	9.83	230.00	8.18	299.00	10.56
Issued and fully paid-up - 460,000,000 shares	170.00	10.30	230.00	9.83	230.00	8.18	276.00	9.74
Premium on share capital	-	-	460.33	19.68	460.33	16.38	778.31	27.48
Retained earnings								
- Appropriated for legal reserve	2.66	0.16	7.35	0.31	13.65	0.49	13.65	0.48
- Profit from mathematical calculation	-	-	-	-	-	-	-	-
- Unappropriated	113.48	6.87	170.53	7.29	278.17	9.90	288.89	10.20
Non-controlling interests in subsidiaries	77.61	4.70	53.38	2.28	82.42	2.93	84.03	2.97
Total Shareholders' Equity	363.75	22.03	921.59	39.39	1,064.56	37.88	1,440.89	50.87
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,649.88	100.00	2,339.67	100.00	2,810.35	100.00	2,832.76	100.00

7.2 STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS	Consolidated financial statements for the year / six-month period ended									
	Dec 31 st , 2016		Dec 31 st , 2017		Dec 31 st , 2018		Jun 30 th , 2018		Jun 30 th , 2019	
	Audited		Audited		Audited		Reviewed		Reviewed	
	M Baht	%	M Baht	%	M Baht	%	M Baht	%	M Baht	%
Services income	1,080.48	98.45	1,345.33	98.59	1,557.89	98.65	743.34	98.69	776.34	99.18
Other income	16.96	1.55	19.23	1.41	21.38	1.35	9.88	1.31	6.43	0.82
Total income	1,097.44	100.00	1,364.56	100.00	1,579.27	100.00	753.22	100.00	782.77	100.00
Cost of services	(844.67)	(76.97)	(1,102.92)	(80.83)	(1,159.46)	(73.42)	(549.85)	(73.00)	(582.23)	(74.38)
Selling expenses	(27.05)	(2.46)	(20.82)	(1.53)	(30.10)	(1.91)	(15.42)	(2.05)	(8.32)	(1.06)
Administrative expenses	(128.77)	(11.73)	(152.26)	(11.15)	(196.16)	(12.42)	(94.92)	(12.60)	(104.02)	(13.29)
Total expenses	(1,000.49)	(91.16)	(1,276.00)	(93.51)	(1,385.73)	(87.79)	(660.19)	(87.65)	(694.57)	(88.73)
Operating profit	96.95	8.83	88.56	6.49	193.55	12.25	93.03	12.35	88.20	11.27
Equity in net loss of associated companies	(0.22)	(0.02)	(2.28)	(0.17)	(9.51)	(0.60)	(9.50)	(1.26)	(1.26)	(0.16)
Profit before finance costs and income tax	96.73	8.81	86.28	6.32	182.04	11.65	83.53	11.09	86.94	11.11
Finance costs	(30.12)	(2.47)	(44.10)	(3.23)	(41.53)	(2.63)	(23.59)	(3.13)	(24.69)	(3.15)
Profit before income tax	66.61	6.07	42.18	3.09	142.51	9.02	59.94	7.96	62.25	7.95
Income tax	7.01	0.64	(4.68)	(0.34)	(5.92)	(0.37)	(2.48)	(0.33)	(3.89)	(0.50)
Profit for the period	73.62	6.71	37.50	2.75	136.59	8.65	57.46	7.63	58.36	7.46
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Actuarial adjustment	6.77	0.62	-	-	-	-	-	-	-	-
Total comprehensive income for the period	80.39	7.33	37.50	2.75	136.59	8.65	57.46	7.63	58.36	7.46

7.3 STATEMENT OF CASH FLOWS

(Unit: Million Baht)

STATEMENT OF CASH FLOWS	Consolidated financial statements for the year / six-month period ended				
	Dec 31 st , 2016	Dec 31 st , 2017	Dec 31 st , 2018	Jun 30 th , 2018	Jun 30 th , 2019
	Audited	Audited	Audited	Reviewed	Reviewed
Cash flows from operating activities					
Profit before income tax	66.60	42.18	142.50	59.94	62.25
Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities					
Depreciation and amortization	77.27	98.84	115.57	54.38	63.16
Equity in net loss of associated companies	0.22	2.28	9.51	0.00	1.26
Loss from sales of fixed assets	0.15	0.08	0.01	9.50	0.63
Write-off non-refunded withholding tax	6.98	1.87	2.32	-	-
Employee benefits obligation expense	3.92	2.28	3.38	1.36	1.35
Interest expense	30.12	44.10	41.53	23.59	24.69
Cash provided from operations before changes in operating assets and liabilities	185.26	191.63	314.82	148.77	153.34
Decrease (increase) in operating assets:					
Trade and other accounts receivable - customers	18.53	(2.19)	(51.48)	(24.52)	(3.74)
Trade and other accounts receivable – related companies	(59.61)	23.55	(61.94)	(48.55)	(5.20)
Accrued income	(9.69)	(11.61)	17.82	10.15	(15.28)
Prepaid expense	(0.89)	(1.59)	(3.19)	(19.25)	(4.39)
Spare parts and supplies	3.68	(2.65)	0.18	0.57	(0.92)
Other current assets	(27.01)	(15.07)	(13.21)	(8.47)	14.18
Other non-current assets	4.01	2.96	(11.50)	(19.60)	1.50
Increase (decrease) in operating liabilities:					
Trade accounts payable	36.98	(16.72)	30.62	11.12	(4.64)
Amount due to related companies	30.28	(115.77)	5.17	2.85	(3.18)
Accrued expenses	11.94	(15.64)	8.97	6.67	(0.66)
Other current liabilities	4.65	15.72	10.50	28.55	(7.46)
Deposit received from lessee - other companies	7.52	15.21	(5.44)	2.92	0.95
Accrued rental expenses	8.45	4.22	9.78	2.11	1.47
Employee benefits paid	-	-	(6.21)	-	(0.62)
Cash provided from operations	214.11	72.05	244.89	93.32	125.35
Interest paid	(28.82)	(44.22)	(42.31)	(21.69)	(24.63)
Refund from withholding tax	9.41	7.83	5.15	-	-
Income tax paid	(8.75)	(11.35)	(16.15)	(7.93)	(7.80)

STATEMENT OF CASH FLOWS	Consolidated financial statements for the year / six-month period ended				
	Dec 31 st , 2016	Dec 31 st , 2017	Dec 31 st , 2018	Jun 30 th , 2018	Jun 30 th , 2019
	Audited	Audited	Audited	Reviewed	Reviewed
Net cash provided from operating activities	185.95	24.31	191.58	63.70	92.92
Cash flows from investing activities					
Decrease (increase) in restricted deposit with bank	-	0.10	(10.60)	(4.00)	8.97
Decrease (increase) in short-term loan to related companies	-	-	(12.48)	(12.48)	
Increase in investment in associated company	(2.00)	(10.00)	(20.63)	-	(45.00)
Proceeds from sales of fixed assets	0.05	1.46	0.00	0.00	0.92
Acquisition of fixed assets	(255.75)	(587.92)	(381.28)	(226.05)	(51.21)
Acquisition of intangible assets	(13.85)	(0.04)	(0.60)	(4.89)	(0.46)
Payment for leasehold right	(7.50)	(4.62)	(83.62)	(80.12)	(67.00)
Net cash used in investing activities	(279.05)	(601.02)	(509.21)	(327.54)	(153.78)
Cash flows from financing activities					
Decrease (increase) in short-term loan from financial institutions	0.28	(0.29)	100.00	24.21	(81.44)
Decrease (increase) in short-term loan from related people and companies	-	49.17	(69.17)	-	
Proceeds from liabilities under finance lease agreements	-	-	80.00	80.00	(17.82)
Proceeds from liabilities under finance lease agreements	(8.49)	(20.74)	(30.52)	(12.12)	27.09
Proceeds from long-term loan	143.89	393.00	250.05	122.42	(194.39)
Repayment for long-term loan	(111.79)	(156.95)	(193.58)	(95.72)	363.98
Proceeds from paid-up share capital	-	520.33	-	-	-
Proceeds from paid-up share capital of subsidiaries from non-controlling interest	42.88	-	29.40	29.40	-
Dividend paid	-	-	(23.00)	(22.83)	(45.83)
Net cash provided from (used in) financing activities	66.77	784.52	143.18	125.36	51.60
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26.31)	207.78	(174.45)	(138.48)	(9.29)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	63.74	37.42	245.21	245.21	70.76
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37.42	245.21	70.76	106.73	61.47

7.4 Financial Ratio

Financial Ratio	Unit	Consolidated financial statement on year/ six-month period			
		Dec 31 st	Dec 31 st	Dec 31 st	Jun 30 th
		2559	2560	2561	2562
Liquidity Ratio					
Current ratio	Times	0.39	0.54	0.61	0.85
Quick ratio	Times	0.31	0.45	0.47	0.68
Cash flow ratio	Times	0.32	0.03	0.24	0.14
Accounts Receivable Turnover Ratio	Times	6.98	4.08	7.39	4.21
Average debt collection period	Days	51.59	89.46	48.71	86.77
Payable turnover ratio	Times	9.89	11.54	11.31	5.51
Repayment period	Days	36.4	31.63	31.82	66.28
Cash Cycle	Days	15.19	57.83	16.89	20.49
Profitability ratio					
Gross profit margin	%	21.82%	18.02%	25.57%	25.00%
Operating profit margin	%	7.40%	6.58%	11.05%	11.36%
Other profit margins	%	1.55%	1.41%	1.35%	0.82%
Cash to profit ratio	%	232.48%	27.42%	111.28%	105.34%
Net profit margin	%	6.71%	2.75%	8.65%	7.46%
Return on equity	%	24.37%	5.84%	13.75%	4.81%
Efficiency Ratio					
Return on assets	%	5.19%	1.88%	5.30%	2.10%
Return on fixed assets	%	13.88%	8.98%	12.57%	3.87%
Asset rotation rate	Times	0.77	0.68	0.61	0.28
Leverage Ratio					
Debt to equity ratio	Times	3.54	1.54	1.64	0.97
Interest payment ratio	Times	7.43	1.65	5.79	2.45
Obligation capability ratio	Times	0.48	0.04	0.35	0.56
Dividend payout ratio	%	-	24.55%	36.52%	78.53%

8. Operation and Financial position Analysis

8.1 Operation Analysis

8.1.1 Service Revenue

Total service income for the second quarter ended June 30th, 2018 and 2019 were 753.23 million baht and 782.76 million Baht respectively.

