



Document for the Extraordinary General Meeting of Shareholders

No. 1/2013

Demco Public Company Limited

On Thursday May 30, 2013 at 2.00 pm.

At  
The TK Convention Room, floor 5, TK Palace Hotel,  
No.54/7 Soi Jangwattana 15, Jangwattana Road, Tungsonghong, Luksi,  
Bangkok

(Translation)

April 30, 2013

**Re:** Convening the Extraordinary General Meeting of Shareholders No. 1/2013

**To:** Shareholders of Demco Public Company Limited

**Enclosures:**

1. Copy of Minutes of Annual General Meeting of Shareholders for the year 2013 dated April 29, 2013
2. Information Memorandum related to the acquisition of assets and connected transactions of the Company
3. IFA report on the asset acquisition and connected transaction of the Company
4. Capital Increase Report Form (F 53-4)
5. Summary of warrants representing the right to purchase newly issued ordinary shares of Demco Public Company Limited No. 5 for existing shareholders of the Company who have already subscribed for newly issued ordinary shares and have been allocated such shares.
6. Summary of warrants representing the right to purchase newly issued ordinary shares of Demco Public Company Limited No. 6 for existing shareholders of the Company who have already subscribed for newly issued ordinary shares and have been allocated such shares.
7. Details of the issuance of warrants to subscribe the newly issued ordinary shares of Demco Public Company Limited for directors, executives, and employees No. 3
8. Proxy Form A, B, and C
9. Names and profiles of independent directors whom the Company proposes that the shareholders appoint as their proxy, and definition of independent directors
10. Instruction for registration, proxy, documents, and evidence required to be presented at the meeting
11. Copy of Articles of Associations of the Company in relation to shareholders' meeting
12. Map of the meeting venue

In this letter, Demco Public Company Limited (the “**Company**”) would like to inform you that the Board of Directors Meeting of the Company No. 3/2013, held on March 29, 2013, resolved to convene the Extraordinary General Meeting of Shareholders No. 1/2013 on May 30, 2013 at 14.00 hrs. The meeting will be held at TK Palace Hotel, 5<sup>th</sup> Fl., TK Convention Room, 54/7 Soi Cheangwattana 15, Cheangwattana Rd., Toongsonghong, Laksi, Bangkok 10210 to consider the following agenda items.

**Agenda item 1            To consider and adopt the Minutes of the 2013 Annual General Meeting of Shareholders**

The Company had prepared the minutes of the 2013 Annual General Meeting of Shareholders, held on April 29, 2013 and submitted the copies of the minutes to the Ministry of Commerce as required by the law. The details are as appear in Enclosure 1. Thus, it is proposed that the meeting of shareholders approve the minutes of the 2013 Annual General Meeting of Shareholders.

Opinion of the Board of Directors      The Board of Directors considers that the minutes of the 2013 Annual General Meeting of Shareholders were correctly and completely recorded and deems it appropriate to propose that the meeting adopt such minutes.

Remarks:                                      The resolution on this agenda item shall be adopted by the majority votes of the shareholders attending the meeting and casting their votes.

*The agenda Item 2 concerning a consideration and approval of entering into an asset acquisition and connected transaction of the Company, agenda item 3 to 7 concerning a consideration of capital decrease and capital increase of the Company, and agenda item 8 to 9 concerning a consideration of warrant issuance are all related and conditional to each other. Therefore, during the consideration of agenda item 2 to 9 if there were any agenda disapproved, the Company will not propose the shareholders to consider the remaining agendas and will consider any approved agenda (item 2 to 9) automatically disapproved.*

**Agenda item 2            To consider and approve entering into an acquisition of assets and connected transaction of the Company**

The Company intends to invest in Wind Energy Holding Co., Ltd. ( “**Wind Energy**”) by acquiring newly issued ordinary shares in the amount of 5,263,158 shares equal to 5% of all shares of Wind Energy at approximately Baht 190 per share, totaling Baht 1,000,000,000 (one billion).

The aforementioned acquisition of assets accords with Notification of the Capital Market Advisory Board No. TorChor. 20/2551 Re: Rules for Entering into Material Transactions Deemed an Acquisition or Disposal of Assets dated August 31, 2008 and its amended version, as well as the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Operation Concerning the Acquisition and Disposal of Assets of a Company B.E. 2547 (2004) dated October 29, 2004 (the “**Notification on Acquisition and Disposal**”). This transaction is equivalent to 22.53% of the total assets of the Company according to the net tangible asset value criteria which gives the highest value of the transaction. This is a Type 2 transaction, as it takes place between a registered company and a non-registered company, and because the value of the transaction is equivalent to 15% (or higher, but not more than 50%) of the Company’s net tangible assets. Therefore, the Company is not required to request the approval of the Shareholders’ Meeting.

However, the director representing the majority of shareholders of Wind Energy is also a director of the Company. Therefore, the acquisition of Wind Energy’s shares is deemed a connected transaction according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008, 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 Connected Transactions B.E. 2546, dated November 19, 2003 (Both Notifications are collectively called “**Notifications on Connected Transactions**”). This

connected transaction pertains to assets or services, and is equivalent to 57.40% of the Company's net tangible assets value (which is greater than 3% of the Company's net tangible assets value). The Company, therefore, is required to disclose to the Stock Exchange of Thailand the information thereof, as per the details that appear in the attached Information Memorandum concerning the connected transaction, and is also required to seek approval from the Company's Shareholders' Meeting. In this regard, such approval must comprise no less than three-fourths of the total number of votes of shareholders attending the meeting and having the right to vote, excluding the votes of shareholders who have conflicts of interest.

In this regard, the Meeting of Board of Directors No. 3/2013 held on March 29, 2013 resolved and appointed Silom Advisory Co., Ltd. as independent financial advisor of the Company to advise the Company in relation to the entering into an acquisition of assets and connected transactions.

The aforementioned acquisition of shares in WEH is concerned to be the Acquisition and Disposal of Assets of a Company. This transaction is equivalent to 15% or higher, but not more than 50% of the Company's net tangible assets. Therefore, the Company is not required to request an approval of the Shareholders' Meeting. However, the Company is required to submit the information memorandum concerning the transaction to the shareholders within 21 days since the disclosure date of the information to the SET. In another aspect, this transaction is considered to be a connected transaction; thus, the Company has to seek for approval from the Shareholders' Meeting prior to entering into the transaction and the Company has to prepare and submit information memorandum regarding connected transaction as well as all related document concerning the Meeting to shareholders at the same time.

This Information Memorandum relates to the acquisition of assets and connected transactions of the Company as set forth in Enclosure 2.

The Company proposes that the meeting of shareholders consider and approve entering into an acquisition of assets and connected transactions of the Company as per the proposed details. In addition, the Company also proposes that the meeting of shareholders consider and approve to appoint the managing director to be authorized to take action in relation to entering into and performing any action which is necessary and relevant to the transaction and empowered to contact, negotiate, amend, agree, sign, deliver documents and/or any related agreements with parties and/or any related persons in respect of such transactions including but not limited to contact, ask permission with any related authority which includes the Stock Exchange of Thailand and the Securities and Exchange Commission Thailand, as well as the amendment of related information memorandum which shall be disclosed and to disclose any information and words to related authorities as well as any action which is necessary and relevant to the transaction and be empowered to appoint and/or remove a sub-attorney in respect of the above mentioned actions.

Opinion of the Board of Directors: The Board of Directors considers it appropriate for the meeting to approve entering into an acquisition of assets and connected transaction and appointing the managing director to authorized to consider and perform any action relevant to the transaction including any action which is necessary and relevant to the transaction, as detailed above.

Remark: The resolution on this agenda item shall be approved by not less than three quarters (3/4) of the total number of votes of the shareholders attending the meeting and having the right to vote excluding shareholders with special interest.

**Agenda item 3      To consider and approve the decrease of the registered capital of the Company by cancelling the shares which have not yet been issued**

According to section 136 of the Public Limited Company Act B.E. 2535 (as amended), the Company will only be allowed to issue new shares when all the authorized shares of the Company have been issued and fully paid except such unissued or unpaid shares are the shares issued for accommodating convertible bond or warrants representing the right to purchase shares.

In this regard, the Extraordinary General Meeting of Shareholders No. 2/2010 resolved to approve the increase of registered capital of the Company and allocation of the newly issued ordinary shares to accommodate the exercise of warrants allocated to executives and employees No. 2 (ESOP 2) and the Company has already allocated some shares to accommodate the exercise of warrants. On March 29, 2013, the Company had already exercised warrants in the amount of Baht 2,992,489.. This resulted in an increase in the Company's paid-up capital from Baht 626,043,437 to Baht 629,035,926. Thus, the Company has 6,425,917 newly authorized shares remaining, at a par value of Baht 1 per share, which have not yet been issued. In order to proceed with the increase of capital and to comply with the relevant regulations, the Company shall decrease its capital in amount of Baht 6,425,917, from its current registered capital of Baht 635,461,843 to Baht 629,035,926 by cancelling 6,425,917 shares which have not been issued.

