

**Information Memorandum on the Acquisition of Asset  
of area development to support and service for the operators of structure assembly and pipe system yard,  
and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig structure project  
of NFC Public Company Limited**

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The Board of Directors Meeting of NFC Public Company Limited (“**The Company**” or “**NFC**”) no. 4/2020, held on 13 August 2020, resolved to propose to the Shareholders’ Meeting to consider and approve for NFCW Company limited (“**NFCW**”), the subsidiary which the Company holds 100 percent shares, to invest in area development to support and service for the operators of structure assembly and pipe system yard (Steel Fabrication and Modularization), and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig structure (De-Commissioning) (“**The Project**”), located in No.2 Map Ta Phut Industrial Estate, I-2 Road, Map Ta Phut Sub-district, Mueang Rayong District, Rayong Province. The value of the Project or value of acquired assets is Baht 4,418.47 million (consists of (1) construction costs of the Project of Baht 201.67 million (inclusive of the estimated land rental and facilities maintenance fees with the Industrial Estate Authority of Thailand during construction period, which lasts around 1 year and other operating expenses, of Baht 100.95 million), (2) land lease guaranteed with IEAT of Baht 96.83 million, (3) financial costs and fees during construction of Baht 8.50 million and (4) estimated land rental and facilities maintenance fees with the Industrial Estate Authority of Thailand after the Project’s construction period, which lasts around 29 years (after completion of construction), of Baht 4,111.47 million).

The details of the asset acquisition transaction are presented as follows:

**1. Information Memorandum disclosed under Schedule (1)**

**1.1 Date of the Transaction**

After obtaining approval from the Extraordinary General Meeting of Shareholders no. 1/2020, which will be held on 19 October 2020, the Company expects to invest in the project within quarter 4 of 2020

**1.2 Parties involved and Relationship with the Company**

**1.2.1 Service of Investment Projects**

For the project of area development to support and service for the operators of structure assembly and pipe system yard (Steel Fabrication and Modularization), and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig structure (De-Commissioning), NFCW will provide service for petroleum rig operators in the Gulf of Thailand, which requires the demolition and appropriate management of the expired rig (De-Commissioning) with the following details:

Service Provider: NFCW Company Limited

Service Recipients/Users: Petroleum rig operators in the Gulf of Thailand and other operators nearby who demand the service area in the port of Map Ta Phut Industrial Estate

### 1.2.2 Contract with the building contractor

Employer: NFCW Company Limited

Employee: A construction company as a contractor (if any)

### 1.2.3 Land lease agreement

NFCW will enter into an industrial land lease agreement for the project area of approximately 234.72 rai, with a lease period of 30 years and an extension of the lease for another 20 years with the following details:

Lessee: NFCW Company Limited

Lessor: Industrial Estate Authority of Thailand ("IEAT")

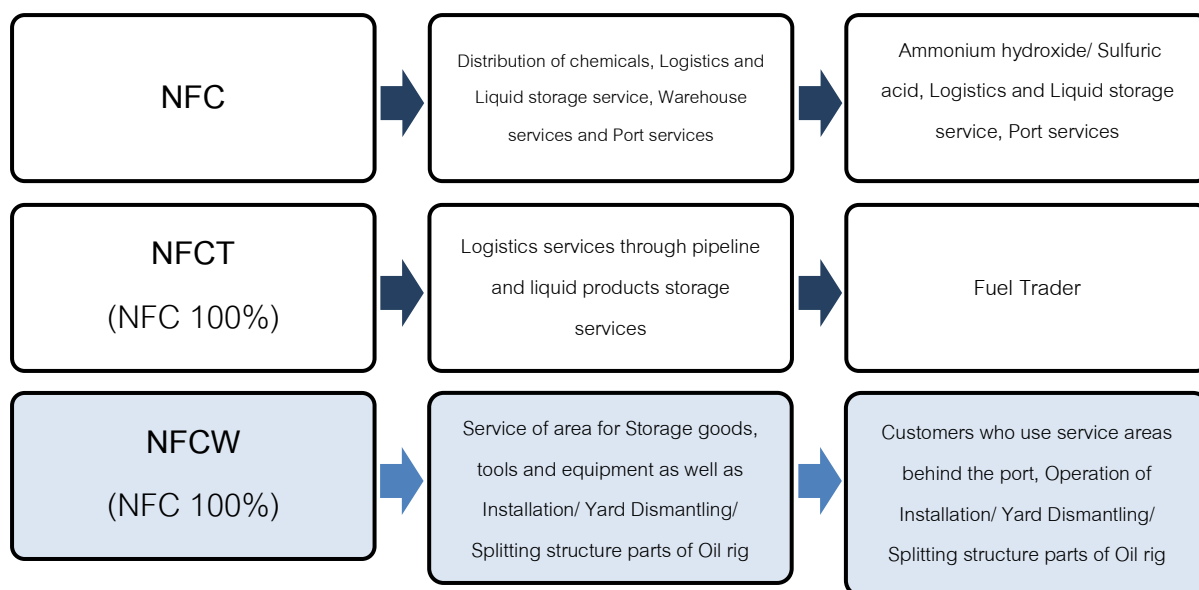
Relationship: None

All of the above counterparties of NFCW are not related person nor connected person to the Company and to NFCW in accordance with the Notification of the Capital Market Supervisory Board No. ThorChor.21/2551 Re: Rules on Connected Transaction and the Notification of the Office of the Securities and Exchange Commission Re: Disclosure of Information and Other Acts of Listed Company Concerning the Connected Transactions, B. E. 2546 (as amended) ("**the Connected Transaction Notification**"); therefore, the transaction is not considered as a connected transaction.

## 1.3 Details and Size of the Transaction

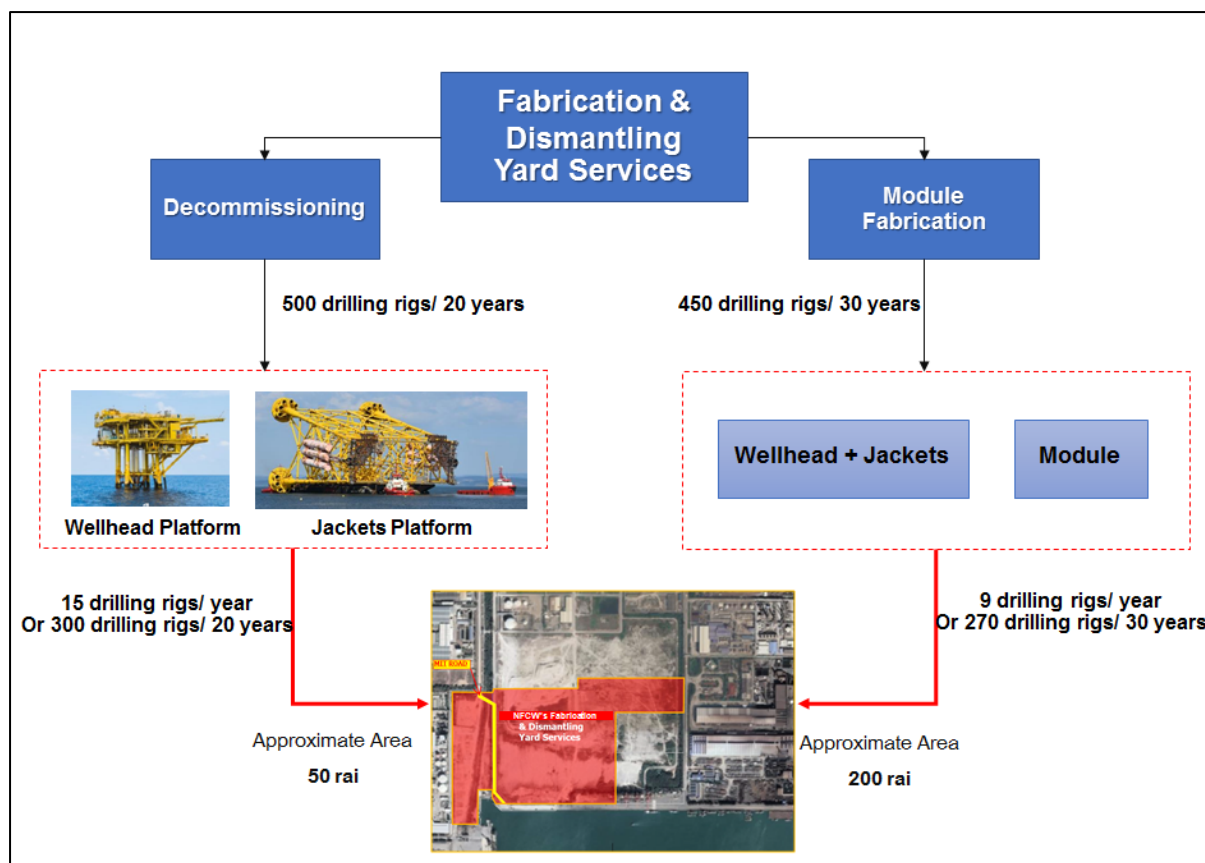
### 1.3.1 Details of the Transaction

According to the Company's intention, NFCW, a subsidiary of the company, will develop the area behind the port to providing area service to customers who want to use the area for storage goods before import and / or export, storage tools and equipment and operating of dismantling/ cutting yard for the conveying pipe parts of oil rig structure (De-Commissioning), as well as construction and installation of new structures for replacement. These services support the business cycle of the petroleum drilling industry, which is an important business driving the country's economy; moreover, these services can expand the business, leading to potential for revenue and profit increase of the Company group. The business structure is summarized as below:



The process of management before investing in the projects is described as follows:

- (1) The Company will terminate the leasehold rights and returns the supporting area for the use of Map Ta Phut Industrial Port (MIT) to IEAT, totaling approximately 252.17 rai (from a total area of approximately 596.33 rai). There is no building located in the area, and no business operated in the area.
- (2) Subsequently, NFCW will enter into a land lease agreement with the Industrial Estate Authority of Thailand, with 30 years of rental period and the condition of 20-year extension, in order to provide area development service for customers who want to use area behind the port, operators of structure assembly and pipe system yard, and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig project with full facilities. The total area is approximately 234.72 rai which is divided into the original leased area of approximately 180.40 rai and the additional rental area of approximately 54.32 rai. NFCW is expected to sign the land lease agreement with the Industrial Estate Authority of Thailand within the 4th quarter of the 2020



*Business Model: Yard for Assembling / Installing Steel Structure and Piping Systems and the demolition / decommissioning structure of the oil rig (Steel Fabrication and Modularization and De-Commissioning)*

### 1.3.2 Transaction Size

The investment transaction is considered as the acquisition transaction in accordance with the Capital Market Supervisory Board No. Tor Jor. 20/2551 Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets BE 2547 (2004) (“**Notification on Acquisition or Disposition of Assets**”). The highest size of the Project, with reference to the Company’s audited consolidated financial statements as of 30 June 2020, is 238.70 percent of total assets of the Company, as of 30 June 2020, based on the total consideration value criteria. The size of the Project which equal to 100 percent or higher is, therefore, considered as Type 4 Transaction under the Notification on Acquisition or Disposition of Assets, the details of which are as follows

Basis for Calculation		Calculation	Transaction Size
1. Net Tangible Assets (NTA)	=	(NTA of investment x proportion of assets acquired) x 100	= N/A <sup>1/</sup>
		NTA of listed company	
2. Net Profits	=	(Net profits of investment x acquisition ratio) x 100	= N/A <sup>1/</sup>
		Net profits of listed company	

Basis for Calculation		Calculation		Transaction Size
3. Total Consideration Value	=	Total Consideration Value paid <sup>2/</sup> x 100		238.70% <sup>4/</sup>
		Total assets of the Company <sup>3/</sup>		
4. Value of Issued Securities	=	Equity shares issued for the payment of assets x 100		N/A <sup>4/</sup>
		Total paid-up shares of the Company		

Remarks

1/Not applicable as this is the subsidiary which the Company holds 100 percent shares

2/Total value of consideration paid equal to Project value of Baht 4,418.47 million, consists of:

- *Construction Cost of the Project (inclusive of the estimated land rental and facilities maintenance fees with the Industrial Estate Authority of Thailand during construction period, which lasts around 1 year)* Baht 201.67 million\*
  - *Land lease guaranteed with IEAT* Baht 96.83 million
  - *Financial Costs and fees during construction period* Baht 8.50 million\*\*
  - *Estimated land rental fee and maintenance fee of facility with IEAT (after construction) for another 29 years* Baht 4,111.47 million\*\*\*
- Total** **Baht 4,418.47 million**

\*Construction Cost of the Project comprises Baht 99.72 million of construction cost, Baht 96.83 million of land rental fee, and Baht 5.12 million of other operating expenses

\*\*Currently, the Company is in the process of negotiation with the financial institution to support the credit for the Project. Therefore, financial costs and fees during construction period may be changed after the financial institution's conclusion

\*\*\*30-year land rental fee with IEAT, inclusive of 1-year construction and land improvement cost, is estimated from land rental rate of Baht 292,000 per rai per year with 3% growth rate per year (refer from the announcement of the Industrial Estate Authority of Thailand No. EPPO 010/2016 regarding the determination of rental rates of land in general industrial zones, Map Ta Phut Industrial Estate) with the rental rate of land (reclamation) of Baht 574,193 per rai per year, increased every 5 years at a rate of 10 percent)

3/ Total assets of the Company based on the audited consolidated financial statements as of 30 June 2020 equal to Baht 1,851.06 million

4/ There is no shares issued for payment of assets

In entering into this transaction, the transaction size is 238.70 percent, which result in the transaction be considered as Type 4 assets acquisition transaction or backdoor listing. Therefore, the Company is required to disclose an information memorandum on the assets acquisition transaction to the Stock Exchange of Thailand ("SET"), appoint an independent financial advisor to render an opinion on the assets acquisition transaction to the Company's shareholders, deliver the invitation letter to the shareholders' meeting to shareholders with the minimum information required set out in the Notification on Acquisition or Disposition of Assets for at least 14 days before the meeting, and obtain the shareholders' approval for

entering into the transaction with at least three-fourth of the total voting rights of the shareholders who attend the meeting and are eligible to vote excluding interested shareholders' equity.

The Company has not entered into any other assets acquisition transaction during 12 months prior to the date the board of directors resolved to approve the entering into this assets acquisition transaction.

In this regard, the Company has considered and viewed that the Company is exempted and not required to file a new listing application (Relisting) with the SET as a result of such transaction, because such Project acquisition falls under all of the conditions set out in clause 24 of the Notification on Acquisition or Disposition of Assets, as follows:

1. The acquired business is similar to or supporting the existing business of the Company

Currently, NFC operates the business of providing logistics and liquid products storage services for ammonia and sulfuric acid, as well as Warehouse services and Port services. Providing service for warehouse and storage yard partially utilize the leasehold area from the Industrial Estate Authority of Thailand, causing underutilization of the land area. There is plenty of space in the land area available for further utilization. Therefore, investing in the project of area development to support and service for the operators of structure assembly and pipe system yard (Steel Fabrication and Modularization), and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig structure (De-Commissioning) will enable NFCW, or the subsidiary of the Company, to utilize more vacant space from leased land. The characteristic of asset is considered to support and complement the existing business of the Company.

2. The Company does not have any policy to make a significant change in its core business

The core business of the Company is providing logistics and liquid products storage services, including chemical and fuel products on the leasehold area from the Industrial Estate Authority of Thailand. The business expansion or the service of assembly and installation yard/ dismantling yard/ cutting structure parts of oil rig is aimed to utilize the empty space more effectively and to cover wider range of service. The core business will be sustained as the logistics and liquid products storage services.

3. The acquisition of the Project does not disqualify the Company for listing on the SET

The fact that NFCW invests in area development to support and service for the operators of structure assembly and pipe system yard, and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig structure, with facilities provided, will expand the range of products and services, and increase the Company's income, while the Company will still maintain qualification of the listed company in accordance with the requirement of the SET.

4. There is no significant change to the board of directors and the controlling power of the group of the Company, or the controlling shareholders

After investing in area development to support and service for the operators of structure assembly and pipe system yard (Steel Fabrication and Modularization), and the operators of dismantling/cutting yard for the conveying pipe parts of oil rig structure (De-Commissioning), the Company will be able to increase revenue and utilize rental space of leased area effectively, and increase shareholder's value. The investment in the project is conducted by NFCW, the subsidiary of the Company whose 100 percent shares are held by the Company.

After the investment in the Project, the Company will not change members of its board of directors, apart from those directors who will be retired by rotation, and there will be no change to the structure of major shareholders, the Company; thus, can still maintain qualifications to be a listed company in the Stock Exchange of Thailand; for example, qualified directors, executives and controlling persons without any prohibited characteristics, good corporate governance system, audit committee and independent directors whose characteristics compliant with the regulation, the auditor approved by the Securities and Exchange Commission ("SEC"), no conflict-of-interest structure, positive shareholder's equity in financial statement. The Company has considered and opined that the asset from investment in this project is revenue-generating asset and the status of listed company in SET will be maintained.

Although the entering into this transaction of the Company falls under the exception in clause 24 of the Notification on Acquisition or Disposition of Assets in all aspects, and the Company is, therefore, not required to file a new listing application (relisting) with the SET, the Company is still required to disclose the information relating to this acquisition transaction as follows:

- 1) Disclose an information memorandum on the assets acquisition transaction to the Stock Exchange of Thailand ("SET")
- 2) Hold the shareholders' meeting to approve the acquisition transaction with at least three-fourth of the total voting rights of the shareholders who attend the meeting and are eligible to vote excluding interested shareholders' equity
- 3) Appoint an independent financial advisor (IFA) to render an opinion on the assets acquisition transaction to the Company's shareholders, as well as submit the opinion to Securities and Exchange Commission, Stock Exchange of Thailand, and the Company's shareholders

#### 1.4 Details of the Acquired Assets

The project of area development to support and service for the operators of structure assembly and pipe system yard, and the operators of dismantling/cutting yard for the conveying pipe parts of oil rig structure,

with facility provided, located in the general industrial zone, No.2 Map Ta Phut Industrial Estate, I-2 Road, Map Ta Phut Sub-district, Mueang Rayong District, Rayong Province under the leasehold of NFCW. The project area of approximately 234.72 rai under the land lease agreement with the Industrial Estate Authority of Thailand, with 30 years of tenant period, extended for another 20 years, provide services to the petroleum drilling rig operators in the Gulf of Thailand.

## 1.5 Value of Consideration and Basis of Consideration

### 1.5.1 Value of Consideration

The value of the Project or value of acquired assets is Baht 4,418.47 million, consists of the following items:

(1)	Cost of Construction and land improvement <sup>1/</sup>	Baht	100.72	Million
(2)	Estimated 30-year rental fee with IEAT <sup>2/</sup>	Baht	4,212.43	Million
(3)	Cash Deposit - Spin off land leasehold – IEAT <sup>3/</sup>	Baht	96.83	Million
(4)	Financial costs and fees during construction <sup>4/</sup>	Baht	8.50	Million
	<b>Total</b>	<b>Baht</b>	<b>4,418.47</b>	<b>Million</b>

Remarks: 1/ NFCW will receive credit facility from a financial institution for construction improvement of land area's project. The repayment period is 5 years, approximately. NFCW will repay the loan by its operating profit.