Total revenue from services for the years ended December 31st, 2016, 2017 and 2018 were 1,097.44 million baht, 1,364.56 million baht and 1,579.26 million Baht respectively.

Total service revenue for the second quarter ended June 30th, 2019 was increased by 29.53 million Baht or 3.92% from prior quarter due to the increase in revenue from commercial berth services in accordance with higher volume of container including the usage of repair and cleaning services, and the inland container transportation services.

Total service revenue for the period ended December 31st, 2018 was moved up by 214.70 million Baht or 15.73% from the year 2017 because of business expansion in each of the Company's segments such as the expansion of service areas for container maintenance and cleaning, inland freight services.

Total service revenue for the period ended December 31st, 2017 was climbed up by 267.12 million Baht or 24.34 percent than that of 2016. The reason was higher usage of container by current and new customers, its warehouse and storage service within duty-free area in May 2016 including inland transportation and freight forwarder services.

Revenue by services are as follows:

Items	Financial Statement for year/six-month period									
	Dec. 31 st , 2016		Dec. 31 st , 2017		Dec. 31 st , 2018		Jun. 30 th , 2018		Jun. 30 th , 2019	
	M Baht	%	M Baht	%	M Baht	%	M Baht	%	M Baht	%
Full-ranged commercial port services	921.42	85.28	1,022.27	75.98	1,287.43	82.64	667.82	80.32	735.99	83
Inland container services	58.02	5.37	95.23	7.08	115.10	7.39	67.82	8.16	72.57	8.81
Container storage and warehouse services	53.83	4.98	103.83	7.72	120.22	7.72	71.44	8.59	60.28	6.80
Other related services*	47.21	4.37	124.00	9.22	35.13	2.25	24.36	2.93	17.93	2.02
Total revenue	1,080.48	100.00	1,345.33	100.00	1,557.88	100.00	831.45	100.00	886.77	100.00

Note: *1. Other related services including management fees for cargo handling services in customers' warehouses, space rental income, revenue for being freight forwarding agents, etc.

2. The type of service income shown for the six-month period ended June 30th, 2018 and 2019 is the value without internal transaction adjustment

8.1.1.1 Revenue on full-ranged commercial port services

The revenue from the Company and subsidiaries as the six-month period ended June 30th, 2019 indicated higher value by 68.17 million Baht or 10.21 percent from prior period. The changes were generally by higher number of container usage including maintenance and cleaning services.

The revenue from the Company and subsidiaries as year ended December 31st, 2018 were increased by 265.16 million Baht or 25.94 percent from that of 2017. The support was due to high usage of feeder services.

The revenue from the Company and subsidiaries as year ended December 31st, 2017 was stepped up by 100.85 million Baht or 10.95 percent from that of 2016. The change was because of higher volume of container usage from the coastal shipping vessels at the port.

8.1.1.2 Revenue on inland container services

The revenue as the six-month period ended June 30th, 2019 was increased by 4.75 million Baht or 7 percent from prior period. The changes were generally by higher number of container transportation service.

The revenue from the Company and subsidiaries as year ended December 31st, 2018 showed higher by 19.87 million Baht or 20.87 percent from that of 2017. The main reason was due to the demand for container transportation services increment of the shipping line to import empty containers for re-export purpose.

The revenue from the Company and subsidiaries as year ended December 31st, 2017 was jumped by 37.21 million Baht or 64.13 percent from that of 2016. The change was mainly due to the 1st quarter demand of the major shipping line for container transportation.

8.1.1.3 Revenue on container storage and warehouse services

The revenue as the six-month period ended June 30th, 2019 was decreased by 11.16 million Baht or 15.62 percent from prior period. The change was impacted by the lease agreement expiration of tenant in duty-free warehouse in May 2019.

The revenue from the Company and subsidiaries as year ended December 31st, 2018 showed higher by 16.39 million Baht or 15.79 percent from that of 2017. It was because the company recognized the whole year income generated from the new warehouse operating since May 2017.

The revenue from the Company and subsidiaries as year ended December 31st, 2017 was moved up by 50 million Baht or 92.89 percent from that of 2016. The reason was that the company acquired new customers using the rental and warehouse service in general zone.

In addition, the company built a new warehouse in the duty-free zone for one automobile customer with the recognition of revenue starting from the 2nd quarter of 2017. As result, total revenue was higher compared of prior period.

8.1.1.4 Revenue on related services

Other related services include management fees for cargo handling services in customers' warehouses, space rental income, revenue for being freight forwarding agents, etc.

The revenue as the six-month period ended June 30th, 2019 was declined by 6.43 million Baht or 26.40 percent from prior period. The change was due to fewer customers using PORT freight forwarder service on import and export.

The revenue from the Company and subsidiaries as year ended December 31st, 2018 also decreased by 88.87 million Baht or 71.67 percent from that of 2017. The change was due to less service provided as freight forwarder.

The revenue from the Company and subsidiaries as year ended December 31st, 2017 was moved up by 76.79 million Baht or 162.66 percent from that of 2016. Higher revenue resulted from new freight forwarding service operating since March 2016.

9 Cost of services

Total service costs for the six-month ended Jun 30th, 2018 and 2019 were 549.85 million Baht and 582.23 million Baht respectively.

Total service costs for the years ended December 31st, 2016, 2017, and 2018 were 844.67 million Baht, 1,102.92 million Baht and 1,159.46 million Baht respectively.

Total service costs for the six-month ended June 30th, 2019 was increased by 32.38 million Baht or 5.89 percent that of the year ended December 31st, 2018 due to higher demand of PORT services.

Total service costs for the year ended December 31st, 2018 increased by 56.54 million Baht or 5.13% from the year ended December 31st, 2017. It is mainly due to increased charges on freight and cargo handling after the company transferred the barge management activities for transporting containers to associate company of Bangkok Barge Services Company Limited. In addition, from the business expansion, the Company would require to recruit more workforce, increase employee's benefit payment, and pay more fuel cost.

Total service costs for the year ended December 31st, 2017 increased by 258.25 million Baht or 30.57 percent from the year ended December 31st, 2016. The change was caused by soaring freight and cargo handling charges, which aligned with more freight forwarder services and chartering to support higher container volumes. Moreover, the charter charges were moved up in accordance with the lessor's contract.

The rental fees at some port areas were also stepped up following the lease agreements. The company asset's depreciation and amortization were increasing for the company and subsidiaries.

10 Selling expenses

Selling expenses consist of employee expenses, commission, advertising and sales promotion expenses.

Selling expenses for the six-month ended June 30th, 2018 and 2019 were 15.42 million Baht and 8.32 million Baht respectively.

Selling expenses for the years ended December 31st, 2016, 2017 and 2018 were 27.05 million Baht, 20.82 million Baht and 30.10 million Baht respectively.

Selling expenses for the six-month ended June 30th, 2019 decreased by 7.10 million Baht or 45.04 percent compared to that of six-month ended June 30th, 2018

Selling expenses for the year ended December 31st, 2018 increased by 9.28 million Baht or 44.57 percent from the year ended December 31st, 2017, which mainly due to additional commission charges aligned with more service provided.

Selling expenses for the year ended December 31st, 2017 decreased by 6.23 million Baht or 23.03 percent from that of 2016. It was reflected from lower commission charges because of less services provided to the major customers of the company, which has changed the use of other barge services.

11 Administrative expenses

Administrative expenses consist of employee expenses, utilities fee, consulting fee, amortization for withholding tax, certification fee, security fee, depreciation, amortization, and other charges.

Administrative expenses for the six-month ended June 30, 2019 increased by 9.10 million Baht or 9.59% on that of year 2018. It was caused by higher employees' expenses from the business expansion of the company and subsidiaries.

Administrative expenses for the year ended December 31st, 2018 increased by 43.90 million Baht or 28.83 percent from the year ended December 31st, 2017. The principal reasons were higher employee expenses to support the business expansion for both company and subsidiaries, depreciation expenses, and an impairment loss of investment in an associated company.