The Company proposes that the meeting of shareholders consider and approve the decrease of the registered capital of the Company by Baht 6,425,917, from its current registered capital of Baht 635,461,843 to yield the registered capital of Baht 629,035,926, by cancelling all of the 6,425,917 newly authorized shares, at a par value of Baht 1 per share, which have not yet been issued.

Opinion of the Board of Directors:

The Board of Directors considers it appropriate to propose to the meeting of shareholders for further approval the decrease of the registered capital of the Company by Baht 6,425,917, from its current registered capital of Baht 635,461,843 to yield the registered capital of Baht 629,035,926, by cancelling all 6,425,917 newly authorized shares, at a par value of Baht 1 per share, which have not yet been issued.

Remark:

The resolution on this agenda item shall be approved by not less than three quarters (3/4) of the total number of votes of the shareholders attending the meeting and having the right to vote.

**Agenda item 4      To consider and approve the amendment of Clause 4 of the Memorandum of Association of the Company to be consistent with the decrease of the Company's registered capital**

Further to the decrease of the Company's registered capital as proposed in Agenda item 3, it is required that the meeting consider and approve the amendment of Clause 4 of the Company's Memorandum of Association to be consistent with the decrease of the Company's registered capital by cancelling all newly authorized shares which have not yet been issued. The Company proposes that the meeting of shareholders consider and approve the amendment of Clause 4 of the Company's Memorandum of Association, by substituting the wording set out below and by empowering the person(s) authorized by the Board of Directors for the registration of the amendment of the Memorandum of Association at the Department of Business Development,

the Ministry of Commerce, to amend or add words to such amended wording as directed by the Registrar.

“Clause 4	Registered capital	Baht 629,035,926	(Baht Six Hundred Twenty Nine Million Thirty Five Thousand Nine Hundred Twenty Six Only)
	Divided into	629,035,926 shares	(Six Hundred Twenty Nine Million Thirty Five Thousand Nine Hundred Twenty Six Shares)
	Par value per share	Baht 1	(Baht One Only)
	Divided into		
	Ordinary shares	629,035,926 shares	(Six Hundred Twenty Nine Million Thirty Five Thousand Nine Hundred Twenty Six Shares)
	Preferred shares	-	( - )”

The Company proposes that the meeting of shareholders consider and approve the amendment of Clause 4 of the Company’s Memorandum of Association to be consistent with the decrease of the Company’s registered capital..

Opinion of the Board of Directors: The Board of Directors considers it appropriate for the meeting to approve the amendment of Clause 4 of the Memorandum of Association to be in line with the decrease of the Company’s registered capital by cancelling all newly authorized shares and by empowering the person(s) authorized by the Board of Directors for the registration of the amendment of the Memorandum of Association at the Department of Business Development, the Ministry of Commerce, to amend or add words to such amended wording as directed by the Registrar.

Remark: The resolution of this agenda item shall be approved by not less than three-quarters (3/4) of the total number of votes of the shareholders attending the meeting and having the right to vote.

#### **Agenda item 5      To consider and approve the increase of the Company’s registered capital**

In order to have additional fund to invest to conduct the Company’s business and provide long term financial sustainability as well as have fund to invest in Wind Energy by acquiring the newly issued ordinary shares as detailed in Agenda item no. 2 above. The Company will increase its registered capital by the amount of Baht 317,492,174, from its current registered capital of Baht 629,035,926 to Baht 946,528,100, by issuing 317,492,174 newly issued ordinary shares at a par value of Baht 1 per share to (1) existing shareholders according to their shareholding proportion (Rights Offering); (2) to accommodate the exercise of warrants representing the right to purchase newly issued ordinary shares No. 5 (the “Warrant No. 5 or DEMCO-W5”) and to accommodate the exercise of warrants representing the right to purchase newly issued ordinary shares No. 6 (the “Warrant No. 6 or DEMCO-W6”) which will be allocated to the existing shareholders who have already subscribed for the rights offering and have received the allocation from the rights offering according to their shareholding proportion; (3) to accommodate the exercise of warrants representing the right to purchase the newly issued ordinary shares allocated to directors, executives and employees No. 3 (the “ESOP 3”); and (4) to accommodate the exercise of warrants representing the right to purchase the newly issued ordinary

shares allocated to directors, executives and employees No.2 (ESOP 2) remaining from the exercise of warrants on March 29, 2013.

Details in Capital Increase Report Form (F 53-4) in Enclosure 4.

The Company proposes that the meeting of shareholders consider and approve the increase of the Company's registered capital by Baht 317,492,174, from its current registered capital of Baht 629,035,926 to Baht 946,528,100, by issuing 317,492,174 newly issued ordinary shares at a par value of Baht 1 per share, as detailed above.

**Opinion of the Board of Directors:** The Board of Directors considers it appropriate for the meeting to approve the increase of the Company's registered capital by Baht 317,492,174, from its current registered capital of Baht 629,035,926 to Baht 946,528,100, by issuing 317,492,174 newly issued ordinary shares at a par value of Baht 1 per share.

**Remark:** The resolution of this agenda item shall be approved by not less than three-quarters (3/4) of the total number of votes of the shareholders attending the meeting and having the right to vote.

**Agenda item 6      To consider and approve the amendment of Clause 4 of the Memorandum of Association of the Company to be consistent with the increase of the Company's registered capital**

Further to the increase of the Company's registered capital as proposed in Agenda item 5, it is required that the meeting consider and approve the amendment of Clause 4 of the Company's Memorandum of Association to be consistent with the increase of the Company's registered capital. The Company proposes that the meeting of shareholders consider and approve the amendment of Clause 4 of the Company's Memorandum of Association, by substituting the wording set out below and by empowering the person(s) authorized by the Board of Directors for the registration of the amendment of the Memorandum of Association at the Department of Business Development, the Ministry of Commerce, to amend or add words to such amended wording as directed by the Registrar.

"Clause 4	Registered capital	Baht 946,528,100	(Baht Nine Hundred Forty Six Million Five Hundred Twenty Eight Thousand And One Hundred Only)
	Divided into	946,528,100 shares	(Nine Hundred Forty Six Million Five Hundred Twenty Eight Thousand And One Hundred Shares)
	Par value per share	Baht 1	(Baht One Only)
	Divided into		
	Ordinary shares	946,528,100 shares	(Nine Hundred Forty Six Million Five Hundred Twenty Eight Thousand And One Hundred Shares)
	Preferred shares	-	( - )"

**Opinion of the Board of Directors:** The Board of Directors considers it appropriate for the meeting to approve the amendment of Clause 4 of the Memorandum of Association to be in line with the increase of the Company's registered capital to empower the person(s) authorized by the Board of

Directors for the registration of the amendment of the Memorandum of Association at the Department of Business Development, the Ministry of Commerce, to amend or add words to such amended wording as directed by the Registrar.

Remark:

The resolution on this agenda item shall be approved by not less than three-quarters (3/4) of the total number of votes of the shareholders attending the meeting and having the right to vote.

**Agenda item 7      To consider and approve the allocation of newly issued ordinary shares of the Company**

The Company will increase the Company's registered capital by Baht 317,492,174, from its current registered capital of Baht 629,035,926 to Baht 946,528,100, by issuing 317,492,174 newly issued ordinary shares at a par value of Baht 1 per share, as detailed in Agenda item 5 above. The Company proposes that the Shareholders' meeting consider and approve the allocation of newly issued ordinary shares of the Company in the amount of 317,492,174 shares at a par value of Baht 1 per share as follows:

1. Allocation of up to 125,807,186 newly shares, at a par value of Baht 1 per share, in order to be offered to the existing shareholders according to their shareholding proportion (Rights Offering) and according to the list of shareholders who have the right to purchase for the newly issued ordinary shares as appear in the shareholders register book on the date set by the Board of Directors. The ratio of subscription is 5 existing shares per 1 new share at an offering price of Baht 10 per share. If there are fractions of a share, such fractions shall be rounded down. In the period of subscription dates for the newly issued ordinary shares which is expected to be June 24-28, 2013, the existing shareholders may express their intention to subscribe for shares in excess of their shareholding proportion at the same offering price. The Company will consider the allocation of the unsubscribed shares to existing shareholders who express their intention to subscribe for shares in excess of their shareholding proportion in accordance with their shareholding proportion until there are no remaining unsubscribed shares.

In this regard, the Board of Directors or its designated authorized person(s) are empowered to determine the subscription period, and other conditions relating to the rights offering and to determine the allocation of the unsubscribed shares to existing shareholders who express their intention to subscribe for shares in excess of their shareholding proportion in accordance with their shareholding proportion until there are no remaining unsubscribed shares.