2/ Estimated land rental expense from lease agreement with IEAT for a 30-year term, including the construction period and the improvement of the project area for 1 year, of which NFCW will use the operating cash flow.

3/ NFCW must place collateral in cash for IEAT to guarantee the land lease agreement of Baht 96.83 million. As soon as the 5-year contract expires, the collateral will be changed to Bank Guarantee.

4/ Currently, the Company is in the process of negotiation with the financial institution to support the credit for the Project. Therefore, financial costs and fees during construction period may be changed after the financial institution's conclusion.

### 1.5.2 The basis of determining the value of consideration

The Basis of determining the value of consideration for the investment in the Project has been determined based on the projection of the investment. The value of consideration is based on feasibility study and project internal rate of return (Project IRR), which is higher than 10% throughout the project period with the exclusion of asset's salvage value.

Besides the return of project, the Company also considers other reasons to support the investment decision of NFCW as follows:

- To utilize the Company's asset productively by operating investment project on vacant and available land



- The project internal rate of return (Project IRR) of the Company is 21.04% per year throughout the project period
- The Net Present Value (NPV) of the project is Baht 310.11 million and the payback period is 4.27 years (including 1 year construction period), approximately)
- The additional revenue from investment project will support existing revenue. The port area will be utilized effectively, which will benefit to all involving parties

#### 1.6 Value of Acquired Asset

The Project of NFCW has total project value of approximately Baht 4,418.47 million. the project of area development to support and service for the operators of structure assembly and pipe system yard, and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig, with facility service provided, will be operated on the land under leasehold right of NFCW

#### 1.7 Source of Fund

Entering into the transaction, the Company will fund the project from the company's internal cash flow and/or other necessary sources of fund deemed to be appropriate such as loan from financial institution etc. The total value of the NFCW project is around Baht 4,418.47 million, consisting of Baht 100.72 million for construction and area improvement cost and Baht 96.83 million for security deposit of agreement. The project expects to receive fund from financial institution(s) in the amount of approximately Baht 100.00 million. The condition of withdrawal and repayment of the loan is deemed to be a normal condition from any general financial institution, which doesn't differ from other financial institutions' in terms of the impact to shareholder's right. In addition, NFCW plans to pay for Baht 4,212.42 million of the land rental fee during the first 30 years of the project from the operating cash flow.

#### 1.8 Benefit from the Transaction

According to business policy, the investment expansion will concentrate on the business that can support the core business and promote the utilization of the company's current main asset, as well as expand the current business to increase competitive advantage and opportunity for long-term growth of the Company. Thus, the Company plans to invest in the business operating the Service of area for installation/ dismantling/ cutting structure parts of Oil rig with service facility, which will add value to both the Company and NFCW as follows:

- 1) The Company holds 100% shareholding proportion of NFCW, which is the owner of the project. The expected project internal rate of return (Project IRR) is approximately 21.04%, for consecutive period of 30 years, deemed to be satisfactory return. The Company will recognize the revenue generated by NFCW immediately as soon as NFCW starts the service. The financial statement will reflect the financial

position and performance of both the Company and NFCW. The revenue of the company will increase with better cash flow and liquidity, providing positive aspect for acquiring future investment in other projects.

- 2) Terminating the leasehold rights of the land and allowing NFCW to acquire the leasehold rights will not affect the company's business operation because the vacant land is unutilized. Moreover, the company is able to decrease the burden from land rental fee and land maintenance cost for the returned part of the land to Industrial Estate Authority of Thailand, which is 252.17 rai in order to allow NFCW to enter into a land lease agreement directly with the Industrial Estate Authority of Thailand with 30 year tenant period, and the condition of 20-year extension.
- 3) Long-term business stability and strengthening financial position of the Company
- 4) Business diversification: After entering into the transaction, the company's income will grow from service segment, with higher profit generating ability, as well as better cash flow and liquidity. The Company is able to diversify the risk of business operation; especially, the chemical distribution business which naturally exposes to the revenue fluctuation. The more stable revenue from logistic service, warehouse service, and Service of area for Installation/ Yard Dismantling/ Splitting structure parts of Oil rig will support the overall revenue.

#### 1.9 Conditions of entering into the transaction

The entering into this transaction is considered as Type 4 assets acquisition transaction or backdoor listing; however, the Company is exempted and not required to file a new listing application (Relisting) with the SET because such Project acquisition falls under all of the conditions as follows:

- (1) The acquired business is similar to or supporting the existing business of the Company
- (2) The Company does not have any policy to make a significant change in its core business
- (3) The acquisition of the Project does not disqualify the Company for listing on the Stock Exchange of Thailand ("SET")
- (4) There is no significant change to the board of directors and the controlling power of the group of the Company, or the controlling shareholders

*(The details of the conditions of the transaction which are not considered as the backdoor listing are presented in section 1.3.2 Transaction Size)*

Therefore, the Company is required to disclose an information memorandum on the assets acquisition transaction to the Stock Exchange of Thailand ("SET"), hold the shareholders' meeting to approve the acquisition transaction with at least three-fourth of the total voting rights of the shareholders who attend the meeting and are eligible to vote excluding interested shareholders' equity

Since the company must terminate the land leasehold right and / or waiver of partial land lease rights to the IEAT and allow NFCW to develop the Project, there are conditions that must be proceeded as follows:

- (1) The Company must partially terminate the industrial land lease agreement No. I-20/1 and Joint Operation Agreement for the Development of Port Terminal Construction of Map Ta Phut Industrial Estate for NFCW to develop the investment project and for IEAT to use as a support area behind the MIT port and use as the access road.
- (2) Return the MIT Jetty Support area in order that the IEAT can use as a support area behind the MIT port.
- (3) The company must obtain approval from Industrial Estate Authority of Thailand (IEAT) for the waiver of partial leasehold rights of the Company, and the acquisition of land leasehold rights of NFCW in order to allow NFCW to operate area development to support and service for the operators of structure assembly and pipe system yard (Steel Fabrication and Modularization), and the operators of yard of dismantling/ cutting yard for the conveying pipe parts of oil rig structure (De-Commissioning), with a lease period of 30 years and an extension of the lease for another 20 years. NFCW must do legal acts and follow the rules, procedures, and conditions prescribed by the IEAT. However, the IEAT has already approved the said principles.
- (4) NFCW entered into a land lease agreement with IEAT, an area of 234.72 rai, for investment project area and received letter of permission for land usage and business operation in industrial estate from the IEAT.

#### 1.10 Opinion of the Board of Directors

The board of directors' meeting of the Company no. 4/2020 has considered the details of entering into the transaction as well as other relevant information, and rendered the opinion that investment in the project of Module Assembly Yard and Pipe Dismantling Yard (Module Assembly Yard), the oil rig structure (Wellhead Platform Assembly and De-Commissioning) will benefit the Company as follows:

- (1) To utilize the existing asset of the Company, resulting in higher revenue of the Company and subsidiary, as well as long-term valuable return.
- (2) Increase opportunities for utilization on the port area. Negotiating a new lease agreement with the IEAT allows NFCW to use land behind the jetty area for a period of 30 years, which has a longer utilization period than the original lease, which will be expired in 2022.
- (3) The project that will generate long-term income for the Company and NFCW since the location of the port area is near 500 petroleum drilling platforms, of which the concessions will be gradually expired in the next 20 years, required to be demolished (De-Commissioning) for 20-25 platforms per year, enhancing the opportunity for the Company to generate income continuously from serving customers in this group.

The board of directors viewed that such transaction is deemed to be reasonable, appropriate, and allow the Company to generate more income, return, and value to the Company and shareholders; therefore, the Board of Director agreed to propose to the shareholders' meeting for further consideration and approval.

**1.11 Opinion of the Audit Committee and/ or the Board of Directors which is different from the Board of Directors Opinion**

After consideration of all important aspects of the acquisition transaction of The Project, the Audit Committee has opined that the transaction should be proposed to the Board of Directors. Hence, the opinion of the Audit Committee is not different from the opinion of the Board of Directors.

**2. Responsibility of the Board of Directors of the Company with respect to the Information in Documents sent to the Shareholders**

The board of directors has carefully reviewed and verified the information contained in this information memorandum and hereby certifies that the information in this information memorandum sent to the shareholders is correct, complete, does not contain any false statement, concealment of material facts that are required to be disclosed, nor statement that may cause material misunderstanding.

**3. Report of the Independent Expert and Qualifications of the Independent Expert**

The Company has appointed IV Global Securities Public Company Limited, an enlisted financial adviser approved by the Office of Securities and Exchange Commission, to be the independent financial adviser to provide opinions on the investment in area development to support and service for the operators of structure assembly and pipe system yard, and the operators of dismantling/ cutting yard for the conveying pipe parts of oil rig structure project of NFCW, which is the acquisition of assets.

IV Global Securities Public Company Limited does not own any shares in the Company and does not have any relationship with the Company. IV Global Securities Public Company Limited also gives the permission to disclose the opinions of the independent financial advisor regarding the assets acquisition dated 24 September 2020 which details are appeared in the opinions of the independent financial advisor in Enclosure 3 of the invitation letter to the Extraordinary General Meeting of Shareholders no. 1/2020 of the Company.