Administrative expenses for the year ended December 31st, 2017 increased by 23.49 million Baht or 18.24 percent from the year ended December 31st, 2016. The change was due to employee expenses to support the business expansion for both company and subsidiaries, depreciation expenses, and other expenses such as property tax.

12 Financial costs

Financial costs for the six-month ended June 30th, 2019 increased by 1.10 million Baht or 4.66 percent from that of prior period because of loans for business expansion on container repair and maintenance activities.

Financial costs for the year ended December 31st, 2018 decreased by 2.57 million Baht or 5.83 percent from the year ended December 31st, 2017. The changes were due to lower interest rates, and repayment of principal according to loan agreements.

Financial costs for the year ended December 31st, 2017 increased by 13.98 million Baht or 46.41 percent from the same period of 2016. Higher costs were from long-term loans from both financial institutions and shareholders including liabilities under financial lease agreement used in business operations.

13 Net profit

Net profits for the six-month ended June 30th, 2018 and 2019 were 57.46 million Baht and 58.36 million Baht, representing the net profit margin of 7.63% and 7.46% on total revenue respectively.

Net profits for the years ended December 31st, 2016, 2017 and 2018 were 73.62 million Baht, 37.50 million Baht and 136.59 million Baht, representing a net profit margin of 6.71 percent, 2.75 percent and 8.65 percent on total revenue respectively.

8.2 Financial position analysis

8.2.1 Assets

Total assets as of December 31st, 2016 to December 31st, 2018 were 1,649.88 million Baht, 2,339.67 million Baht and 2,810.35 million Baht respectively. The main assets consisted of cash and cash equivalents, trade receivables, and property, plant and equipment. And as of June 30th, 2019, the company owned assets of 2,832.76 million Baht.

Total assets as of June 30th, 2019 increased by 22.41 million Baht or 0.80 percent from the previous year due to the expansion of the port and warehouse management business.

Total assets as of December 31st, 2018 increased by 470.68 million Baht or 20.12 percent from December 31st, 2017. The main reasons were due to the business expansion in repair and maintenance activities of containers, and investment on a new terminal crane for more efficiency of container transportation, and 20-year long term land lease agreement.

Total assets as of December 31st, 2017 increased by 689.79 million Baht or 41.81 percent from December 31st, 2016. The changes were because higher fixed assets from the construction of the warehouse building completed in May 2017, which is ongoing construction from the prior year. In addition, there was the land purchase from Bangkok Container Depot Service Company Limited for using in container maintenance business.

8.2.2 Liabilities

Total liabilities as of December 31st, 2016, 2017 and 2018 were 1,286.13 million Baht, 1,418.12 million Baht and 1,745.80 million Baht respectively. Most liabilities consisted of short-term loans from financial institutions, trade and other payables, and long-term loans from financial institutions.

Total liabilities as of June 30th, 2019 decreased by 353.92 million Baht or 20.27 percent from the prior year. The decline was mainly due to the repayment of short-term and long-term loans by the cash flows from the issuance of new shares selling to existing shareholders (Right offering).

Total liabilities as of December 31st, 2018 increased by 327.68 million Baht or 23.11 percent from the prior year. Higher values were caused by an increase in loans from financial institutions for short-term credit lines in order to manage the company's liquidity, trade and other payables, accrued expenses for the rental area, liabilities under financial lease agreements, and long-term loans from financial institutions for business operations.

Total liabilities as of December 31st, 2017 increased by 131.99 million Baht or 10.26 percent from the prior year. The liabilities were moved up because of an increase in short-term loans from related persons by borrowing from STS to manage the company's liquidity, accrued expenses for operating rental area, liabilities under financial lease agreements, and long-term loans from financial institutions for the business expansion.

8.2.3 Owner's equity

Shareholders' equity as of June 30th, 2019 increased by 376.33 million Baht or 35.35 percent from prior period. The change was due to the sales of additional 92 million shares with the price of 4.00 baht per share toward the existing shareholders. After deducting expenses for the right offering, the remaining was approximately 364.20 million baht.

Shareholders' equity as of December 31st, 2018 increased by 142.98 million Baht or 15.51 percent from that of December 31st, 2017. Higher value was generated from the company's operating profit in the year ended December 31st, 2018.

Shareholders' equity as of December 31st, 2017 increased by 557.83 million Baht or 153.36 percent from that of December 31, 2016. Increment were caused by the issuance of additional 120 million shares for sale to the public at 4.50 baht per share, and from the company's operating profit year ended December 31st, 2017.

Return on equity for the six-month period ended June 30th, 2019 was 4.81 percent while the rate of return for the year ended December 31st, 2016, 2017 and 2018 were 24.37 percent, 5.84 percent and 13.75 percent respectively.

8.3 Corporate cash flow

8.3.1 Cash flow from operating activities

Net cash flows from operating activities for the six-month ended June 30th, 2018 and 2019 were equal to 63.70 million Baht and 92.92 million Baht respectively.

Net cash flows from operating activities for the years ended December 31st, 2016, 2017 and 2018 were 185.95 million Baht, 24.31 million Baht and 191.58 million Baht respectively.

8.3.2 Cash flow from investing activities

Net cash flows from investing activities for the six-month ended June 30th, 2018 and 2019 were 327.54 million Baht and 153.78 million Baht respectively.

Net cash flows from investing activities for the years ended December 31st, 2016, 2017 and 2018 were 279.05 million Baht, 601.02 million Baht and 509.21 million Baht respectively.

8.3.3 Cash flow from financing activities

Net cash flows from financing activities for six-month ended June 30th, 2018 and 2019 were 125.36 million Baht and 51.60 million Baht respectively.

Net cash flows from financing activities for the years ended December 31st, 2016, 2017 and 2018 were 66.77 million Baht, 784.52 million Baht and 143.18 million Baht respectively.

9. Industry overview

9.1 Container terminal industry

The container terminal industry will grow along with the growth of the shipping container industry. Nowadays, container transportation is continuously increasing in popularity as container transportation makes transportation more efficient due to the same standardized shipping process (Standardization) although the nature of the product is different. Through simplification, the international transportation of goods by boat, truck and rail interconnected efficiently (Intermodal Transportation) would convenient transportation management, prevent damage on goods storing in the container during transportation, speed up loading and unloading process, and support for efficient delivery plan. In addition, it would support

on the cost management to gradually produce and deliver for large quantity orders. There are two standard container sizes, which are 20 feet long and 40 feet long.

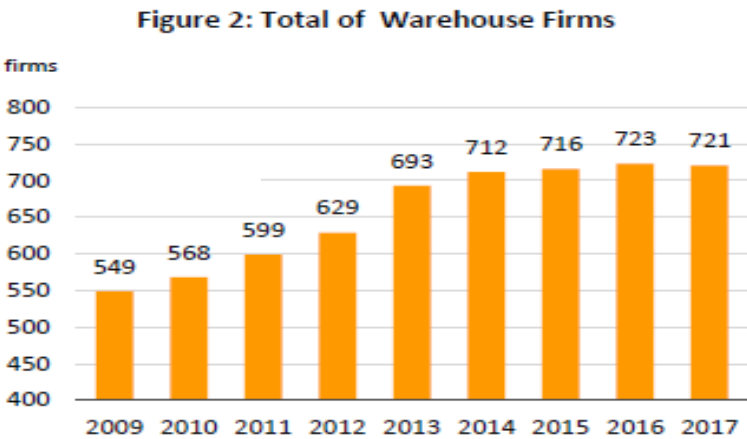
Based on data from the World Bank, Drewry Maritime Research (the world's leading marine consultancy and research on marine shipping and transportation) and the Bangkok Ship Ownership and Agents Association (BSAA)) indicated that the container throughput in container terminals around the world for the past 18 years between 2000 and 2017 grew at 7.37 percent (CAGR). In year 2000, the total amount of container passing in and out of the terminal was approximately 224.77 million TEU and increasing to approximately 752.70 million TEU in 2017. The volume of Container Throughput in Thailand's Container Terminal for past 18-years in the years 2000 - 2018 was also growing in line with the growth of container throughput of the world at the rate of 6.80 percent per year (CAGR). In 2000, the volume of container cargo through the port was a total of 3.18 million TEU and increased to approximately 10.39 million TEU in 2018.

9.2 Warehouse business

Historical situation

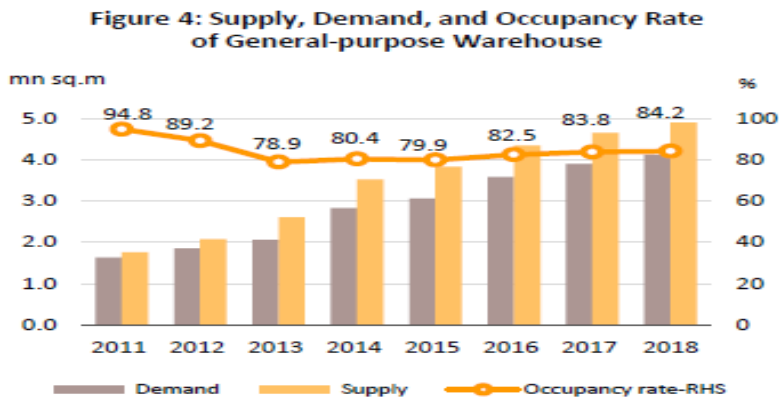
Warehouse investment in Thailand has been continuously expanding for the past 4-5 years, with a total 721 registered warehouse operators in 2017. For 2018, the business outlook has been improved with more rental demand due to economic activities. However, there were still some locations experiences oversupply on warehouse space.