2. Allocation of up to 78,629,492 newly issued shares, at a par value of Baht 1 per share, in order to accommodate the exercise of warrants representing the right to purchase newly issued ordinary shares No. 5 (the "**Warrant No. 5 or DEMCO-W5**") and allocation of up to 78,629,579 newly issued shares to accommodate the exercise of warrants representing the right to purchase newly issued ordinary shares No. 6 (the "**Warrant No. 6 or DEMCO-W6**"). The Company will allocate DEMCO-W5 and DEMCO-W6 to the existing shareholders who have already subscribed for newly issued ordinary shares and have been allocated such shares according to their shareholding proportion and appeared in Clause 1 at the ratio of 1.6 newly issued ordinary shares per 1 warrant unit for both DEMCO-W5 and DEMCO-W6 for free. If the existing shareholders have received an allotment of new shares at less than the 1.6 new shares: 1 warrant ratio specified above, then no warrants would be granted. In the case of any fraction of 1 share arising from the calculation, such fraction will be rounded down. The exercise price for DEMCO-W5 is Baht 12, while the exercise price for DEMCO-W6 is Baht 15.

The Company scheduled the date to determine the names of the shareholders who are entitled to subscribe for the newly issued ordinary shares, DEMCO-W5 and DEMCO-W6 on June 6, 2013. The registered book closing date will be on June 7, 2013. However, the right of subscription for the newly issued ordinary shares, DEMCO-W5, and DEMCO-W6 shall be subject to approval from the Shareholders' Meeting.



3. Allocation of up to 28,000,000 newly issued ordinary shares, at a par value of Baht one per share, in order to accommodate the warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3 (the “**DEMCO - ESOP 3**”) for free. The share purchase price (exercise price) for DEMCO-ESOP3 is at Baht 15 per share. In addition, allocation of 6,425,917 newly issued ordinary shares to support the right to purchase for the newly issued ordinary shares for directors, executives and employees No. 2 (the “**ESOP 2**”) which remain from the exercise of such Warrant on March 29, 2013 following The Board of Directors’ Meeting No. 5/2010 dated June 15, 2010 and the Extraordinary General Meeting of Shareholders No. 2/2010 dated July 23, 2010.

In this regard, the Board of Directors or its designated authorized person(s) are empowered to determine the ratio between the newly issued ordinary shares and DEMCO – ESOP 3 after the Shareholders’ Meeting has approved the matters relating to the increase of the registered capital of the Company and the allocation of the newly issued ordinary shares.

4. In the event that there are remaining unsubscribed shares from Clause 1, the Company may allocate such remaining shares to Private Placement as defined in the Notification of the Capital Market Advisory Board No. TorChor. 28/2551 Re: Application and Permission in Offering New Shares (as amended) to Unrelated Persons of the Company by assigning the Board of Directors of the Company to determine the offering price, period of the offering, conditions and other details related to the allocation, as well as to determine “the market price” in accordance with the Notification of the Capital Market Advisory Board. The offering price shall not be less than the offering price to existing shareholders according to their shareholding proportion in Clause 3.1 and shall not be less than 90% of the market price.

In this regard, the Board of Directors or its designated authorized persons are empowered to determine or change any details in relation to the allocation of the newly issued ordinary shares, such as scheduling the date to determine the names of shareholders who are entitled to subscribe the newly issued ordinary shares, Warrant No. 5 (DEMCO- W5) and Warrant No. 6 (DEMCO- W6) (Record Date), the allocation of newly issued ordinary shares on one or on several occasions, determine the offering period, specify the offering price and shares payment, as well as any necessary conditions and other details related to the allocation of newly issued ordinary shares, Warrant No. 5 and Warrant No. 6, including the warrants to purchase the newly issued ordinary shares allocated for directors, executives and employees No. 3 (DEMCO - ESOP 3) as appropriate under the law.

In the event that the Company offers to sell the newly issued ordinary shares to investors who are connected persons according to the Notification of the Capital Market Advisory Board and the Notification of Stock Exchange of Thailand, the Company will disclose the information according to the relevant notification. It shall be proposed to the Company’s Shareholders’ Meeting for further approval.

#### Capital Increase Report Form (F 53-4) in Enclosure 4

The Company proposes that the meeting of shareholders consider and approve the allocation of the newly issued ordinary shares of the Company in the amount of 317,492,174 shares at a par value of Baht 1 per share and the Board of Directors or its designated authorized person(s) are empowered to determine any matters including any details relating to the allocation of the newly issued ordinary shares.

Opinion of the Board of Directors: The Board of Directors considers it appropriate for the meeting to approve the allocation of up to 317,492,174 newly issued ordinary shares as follows (1) allocate to existing shareholders according to their shareholding proportion; (2) allocate in order to accommodate the exercise of warrants

representing the right to purchase the newly issued ordinary shares No. 5 (the “**Warrant No. 5 or DEMCO-W5**”) and allocate in order to accommodate the exercise of warrants representing the right to purchase the newly issued ordinary shares No. 6 (the “**Warrant No. 6 or DEMCO-W6**”). The Company will allocate DEMCO-W5 and DEMCO-W6 to the existing shareholders who have already subscribed for newly issued ordinary shares and have been allocated such shares; (3) allocate in order to accommodate the exercise of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3 (the “**DEMCO - ESOP 3**”) and allocates in order to accommodate the exercise of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No.2 (the “**ESOP 2**”) remaining from the exercise of warrants on March 29, 2013; and (4) allocate such remaining shares to existing shareholders according to Clause 1 to Private Placement who are not related persons of the Company and the Board of Directors or its designated authorized person(s) are empowered to determine any matters including any details relating to the allocation of the newly issued ordinary shares.

Remark:

The resolution on this agenda item shall be approved by the majority of the total number of votes of the shareholders attending the meeting and having the right to vote.

**Agenda item 8**

**To consider and approve the issuance and sale of warrants representing the right to purchase the newly issued ordinary shares No. 5 and warrants representing the right to purchase the newly issued ordinary shares No. 6**

The Company intends to issue and sell warrants representing the right to purchase the newly issued ordinary shares No. 5 (DEMCO –W5) in the amount of up to 78,629,492 units, and warrants representing the right to purchase the newly issued ordinary shares No. 6 (DEMCO – W6) in the amount of up to 78,629,579 units, for allocation to the existing shareholders who have already subscribed for the newly issued ordinary shares (Rights offering) and have received an allocation, details of which as mentioned in Agenda item 7 Clause 1, at the ratio of 1.6 newly issued ordinary shares per 1 warrant unit for free. In the event that the ratio of share subscription of existing shareholder is lower than the ratio specified by the Company, such existing shareholder will not receive the allocation of warrants and if there are fractions of warrants, such fractions shall be rounded down. The share purchase price (exercise price) for DEMCO-W5 is Baht 12, while the share purchase price (exercise price) for DEMCO-W6 is Baht 15. The price for the warrant exercise should not be less than the par value of the newly issued ordinary shares of the Company.

In this regard, the allocation of DEMCO-W5 and DEMCO-W6 are allocated to the existing shareholders according to the shareholding proportion. Thus, it does not have a dilution effect. However, if all the rights to subscribe shares according to warrants have not been exercised by all the existing shareholders, there may be an effect upon the existing shareholders after the allocation of newly issued ordinary shares to existing shareholders and private placement.

Details of the issuance of warrants representing the right to purchase for the newly issued ordinary shares No. 5 (DEMCO –W5) appear in Enclosure 4. Details of the issuance of warrants representing the right to purchase for the newly issued ordinary shares No. 6 (DEMCO –W6) appear in Enclosure 6.

The Company, therefore, proposes that the meeting of shareholders consider and approve the Company to issue warrants representing the right to purchase the newly issued ordinary shares No. 5 (DEMCO –W5) and warrants representing the right to purchase the newly issued ordinary shares No. 6 (DEMCO –W6) in order to allocate to the existing shareholders of the Company who have already subscribed for newly issued ordinary shares and approve the Board of Directors to be empowered to (1) schedule the date to determine the names of the shareholders who are entitled to receive warrants, determine the exercise price, conditions and other details as necessary which relate to the issuance of DEMCO-W5 and DEMCO-W6, such as the warrant issuance date, details of the offering, method for warrant allocation, term of warrant, period for exercising the right, and the last date for exercising the right (2) sign in any applications and important evidence which relate to the issuance of warrants as well as to contact and submit an application for waiver of documents and evidence to local authorities or authorities related to the issuance of warrants and register the warrant in the Stock Exchange of Thailand and (3) take any action as necessary as related to the issuance of DEMCO-W5 and DEMCO-W6.

Opinion of the Board of Directors: The Board of Directors considers it appropriate for the meeting to approve the issuance and sale of warrants representing the right to purchase the newly issued ordinary shares No. 5 (DEMCO –W5) in the amount of up to 78,629,492 units, and warrants representing the right to purchase the newly issued ordinary shares No. 6 (DEMCO – W6) in the amount of up to 78,629,579 units, for allocation to the existing shareholders who have already subscribed for the newly issued ordinary shares according to the details as mentioned above. In this regard, the Board of Directors or its designated authorized person(s) are empowered to determine the conditions and other details as necessary which relate to the issuance of DEMCO-W5 and DEMCO-W6, such as details of offering, method for warrant allocation, term of warrant, period for exercising the right, and the last date for exercising the right as appropriate under the law.