**4. Total Amount of Current Debts and Indebtedness of the Company and Potential Debts and Indebtedness to be incurred in the Future**

**4.1 Total Amount of Debt Instruments of the Company**

As of 30 June 2020, the Company does not have any debt instruments.

#### 4.2 Total Amount of Loans with Specified Repayment Period of the Company, including the Liability to place Assets as Collateral

As of 30 June 2020, the Company has the total amount of loans and the liability to place assets as collateral, with details as follow.

No.	Type	Amount	Outstanding Amount as of 30 June 2020 (Baht million)	Collaterals
1.	Amount of overdraft from bank	Baht 2.00 million	0.00	No. 1: Saving account for 40 percent of facility amount; No. 2: Saving account for 30 percent of the facility amount utilised; No. 3: Saving account for 25 percent of the facility amount utilised; and No. 1-4: Mr. Nataphong Ratanasuwanthawee as a guarantor.
2.	Amount of trust receipt	USD 5.00 million	125.88	
3.	Amount of letter of guarantee	Baht 35.00 million	33.19	
4.	Amount of forward foreign exchange	USD 10.00 million	32.51	
Total			191.58	

#### 4.3 Total Value of Debts in other Categories of the Company, including Overdrafts, indicating the Liability to place Assets as Collateral

As of 30 June 2020, the Company has the total value of debts in other categories, including overdrafts, indicating the liability to place assets as collateral, with details as follow.

No.	Type of Debt	Outstanding Amount as of 30 June 2020 (Baht million)	Collaterals
1.	Bank overdraft and short-term loan from financial institution	125.88	Saving account and Mr. Nataphong Ratanasuwanthawee as a guarantor
2.	Trade and other current payables	346.53	-
3.	Current portion of lease liabilities	32.22	

No.	Type of Debt	Outstanding Amount as of 30 June 2020 (Baht million)	Collaterals
4.	Non - current provisions for employee benefits	9.64	-
5.	Other non - current provisions	18.39	-
6.	Lease liabilities	403.53	-
7.	Other non-current liabilities	3.42	-
Total		939.61	

#### 4.4 Indebtedness to be incurred in the Future

As of 30 June 2020, the Company is bound to make a payment in the future as follows:

The Company is bound to pay the rental and service fee to the relevant company under the operating lease agreement of Baht 1.92 million.

According to adopt in the Thai Financial Reporting Standards No.16 Lease liabilities, all operating leases in the previous year are required to consider about conditions and classify to financial lease which it affected to commitments from the previous year was decreased. Leases was not classified to financial lease will be service agreements and operating leases.

#### 5. Summarised Material Information of the Company

##### 5.1 Information relating to Nature of Business Operations and Business Trends of the Company, Subsidiaries and Associated Companies of the Company

###### 5.1.1. Nature of Business Operations

###### (1) Chemical trading business

The Company is an importer and distributor of chemical products that are stored in the Company's liquid tanks in Map Ta Phut Industrial Estate to domestic customers. The Company's major chemical products are Ammonia, Ammonium hydroxide and Sulfuric acid.

- Ammonia: The Company imports Ammonia from Malaysia and Indonesia to sell to domestic customers in MSG production industry, latex production industry, refrigerant production industry, and other chemical production industry through wholesale traders and directly to the end users.
- Ammonium Hydroxide: The Company produces Ammonium Hydroxide at its factory in Pathum Thani Province. The Company sells Ammonium Hydroxide to its domestic customers such as

power plants, gas separation plants, and customers in pollution control industry, rubber production industry, and rubber tappers through wholesale traders and directly to the end users.

- Sulfuric Acid: The Company imports Sulfuric acid from Switzerland, Korea, and Japan, and sells through domestic traders.

## (2) Business of Providing Services

- Warehouse service: The Company provides warehouse service for customers to store raw materials and finished products such as plastic beads and silica, for importing, exporting, and distributing purposes. The Company has warehouse area of approximately 90,000 square meters and open yard for placing machineries and equipment, etc.
- Logistics and liquid storage service: The Company provides logistics and liquid storage service for Ammonia and Sulfuric acids, provide inventory management service to satisfy customer demand, and provide liquids transfer service to road tankers for transportation. At present, the Company liquid storage has a total capacity of 56,835 tons, divided into liquid storage for Ammonia and Sulfuric acid at 21,835 tons and 35,000 tons, respectively.
- Port terminal service: The Company provide the dedicated port service for the products of Company including services to customers in the Map Ta Phut Industrial Estate due to bulk cargo and liquid cargo that can accommodate 60,000 DWT cargo vessels but port must be approved by the Industrial Estate Authority of Thailand ("IEAT") from time to time, such as Cold rolled coils, Hot Rolled Coil, Structural steel, Coal, Gypsum, etc., as well as jetty and utilities services provided.

## 5.1.2. Industry and Competition

### (1) Chemical trading business

- Ammonia: Ammonia market in Thailand is considered as a niche market with a low growth rate. As a result, it is not worth to invest in ammonia production factory in the country so all Ammonia must be imported from abroad.

In the years 2017 – 2019, Thailand imported 426,896 tons, 481,642 tons and 428,473 tons of Ammonia, respectively, mainly from Malaysia, Australia and Indonesia (Source: [www.customs.go.th](http://www.customs.go.th)). Most Ammonia is imported by operators using Ammonia in their production process of Caprolactam, Acrylonitrile and Methyl methacrylate. The rest are imported Ammonia for sale to other industrial operators such as Monosodium glutamate industry and Latex industry.

Currently, there are only 3 major importers of Ammonia. The Company has a market share approximately 30% of total market value because the Company has a large liquid storage of Ammonia at Map Ta Phut Industrial Estate with a total volume of 21,570 tons and ready availability of berths with facilities for importing such goods including most of our clients are customers who have a relationship for more than 10 years.

- Ammonium hydroxide: Ammonium hydroxide or Water Ammonia is the main raw material for production to react with water, the concentration of Ammonium hydroxide depends on the proportion of Ammonia mixed. Ammonium hydroxide is used in the Textile Industry, Pharmaceuticals, Rubber, Detergents, Gas separation plants, Power plants, Dyes and cleaning agents, etc. Ammonium hydroxide used in Thailand mostly produced locally from imported Ammonia. For direct import of Ammonium hydroxide in 2017 - 2019, Thailand imported 309 tons, 119 tons and 117 tons of Ammonium hydroxide, respectively, mainly from China approximately 82% of total import volume (Source: [www.customs.go.th](http://www.customs.go.th)).

The Company has imported Ammonia to sell and have the raw materials used for the production of Ammonium hydroxide, and also can produce Ammonium hydroxide with the concentration that customers required as a result, the Company has expanded its customer base. In 2019, the Company sold 5,086 tons of Ammonium hydroxide.

- Sulfuric acid: Sulfuric acid is main raw material used in several industries such as fertilizer, battery, textile, painting, pulp, alum, rubber, etc. Domestic sulfuric acid production is insufficient. Therefore, Thailand needs to import sulfuric acid from oversea.

Sulfuric acid used in Thailand is both produced in the country and imported from abroad. In 2017-2019, Thailand imported Sulfuric acid for 822,640 tons, 790,735 tons and 693,245 tons, respectively, mainly from Japan, South Korea and the Philippines (Source: [www.customs.go.th](http://www.customs.go.th)).

In 2019, The Company imported Sulfuric acid for sale, representing 42.25 % of Sulfuric acid for sale.

Currently, there are 4 major suppliers of Sulfuric acid and the Company has a 55% of total market share value because the Company has large liquid storage at Map Ta Phut Industrial Estate with a total capacity of 35,000 tons, as well as a wharf that accommodates large vessels with facilities for importing such goods including the Company's customers are customers who have relationships for more than 10 years.

## (2) Business of Providing Services

- Warehouse services: Currently, more than 95 percent of warehouse services in Thailand are traditional warehouses which mainly focus on renting warehouse space and providing utilities/facilities such as road, electricity, telephone, security system. However, some have



adapted their traditional warehouses model into modern warehouse model which helps facilitate logistic system and implement new technology to improve the efficiency of warehouse management. Factors for customers to consider using warehouse services are location and other factors. The right selection of warehouse services can help customers to shorten their production time and/or delivery time and a decrease in cost due to shortened distance, time and a decrease in transportation expense which increase their efficiency and competitiveness.

Warehouse service is expected to be stable in the next 1 – 3 years. Although, demand will grow in accordance to industrial growth from investment government policy and a continued growth in domestic trading and service sectors, a new investment in warehouse service area can cause an excess demand which may limit an increase in service fee. In addition, the recovery of manufacture industry is concentrated in Eastern Economic Corridor (EEC) area as reported which shows an increase of investment approval. This helps a potential growth of warehouse business in this area in the future.

Growth prospects for warehousing business in the Eastern Seaboard and the support from the EEC project, as well as the improvement of the Thai export sector. The Company's location makes it possible to develop a logistics distribution center for both sea, road and rail transport, thus enabling the Company to become a hub for distribution and logistics in the Map Ta Phut Industrial Estate to the ASEAN region in the future.

- Logistics, liquid storage and port services

IEAT is the management and operator of the 12 East Coast Terminal in the Map Ta Phut Industrial Estate, which is the main port for providing cargo handling services for both raw materials and finished goods to the factories in Map Ta Phut Industrial Estate and other industrial areas nearby. By dividing the management of 12 docks into 2 types as follows.