The number of general rental warehouse was highest of warehouse supplies (77% of total warehouse business), and the key factor driving the warehouse business with total revenue accounting for over 88% of all warehouses in Thailand (data as of 2017). The warehouse business is related to a variety of other businesses and industries. (As shown below).



Source: Department of Business Development (DBD)

In 2018, the general rental warehouse demand was about 4.1 million square meters, which accelerated by 11.8% YoY from 2.3% in 2017. Higher requests for space was driven by e-commerce customers for stocking goods before distribution, retail business, export-import business including the manufacturing industry that stores products waiting to be distributed to the domestic and export market. Entrepreneurs also expanded the rental warehouse area to 4.9 million square meters supporting economic activities and investment at the rate of 11.8% YoY from 1.8% in 2017. Most expansion were modern warehouse within the same location resulting of similar occupancy rate as prior year for the general warehouse at 84.2% (as the picture below).



Source : Source: WHA Premium Growth Real Estate Investment Trust (WHART)

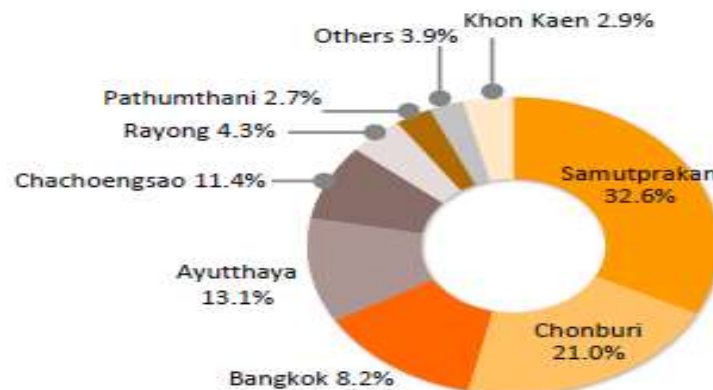
Most of the rental warehouses increased in 2018 were mainly in the metropolitan area and the EEC surrounding such as SamutPrakan, Ayutthaya, Chonburi, Chachoengsao. These provinces had the advantage of having industrial estates, centralized distribution center including convenient transportation routes near the port, the Inland Container Depot (ICD) and Suvarnabhumi Airport. However, general warehouse areas for rent remained concentrated in SamutPrakan province, which accounted for 32.6% of the total rental space, while ChonBuri, Ayutthaya, Chachoengsao and Bangkok have the proportion of 21.0%, 13.1%, 11.4% and 8.2% respectively (as in the picture below).

Source: WHART

Source: WHART

Source: WHART

Figure 5: Share of General-purpose Warehouse Space by Area



Source: WHART

Warehouse business outlook

During the year 2019-2021, the rental warehouse demand is expected to be stable compared to the year 2018 following to the industry investment and the demand for logistics services, which still require the process of collecting and distributing the products to various areas. However, continuing to expand the rental area in some locations may cause the oversupply on the rental warehouse resulting of high competition and low rental rate.

Regarding to the investment for warehouse expansion, it would mainly concentrate on general warehouse by real estate operators and large industrial estates in the form of modern warehouses supporting production, domestic trade and investment. Although the investment areas will be distributed in every region, the prime location is still in the central region and the eastern region. For warehouses with growth potential, it would be in the area of the original industrial estate and areas in the new target industrial promotion zone under the support of the government, such as areas in Bangkok and its surrounding provinces, EEC and regional provinces.

In addition, large groups of real estate operators and industrial estates still have the opportunity to expand their warehouse investments overseas to support high economic growth such as ASEAN, China and India. Many countries are liberalized to ASEAN investors for investing into the warehouse business especially for Vietnam (allow ASEAN investors to hold 100% ownerships), Indonesia (49-51%) Cambodia (49%) Philippines (40%). Through border trade between Thailand and neighboring countries that are continuously growing, it would be the factor demanding for warehouse space resulting of revenue recognition by business entrepreneurs who invest to neighboring countries (as shown below).



Source: IMF, Apr 2019

Attachment 2: Sahathai Pipe Steel Public Company Limited

1. Corporate Overview

Company Name	: Sahathai Pipe Steel Public Company Limited (STS)
Registered Date	: June 27 th , 2005
Business Scope	: Production and distribution of black steel pipes Galvanized steel pipe Painted steel pipe And furniture steel tubes
Registered Number	: 0107574800463
Location	: 78 Moo 3 Poochao Rd., Bangyaprack, Samuthprakarn, Thailand 10130
Registered Capital	: 750,000,000 Baht for 750,000,000.00 common shares @1.00 Baht per share (as of March 29 th , 2019)
Issued and Paid-up Capital	: 750,000,000 Baht for 750,000,000.00 common shares @1.00 Baht per share (as of March 29 th , 2019)

2. Corporate Profile

Saha Thai Steel Pipe Public Co., Ltd. was incorporated since April 1st, 1968 with a registered capital of 3,000,000 Baht. STS has been established by a group of more than 30 furniture manufacturers with a purpose to produce steel pipe to be used as raw materials for furniture production. Therefore, STS would be the first steel pipe manufacturer in Thailand. The founders also foresaw the growth trend of steel pipe consumption on multiple industries such as construction, furniture, and automobile so STS began to produce and sell more types of steel pipes such as water pipes, steel pipes for constructal work, conduits, fences, and decorations.

At the point of analysis, major shareholders of the company consist of seven families, which are Karuchit, Ampaphankich, Rattanasirivilai, Chongyangyuenvong, Praphinhip, Lamatipanon, and Kunanthanakun. These families hold 64.57 percent of the total paid-up capital of the company while the remaining are with Thai Thawi Capital Fund, The Government Pension Fund, and Mr. David Lee Tongthong own 20.06 percent, 10.00 percent and 5.37 percent of the total paid-up capital respectively.

Throughout 40-year period since the establishment, the company is committed to produce quality products. As the result, STS was trust by international and local customers along the time. STS was recognized as the largest manufacturer and distributor of steel pipes in the country. The firm gained approximately 10 percent of all domestic steel pipe sales, and 50 percent of the total steel pipe exporting in Thailand. The company was also the largest exporter of steel pipes in the country. The volume of steel pipe exports in 2008 was 129,210 tons, which the main export markets were the United States of America for 105,913 tons. The company is the sole exporter of steel pipes in Thailand that can deliver products to the USA market with low rate of U.S. anti-dumping duties on imported steel pipe products at 4.26 percent in 2008.

The significant developments of the company on the change of controlling power and business scope since the establishment are as follows:

Year	Detail
1968	<p>Saha Thai Steel Pipe Public Co., Ltd. was incorporated since April 1st, 1968 with a registered capital of 3,000,000 Baht. STS has been established by a group of more than 30 furniture manufacturers with a purpose to produce steel pipe to be used as raw materials for furniture production. Therefore, STS would be the first steel pipe manufacturer in Thailand. The founders also foresaw the growth trend of steel pipe consumption on multiple industries such as construction, furniture, and automobile so STS began to produce and sell more types of steel pipes such as water pipes, steel pipes for structural work, conduits, fences, and decorations.</p> <p>Throughout 40-year period since the establishment, the company is committed to produce quality products. As the result, STS was trust by international and local customers along the time. STS was recognized as the largest manufacturer and distributor of steel pipes in the country. The firm was also the largest steel pipe exporter, which account for 50 percent of steel pipe from Thailand. The main export markets were The United States of America, Australia, United Kingdom, Hong Kong, and Singapore. The company was the sole exporter of steel pipes in Thailand that can deliver products to the United States of America.</p>
1975	Initiated Galvanized steel pipe production and expand the production capacity to 40,000 tons per year
1978	Registered "STS" trademark with the Ministry of Commerce for all kinds of company products covering from metal water pipes, metal drainage pipes, and steel for use in construction. The company received the first purchase from the United States of America and therefore began producing steel pipes focusing on the exporting market.
1983	<p>Began expanding exporting markets of steel pipe products to other countries besides the United States such as Australia, England, Singapore and Hong Kong etc.</p> <p>The company bought new three machines for steel pipe forming resulting of the production capacity increment from 40,000 tons per year to 60,000 tons per year.</p>
1985	For the first time, acquired Thai Industrial Standards Institute ("TISI") license from the Thai Industrial Standards Institute, Ministry of Industry for steel pipe products. At the present, the company received Industrial Product Standards Mark ("TISI") license for four types of products including steel pipes, galvanized iron pipes, structural steel cold forming, and structural hollow steel.
1998	Gain Certified Quality Management System for ISO 9002: 1994 from Bureau Veritas Quality International ("BVQI"), England.