Remark: The resolution on this agenda item shall be approved by the majority of the total number of votes of the shareholders attending the meeting and having the right to vote.

**Agenda item 9      To consider and approve the issuance and sale of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3**

This is in order to enhance the morale of the employees of the Company who have taken part in the Company's past achievements; and to motivate the Employees to be dedicated to the Company's future business growth in the present competition against other companies operating the same business as the Company; as well as to retain key personnel to work with the Company in the long term. This will be favorable to the future performance and business of the Company. This will also create value for the Company's shareholders by encouraging the employees to perform their work to the fullest, which will result in positive operating results for the Company, thereby creating the maximum returns for the shareholders of the Company in the future. The Company intends to issue warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3 (DEMCO - ESOP 3) in the amount of 28,000,000 units at the ratio of 1 warrant unit per 1 newly issued ordinary share for free. The share purchase price (exercise price of DEMCO-ESOP 3) is Baht 15 per share.

Details of the issuance of warrants representing the right to purchase the newly issued newly issued ordinary shares for directors, executives and employees No. 3 (DEMCO - ESOP 3) appear in Enclosure 7.

The Company, therefore, proposes that the meeting of shareholders consider and approve the issuance and sale of warrants representing the right to purchase the newly issued

ordinary shares for directors, executives and employees No. 3 and approve the Board of Directors empowering to determine, amend, revise any details and conditions as necessary and related to the sale of warrants of the Company as appropriate under the law, such as date, time, and methods for offering and exercise the right or amend or revise any details to comply with the laws or order from related local authorities and to determine the ratio of newly issued ordinary shares per warrant to be subscribe to by directors, executives and employees after the Shareholders' meeting has approved any matters related to the increase of the registered capital of the Company and the allocation of newly issued ordinary shares and take any actions as necessary and related to the issuance of warrants as appropriate under the law including to prepare, amend, negotiate, sign, submit application and/or other documents, contact, offer information submit such application and other documents to the Securities and Exchange Commission Thailand and the Stock Exchange of Thailand and/or any authorities related to the issuance and sales of warrants.

**Opinion of the Board of Directors:** The Board of Directors considers it appropriate for the meeting to approve the issuance of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3 (DEMCO - ESOP 3) in the amount of 28,000,000 units and to appoint the Board of Directors or authorized designated person(s) to determine the important details and any other details of such warrants as appropriate under the law after the Shareholders' Meeting has approved any matter related to the increase of the registered capital of the Company and the allocation of newly issued ordinary shares.

**Remark:** The resolution on this agenda item shall be approved by the majority of the total number of votes of the shareholders attending the meeting and having the right to vote.

#### **Agenda item 10      Other matters (if any)**

The shareholders of the Company are cordially invited to attend the Extraordinary General Meeting of Shareholders No. 1/2013 on May 30, 2013 at 14.00 hrs. The meeting will be held at TK Palace Hotel, 5<sup>th</sup> Fl., TK Convention Room, 54/7 Soi Cheangwattana 15, Cheangwattana Rd., Toongsonghong, Laksi, Bangkok 10210

In the event that any shareholder is unable to attend the meeting and would like to appoint the Company's independent director as their proxy to attend the meeting and cast votes on his/her behalf, please use Proxy Form A or B. For foreign shareholders who would like to appoint a Custodian, please use Proxy Form C that appears in Enclosure No. 8. In order to procure Shareholders' benefit, if any shareholder is unable to attend the meeting and would like to appoint the Company's independent director as their proxy to attend the meeting and cast votes on his/her behalf, the shareholders can appoint any one of the independent directors of the Company whose names and profiles appear in Enclosure No. 9 and please use Proxy Form B.

In this regard, the shareholders are recommended to study the registration procedures and to prepare all documents that are required to be presented on the meeting date, and to study the voting and meeting procedures that appear in Enclosure No. 10. The Company will conduct the meeting in accordance Section 6 of the Company's Articles of Association that appears in Enclosure No. 11.

In order to allow the registration of the attendance at the Extraordinary General Meeting of Shareholders No. 1/2013 to be carried out smoothly and efficiently, the Company will commence the registration and allow the shareholders and/or proxies to register their meeting attendance from 12.00 hrs. of the meeting venue mentioned earlier.

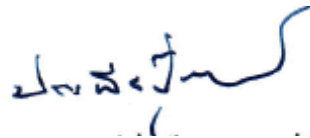
The Company has determined the Record Date on which shareholders' names are identified for having the right to attend the Extraordinary General Meeting of Shareholders No. 1/2013 on May 9, 2013. The date for compiling the list of shareholders pursuant to Section 225

of the Securities and Exchange Act B.E. 2535 (as amended) by closing the share registered book and suspension of shares transfer will be on May 10, 2013.

The Company has also posted Notice of the Extraordinary General Meeting of Shareholders No. 1/2013 including attachments and related forms on the Company's website in the investors' relation section ([www.demco.co.th/ir](http://www.demco.co.th/ir))

Yours faithfully,

**Demco Public Company Limited**



Mrs. Praphee Puipanthavong

Chairman of the board of directors

**Minutes of 2013 Annual General Meeting of Shareholders  
of  
Demco Public Company Limited**

The meeting was held on Monday 29 April 2013 at 14.00 hrs. at the Jamjuree and Thongkwao Rooms, 1<sup>st</sup> Floor TK Palace Hotel, No.54/7 Soi Jangwattana 15, Jangwattana Road, Tungsonghong, Luksi, Bangkok 10210. Mr. Vitaya Kotcharug, Chairman of the Audit Committee, presiding as Chairman at the meeting, declared that there were 111 shareholders present in person and 140 shareholders present by proxy, totaling 251 shareholders representing 294,204,289 shares or equivalent to 46.9942% of the total 626,043,437 shares sold. As the quorum was constituted pursuant to the Company's Articles of Association, the Chairman declared the meeting open to consider the agendas. Before starting the meeting, the Chairman introduced the Company's directors and executives who attended this meeting, as follows:

- |                               |   |
|-------------------------------|---|
| 1. Mrs. Praphee Puipunthavong | Chairman of the Board of Directors  |
| 2. Mr. Sa-nguan Tungdajahirun | Independent Director, and member of the Audit Committee                                       |
| 3. Mr. Maitree Laksanakoses   | Independent Director, and member of the Audit Committee                                       |
| 4. Ms. Pasita Kityaphoke      | Independent Director, and member of the Audit Committee                                       |
| 5. Mr. Suwat Choradol         | Director  |
| 6. Mr. Phumchai Hirunchai     | Director  |
| 7. Mr. Phongsak Siricupta     | Director, Chairman of the Executive Directors, and Managing Director                          |
| 8. Mr. Pairoj Sirirat         | Director, Executive Director, and Deputy Managing Director                                    |
| 9. Mr. Arkom Manakaew         | Director, Executive Director, and Deputy Managing Director                                    |
| 10. Mr. Paitoon Gumchai       | Company Secretary, Executive Director, and Deputy Managing Director of Finance and Accounting |

Other attendees were:

- |                              |   |
|------------------------------|---|
| 1. Mr. Wicharn Duangrit      | Legal Advisor;  |
| 2. Ms. Jintana Mahavanich    | External Auditor, C & A Accounting Firm;  |
| 3. Mr. Santi Asawasripontorn | Shareholder Right Protection Volunteer, a representative of the Thai Investors Association. |

There was 1 director not attending the meeting, namely:

- |                          |   |
|--------------------------|---|
| Mr. Pradej Kittitsaranon | Director (for reason of medical appointment). |
|--------------------------|---|

The Chairman asked the Company Secretary to explain to the shareholders the meeting procedure and voting method of agendas, as follows:

- (1) Voting on each agenda shall be made by ballot on the basis of 1 share for 1 vote. A shareholder or a proxy could select only one choice of votes, i.e. agree, disagree or abstain. Split of votes for different decisions was not allowed, except for foreign shareholders who had appointed a custodian in Thailand to safekeep their shares would be allowed to do so by using proxy form Kor.
- (2) If a proxy used a proxy form in which the shareholder had already specified his/her decisions, the Company shall count the votes for each agenda as stated therein.
- (3) If a shareholder had not specified his/her decisions in the proxy form, the Company shall count the votes according to the decisions his/her proxy made at the meeting.
- (4) After vote casting on an agenda, the voting result shall be announced by the Chairman and shown on displays.
- (5) If a shareholder or a proxy wished to leave the room during the meeting, he/she had to submit the ballots to the Company's staff so that the votes could be recorded. A shareholder or a proxy wishing to ask questions or make comments must raise his/her hand and, upon the Chairman's consent, declare his/her full name and the status as a shareholder or a proxy, for the benefit of accurate minutes taking.