1. Public Terminal (PT), which is an unlimited number of customers for berths. IEAT invested in the construction of basic facilities for both berths, warehouses, port areas and facilities as follows:
  - 1.1 General Cargo Berth: Thai Prosperity Terminal Co., Ltd. (TPT) has the right to manage the berth.
  - 1.2 Liquid Cargo Berth: Thai Tank Terminal Ltd. (TTT) has the right to manage the berth.
  - 1.3 Map Ta Phut Industrial Terminal or second General cargo Berth operated by IEAT.
2. Dedicated Terminal (DT) which is a port that invested and built by business and limited access to the service, and provides only a group of operators. However, the port operator may request to provide services to others from time to time, with the approval of IEAT that are 9 docks (Company's port included).

The location of the Company has strategic advantages in the Map Ta Phut Industrial Estate that is the production base of the major petrochemical and chemical industries. The Company also has a large berth (Panamax) and there is space behind the docks ready to develop to support and enhance service to customers. It has a competitive advantage in offering services such as logistics services to meet the needs of customers especially customer for import and export. There are also railroads attached to the area of the Company that will be able to develop the main rail connection (Map Ta Phut Station), which will enhance the competitiveness in the future.

## 5.2 Summary of Financial Statements during the past 3 years and the Present Year until the Latest Quarter, as well as the Explanation and Analysis of Financial Condition and Operating Result in the Past Year and the Present Year until the Latest Quarter including Risk Factor which may affect the Profit of the Company

### 5.2.1. Summary of Financial Statements of the Company and Subsidiaries for the year ended 2017-2019 and 6 months of 2020

Financial Positions	31 December 2017		31 December 2018		31 December 2019		30 June 2020	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
<b>Assets</b>								
Cash and cash equivalents	112.42	9.70	288.08	20.19	87.50	7.28	254.92	13.77
Available for sale investment	197.95	17.07	298.13	20.90	-	-	-	-
Trade and other current receivables	176.54	15.23	150.49	10.55	201.44	16.75	113.74	6.14
Inventories	72.38	6.24	117.84	8.26	78.49	6.53	77.13	4.17
Other current assets	11.15	0.96	83.01	5.82	21.87	1.82	0.91	0.05
Non-current assets or disposal groups classified as held for sale	-	-	-	-	-	-	14.24	0.77
<b>Total current assets</b>	<b>570.44</b>	<b>49.20</b>	<b>937.55</b>	<b>65.72</b>	<b>389.30</b>	<b>32.38</b>	<b>460.94</b>	<b>24.90</b>
Other non - current financial assets	3.01	0.26	2.68	0.19	2.68	0.22	2.68	0.14
Property, plant and equipment	492.34	42.46	402.98	28.25	385.91	32.09	594.57	32.12

Financial Positions	31 December 2017		31 December 2018		31 December 2019		30 June 2020	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Right of use assets	-	-	-	-	-	-	445.68	24.08
Other intangible assets other than goodwill	0.23	0.02	2.64	0.19	2.14	0.18	1.82	0.10
Deferred tax asset	34.54	2.98	45.40	3.18	8.82	0.73	13.99	0.76
Other non-current assets	58.90	5.08	35.33	2.47	413.62	34.40	331.38	17.90
<b>Total non-current assets</b>	<b>589.02</b>	<b>50.80</b>	<b>489.03</b>	<b>34.28</b>	<b>813.17</b>	<b>67.62</b>	<b>1,390.12</b>	<b>75.10</b>
<b>Total assets</b>	<b>1,159.46</b>	<b>100.00</b>	<b>1,426.58</b>	<b>100.00</b>	<b>1,202.47</b>	<b>100.00</b>	<b>1,851.06</b>	<b>100.00</b>
<b>Liabilities</b>								
Bank overdraft and short-term loan from financial institution	-	-	216.46	15.17	83.08	6.91	125.88	6.80
Trade and other payables	146.13	12.60	147.90	10.37	152.92	12.72	346.53	18.72
Current provision of employee benefits	1.85	0.16	0.59	0.04	-	-	-	-
Current portion of lease liabilities	-	-	-	-	-	-	32.22	1.74
<b>Total current liabilities</b>	<b>147.98</b>	<b>12.76</b>	<b>364.95</b>	<b>25.58</b>	<b>236.00</b>	<b>19.63</b>	<b>504.63</b>	<b>27.26</b>
Non-current provision for employee benefits	10.63	0.92	11.33	0.79	10.87	0.90	9.64	0.52
Other non - current provisions	38.23	3.30	35.79	2.51	18.43	1.53	18.39	0.99
Lease liabilities	-	-	-	-	-	-	403.53	21.80
Other non-current liabilities	3.67	0.32	3.42	0.24	3.42	0.29	3.42	0.19
<b>Total non-current liabilities</b>	<b>52.53</b>	<b>4.53</b>	<b>50.54</b>	<b>3.54</b>	<b>32.72</b>	<b>2.72</b>	<b>434.98</b>	<b>23.50</b>
<b>Total liabilities</b>	<b>200.51</b>	<b>17.29</b>	<b>415.49</b>	<b>29.12</b>	<b>268.72</b>	<b>22.35</b>	<b>939.61</b>	<b>50.76</b>
Shareholders' equity								
Share capital	815.88	70.37	815.88	57.19	815.88	67.85	815.88	44.08

Financial Positions	31 December 2017		31 December 2018		31 December 2019		30 June 2020	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Surplus (deficit) from business combination under common control	(255.26)	(22.02)	(255.26)	(17.89)	(255.26)	(21.23)	(255.26)	(13.79)
Retained earnings	206.48	17.81	301.72	21.16	257.84	21.44	269.70	14.57
Other components of equity	192.59	16.61	149.97	10.51	116.98	9.73	82.99	4.48
Non-controlling interests	(0.74)	(0.06)	(1.22)	(0.09)	(1.69)	(0.14)	(1.86)	(0.10)
<b>Total shareholders' equity</b>	<b>958.95</b>	<b>82.70</b>	<b>1,011.09</b>	<b>70.88</b>	<b>933.75</b>	<b>77.65</b>	<b>911.45</b>	<b>49.24</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,159.46</b>	<b>100.00</b>	<b>1,426.58</b>	<b>100.00</b>	<b>1,202.47</b>	<b>100.00</b>	<b>1,851.06</b>	<b>100.00</b>

#### Assets

The Company's total assets as of 31 December 2017 – 2019 and 30 June 2020 amounted to Baht 1,159.46 million, Baht 1,426.58 million, Baht 1,202.47 million, and Baht 1,851.06 million, respectively. The Company's primary assets as of 30 June 2020 were cash and cash equivalents, and property plant, equipment and right of use assets and other non-current assets

As of 31 December 2018 – 2019, the Company's total assets increased by Baht 267.12 million, and decreased by Baht 224.11 million, respectively, or 23.04 percent and 15.71 percent, respectively, and during the first 6 months of 2020, the total assets of the Company has increased by Baht 648.59 million, equivalent to an increase of 53.94 percent.

As of 31 December 2017 – 2019, and 30 June 2020, the Company's cash and cash equivalents amounted to Baht 112.42 million, Baht 288.08 million, Baht 87.50 million, and Baht 254.92 million, or equivalent to 9.70 percent, 20.19 percent, 7.28 percent, and 13.77 percent of the total assets, respectively, which are mostly savings in financial institutions.

As of 31 December 2017 - 2019, the Company's available-for-sale investment amounted to Baht 197.95 million, Baht 298.13 million, equivalent to 17.07 percent, 20.90 percent of total assets, respectively. The Company's available-for-sale investment comprised of investment in debt securities and government bonds, which was increased from positive cash flows after receiving partial business transfer from Chemicals and Aromatic (Thailand) Company Limited which is the connected company in 2016.

As of 31 December 2017 – 2019 and 30 June 2020, the Company's property, plant and equipment amounted to Baht 492.34 million, Baht 402.98 million, Baht 385.91 million and Baht 594.57 million,

equivalent to 42.46 percent, 28.25 percent, 32.09 percent, and 32.12 percent of total assets, respectively. The Company's property, plant and equipment has been increased as a result of invest EPC Contract project of NFCT

As of 30 June 2020 the Company's right of use asset amounted to Baht 445.68 million, equivalent to 24.08 percent from TFRS 16 adoption.

As of 31 December 2017-2019 and 30 June 2020, the Company's other non-current asset amounted to Baht 58.90 million, Baht 35.33 million, Baht 413.62 million and Baht 331.38 million equivalent to 5.08 percent, 2.47 percent, 34.40 percent and 17.90 percent of the total assets, respectively. The Company's other non-current asset has been decreased as a result of amortized for the advance of subsidiaries' EPC contract project of NFCT.

#### **Liabilities**

As of 31 December 2017 – 2019, and 30 June 2020, the Company's total liabilities amounted to Baht 200.51 million, Baht 415.49 million, Baht 268.72 million, and Baht 939.61 million, respectively. The Company's total liabilities as of 31 December 2018, the Company's liabilities increased by Baht 214.98 million, equivalent to 107.22 percent comparing to the previous year which mainly resulted from the Company increasing its amount of loans with the financial institutions for the purpose of creating the relationship with the financial institutions for any business expansion of the Company in the future. Whilst, as of 31 December 2019, the Company's total liabilities decreased by Baht 146.77 million, equivalent to 35.32 percent which mainly resulted for the change in total liabilities is the reduction of credit limit from financial institutions. As of 30 June 2020, the Company's total liabilities increased of Baht 670.89 million, equivalent to 249.66 percent which mainly resulted trade account payable EPC Contract project NFCT not yet due and increased lease liabilities from TFRS 16 adoption.