Year	Detail
1999	Increased the registered capital from 90 million Baht to 495 million Baht, in form of 4,950,000 common shares with a par value of 100 baht per share to expand production capacity and reserve as working capital.
2002	Expanded the steel pipe production capacity from 60,000 tons per year to 300,000 tons per year.
2004	Received Quality Management Certification for ISO 9001: 2000 from BVQI.
2005	Registered into a Public Limited Company on May 19 th , 2005 while changed the registered capital from 495 million Baht to 600 million Baht by allocating additional 105 million common shares at a par value of 1.00 baht per share as the public offer
2008	Reduced the registered capital from 600 million Baht to 495 million Baht at the par value of 1.00 baht per share because of the cancellation of the original public offering. And raised the registered capital from 495 million Baht to 1,000 million Baht by allocating new 505 million common shares at the par value of 1.00 baht each with the paid-up of 750 million Baht.
2009	Established Sahathai Steel Pipe Factory, Wang Noi Branch, Phra Nakhon Si Ayutthaya Province, on September 21 st , 2009.

3. Business Scope

2.1 Products

The company products are as follows:

1. Black Steel Pipe - The company produces and sells black steel pipes by using hot-rolled steel sheet through the process of cutting, forming and welding into the desired pipe shape. Some of them are round steel pipes with diameter 3/8 inch to 8 inch, square steel pipe with face-cut size ½ by ½ inches to 5 by 5 inches, rectangular steel tubes with face-cut size 1 by ½ inches to 6 by 2 inches, and C-shaped steel structures size 75 x 45 x 15 mm to 150 x 65 x 20 mm with the standard 6-meters long. According to the customers' requests, the black pipe may be sprayed with primer or coated with lacquer to prevent rust and increase durability and beauty to steel pipes.

2. Galvanized Steel Pipe - Beside primer spray black steel pipes, the company may coat the pipe with galvanize. The galvanized steel pipe could prevent rust and corrosion. It is more durable and longer shelf-life than black steel pipe with coated and uncoated primer. Therefore, it is commonly used for high risk of steel corrosion, such as machinery in industrial plants especially chemical plants and building by the sea. Although it has more advantage, galvanized steel pipes would have much higher production cost and selling price than black steel pipes.

3. Blue Painted Steel Pipe - Blue coated steel pipe with anti-rust is a black steel pipe that has been passed the spray-coating process to prevent rust using automatic machinery through the process. The pipe is a new innovative steel pipe

with high quality, durable, colorful, rust-free, and suitable for structural and general industrial applications. It could be use for building pillars, beams, scaffolding, fences, doors, roof structures, and other general decoration works.

4. Furniture Pipe - Steel pipes are an important material in the production of the furniture industry. However, the steel pipe used in the furniture production must have a beautiful texture and lighter than black steel pipes or galvanized steel pipes. Therefore, the goods are produced using cold rolled coil as the main raw material.

5. Metal Sheet - Coated steel sheet is generally for roofing and exterior wall that wants to be bright, and extra durable, and for buildings nearby the sea with high corrosion. It has been developed to use in various environments, and multiple purposes. The texture is extremely resistant to weather, corrosion resistant, which is also suitable for use in homes, and the industrial area demanding for long-lasting beauty.

4 Board of Directors

As of May 31st, 2019, the company has nine director members below:

No.	Name – Surname	Position
1	Mr. Somchai Karuchit	Board Member
2	Mr. Wichit Rattanasirivilai	Board Member
3	Mr. Chairat Chongyangyuenwong	Board Member
4	Mr. Suchin Rattanasirivilai	Board Member
5	Mr. Angkoon Srisunthorn	Board Member
6	Mr. Sakchai Karuchit	Board Member
7	Mr. Yuth Worachatthan	Board Member
8	Mr. Vithit Leenutaphong	Board Member
9	Ms. Wilai Chantanrasamee	Board Member

Source: Corporate Affidavit

Authorized directors whose signature legally binded the company

The signatory by either Mr. Somchai Karuchit or Mr. Chairat Chongyangyuenwong or Mr. Sakchai Karuchit co-sign with the signatory by Mr. Wichit Rattanasirivilai or Mr. Suchin Rattanasirivilai or Mr. Angkoon Srisunthorn, and the seal of the Company.

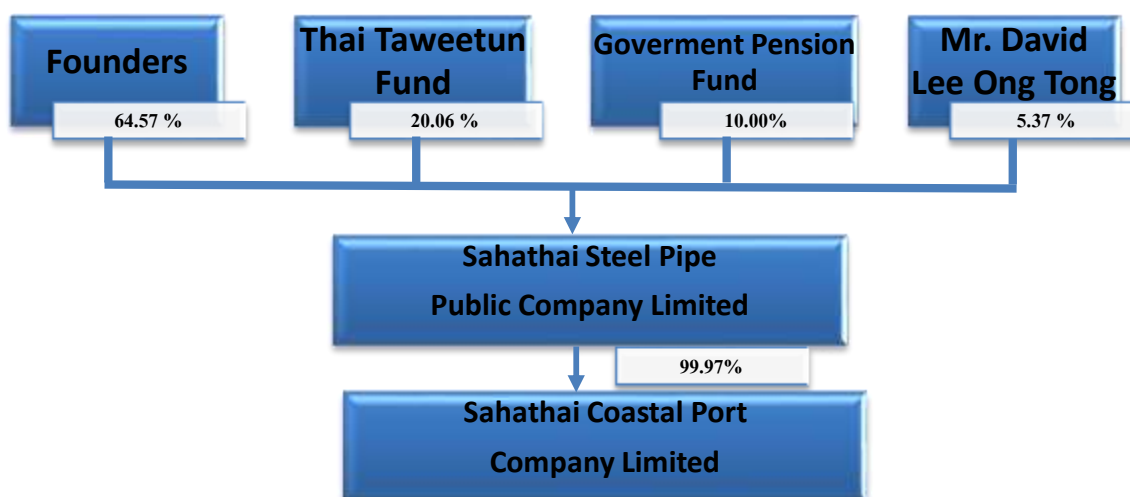
5 Corporate Structure

As of March 29th, 2019, STS has the list of major shareholders below:

No.	Name- Surname	Number of Shares	%
1	Rattana Holding Co., Ltd	234,829,606.00	31.31
2	Mr. Vinai Rattanasirivilai	14,879,965.00	1.98
3	Mr. Wichit Rattanasirivilai	13,976,969.00	1.86
4	Mr. Wichan Rattanasirivilai	13,391,969.00	1.79
5	Mr. Wirat Rattanasirivilai	13,391,969.00	1.79
6	Mr. Wimol Rattanasirivilai	13,391,969.00	1.79
7	Mr. Wipong Rattanasirivilai	13,391,969.00	1.79
8	Mr. Suching Rattanasirivilai	13,391,969.00	1.79
9	Ms. Jarurat Rattanasirivilai	2,882,014.00	0.38
10	Mrs. Thitima Rattanasirivilai	2,882,014.00	0.38
11	Others *	413,589,587.00	55.15
รวม		750,000,000.00	100.00

Source: * List of other shareholders Aside from the major shareholder (form Bor Mor Jor. 006) as of March 29th, 2019

6 โครงสร้างการถือหุ้นของกลุ่มบริษัท



7. Financial Statements

7.1 Financial Position

Balance Sheets	Consolidated Financial Report for Year ended					
	Dec. 31 st , 2016		Dec. 31 st , 2017		Dec. 31 st , 2018	
	Audited		Audited		Audited	
	M Baht	%	M Baht	%	M Baht	%
CURRENT ASSETS						
Cash and cash equivalents	28.64	0.39	56.50	0.78	31.87	0.37
Trade and other accounts receivable	801.93	11.04	517.82	7.14	959.70	11.26
Inventory	1,614.41	22.23	1,725.21	23.78	2,212.36	25.95
Short-term loan to related companies	50.00	0.69	-	-	-	-
Value added tax pending for refund	35.84	0.49	120.87	1.67	150.93	1.77
Prepayment for goods purchase	19.82	0.27	9.39	0.13	7.14	0.08
Other current assets	11.66	0.16	21.54	0.30	53.73	0.63
Total current assets	2,562.29	35.28	2,451.32	33.79	3,415.74	40.07
NON-CURRENT ASSETS						
Restricted deposits with bank	24.08	0.33	0.01	0.00	0.01	0.00
Property for investments – net	3,134.15	43.15	2,988.59	41.20	2,931.36	40.41
Property, building and equipment - net	1,518.11	20.90	1,765.09	24.33	2,117.94	29.20
Computer programs - net	2.88	0.04	14.08	0.19	18.32	0.25
Income tax withheld at sources	9.52	0.13	22.22	0.31	30.66	0.42
Other non-current assets	12.41	0.17	12.30	0.17	10.18	0.14
Total non-current assets	4,701.15	64.72	4,802.28	66.2	5,108.47	59.93
TOTAL ASSETS	7,263.44	100.00	7,253.60	100.00	8,524.21	100.00