Voting results of each agenda shall be counted by adding up disagreed and abstained votes, then deducting the sum from total votes of attendees. The final balance would represent the number of agreed votes of said agenda.

After the Company Secretary explained the voting procedure, the Chairman proceeded the meeting according to agendas as follows:

**Agenda 1 To consider and certify the minutes of the Extraordinary General Meeting of Shareholders No.1/2012 held on 17 October 2012**

The Chairman informed the Meeting that the Extraordinary General Meeting of Shareholders No.1/2012 had been held on 17 October 2012, the minutes of which had been submitted to the shareholders together with the invitation letter. The Meeting could then consider the minutes or ask questions.

As no questions were raised, the Chairman invited the Meeting to vote.

**Resolution** The Meeting resolved to certify the minutes of the Extraordinary General Meeting of Shareholders No.1/2012 held on 17 October 2012, by the following votes:

Agree	295,032,523	votes	equal to	99.978
Disagree	0	vote	equal to	0.000
Abstain	64,366	votes	equal to	0.022

**Agenda 2 To acknowledge the Company's annual performance for the year 2012 and to consider and approve the balance sheet and income statement for the year ended 31 December 2012**

The Chairman assigned the Company Secretary to summarize the operating results to the Meeting.

**Company Secretary:**

The Company had submitted its balance sheet, income statement, statement of changes in shareholders' equity and statement of cash flow for the year ended 31 December 2012 as well as the auditors' report to shareholders, details as shown in 2012 Annual Report. These statements had been approved by the Audit Committee and audited by certified public accountants. A summary was shown in the table as follows:

**Operating results**

Description	Unit	2010	2011	2012
Revenue from sales & services	MTHB	2,492.82	3,288.80	5,939.59
Other revenues	MTHB	27.38	38.81	70.39
Total revenue	MTHB	2,520.20	3,327.61	6,009.98
Net profit	MTHB	89.30	118.78	397.00
Net profit margin	%	2.92	3.49	6.93
Earnings per share	บาท	0.23	0.27	0.78

**Financial Status**

Description	Unit	2010	2011	2012
Total asset	MTHB	1,969.06	3,656.29	4,438.61
Total liability	MTHB	918.64	2,579.72	2,691.43

Shareholders' equity	MTHB	1,050.42	1,076.57	1,747.18
Paid-up capital	MTHB	435.46	446.04	553.41

The increase in shareholders' equity in 2012 resulted from the exercise of DEMCO-W3 warrants and the sale of treasury shares.

After the Company Secretary's report, the Chairman invited shareholders to ask questions.

Mr. Sompong Jiwapong, a shareholder: Were those who had exercised DEMCO-W4 warrants entitled to dividend this time?

Company Secretary: Warrant holders of DEMCO-W4 who had exercised the right to purchase ordinary shares on 8 February 2013 were entitled to dividend.

As there were no further questions, the Chairman invited the Meeting to vote.

**Resolution** The Meeting resolved to certify the operating results for the year 2012 and approve the financial statements and the auditors' report for the accounting year ended 31 December 2012, by the following votes:

Agree	295,536,823	votes	equal to	99.978
Disagree	0	vote	equal to	0.000
Abstain	64,366	votes	equal to	0.022

### **Agenda 3 To consider and approve the appropriation of net profit allocation and dividend payment from the operating results of the year ended 31 December 2012**

The Chairman asked the Company Secretary to provide details of profit appropriation and dividend payment from the operating results of 2012.

Company Secretary: Clarified as follows:

According to the audited financial statement ended 31 December 2012, the Company had a net profit of THB 372,763,347 and unappropriated retained earnings of THB 420,651,998.04. The Company had a policy to pay dividend at a rate of not less than 40% of net profit.

In addition, Section 116 of the Public Limited Companies Act, B.E.2535 stipulated that the Company must allocate a portion its annual net profit as a reserve fund in the amount of not less than 5% of the said annual net profit less the accumulated loss brought forward (if any) until the reserve fund amounted to not less than 10% of the registered capital.

In this regard, the Board of Directors' meeting No.1/2013 held on 28 February 2012 had approved the Company to allocate its 2012 net profit as a legal reserve, equal to THB 19,000,000. Therefore, the Meeting was requested to consider and approve the allocation of retained earnings as a legal reserve, in an amount of THB 19,000,000.

Regarding dividend payment, the Board of Directors' meeting No.1/2013 had resolved to propose a dividend payment at the rate of THB 0.18 per share from the net profit of operating results for second-half year after 23% juristic person income tax (Non-BOI profit). Warrant holders who had exercised DEMCO-ESOP#2 warrants on 29 March 2013 were entitled to said dividend. Payment shall be made to shareholders whose name appeared on the share registration book. The date to determine shareholders eligible for dividend was 9 May 2013, and the share registration book closing date for compiling shareholder list pursuant to Section 225 of the Securities and Exchange was 10 May 2013. The Stock Exchange of Thailand shall post an XD sign on 7 May 2013. The dividend payment was scheduled on 23 May 2013.

Details of ordinary shares to be calculated for dividend payment were shown on displays, as per the following summary:

Prior to the exercise of DEMCO-ESOP#2 warrants, there were 626,043,437 ordinary shares. Holders of DEMCO-ESOP#2 warrants had subsequently exercised the right to buy 2,992,489 ordinary shares. Total ordinary shares thus amounted to 629,035,926, and the dividend amount at the rate of THB 0.18 per share equated a total of THB 113,226,466.68. When combined the second-half year dividend with the interim dividend amount on 516,945,527 shares at the rate of THB 0.17 per



share which totaled THB 87,880,722.59, the dividend amount for the year 2012 was THB 201,107,189.27 or 53.95% of 2012 net profit, being consistent with the set dividend policy.

After the Company Secretary explained all details, shareholders were invited to ask questions.

- No questions were raised. -

The Company Secretary therefore concluded that it was proposed that the Meeting approve the appropriation of profit from 2012 operating results as a legal reserve for THB 19,000,000, and approve the dividend payment at the rate of THB 0.18 per share from the net profit of operating results for second-half year after 23% juristic person income tax (Non-BOI profit). There were 629,035,926 ordinary shares eligible for the dividend, equal to a total dividend amount of THB 113,226,466.68. When combined the second-half dividend with the interim dividend amount of THB 87,880,722.59, the total dividend amount for the whole year was THB 201,107,189.27 or 53.95% of 2012 net profit, which was consistent with the set dividend policy.

As no shareholders asked questions, the Chairman invited the Meeting to vote.

**Resolution** The Meeting resolved to approve, as proposed by the Board of Directors, the appropriation of net profit from 2012 operating results as a legal reserve for THB 19,000,000, and the dividend payment from the second-half year at the rate of THB 0.18 per share to shareholders. The date to determine shareholders eligible for dividend was 9 May 2013, and the shareholder names shall be compiled pursuant to Section 225 of the Securities and Exchange Act by closing share registration book on 10 May 2013. The dividend payment was scheduled on 23 May 2013. This agenda was passed by the following votes:

Agree	295,536,855	votes	equal to	99.978
Disagree	0	vote	equal to	0.000
Abstain	64,366	vote	equal to	0.022

#### **Agenda 4 To consider and elect the directors in replacement of those retired by rotation**

The Chairman informed the Meeting that the Public Limited Companies Act, B.E.2535 and Clause 19 of the Company's Articles of Association had stipulated that at every annual general meeting of shareholders, one-third of directors shall be retired. If the number of directors could not be divided into three parts, the number of directors closest to one-third shall be retired. The director who had been longest in the office shall be retired and the director who had retired could be re-elected.

In 2013, directors due to retired at 2013 Annual General Meeting of Shareholders were:

- Mrs. Praphee Puipunthavong Chairman of the Board of Directors
- Mr. Pradej Kittitsaranon Director
- Mr. Phongsak Siricupta Director
- Mr. Phumchai Hirunchai Director

The Board of Directors had considered and agreed that each director had contributed to the Company's success and possessed great experience in business. The Board of Directors' meeting No.1/2013 held on 28 February 2013 had therefore resolved to re-elect the four directors for another term. The Board had also deemed it appropriate to increase the number of directors from 11 to 12, and nominated Mr. Paitoon Gumchai as an authorized director.

The Meeting was requested to consider and approve the election of directors on an individual per individual basis.

As no shareholders asked questions, the Chairman invited the Meeting to vote on an individual per individual basis.