#### **Shareholders' equity**

As of 31 December 2017 – 2019, and 30 June 2020, the Company's shareholders' equity amounted to Baht 958.95 million, Baht 1,011.09 million, Baht 933.75 million, and Baht 911.45 million, respectively. The Company's shareholders' equity as of 31 December 2017 and 2018, increased by Baht 52.14 million, equivalent to an increase of 5.44 percent from the previous year. As of 31 December 2019, the Company's shareholders' equity decreased by Baht 77.34 million, equivalent to decreased of 7.65. As of 30 June 2020, the Company's shareholders equity decreased by Bath 22.30 million or 2.39 percent from the end of 2018. The increase of shareholders' equity mainly resulted from the Company's net operating profits and a decrease in tax expense from decreasing deferred tax assets. Whilst, the decrease of equity as of 31 December 2019 were mainly due to the net operating loss, and the decrease of equity as of 30 June 2020 were mainly due to the net operating loss.

## 5.2.2. Summary of Operating Result of the Company for the year ended 2017-2019 and 6 months of 2020

Financial performance	31 December 2017		31 December 2018		31 December 2019		30 June 2020	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Revenue from sales of chemical products	990.67	89.98	1,085.92	92.03	1,080.75	91.46	347.36	86.81
Revenue from services	110.34	10.02	94.07	7.97	100.90	8.54	52.76	13.19
<b>Total revenues from sales and service</b>	<b>1,101.01</b>	<b>100.00</b>	<b>1,179.99</b>	<b>100.00</b>	<b>1,181.65</b>	<b>100.00</b>	<b>400.12</b>	<b>100.00</b>
Cost of chemical products sold	795.69	72.27	929.99	78.82	974.69	82.49	305.77	76.42
Cost of services	24.63	2.24	18.11	1.53	19.50	1.65	11.44	2.86
<b>Total cost of sales and services</b>	<b>820.32</b>	<b>74.51</b>	<b>948.10</b>	<b>80.35</b>	<b>994.19</b>	<b>84.14</b>	<b>317.21</b>	<b>79.28</b>
<b>Gross profit</b>	<b>280.69</b>	<b>25.49</b>	<b>231.89</b>	<b>19.65</b>	<b>187.46</b>	<b>15.86</b>	<b>82.91</b>	<b>20.72</b>
Other income	27.73	2.52	15.14	1.28	27.31	2.31	5.39	1.35
Selling expenses	46.96	4.26	48.44	4.10	43.15	3.65	15.58	3.89
Administrative expenses	143.83	13.06	155.37	13.17	154.03	13.03	61.76	15.43
Other expenses	0.35	0.03	0.33	0.03	-	-	31.61	7.90
Financial costs	0.88	0.09	2.82	0.23	16.41	1.39	6.82	1.70
<b>Total expenses</b>	<b>192.02</b>	<b>17.44</b>	<b>206.96</b>	<b>17.53</b>	<b>213.59</b>	<b>18.07</b>	<b>115.77</b>	<b>28.92</b>
<b>Profit (Loss) before income tax expenses</b>	<b>116.40</b>	<b>10.57</b>	<b>40.07</b>	<b>3.40</b>	<b>1.18</b>	<b>0.10</b>	<b>(27.47)</b>	<b>(6.85)</b>
Income tax (Expense)	97.79	8.88	10.85	0.92	(36.13)	(3.06)	5.17	1.28
<b>Net profit (Loss) for the period</b>	<b>214.19</b>	<b>19.45</b>	<b>50.92</b>	<b>4.32</b>	<b>(34.95)</b>	<b>(2.96)</b>	<b>(22.30)</b>	<b>(5.57)</b>

**Operating revenue**

The Company's operating revenue were mainly from chemical trading business and revenue from providing services. In 2017 – 2019 and 6 months of 2020, the Company's operating revenue amounted

to Baht 1,101.01 million, Baht 1,179.99 million, Baht 1,181.65 million, and Baht 400.12 million, respectively.

The Company's revenue from chemical trading business for the year ended 2017 – 2019 and 6 months of 2020 amounted to Baht 990.67 million, Baht 1,085.92 million, Baht 1,080.75 million and Baht 347.36 million, respectively. In 2018, revenue from chemical trading business increased by Baht 95.25 million or 9.61 percent from previous year, from an increase of the market price of chemicals especially for sulfuric acid due to shortage of supply in global market, even if the sale volume of chemicals was slightly decreased. In 2019, revenue from chemical trading business decreased by 5.17 million or 0.48 percent due to the sulfuric acid price increased because supply in the global market is scarce and sales of ammonia decreased due to large customers have reduced purchase volumes. Due to the customer changing the production process and the average sale price per ton is slightly decreased as well. The first 6 months of 2020, the revenue from chemical trading business decreased by Baht 177.35 million or 58.26 percent from the same period of previous year which resulted from decreased of the market price of chemicals especially for sulfuric acid because of the global market price decreased and sales of ammonia decreased due to major customers have reduced purchase volumes because of customer changing the production process.

#### **Cost of goods sold and gross profit margin**

The Company's cost of chemical trading for the year ended 2017 – 2019 and 6 months of 2020 amounted to Baht 795.69 million, Baht 929.99 million, Baht 974.69 million, and Baht 305.77 million, respectively, representing gross profit margin of 19.68 percent, 14.36 percent, 9.81 percent, and 15.24 percent respectively. The Company's gross profit margin in each period was slightly changed because the selling price of chemical product is varied according to global market price.

#### **Trading and operating expenses**

The Company's operating expenses for the year ended 2017 – 2019 and 6 months of 2020 amounted to Baht 190.79 million, Baht 203.81 million, Baht 197.18 million, and Baht 77.34 million, respectively. In 2018, the Company's trading and operating expenses increased by Baht 13.02 million or 6.82 percent from previous year which resulted from the delivering cost increased by cost of gasoline. The Company's expenses in relation to employees were also increased to support a business expansion in the future. In 2019, the Company's trading and operating expenses decreased by Baht 6.63 million or 3.26 percent from previous year which resulted from lower cost of transportation affected from lower sale ammonia and lower employee expenses (Reversal of accrued bonuses for year 2018). As for the first 6 months of 2020, the Company's trading and operating expenses were decreased from the same period of previous year by Baht 33.08 million or 29.96 percent which resulted from lower cost of transportation affected from lower sale ammonia and lower employee expenses and project advisory fee decreased.

**Extraordinary revenues and expenses**

In 2018, the Company had other income of Baht 15.14 million which decreased by Baht 12.59 million or 45.40 percent from the previous year due to the decrease of gypsum income, the decrease of profit from asset trading, the decrease of income from a reversal of allowance for doubtful accounts which resulted from a decrease of trade receivable.

In 2019, the Company's other income of Baht 27.31 million which increased by Baht 13.03 million or 91.25 percent from the previous year due to increase of the net income of gypsum from the relevant expenses and gain from investment disposal increased.

For the first 6 months of 2020, the Company's other income decreased from the same period of the previous year by Baht 16.43 million or 75.30 percent which resulted from decreased of the net income of gypsum from the relevant expenses and extraordinary expenses increased by Baht 31.61 million or 100.00 percent which resulted provision for impairment of assets for sale.

**Net profit**

The Company's net profit for the year ended 2017 – 2018 amounted to Baht 214.19 million, Baht 50.92 million, respectively, representing net profit margin of 19.45 percent, 4.32 percent, respectively. In 2019 and for the first 6 months of 2020 the Company's net loss by Baht 34.95 million, Baht 22.30 million, respectively representing net loss margin of 34.95 percent and 22.30 percent, respectively, The primary reason for a decrease in net profit in 2018 and 2019 was from an increase of the trading cost of finishing products according to the global market price. For the 6 months of 2020, the Company's net loss increased from the same period of the previous year by Baht 29.54 million or 408.01 percent, due to an increase of the trading cost of finishing products according to the global market price.

**5.2.3. Risk Factor which may affect the Profit of the Company****(1) Risk from limitation of long-term land lease agreement**

The Company has leased the land in Map Ta Phut Industrial Estate from IEAT to engage its production of Bulk Blending Fertilizer distribution that no chemical process of Ammonium Hydroxide or and trading all types of Chemical fertilizers, Gypsum, Ammonia, Ammonium Hydroxide and Sulfuric acid or other business with the consent of IEAT and the lease agreement will be expired in 2022, but in the long-term land lease agreement details have clearly indicate that Company have a right to extend the long-term land lease agreement period more 20 years with the rental rates and conditions notified by IEAT. The Company still take only risk from new lease agreement rate which impacted cost and expense after the year 2022 onward.



**(2) Risk from important raw materials and chemicals are variable price according to the selling price of the world's market**

The Company operates the business of import of chemicals to sell major customer who are manufacturers and distributors in the country and the raw materials or chemicals are commodity good which price are fluctuations in world market prices at different period that the risk factors are affect the performance of the Company. At present, the selling price of important raw material and chemical in the world also are fluctuations and fast moving. The Company had mange the risks by set up structure of pricing for selling from cost in each period including management of appropriated minimum stock for customer needs in each period to reduce the price fluctuation risk.

**(3) Risk from depending on a major customer**

The Company has two major customers, IVIC (Thailand) Co., Ltd., which is a customer of Ammonia representing 20.70 percent of revenue from sales and services and Saksri Industry Co., Ltd., which is the customer from the sale of Sulfuric acid and use the Liquid storage representing 48.88 percent of revenues from sales and services. Both customers have a good relationship with the Company over 10 years. The Company has received the confidence and trust from customers. For managing the supply chain from the stage of procurement, Inventory Management, and goods delivery to customers comply with the customer requirements. The Company also provides delivery services to customers in urgent cases, and provide the maintenance section for additional installation services and help customers in case of equipment related to the delivery system fail. However, the major customer also has their own risk management policies, with no single supplier policy to prevent production disruptions due to raw material shortages. So, it is quite not possible for the Company to lose such customers.