Balance Sheets	Consolidated Financial Report for Year ended					
	Dec. 31 st , 2016		Dec. 31 st , 2017		Dec. 31 st , 2018	
	Audited		Audited		Audited	
	M Baht	%	M Baht	%	M Baht	%
<u>Liabilities and Shareholders' Equity</u>						
CURRENT LIABILITIES						
Bank overdraft and short-term loan from financial institutions	3,056.50	42.08	2,380.63	32.82	2,950.91	34.62
Short-term loan from related people and companies	-	-	100.00	1.38	330.00	3.87
Trade accounts and other payables	378.92	5.22	925.59	12.76	1,201.59	14.10
Current portion of Long-term loans from financial institution						
Liabilities under finance lease agreements	0.88	0.01	2.33	0.03	5.77	0.07
Long-term loans from financial institution	152.28	2.10	152.28	2.10	188.28	2.21
Post-employee benefits	2.09	0.03	2.00	0.03	4.60	0.05
Deposit received from lessee	89.09	1.23	49.28	0.68	39.72	0.47
Deposit received from building contractors	34.97	0.48	0.56	0.01	1.90	0.02
Accrued income tax	0.69	0.01	-	-	22.78	0.27
Accrued expense	8.17	0.11	34.89	0.48	7.72	0.09
Import duties and other related taxes payables	136.28	1.88	82.85	1.14	21.31	0.25
Other current liabilities	0.92	0.01	0.86	0.01	21.28	.25
Total Current Liabilities	3,860.79	53.15	3,731.28	51.44	4,795.85	56.26
NON-CURRENT LIABILITIES						
Liabilities under finance lease agreements - net	0.18	-	5.92	0.08	17.39	0.20
Long-term loans from financial institution - net	1,690.82	23.28	1,589.54	21.91	1,401.26	16.44
Post-employee benefits - net	40.33	0.56	35.79	0.49	37.78	0.44
Deferred income tax liabilities - net	59.09	0.81	119.72	1.65	180.83	2.12
Deposit received from lessee - net	21.63	0.30	20.41	0.28	32.30	0.38
Total non-current liabilities	1,812.04	24.95	1,771.37	24.42	1,669.56	19.59
TOTAL LIABILITIES	5,672.83	78.10	5,502.65	75.86	6,465.40	75.85

Balance Sheets	Consolidated Financial Report for Year ended					
	Dec. 31 st , 2016		Dec. 31 st , 2017		Dec. 31 st , 2018	
	Audited		Audited		Audited	
	M Baht	%	M Baht	%	M Baht	%
<u>Liabilities and Shareholders' Equity</u> <u>(Continued)</u>						
SHAREHOLDERS' EQUITY						
Share capital - common share at Baht 1 par value						
Registered 1,000,000,000 shares	1.00	0.01	1.00	0.01	1,000.00	11.73
Issued and fully paid-up 750,000,000 shares	750.00	10.33	750.00	10.34	750.00	8.80
Retained earnings						-
Appropriated for legal reserve	75.00	1.03	75.00	1.03	75.00	0.88
Unappropriated	246.26	3.39	406.60	5.61	478.42	5.61
Non-controlling interests in subsidiaries	519.35	7.15	519.35	7.16	755.38	8.86
Total Shareholders' Equity	1,590.61	21.90	1,750.95	24.14	2,058.80	24.15
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,263.44	100.00	7,253.60	100.00	8,524.21	100.00

7.2 Statement of Profit or Loss

Statement of Profit or Loss	Consolidated Financial Report for Year ended					
	Dec. 31 st , 2016		Dec. 31 st , 2017		Dec. 31 st , 2018	
	Audited		Audited		Audited	
	M Baht	%	M Baht	%	M Baht	%
Sales revenue	4,200.73	90.88	4,729.40	87.74	4,304.81	79.86
Shipping revenue	189.82	4.11	355.38	6.59	178.46	3.31
Revenue from rental and warehouse service	94.57	2.05	158.30	2.94	238.08	4.42
Revenue from compensate on duty-dumping tax in USA	0.43	0.01	-	-	-	-
Profit from sales of investment properties	105.34	2.28	-	-	-	-
Gain (loss) from foreign exchange	(11.96)	(0.26)	120.71	2.24	31.22	0.65
Other incomes	43.51	0.94	26.72	0.50	40.17	0.75
Total revenue	4,622.45	100.00	5,390.51	100.00	4,792.75	100.00
Cost of sales	(3,845.24)	(83.19)	(4,271.69)	1,415.2 2	(3,877.71)	1,284.69
Cost of shipping	(174.55)	(3.78)	(338.17)	12.04	(166.72)	55.24
Cost on rental and warehouse service	(62.83)	(1.36)	(77.24)	25.59	(92.01)	30.48
Total cost of sales and services	(4,082.62)	(88.32)	(4,687.10)	(86.95)	(4,136.44)	(86.31)
Selling expenses	(32.71)	(0.71)	(52.48)	17.39	(67.55)	22.38
Administrative expenses	(256.21)	(5.54)	(249.36)	82.61	(279.79)	92.69
Total expenses	(288.92)	(6.25)	(301.84)	(5.60)	(347.34)	(7.25)
Financing costs	(126.58)	(2.74)	(154.46)	(62.50)	(164.62)	(66.62)
Profit before tax	124.32	2.69	247.11	4.58	144.35	3.01
Income tax	(25.49)	(25.79)	(61.59)	(33.20)	(34.15)	(18.40)
Net profit (loss)	98.83	2.14	185.53	3.44	110.21	2.30

7.3 Cash Flow Statement

(Unit: Million Baht)

Cash Flow Statement	Consolidated Financial Report for Year ended		
	Dec 31 st , 2016	Dec 31 st , 2017	Dec 31 st , 2018
	Audited	Audited	Audited
Cash flows from operating activities			
Profit before income tax	124.32	247.11	144.35
Adjustments to net cash provided from (used in) operating activities			
Allowance for doubtful accounts	-	-	3.82
Depreciation and amortization	157.94	168.75	170.59
(Profit) unrealized loss from foreign exchange rate	28.91	(8.35)	(6.84)
Reversal of allowance for product devaluation	(14.79)	-	-
Gain from sales of assets	(105.34)	(1.64)	(7.35)
Loss from write-off assets	-	-	7.99
Reserve for post-employment benefits	3.95	3.81	4.18
Interest expenses	126.58	154.46	164.62
Change in operating assets and liabilities (increase) decrease			
Trade and other accounts receivable	(449.12)	284.05	(445.90)
Inventory	(122.14)	(147.49)	(487.15)
Value added tax pending for refund	21.74	(84.97)	(30.07)
Prepayment for goods purchase	(11.03)	10.43	2.24
Compensation receivables on duty-dumping tax in USA	8.35	-	-
Other current assets	(3.72)	(9.92)	(32.19)
Other non-current assets	(1.35)	0.11	2.12
Trade accounts and other payables	292.73	546.91	275.96
Deposits from lessee	42.26	(41.03)	2.32
Deposits from building contractors	0.39	(34.41)	1.34
Accrued expenses	(1.77)	26.87	(27.89)
Import duties and other related taxes payables	112.22	(53.43)	(61.15)
Post-employee benefit expenses	(1.29)	(12.89)	(1.87)
Other current liabilities	(2.18)	(0.06)	20.42
Interest expenses	(127.81)	(153.79)	(162.85)
Income tax expenses	(5.68)	(13.38)	(17.37)
Net cash provided from (used in) operating activities	73.16	881.13	(481.07)

(Unit: Million Baht)

Cash Flow Statement	Consolidated Financial Report for Year ended		
	Dec 31 st , 2016	Dec 31 st , 2017	Dec 31 st , 2018
	Audited	Audited	Audited
Cash flows from investing activities			
Cash receipts from short-term loan to related companies	-	50.00	-
Decrease in restricted deposit with bank	-	24.07	-
Cash receipts from investment properties	779.66	-	-
Increase on investment properties	(216.34)	(90.90)	(12.40)
Cash receipts from selling assets	-	1.64	26.09
Payment for computer software	(0.97)	(1.39)	(4.93)
Payment for non-current assets	(34.10)	(142.05)	(166.89)
Net cash provided from (used in) investing activities	528.24	(158.63)	(158.12)
Cash flows from financing activities			
Increase (decrease) in bank overdraft and short-term loans from the bank	(294.48)	(667.70)	577.35
Proceeds for short-term loan from related party	-	100.00	230.00
Repayment for liabilities under finance lease agreements	(2.62)	(3.16)	(3.01)
Proceeds for long-term loan from financial institutions	78.03	33.00	-
Repayment for long-term loan from financial institutions	(511.86)	(134.28)	(152.28)
Dividend paid	-	(22.50)	(37.50)
Net cash provided from (used in) financing activities	(730.93)	(694.64)	614.56
Net Increase (Decrease) in Cash and Cash Equivalents	(129.53)	27.87	(24.64)
Cash and Cash Equivalents at Beginning of Period	158.16	28.64	56.50
Cash and Cash Equivalents at End of Period	28.64	56.50	31.87