**Resolution** The Meeting resolved to elect the proposed 5 directors, by the following votes:

1) Mrs. Praphee Puipunthavong

Agree	205,765,501	votes	equal to	99.9663
Disagree	11,000	votes	equal to	0.0053
Abstain	58,366	votes	equal to	0.0284

2) Mr. Pradej Kitti-itsaranon

Agree	266,575,069	votes	equal to	99.974
Disagree	0	vote	equal to	0.000
Abstain	69,366	votes	equal to	0.026

3) Mr. Phongsak Siricupta

Agree	292,310,302	votes	equal to	99.976
Disagree	0	Vote	equal to	0.000
Abstain	69,366	votes	equal to	0.024

4) Mr. Phumchai Hirunchai

Agree	294,216,378	votes	equal to	99.976
Disagree	0	vote	equal to	0.000
Abstain	69,366	votes	equal to	0.024

5) Mr. Paitoon Gumchai

Agree	295,310,450	votes	equal to	99.977
Disagree	0	vote	equal to	0.000
Abstain	69,366	votes	equal to	0.023

As no shareholders asked questions, the Chairman invited the Meeting to vote on an individual per individual basis.

The votes cast on the election of each director did not include the votes by the director being considered.

After the resolution, the Chairman thanked the shareholders for electing all the 5 proposed directors.

**Agenda 5 To consider and approve director remuneration for the year 2013**

The Chairman asked the Company Secretary to explain details and process of specifying director remuneration for the year 2013.

The Company Secretary: Explained as follows:

According to Clause 33 of the Company's Articles of Association, the annual general meeting of shareholders shall consider election of directors in replacement of directors due to retire, as well as the annual remuneration of directors.

The Board of Directors' meeting No.1/2013 held on 28 February 2013 had resolved to propose to the Meeting to consider director remuneration for the year 2013 at the amount of not more than THB 4,300,000, increasing from the remunerations of THB 3,900,000 approved by the meetings of shareholders for 2010-2012 by THB 400,000 as the Company had 1 more director in 2013. The allocation of the remuneration for each director shall be decided by the Board of Directors. Details of remuneration for the previous years were shown in the table, as follows:

Description	2010-2012		2013 (the year in consideration)	
	No. of Person	Amount (THB)	No. of Person	Amount (THB)
Total remuneration	11	3,900,000	12	4,300,000

The Chairman invited the shareholders to make enquiries.

As no shareholders asked questions, the Chairman invited the Meeting to vote.

**Resolution** The Meeting resolved to approve director remuneration for the year 2013 at the amount of not more than THB 4,300,000 as proposed by the Board of Directors, by the following votes:

Agree	295,639,155	votes	equal to	99.978
Disagree	0	vote	equal to	0.000
Abstain	64,366	votes	equal to	0.022

**Agenda 6 To consider and approve appointment of auditors and audit fee for the year 2013**

The Chairman asked the Company Secretary to explain detailed proposal for external auditors for the year 2013.

Company Secretary: Explained as follows:

According to Section 120 of the Public Limited Companies Act, B.E.2535 and Clause 33 of the Company's Articles of Association, the annual general meeting of shareholders shall approve appointment of external auditor and audit fee. The Board of Directors' meeting No.1/2013 held on 28 February 2013 had resolved to propose to the Meeting to consider appointment of C & A Accounting Firm, the existing audit firm, as the Company's audit, based on the credibility, reliable services, advisory ability, and punctual auditing performance. Auditors to audit and certify the separate and consolidated financial statements of the Company for the year 2013 were:

1. Ms. Jintana Mahavanich Certified Public Accountant No.4687
2. Mrs. Jintana Techamontrikul Certified Public Accountant No.5131

The proposed auditors had no other relationship or interest with the Company, its executives, major shareholders or other related persons.

Regarding the audit fee for the year 2013, the Audit Committee deemed it appropriate to propose to the Meeting to consider and approve the audit fee for the year 2013 at the amount of THB 1,190,000, increasing by THB 140,000 from the previous year.

Details of 3-year comparative audit fees were as follows:

Name of Auditors	CPA No.	Years of Services
Ms. Jintana Mahavanich	4687	3 years (2010-2012)
Mrs. Jintana Techamontrikul	5131	- year (2010-2012, appointed as an auditor)

The Chairman then invited the shareholders to make enquiries. As no shareholders asked questions, the Chairman invited the Meeting to vote.

**Resolution** The Meeting resolved to appoint auditors of C & A Accounting Firm as the Company's external auditors for the year 2013 and approve the audit fee at the amount of not more than THB 1,190,000, by the following votes:

Agree	295,639,155	votes	equal to	99.978
Disagree	0	vote	equal to	0.000
Abstain	64,366	votes	equal to	0.022

**Agenda 7 To consider other matters**

The Chairman asked the Mr. Phongsak, the Managing Director, to provide summary of the Company's 2013 operation plan and business outlook.

Mr. Phongsak told Mr.Paitoon informed the Meeting about Results of Purchase-Sale of Treasury Shares and warrant DEMCO-w4

Mr.Paitoon informed as follows:

#### Results of Purchase-Sale of Treasury Shares

During August 2010 to March 2011, the Company had purchased 32.48 million treasury shares at an average price of THB 5.09 per share, totaling a cost of THB 165.16 million. The Company had subsequently resold 14.15 million treasury shares in the stock exchange in the second half 2012 for approximately THB 103.04 million, earning a profit of THB 31.08 million in the year. All the remaining 18.33 million treasury shares had been sold in the 1<sup>st</sup> quarter of 2013, earning approximately THB 219.00 million or equal to THB 125.08 million profit from sale of treasury shares in the 1<sup>st</sup> quarter of 2013.

In summary, the Company had sold treasury share at an average price of THB 9.91, and earned a total profit of THB 156.88 million from sale of treasury shares. Said profit would be recorded as the increased equity on the balance sheet.

#### Results of Exercise of Demco-W4 Warrants

The Company had issued and offered 72.57 million units of Demco-W4. On the last exercise date in February 2013, Demco-W4 warrant holders had exercised the right to purchase 72.34 million ordinary shares in total, equal to the exercise ratio of 99.7%, from which the Company had received a total of THB 361.56 million.

After Mr. Paitoon reported the matters, the Managing Director informed the Meeting of projects and outlook for the Company's growth in the future.

#### Managing Director: Summarized to the Meeting as follows:

- In-progress projects (Backlog) were currently worth approximately THB 6,300 million, about THB 4,900 million of which accounted for backlog projects that had been reported on the Opportunity Day in March 2013. The remaining THB 1,400 million represented the 90MW Solar Power Project which awaited the signing of deal. The Company would recognize income of THB 5,200 million from these backlog projects in this year, most of which involved the 24MW Solar Power Plant Construction Project worth THB 2,220 million in Ayutthaya. Construction work worth THB 2,000 million of this project was expected to complete this year.

In addition, the Company planned to bid for the construction of power stations of the Provincial Electricity Authority (PEA) worth THB 5,400 million, and to re-bid the constructions of power station and high-voltage electricity transmission line of the Electricity Generating Authority of Thailand (EGAT). The Company expected to recognize a total income of approximately THB 7,000 million for the years 2014-2015, and aimed to raise annual income from the construction of EGAT power stations from THB 2,500 million to around THB 2,500-3,000 million. As for alternative energy projects, the Company expected to win another two 90MW solar power projects. The Company had also been coordinating with the Wind Energy Holding Co., Ltd. (WIND) on wind power development since 2008, comprising 12 projects of power sale to EGAT as follows:

Group 1: comprising 3 projects, i.e. Huaybong 3 and Huaybong 2 projects with a capacity of 90MW each, which starting selling power to EGAT since 15 November 2012 and 8 February 2013. The electrical power generated during the first 3 months was for a test run, where yields in February and March were greater than expected. Another project was Khaokor project with a capacity of 60MW, construction of which was expected to start in the 3<sup>rd</sup> quarter this year.

Group 2: comprising 5 projects, i.e. one 60MW project, and four 90MW projects, amounting to a total capacity of 420MW. At present, EGAT had approved to buy electrical power from all the 5 projects. The 60MW project was due to begin construction at the end of this year and to sell electricity to EGAT by 2014. Construction of another 4 projects would be commenced in 2015, with the expected completion in 2016.

Group 3: WIND had just offered the sale of electricity by 4 projects, comprising two 60MW projects and two 90MW projects, to EGAT. Upon EGAT's approval, these projects would begin construction in 2017-2018. The operation of WIND had always supported the Company's business.

The sales business was targeted to yield THB 800 million. This involved sales of construction materials and manufacturing of steel towers. Manufacturing of 3G communication towers was expected to commence in the 3<sup>rd</sup> quarter of 2013 and operate at full capacity in 2014-2015, which would generate an income of about THB 750 million a year. When included the sales of materials, the Company expected to earn a total income of THB 1,200 million in 2014-2015.