**(4) Risks of dependence Major Distributor (Vendor)**

The Company reduces the risk of dependency Major Distributor (Vendor) by purchasing Ammonia and Sulfuric acid from more than 1 supplier. In addition, the Company currently has a license to import dangerous substances, Ammonia from various production sources, reserved for 9 sources of production and importing hazardous substances, Sulfuric acid from 16 different sources, ready to be imported from vendors in the Company's Vendor list.

(5) Risk of new entrants

Currently, there are a few Ammonia and Sulfuric acid importers because the importer must be ready for storage, Chemical tank and liquid cargo port, which requires a high capital investment and the chemical market is a semi-monopoly market of less users. So, it does not motivate the arrival of new entrants with ready in the investment of Funding, Chemical tank and transportation systems meet the safety standards required by law. In addition, the Company manages the risk by developing services and building good relationships with customers including the tracking of market movement to adjust marketing strategy.

(6) Risk of Transportation for Ammonia and Sulfuric acid

(A) Sea transportation

The Company has a sea transport using a liquid cargo ships as transportation vehicles by storage of Ammonia and Sulfuric acid from the supplier into the storage tank at Map Ta Phut Industrial Estate, Rayong, which has complied with the safety standards of the port. The Company has a policy to select cargo ships that are safe and suitable for transport of liquid cargo including the Company also provides marine products insurance during shipping to reduce the risk to the Company.

(B) Land transportation

The Company has a policy to engage Ammonia transportation companies which must be a shipping company licensed to transport an Ammonia carrier from the Department of Industrial Works by Ammonia transport vehicles are licensed and regularly inspected by the Department of Land Transport and regularly inspects by the department of land transport and meet the standards law including the drivers must have the license required by law to ensure the safety of life and property in land transport. In addition, the Company has a team to monitor the operation to meet the requirements of the Company. If during an unexpected incident would result in a loss and could affect the reputation and conduct of the Company, the Company can claim damages as it is incurred by such shipping company.

For Sulfuric acid transportation, the Company does not engage business in Sulfuric acid transportation services due to the current Sulfuric acid trading conditions, the customers themselves are required to supply Sulfuric acid transport vehicles at warehouse at Map Ta Phut Industrial Estate, Rayong. So, there is no risk of transporting Sulfuric acid by land. However, the Company has a policy to supervise the loading and unloading of goods at the point of collection in accordance with the Company's safety policy.

**(7) Risks of government policy**

The Company has a port, warehouse and liquid storage located in Map Ta Phut Industrial Estate, which there is no pollution from Company business. However, the Company plans to expand the business that may cause air pollution and may be affected by air pollution control measures in Map Ta Phut Industrial Estate area unless investment to buy a quota of emission. In addition, the policy on the development of the Eastern Special Economic Corridor (EEC) including Port improvement of Map Ta Phut Industrial Estate project, Double track railway project, Infrastructure development of public sector to increase the competitiveness and incentives for entrepreneurs to invest in the East. The government may consider taking more measures to reduce air pollution control in Map Ta Phut that make the Company enable to develop more projects in the Map Ta Phut area.

**(8) Risk of environment**

The Company conducts business activities that may cause harm to health and the environment. If the accident or error in the operation, it may be affected the stakeholders, the Company's business development plans including the Company image on the both short and long term are significant.

However, the Company has set the operating procedures and strictly implemented including education and development in the formulation of occupational health policy, Safety and Environment, Activities focused on a culture of safety, Protection and Reduction of environmental impacts on stakeholders with communication to the concerned thoroughly to understand the management of risk management and preventive measures to control the process.

**(9) Financial Risks****(A) Risk from Currency Exchange**

The Company is exposed to foreign exchange risk which is caused by the importation of products that the seller determines the purchase price is mainly in USD, when there is a fluctuation from the exchange rate, it may affect the cost of imported products, not in accordance with the selling price. The Company therefore has a policy to reduce the risk from exchange rates by clearly determining the exchange rate in THB per USD in the purchase of products for sale or making a contract to buy foreign exchange in advance with the bank during the THB weakening trend in order to reduce the risk from such exchange rate including making a contract to buy exchange rates in advance in accordance with the conditions of payment for goods.

In the year 2019, the Company had an obligation to pay US dollars to foreign sellers in amount of approximately USD 20 million, of which 100 percent of such amount. The Company has managed the risk by preparing a contract to buy the exchange rate in advance in accordance with the payment conditions for the product.

**(B) Risk from Credit**

At the end of 2019, the Company had allowance for doubtful accounts amounting to Baht 40.06 million, representing 40.26 percent of total trade accounts receivable. The litigation debt generated by the chemical fertilizer business before the year 2006 was Baht 12.82 million. In the year 2019, the Company has reversed the allowance for doubtful accounts in the amount of Baht 0.05 million due to receiving payment from debtors. However, the sale of goods and services to credit customers must be approved by the credit committee of the Company resulting for the risk of such loans is low. In addition, the Company manages the risk by providing short-term loans or charge for goods and services in advance from customers resulting for credit risk decreased.

**(10) Legal risks including the renewing of any license related to the Conduct of Business.**

The conduct of business by the Company requires license from governmental sector or other related responsible authorities, such as The Department of Agriculture, The Marine Department,

The Industrial Estate Authority of Thailand, The Department of Industrial Works, The Customs Department, etc., which the Company has strictly complied with all governmental regulations assuring the Company's executive to believe that there shall be no obstacle regarding the renewing of such license.

### 5.3 List of the Management and List of the First 10 Shareholders as at the Date of Close of Share Register Book

#### 5.3.1. Management

As of 28 August 2020, the Company's management consists of 4 members as follows:

1.	Mr. Nuttaphob Ratanasuwanthawee	Chief Executive Officer
2.	Mr. Nataphong Ratanasuwanthawee	Deputy Chief Executive Officer and President Acting Chief Business Development Officer and Acting Chief Operating Officer
3.	Mrs. Bongkot Rungkompaisarn	Chief Corporate Affairs Officer
4.	Miss Dudduen Boonsue	Chief Financial Officer

#### 5.3.2. Shareholders

List of shareholders according to the list of shareholders on 28 August 2020, the date in which the Company established its list of shareholders for the Extraordinary General Meeting of Shareholders no. 1/2020 (Record Date) is as follows.

Name	Number of Shares	Percent
1. Ratanasuwanthawee family	695,071,302	63.90
1.1. Mr. Nuttaphob Ratanasuwanthawee	690,329,994	63.46
1.2. Mr. Nataphong Ratanasuwanthawee	4,741,302	0.44
1.3. Miss Thanyanuch Ratanasuwanthawee	2	0.0000002
1.4. Mrs. Kulyarat Ratanasuwanthawee	2	0.0000002
1.5. Mr. Surajit Ratanasuwanthawee	2	0.0000002
2. Inter Spec Global Company Limited	176,000,000	16.18
3. Bentayga Holding Limited	86,000,000	7.91
4. Mr. Asia Phukhunanun	28,164,000	2.59
5. Mr. Praty Sermsuksakulchai	23,885,000	2.20

Name	Number of Shares	Percent
6. Mr. Visoot Kajchamaporn	9,600,000	0.88
7. Ms. Rapatpon Trongwongsa	9,000,000	0.83
8. Mr. Sitamon Ansathammarat	5,912,761	0.54
9. Mr. Archwee Ansathammarat	4,759,000	0.44
10. Other shareholders	49,440,993	4.53
<b>Total</b>	<b>1,087,833,056</b>	<b>100.00</b>

#### 5.4 Other Information that may materially affect the Decision of Investors

- None -

#### 6. Opinion of the Board of Directors of the Company relating to the Sufficiency of Cash Flow

The sources of funds of NFCW for the construction of the Project, which consist of the construction costs of the Project of Baht 201.67 million (inclusive of estimated land rental and facilities maintenance fees with the Industrial Estate Authority of Thailand during construction period, which lasts around 1 year, of Baht 100.95 million), land lease guaranteed with IEAT of Baht 96.83 million and the financial costs and fees during construction of Baht 8.50 million consist of interest on loan during construction, totaling of Baht 307.00 million will be secured from (1) loan from the financial institution where NFCW is the borrower of Baht 100 million, and (2) NFCW's equity of Baht 207.00 million which will be injected via capital increase by the Company in the amount of Baht 195 million and the Company will use the operating cash flow for the remaining amount.

As for the estimated land rental and facilities maintenance fees with the Industrial Estate Authority of Thailand after construction period of the Project, which lasts around 29 years (after completion of construction) of Baht 4,111.47 million, NFCW will use the profits from its operation to pay such rental to the IEAT.

Therefore, entering into this acquisition transaction will not affect the current sufficiency of cash flow of the Company.

#### 7. Pending Material Lawsuits or Claims

As of 30 June 2020, the Company has material lawsuits and claims as follows:

The Central Bankruptcy Court has ordered Rayong Bulk Terminal Co., Ltd. ("RBT") a subsidiary of the Company to remain in custody. The Company, as a major shareholder holding 83.25 percent and a creditor of RBT, has filed an application for the repayment of debt of Baht 673.25 million. The first meeting of creditors has been postponed from March 2020 to October 2020.

8. Interests or Connected Transactions between the Company and Directors, Management and Shareholders directly or indirectly holding shares amounting to 10 percent to more

The Company's connected transaction with related person for the year ended 31 December 2019, and the six-month period ended 30 June 2020 are as follows.