7.4 Financial Ratio

Financial Ratio	Unit	Consolidated financial statement for year ended		
		Dec 31 st , 2016	Dec 31 st , 2017	Dec 31 st , 2018
<u>Liquidity Ratio</u>				
Current ratio	Times	0.66	0.66	0.71
Quick ratio	Times	0.22	0.15	0.21
Accounts receivable turnover ratio	Times	7.76	7.95	6.39
Average debt collection period	Days	46	45	56
Inventory turnover ratio	Times	7.79	6.79	4.95
Average sales period	Days	46	53	91
Account Payable turnover ratio	Times	17.63	7.19	3.89
Repayment period	Days	20	50	93
<u>Profitability ratio</u>				
Gross profit margin	%	8.97	10.60	12.39
Operating profit margin	%	2.53	4.85	5.03
Net profit margin	%	2.14	3.44	2.30
Return on equity	%	6.49	11.10	5.79
<u>Efficiency Ratio</u>				
Return on assets	%	1.35	2.56	1.40
Return on fixed assets	%	6.47	11.24	5.63
Asset rotation rate	Times	0.63	0.74	0.61
<u>Leverage Ratio</u>				
Debt to equity ratio	Times	3.57	3.14	3.14

8. Operation and Financial position Analysis

i. Operation Analysis

In 2018, the company had sales and service income for 4,721.35 million Baht. The Group's revenue was generated from 1) revenue from steel pipe distribution, 2) export revenue and 3) rental and warehouse service income

ii. Sales and service revenue

In 2018, the company had sales and service income of 4,721.35 million baht, which decreased by 521.73 million Baht or 9.95 percent from the prior year. The revenue was decline due to lower sales revenue by 424.59 million Baht or 8.98 percent, and the export freight income by 176.92 million baht or 49.78 percent. The changes resulted from high price competition. Although the global trend of the product demand was increasing, the product demand from domestic market is minimal because of in-country business expansion slowdown. In contrast, the revenue from rental and warehouse service was increased by 79.78 million Baht or 50.40% from prior year. The change was because the corporate warehouse location was cost-effective and distance advantage resulting from the total 14-lane road expansion by government to support the upcoming AEC.

In 2017, the company generated sales and service income of 5,243.08 million baht, which increased by 757.96 million Baht or 16.90 percent from the prior year. The revenue was climbed up due to higher sales revenue of 528.67 million Baht or 12.59 percent, and the export freight revenue by 165.56 million Baht or 87.22 percent. The change was supported by the world market expansion resulting of higher steel prices. In addition, the rental and warehouse service revenue were increased by 63.73 million Baht or 67.39 percent from prior year. The change was because the corporate warehouse locations were in high demand after the government road expansion policy.

iii. Cost of sales and services

In 2018, the company had cost of sales and services for 4,136.44 million baht, which went down by 550.66 million Baht or 11.75% from the previous year. It reflected on decreasing the cost of sales by 393.98 million baht or 9.20% to the prior year, and the export expenses by 171.45 million baht or 50.70% to the prior year. The changes were correlated to dropping sales revenue and shipping revenue due to market competition while the cost of rental and warehouse service was increased by 14.77 million Baht or 19.12% to the prior year, which align with higher rental and warehouse service income.

In 2017, the company had cost of sales and services for 4,687.10 million Baht, which was increased from that of 2016 by 604.48 million Baht or 14.81 percent. The change was due to higher cost of sales by 426.45 million baht or 11.09 percent from prior year, and export expenses increased 163.62 million Baht or 93.74 percent from earlier period. Given global market expansion, the iron ore and coal price were lifted. For the cost of rental and warehouse service, it was increased by 14.41 million baht or 22.93% on prior period, which was correlated to the increase of rental and warehouse service income.

iv. Selling and administrative expenses

Selling and administrative expenses It is expenses related to sales and administration such as salaries and commissions of salespeople, Management salary, commission fee, office electricity bill, telephone fee, advertising cost, and bad debt etc.

In 2018, the company had selling and administrative expenses of 347.34 million Baht, which was increased by 45.50 million Baht or 15.07% from the previous year. The change was due to higher selling expenses by 15.07 million Baht or 28.72% from prior year, and the administrative expenses by 30.43 million Baht or 12.20 percent from prior year. It was rise from rising commission fee, and the salary of salespeople and management.

In 2017, the company had selling and administrative expenses of 301.84 million Baht, which was also moved up by 12.92 million Baht or 4.47% from 2016. Higher selling expenses by 19.77 million Baht or 60.44% from prior year was due to rising commission fee, and the salary of salespeople. In contrast, the administrative expenses were decreased by 6.85 million Baht or 2.67 percent from 2016 after paying post-employment benefits to retired executives.

v. Financing cost

In 2018, the corporate financial costs were 164.62 million Baht decreased by 10.16 million Baht or 6.58% from the prior year. In 2017, the cost were 154.46 million Baht increased by 27.88 million Baht or 22.03% compared to 2016. During 2016 and 2017, the company borrowed from financial institutions for property development.

b. Financial positon

i. Assets

As of December 31st, 2018, the company had total assets of 8,524.21 million Baht increased by 1,270.61 million Baht or 17.52 percent from the financial year ended of 2017. The changes were rising because of

1) trade and other receivables by 441.88 million Baht or 85.33 percent, which were trade receivables from sales at the end of 2018, and the trade receivables not yet due

2) inventories by 487.15 million Baht or 28.24 percent, which were finished products and raw materials to support higher production in 2018

3) net property, plant and equipment by 352.85 million Baht or 20 percent from additional value on land appraisal by 295 million Baht, and work-under-construction and machinery under installation.

As of December 31st, 2017, the company owned total assets of 7,253.60 million Baht decreased by 9.84 million Baht or 0.14 percent compared to the end of 2016. The main changes were due to lower

1) trade and other receivables by 284.11 million Baht

2) real estate for investment by 145.56 million Baht or 4.64 percent from prior year.

ii. Liabilities

As of December 31st, 2018, the company's total liabilities were 6,465.40 million Baht, which increased by 962.75 million Baht or 17.50 percent from the financial year ended of 2017. The principal changes were due to:

1) increased on bank overdrafts and short-term loans from banks (liabilities under trust receipt) by 570.28 million Baht or 23.96 percent from the financial year ended of 2017

2) increased on short-term loans from related people by 230 million baht or 230 percent from the financial year ended of 2017

3) increased on trade accounts and other payables from the purchase of raw materials by 276 million Baht or 29.82 percent from the financial year ended of 2017. The ratio of trade payable turnover in 2018 also decreased compared to 2017, resulting for longer repayment period from 50 days to 93 days

4) decreased on long-term loans from financial institutions by 188.28 million Baht or 11.84% from prior year.

As of December 31st, 2017, the company's total liabilities were 5,502.65 million Baht, which dropped by 170.18 million Baht or 3 percent compared to the year ended of 2016. The key reasons were:

1) decreased on bank overdraft and short-term bank loans by 675.87 million Baht or 22.11 percent from that of year ended 2016

2) decreased on long-term loans from financial institutions by 101.28 million Baht or 5.99 percent from that of year ended 2016.

iii. Owner's equity

As of December 31st, 2018, the Company owned shareholders' equity of 2,058.80 million Baht, which moved up by 307.85 million Baht or 17.58 percent. The changes were mainly generated by the land reappraisal and net profit in 2018. For the period, the company also paid dividend of 37.50 million Baht.

As of December 31st, 2017, the Company owned shareholders' equity of 1,750.95 million Baht. Due to the unappropriated retained earnings of the year 2016, it was higher by 160.34 million Baht or 10.08 percent.

The rate of return for the years ended December 31st, 2016, 2017 and 2018 were 6.49%, 11.10% and 5.79% respectively.

9. Industry overview

Steel industry business

It is generally categorized into three sections as follows:

1. Upstream steel industry

The industry stage is to produce Pig Iron and Sponge Iron, which is the beginning process of the steel industry. The output will be used in the production of the next industrial processes. In Thailand, the government and the Ministry of Industry have planned to support upstream steel industry projects in order to promote stable domestic steel prices, to solve the shortage of

steel products, and to reduce related industrial costs, which use steel products as raw materials. At the point of analysis, however, there is no Thai company classified in the primary steel industry.

2. Midstream steel industry

This stage could cover the process utilizing products from upstream steel industry in either form of liquid or solid part including its scrap by melting to improve the steel properties before adding chemical ingredients to be qualified steel. The industry also represents the casting of steel into Semi-finished steel products. It can be divided into two types, which are long-steel billet and flat-steel billet. The major manufacturers classified in the midstream industry in Thailand are such as G Steel Public Company Limited and GJ Steel Public Company Limited.

3. Downstream steel industry

The industry is described for transforming semi-finished products through various processes, such as hot rolling, galvanizing, forging, casting, and steel pipe production. These steel products would be as raw materials for other related production industries such as the construction, automobile, and the electrical appliance. The major producers that are in the downstream steel industry in Thailand are Sahaviriya Steel Industries Public Company Limited, LPN Plate Mill Public Company Limited, etc.

Steel industry in 2018-2019

In 2018, steel prices in the world market (World Steel Price) was increased reflecting by the Rebar and HRC prices, which average rose by 11.37% and 11.62% (y-o-y) respectively. The price would result to higher domestic steel prices as well. In 2019, however, the steel industry would be pressured by the problem of excess supply due to stable steel consumption in China, which was the main producer and user of the world, and slow growth of the global economy and the interest rate uptrend, which burden the investment sector. As result, it is expected that both world and domestic steel prices in 2019 would remain stable or slightly decreased.