- Investment in wind farms. In the last Extraordinary General Meeting of Shareholders (No.1/2012), a shareholder had inquired and recommended that the Company invest in the Wind Energy Holding Co., Ltd. The Board of Directors had considered and agreed that such investment would bring the Company constant construction works due to the ongoing 10 projects. In addition, WIND planned to expand into Vietnam, India and EU, with an aim to own wind farms of an aggregate capacity of 4,000MW, 1,000MW of which situated in Thailand. Considering that this business line was interesting and beneficial to the Company's core business, the Board of Directors' meeting No.3/2013 on 29 March 2013 therefore approved an investment in the Wind Energy Holding Co., Ltd. for a 5% stake. In this regard, the Company shall issue and offer capital increase shares (right offering) to the existing shareholders at the ratio of 5 existing shares to 1 new share (629,035,926 total sold shares : 125,807,186 new shares) at a price of THB 10. This would gain about THB 1,250 million increased capital, THB 1,000 million of which would be used in investment in the Wind Energy Holding Co., Ltd. and the other THB 250 million as working capital.

Besides, the Company would issue Demco Warrants 5 (W5) and Demco Warrants 6 (W6) to those who exercise the right offering, at the same ratio for W5 and W6, i.e. 1.6 capital increase share to 1 warrant. The exercise ratio of Demco-W5 was 1 warrant to 1 ordinary share, at the exercise price of THB 12. The last exercise date of W5 was in the 1<sup>st</sup> quarter of 2015. The exercise ratio of Demco-W6 was 1 warrant to 1 ordinary share, at the exercise price of THB 15. The last exercise date of W6 was in the 1<sup>st</sup> quarter of 2016. The money from exercises of these warrants would be used as working capital for constructions of 90MW wind farm projects, including for investment in various alternative energy projects such as biomass and biogas projects which were under consideration. The Company also issued 28 million units of Demco ESOP#3 to its employees, executives and directors. The exercise ratio was 1 warrant to 1 ordinary share at the exercise price of THB 15. The last exercise date was in the 3<sup>rd</sup> quarter of 2016.

The Company expected to benefit from the investment in WIND in the form of long-term construction works for wind farm projects, regular dividends, and the opportunity to sell the investment at a good price when WIND became listed on the SET. At present, the Company had appointed an independent financial advisory to analyze the investment plan, details of which would be submitted to the shareholders shortly.

After the Managing Director's report, the Meeting was invited to discuss the matters.

Ms. Buddhangura Sukanachanatee, a shareholder: Inquired about competitors and core operations.

Managing Director: Different types of operations involved different types of competitors. The lower voltage of an electrical system was, the greater number of competitors there were. For example, there were thousands and thousands of operators vying for 220V electrical system projects; 50 operators for 22KV chain electrical system projects; and over 10 operators for high-voltage 115KV transmission line installations and power plant constructions. For installation of transmission line of higher voltage, e.g. 230KV or 500KV, the number of competitors was down to only 5-8. In case of wind farm projects, the Company had signed an MOU of joint development with the Wind Energy Holding, thus there was no competitor.

Mr. Patikarn Kanoksirima, a shareholder: Asked about the remaining fund from W5 and W6 fund after the investment in WIND.

Company Secretary: The remaining fund from capital increase would be about THB 250 million, from W5 about THB 900 million, and from W6 about THB 1,100 million. The Company planned to invest said amount in alternative energy projects, either in the 5 wind farm projects to be launched in 2015 and 2016, or such state-supported projects as napier-fueled biomass and biogas projects. These state-supported projects were of small scale, with an investment per MW of THB 50 million. Besides, electricity sale and purchase contracts for biomass and biogas were allowed for only 1MW and higher, which required a small amount of fund. Thus, the Company could possess a whole power station. In terms of management, diversification of investment portfolio like this would produce returns and reduce risks as well.

Mr. Patikarn Kanoksirima, a shareholder: Would WIND's being listed on the SET or capital increase cause a dilution effect?

Company Secretary: In case WIND increased its capital by means of initial public offering (IPO), the Company might be impacted by a dilution effect. However, WIND's being listed on the

SET would increase the liquidity of the shares held by the Company. It was anticipated that the increased value of the Company's investment would be greater than the effect of said dilution, and that WIND would issued a small number of IPO shares.

Mr. Sompong Jiwapong, a shareholder: (1) On what basis had the calculation of THB 1,000 million for the 5% stake of WIND shares been based? From whom the Company bought the shares and was there any conflict of interest? (2) What was the adder rate of wind farm?

Company Secretary: (1) It would be best to wait for the share sale and purchase study by the independent financial advisor, which was expected to completed and submitted to the shareholders within the next 2-3 weeks. However, the Company would purchase the capital increase shares, not from an existing shareholder. As for the conflict of interest, the SET had strict regulations which stipulated that the transaction must be approved by the shareholders and that all connected parties including their families and related persons could not vote for the transaction approval.

Managing Director: (2) Adder of wind farm would remain at THB 3.50 for 10 years.

Mr. Somchai Surachartcharoenying, a shareholder: Extending an encouraging message to the management, and enquired about the internal rate of return (IRR) of investment in WIND.

Company Secretary: Details of business assessment and rate of return shall be included in the independent financial advisor's report, which would be submitted to the shareholders within 2-3 weeks.

Mr. Paisit Sirilertsakul, a shareholder: Asked why the Company obtained the works worth only THB 1,400 million from the bidding of the solar power project which was worth THB 5,000 million.

Managing Director: The Company bid for the construction work and procurement of materials domestically only. The project contractor would deal with import of materials.

Mr. Sompong Jiwapong, a shareholder: Did the Company have plans to manufacture wind turbines and towers for use?

Managing Director: At present, it was not feasible for the Company to manufacture wind turbines and towers because it required a large sum of investment while domestic demand was slight. The Company would not benefit from the economy of scale.

Ms. Charoensri Aroonprakarn, a shareholder: Would like to know about the business plan for the next 5 years, and the opportunity for a leap-and-bound growth like the previous year.

Managing Director: The Company projected for total revenues of THB 7,000 million in 2013, THB 7,500 million in 2014 and THB 8,000 million in 2015. Its core business engaged in biddings for EGAT projects, with alternative energy plant construction as a supporting business. It was anticipated that solar power projects would run further until 2014-2015, and until 2018 for wind farm projects. Moreover, Thailand had a comparative advantage of abundant agriculture produce, in that biomass and biogas projects would be greatly supported. In this regard, the Ministry of Energy had raised the volume of alternative energy electricity to be purchased from 4,500MW to 9,500MW, accounting for a huge value of investment.

Mr. Patikarn Kanoksirima, a shareholder: Was biogas project worth the investment, as it required a vast area of land?

Managing Director: The Company was examining the project.

Mr. Sompong Jiwapong, a shareholder: Asked about the cost of wind energy.

Managing Director: The value of investment was about THB 70-80 million per MW.

Mr. Paisit Sirilertsakul, a shareholder: For which parts of IPP projects could Demco make a bid?

Managing Director: The Company could bid for the construction of power stations. In the past year, the Company had constructed 6 power stations for IPPs.

Ms. Charoensri Aroonprakarn, a shareholder: Suggested that the Company provide souvenirs for shareholders who attended the meeting, and also asked whether the Company would make another radical growth.


Managing Director: The matter would be considered further. As for the profits, it could be stated in terms of comparative percentages, which would be quite similar to that of 2012.

Mr. Sompong Jiwapong, a shareholder: Asked about the Company's revenue ratio in 5 years' time.

Managing Director: Revenue from core business would be around THB 2,500-3,000 million, from manufacturing plants around THB 1,000 million, and another THB 4,000 million from alternative energy projects.

As there were no further questions, the Chairman thanked the attendees and declared the meeting adjourned at 15.40 hrs.

Signed  Chairman of the Meeting  
(Mr. Vitaya Kotcharug)

Signed  Minutes Taker  
(Mr. Paitoon Gumchai)

Dated April 30, 2013

Re: Information Memorandum on Acquisition of Asset and Connected Transaction

To: The shareholders and the board of directors of Demco Public Company Limited

The meeting of Board of Directors of Demco Public Company Limited (the Company or DEMCO) No. 3/2013 held on 29 March 2013 (the Board Meeting) approved the Company to invest in Wind Energy Holding Co., Ltd. (Wind Energy) by subscribing for 5,263,158 new ordinary shares to be issued by Wind Energy Holdings which are equivalent to 5% of its registered capital. Such acquisition of shares in Wind Energy is classified as an acquisition of assets pursuant to the Notification of the Capital Market Supervisory Board No. Tor. Jor. 20/2551 Re: Rules for Entering into Substantial Transactions within the Definition of an Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the SET Notification Re: Disclosure and Compliance by Listed Companies relating to Acquisition or Disposal of Assets B.E. 2547 dated 29 October 2004 (Acquisition or Disposal Rules), whereby the transaction size is greater than 15%, but does not exceed 50% of total asset of the Company (as of 31 December 2012). The Company is required to notify its shareholder within 21 days from the date of Disclosure of Information Memorandum to the Stock Exchange of Thailand ("SET")

In addition, the investment in Wind Energy is considered as a related party transaction pursuant to the Notification of the Capital Market Supervisory Board No. Tor. Jor. 21/2551 Re: Connected Party Transactions Rules dated 31 August 2008 (as amended) and the SET Notification Re: Disclosure and Compliance by Listed Companies relating to Connected Party Transactions B.E. 2546 dated 19 November 2003 (Connected Party Transaction Rules) due to the fact that the major shareholder and director of Wind Energy is a director and shareholder of the Company. The transaction size is larger than 3% of the net tangible assets of the Company. Therefore, the Company must seek for approval from the Shareholders' Meeting of the Company with the total votes of no less than three fourths of the total votes of shareholders present at the meeting and having the right to vote, excluding shareholders having an interest and disclose the information memorandum to the transaction as follows:

### **(1) Information Memorandum according to schedule 1**

#### **1. Date/Month/Year of Transaction**

The Company shall acquire Wind Energy shares after receiving an approval to enter into the transaction from the Extraordinary General Meeting of the Shareholders to be held on 30 May 2013. The transaction is expected to be proceeded in 2<sup>nd</sup> quarter this year.