Unit: Baht million

Person who may be conflict Nature of business/ Nature of relationship	Connected Transaction	2019	6 months of 2020
<b>1. SC Carrier Company Limited</b> <u>Nature of business</u> - Chemical products transportation service <u>Nature of relationship</u> - Common directors are Mr. Nuttaphob Ratanasuwanthawee and Mr. Nataphong Ratanasuwanthawee - Common management is Mr. Nuttaphob Ratanasuwanthawee	Revenue from warehouse services	1.05	0.52
	Revenue from compensation for damages	-	0.01
	Ammonia transportation fee	48.55	18.93
	Purchase of assets	-	0.13
	Expense of repairing equipment, storage and storage of Ammonia	2.07	0.39
	Others expenses	0.01	-
	Trade account receivable and other accounts receivable	0.19	0.19
	Trade account payable and other accounts payable	2.14	6.18
	Advance payments	10.45	-
<b>2. SC Management Company Limited</b> <u>Nature of business</u> - Marine logistics service <u>Nature of relationship</u> - Common shareholders are Mr. Nuttaphob Ratanasuwanthawee of 99.35 percent of total shares, Mr. Nataphong Ratanasuwanthawee of 0.65 percent of total shares and Mrs. Bongkot Rungkompaisarn of 1 share	Revenue from port services	7.08	3.77
	Revenue from warehouse services	2.10	0.90
	Revenue from interest	0.34	0.63
	Land rental with warehouse building, Rangsit warehouse	1.08	0.57
	Employee transportation fee	1.20	0.66
	Maintenance expenses	0.04	-
	Others expenses	0.04	-
	Purchase of trucks	-	0.30

Person who may be conflict Nature of business/ Nature of relationship	Connected Transaction	2019	6 months of 2020
- Common directors are Mr. Nuttaphob Ratanasuwanthawee, Mr. Nataphong Ratanasuwanthawee and Mrs. Bongkot Rungkompaisarn - Common management is Mr. Nuttaphob Ratanasuwanthawee	Trade account receivable and other accounts receivable	2.68	2.01
	Trade account payable and other accounts payable	7.34	7.36
	Lease liabilities	-	1.97
<b>3. NP Marine Company Limited</b> <u>Nature of business</u> - Port and tugboat services at Surat Thani Province <u>Nature of relationship</u> - Common shareholders are Mr. Nuttaphob Ratanasuwanthawee of 98.33 percent of total shares, Mr. Nataphong Ratanasuwanthawee of 1.67 percent of total shares, Mrs. Bongkot Rungkompaisarn of 1 share - Common management is General Montree Sungkasap	Revenue from warehouse services	0.97	0.18
	Land rental with warehouse building, Surat Thani warehouse	0.72	0.38
	Electricity and water supply at Surat Thani warehouse	0.05	0.02
	Ammonia truck weighing service fee	0.03	0.01
	Office area service fee	-	0.01
	Trade account receivable and other accounts receivable	0.05	0.06
	Trade account payable and other accounts payable	0.08	0.08
	Lease liabilities	-	1.31
<b>4. SCG Logistics Company Limited</b> <u>Nature of business</u> - Land and marine logistics <u>Nature of relationship</u> - Common shareholders are Mr. Nuttaphob Ratanasuwanthawee of 99.86 percent of total shares, Mr. Nataphong Ratanasuwanthawee of 0.14 percent of total shares, Mrs. Bongkot	Revenue from warehouse services	0.22	0.03
	Trade account receivable and other accounts receivable	0.03	0.01



Person who may be conflict Nature of business/ Nature of relationship	Connected Transaction	2019	6 months of 2020
Rungkornpaisarn of 1 share, and Mr. Wiboon Rasmeepaisarn of 1 share - Common directors are Mr. Nuttaphob Ratanasuwanthawee, Mr. Nataphong Ratanasuwanthawee and Mrs. Bongkot Rungkornpaisarn - Common management is Mr. Nuttaphob Ratanasuwanthawee			
<b>5. SC Offshore Service Company Limited</b> <u>Nature of business</u> - Marine and coastal logistics services <u>Nature of relationship</u> - Common shareholders are Mr. Nuttaphob Ratanasuwanthawee of 97.67 percent of total shares, and Mr. Nataphong Ratanasuwanthawee of 2.33 percent of total shares - Common directors are Mr. Nuttaphob Ratanasuwanthawee, Mr. Nataphong Ratanasuwanthawee and Mrs. Bongkot Rungkornpaisarn - Common management is Mr. Nuttaphob Ratanasuwanthawee	Revenue from port services	0.61	-
	Revenue from warehouse services	0.03	-
	Others expenses	0.01	0.01
	Trade account payable and other accounts payable	0.01	-
<b>6. SCENA Offshore Company Limited</b> <u>Nature of business</u> - Transport boat, mechanical and tug boat, and cargo leasing services <u>Nature of relationship</u> - Common shareholders are Mr. Nuttaphob Ratanasuwanthawee of 30 percent of total shares, and Mrs. Bongkot Rungkornpaisarn of 1 share	Revenue from port services	-	0.01

Person who may be conflict Nature of business/ Nature of relationship	Connected Transaction	2019	6 months of 2020
- Common directors are Mr. Nuttaphob Ratanasuwanthawee, Mr. Nataphong Ratanasuwanthawee and Mrs. Bongkot Rungkompaisarn - Common management is Mr. Nuttaphob Ratanasuwanthawee			
<b>7. Chemicals and Aromatics (Thailand) Company Limited</b> <u>Nature of business</u> - Chemical products distribution <u>Nature of relationship</u> - Common shareholder is Mr. Wiboon Rasmeepaisarn of 1 share - Common directors are Mr. Nuttaphob Ratanasuwanthawee, and Mr. Nataphong Ratanasuwanthawee	Purchase of assets	1.60	-
	Trade account payable and other accounts payable	4.71	4.71
<b>8. N Holding Company Limited</b> <u>Nature of business</u> - Building area leasing and procurement of facility in using the area service <u>Nature of relationship</u> - Common shareholders are Mr. Nuttaphob Ratanasuwanthawee of 99.99 percent of total shares, Mr. Nataphong Ratanasuwanthawee of 1 share, and Mrs. Bongkot Rungkompaisarn of 1 share - Common directors are Mr. Nuttaphob Ratanasuwanthawee, Mr. Nataphong Ratanasuwanthawee and Mrs. Bongkot Rungkompaisarn	Rental and services, office building	3.84	2.08
	Electricity and water supply, office building	0.23	0.11
	Advertising and public relations expenses	0.18	-
	Others expenses	0.06	-
	Trade account payable and other accounts payable	0.51	0.38

Person who may be conflict Nature of business/ Nature of relationship	Connected Transaction	2019	6 months of 2020
- Common management is Mr. Nuttaphob Ratanasuwanthawee	Lease liabilities	-	7.38
	Deposits	0.96	0.38
<b>9. Strategic Port Link Company Limited</b> <u>Nature of business</u> - Land Logistics <u>Nature of relationship</u> - Common shareholders are Mr. Nuttaphob Ratanasuwanthawee of 90 shares, Mr. Nataphong Ratanasuwanthawee of 10 shares, Mrs. Bongkot Rungkompaisarn of 1 shares - Common directors are Mr. Nuttaphob Ratanasuwanthawee, Mr. Nataphong Ratanasuwanthawee and Mrs. Bongkot Rungkompaisarn - Common management is Mr. Nuttaphob Ratanasuwanthawee	Purchase of assets	0.03	-

#### 9. Summaries of Material Contracts during the past 2 years

As of 30 June 2020, the Company's key operating contracts are as follows:

(1) Ammonia purchasing contract

Vendor	:	PCM (Thailand) Company Limited
Contract detail	:	For purchasing Ammonia product through marine transport. The volume and price are subject to the global market price.

Contract period :	1 year ended 31 December 2020  In practical, the Company will negotiate terms and conditions for contract renewal at least 3 months in advance before its expiration.
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## (2) Sulfuric acid purchasing contract

Vendor :	Glencore International AG	Trammo, DMCC	Interacid Trading S.A.
Contract detail :	For purchasing sulfuric acid product. The volume and price are as stipulated in the agreement.		
Contract period :	1 year ended 31 December 2020	1 year ended 31 December 2020	1 year ended 31 March 2021
	In practical, the Company will negotiate terms and conditions for contract renewal at least 3 months in advance before its expiration.		

## (3) Sulfuric acid distribution contract

Vendor :	Saksri Industry Co., Ltd.	Sumitomo Corporation Thailand Ltd.
Contract detail :	For selling sulfuric acid products. The volume and price are as stipulated in the agreement.	
Contract period :	1 year ended 31 December 2020	1 year ended 31 March 2021
	In practical, the Company will negotiate terms and conditions for contract renewal at least 3 months in advance before its expiration.	

## (4) Joint operating agreement for developing of port terminal

Party :	IEAT
Contract detail :	To construct dedicated port terminal and supporting facilities in the area of 60 rais in the general industrial zone, Map Ta Phut Industrial Estate, for storage and

	baggage area before delivery to factories as the special port for the Company's operation (Dedicated Berth).
Contract period :	30 years ended 29 April 2026  At least 1 year prior to the expiration, the Company has the right to request an extension of such contract with the IEAT. The Company and IEAT agree to establish terms and conditions of new contract later.

10. Proxy form with at least 1 name of a member of the Audit Committee being nominated as Shareholder's proxy

As appeared in the Proxy Form (Type B), Enclosure 6 of the invitation letter to the Extraordinary General Meeting of Shareholders no. 1/2020 of the Company.