In 2018, Thailand's ready-to-use steel consumption was 17.4 million metric tons, expanded by 4.8 percent (y-o-y) due to the construction of basic government projects, and the expansion of downstream industries that use steel as one of the raw materials such as automobile and machinery industry. In 2019, domestic steel consumption is expected to be slightly increase by 7-9 percent (y-o-y), especially in long-steel billets and bar-steel billets for construction industry. The industry growth has been supported by multiple government investment projects such as double track railways and electric trains, the private investment toward the Eastern Economic Corridor (EEC) project, and the growth on related industries such as automobile, and canned food.



Source: Iron and Steel Institutes of Thailand (ISIT), compiled
by the Government Savings Bank Economic Research Center

Attachment 3: Asset appraisal summary report

1. Building and warehouse

Charter Valuation and Consultants Company Limited has conducted the appraisal of buildings and warehouse under Sahathai Terminal Public Company Limited as follows:

Topic	Description
Appraisal objectives	To determine the current market value of the property for general purposes
Assets detail	Warehouse building, zone A, steel-framed building, size 62.80x175.90 meters, located on the title deed no. 5979, 6120 Warehouse building, zone B, steel-framed building, size 36.60x169.90 meters, located on the land deed 6120, 6155
Location	Village No. 4, Soi Petra, PuChaoSamingphrai Road, BangYaPhraek Subdistrict, PhraPradaeng District, SamutPrakarn Province
Asset holder	Sahathai Terminal Public Company Limited
Asset right	Building
Registered commitments	Without obligations
Assessment date	July 3 rd , 2019

Note: "Due to the obligation between the company and the bank, the company has redeemed the collateral for the warehouse building and paid the loan with interest to Krung Thai Bank Public Company Limited on August 28, 2019.

Criteria for asset appraisal

The appraiser considered using the property valuation criteria based on Professional Standards of The Association Appraiser of Thailand and Professional Ethics Standards for Asset Valuation in Thailand under the Office of the Securities and Exchange Commission (SEC). By assessing the value of this property for the purpose, the appraiser had applied the criteria as "Market Value" in order to estimate the value of the property in the current condition under the terms and conditions as shown in this report.

The Market Value means "monetary value, which is estimated to be the price of the property that can be agreed trading between those willing to sell and those willing to buy on the valuation date under common trading conditions that buyers and sellers have no related interests, and by offering the property for a period and both sides agreed to trade with knowledge, prudence and without pressure. This is to be considered as legal possession of the property. Market value generally does not consider on the cost or expense of buying or any fees or taxes.

Charter Valuation and Consultants Company Limited has examined and considered various factors related to the appraised property such as legal rights, specific characteristics of the property, suitability for utilization or use to develop, general market conditions along with multiple restrictions and conditions and additional/ special assumptions or specific conditions for assessment in order to select a valuation method that is appropriate and in line with the objectives. All factors are important leading to a systematic review and summary of asset appraisal as the final assessment to determine market

value. In this assessment, Charter Valuation and Consultants Company Limited uses “Cost Approach” as the valuation method given the characteristics of the asset.

Detail on buidings and constructions

They are shown as follows:

Building No. 1	Warehouse Zone A
General detail	
Characteristics	: Steel-frame building
Size	: 62.80 x 175.90 meters
Total area approximately	: 10,476.38 square meters
Space utilization	: Warehouse
Building model	: Standard
Quality of construction materials	: Good
Approximate building age	: Two years
Building condition	: Moderate
Maintenance	: Moderate
Structure and building materials	
Building structure	: Reinforced concrete and steel
Roof structure and materials	: Roof structure with metal sheet
Ceiling	: No
Flooring and flooring materials	: Reinforced concrete floor with polished material
Wall and surface materials	: Smooth and painted masonry with metal sheet
Door	: Steel coil with steel casement
Window	: No
Building system work	
Electricity system	: Yes
Plumbing system	: Yes
Sanitation systems	: No
Air conditioning system	: No
Fire and fire protection systems	: Yes
Overall current purpose	: Warehouse

Building No. 2	Warehouse Zone B
General detail	
Characteristics	: Steel-frame building
Size	: 36.60x169.90 meters
Total area approximately	: 6,441.95 square meters
Space utilization	: Warehouse
Building model	: Standard
Quality of construction materials	: Good
Approximate building age	: Two years
Building condition	: Moderate
Maintenance	: Moderate
Structure and building materials	
Building structure	: Reinforced concrete and steel
Roof structure and materials	: Roof structure with metal sheet
Ceiling	: No
Flooring and flooring materials	: Reinforced concrete floor with polished material
Wall and surface materials	: Smooth and painted masonry with metal sheet
Door	: Steel coil with steel casement
Window	: No
Building system work	
Electricity system	: Yes
Plumbing system	: Yes
Sanitation systems	: No
Air conditioning system	: No
Fire and fire protection systems	: Yes
Overall current purpose	: Warehouse

Note: Product Building B is a construction using partially original structures (on foundations and building pillars structures) about 5,865.95 square meters before renovate the whole house with a new construction area of approximately 576.00 square meters (in front of the loading and unloading areas)

Asset appraisal summary using “Cost Approach”

Buildings	Number	Asset value
Warehouse zone A	1	78,782,378.00
Warehouse zone B	1	30,798,686.00
Total building value (rounded)	2	109,581,064.00

Determination on the buildings value, constructions and development

Item	Construction/ Development	Area (Sqm.)	Valuation Price (Baht/Unit)	New replacement value (M Baht)	Value/ building (M Baht)	Age (Year)	Depreciation (%)	Current value (M Baht)	% Finished Construction	Current value (M Baht)
1	Warehouse zone A									
	Indoor utilization area	10,476.38	8,000.00	83.81	83.81	2	6%	78.78	100%	78.78
2	Warehouse zone B									
	Indoor utilization area -renovated the original structure	5,865.95	4,800.00	28.16						
	-New constructions	576	8,000.00	4.61	32.76	2	6%	30.80	100%	30.80
	Total Building Value	16,918.33			116.58			109.58		109.58

Note: The said value includes the surrounding area of the building, cafeteria and bathroom on the side of the building.

After thoroughly considering all relevant factors, Charter Valuation and Consultants Company Limited summarizes the fair market value as detailed in this report as

Appraised value is 109,581,000 baht (- one hundred nine million five hundred eighty-one thousand baht only)

Charter Valuation and Consultants Company Limited and the appraisers certify that they are no related benefits with this asset and have performed duties as an asset appraisal with caution and fully comply with professional standards and ethics.

IFA opinion summary

From the appraisal of warehouse property values by Charter Valuation and Consultants Company Limited (an independent appraiser), the consultant considered the appraisal result of the warehouse building and summarized the appraisal results.

The independent appraiser has the method to assess the warehouse property of PORT1 as follows:

1. Cost Approach

The estimated price of 1 building in the warehouse of Area A is 78,782,378.00 baht.

The appraised value about 1 building in warehouse of area B is 30,798,686.00 baht

Total value of buildings (rounding) equals 109,581,000.00 baht

The valuation of the assets of warehouse buildings in areas A and B, located in Phra Pradaeng District, Samut Prakan Province, by cost approach method is evaluated by the method of calculating the replacement cost for land with buildings that have similar benefits (Replacement Cost); the cost of land and buildings at the new replacement cost less accumulated depreciation from physical obsolescence or functional obsolescence), including external obsolescence.

Therefore, the consultant is of the opinion that the asset value appraised by the independent appraiser using the cost approach method is considered a suitable method for the valuation of the property (warehouse) of PORT based on the appraisal of only the proprietary buildings of company since the characteristics of the appraised assets correspond to the cost approach method because it is a method for evaluating warehouse buildings specifically.

Note: The consultant inquired about the evaluation by market approach method which the reason why the independent appraiser has not used. It has been explained that since the property is a specific construction according to the construction of the builder. Therefore, there is no comparative information to compare with the construction of this warehouse and not evaluated by that method. The consultant has agreed with the independent appraiser because the building model is a unique building which should not be able to find comparative market information. However, the consultant has to find additional information by using the median fee from the Treasury Department to assess the building.

Warehouse area (sqm.)	Appraisal price of Treasury Department	Value
16,918.33	3,350 Baht / sqm.	56.68 Million baht

In addition, the consultant inquired about the evaluation based on the Highest and Best Use principles from the independent appraiser that the reason that the independent appraiser did not use that method because the independent appraiser considers this assessment to be an evaluation on buildings, not including land area because ownership of buildings is owned by the company but the land is not the company's ownership. Although the land is not the ownership of the company, the company

still has the right to sublease the land for the remaining 13 years. Therefore, it should be evaluated according to the principle of Highest and Best Use in the remaining period that the company has received.

Picture 1: Total areas operated under Sahathai Terminal Public Company Limited.



Note: Area number 6 is the asset disposition

Picture 2: Exterior front area of the asset



Picture 3: Exterior surrounding of warehouse zone A



Picture 4: Exterior surrounding of warehouse zone B



Picture 5: Interior surrounding of warehouse zone A



Picture 6: Interior surrounding of warehouse zone B



Picture 7: Building location map