#### **2. Parties and Relationship with the Company**

Vendor : Demco Public Company Limited ("DEMCO")  
 Purchaser : Wind Energy Holding Company Limited ("WEH") whose a director and major shareholder of WEH is also a director and major shareholder of the Company

#### **3. Nature of the transaction**

The Company will purchase 5,263,158 new ordinary shares at par value of 10 Baht or 5% of Wind Energy's total ordinary shares at the offering price of approximately Baht 190.00.

The investment in Wind Energy is classified as an acquisition of assets pursuant to the Acquisition or Disposal Rule. Once the transaction size is calculated based on its financial statement as of 31 December 2012, the result is 22.53% of total asset of the Company. This



would be classified as a Transaction Category 2 , of which the transaction size is greater than 15%, but does not exceed 50% of total assets of the Company.

$$\frac{\text{Value of compensation} \times 100}{\text{Consolidated assets of the Company as at 31 December 2012}} = \frac{1,000,000,000 \times 100}{4,438,614,917}$$

$$= 22.53\%$$

In addition, entering into the transaction is considered a related party transaction with the transaction size of 58.67% based on Net Tangible Assets (“NTA”) which account for more than 3% of the company’s net tangible assets

$$\frac{\text{Value of compensation} \times 100}{\text{Consolidated net tangible assets of the Company as at 31 December 2012}} = \frac{1,000,000,000 \times 100}{1,704,352,943}$$

$$= 58.67\%$$

Therefore, the Company has a duty to disclose the transaction’s information memorandum to the SET and request for an approval from the shareholders and receive a ¾ of total votes from all attended shareholders in the shareholders’ meeting. Such votes have to exclude those who are related parties to the transaction. The Company must send a notice to the shareholders calling for the shareholders meeting together with the opinion of the independent financial adviser at least 14 days prior to the date of the shareholders meeting.

#### 4. Detail of Assets to be acquire

##### 4.1) Name

Wind Energy Holding Co., Ltd (“WEH”)

##### 4.2) Nature of Business of Wind Energy Holding Co., Ltd.

A holding company engages in the investment of the wind farms through subsidiaries or associates

##### 4.3) Board of Directors and management of Wind Energy Co., Ltd.

###### ▪ Board of Directors Wind Energy Holding Company Limited

Board of Directors consist of 4 directors

Name	Position
1. Mr. Nopporn Suppipat	Director
2. Mr. Pradej Kitt-Itsaranon	Director
3. Mr. Somnuk Teerakulpisut	Director
4. Mr. Frank Hojerslev	Director

Mr. Nopporn Suppipat is an authorized signature and seal of the company

###### ▪ Management of Wind Energy Holding Company Limited

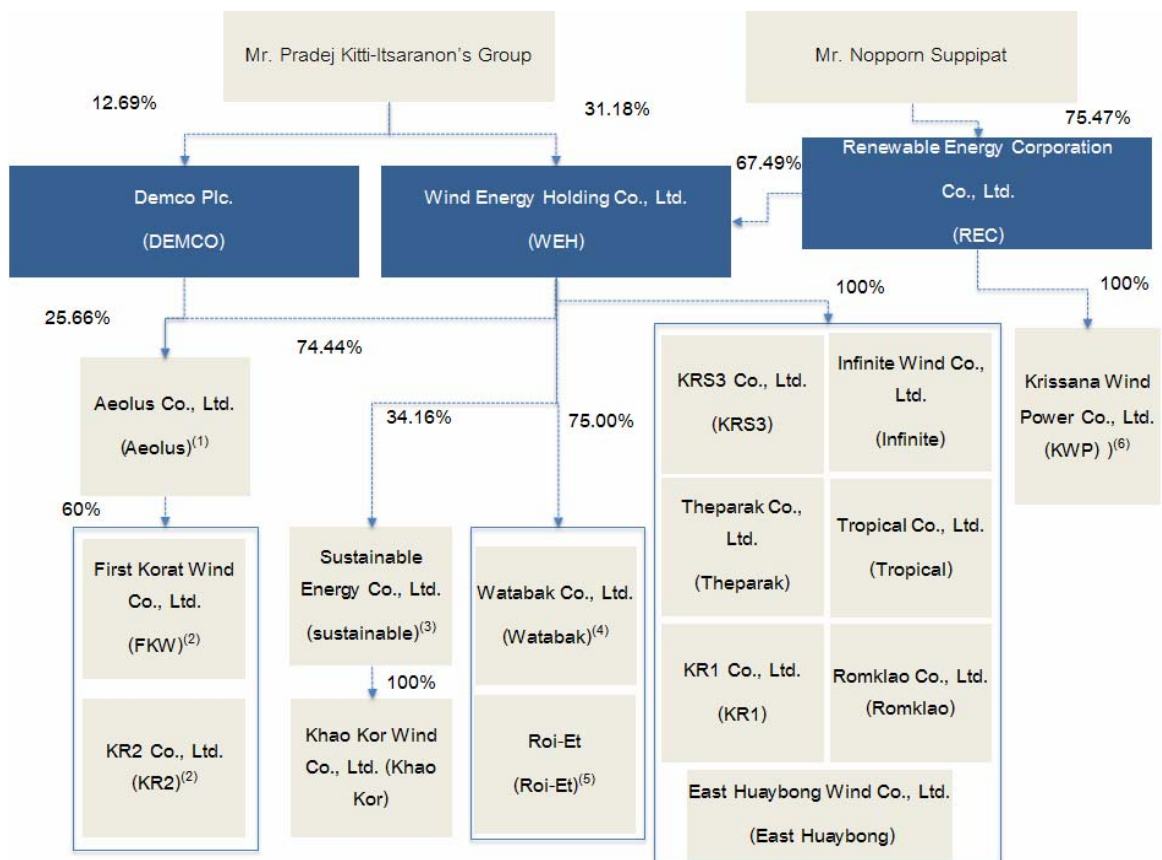
Name	Position
1. Mr. Frank Hojerslev	CEO
2. Mr. Ray Marling	CFO
3. Mr. Aaron Daniels	Director of Business Development

▪ **Shareholders of Wind Energy Holding Company Limited**  
**WEH's shareholders dated 18 March 2013**

	Name	Shares	(%)
1.	Renewable Energy Corporation Company Limited <sup>1/</sup> ("REC")	67,494,990	67.49
2.	DD Mart Company Limited <sup>2/</sup> ("DDMART")	19,601,790	19.60
3.	Mr. Pradej Kitti-Itsaranon <sup>3/</sup>	5,000,000	5.00
4.	Miss Nantida Kitti-Itsaranon	2,161,070	2.16
5.	Miss Janejira Kitti-Itsaranon	2,161,070	2.16
6.	Mr. Kamtorn Kitti-Itsaranon	2,161,070	2.16
7.	Miss Jaruwan Wongma	700,000	0.70
8.	Mr. Chai Kulvanich	300,000	0.30
9.	Mr. Nopporn Suppipat	200,000	0.20
10.	Mr. Sajja Marattanachai	100,000	0.10
11.	Mr. Somgpong Kitti-Itsaranon	100,000	0.10
	Others	20,010	0.02
	<b>Total</b>	<b>100,000,000</b>	<b>100.00</b>

**4.4) Company Structure of Wind Energy Holding Company Limited**

Currently, WEH as subsidiaries and associates ("WEH Group") total of 14 companies (12 subsidiaries and 2 associates) all of WEH Group is developing the wind farm projects. The details are listed below



**Note:**

- (1) DEMCO owns 25.56 of Aeolus
- (2) Chubu Electric Power Korat Company Limited owns 40% of FKW and KR2, Ratchaburi Electrical Holding Company Limited own 20% of FKW and KR2.
- (3) RATCH and DEMCO own Sustainable 55.18% and 10.43% of the total shares of Sustainable.

- (4) 25% of Watabak's shares owned by individual investor  
 (5) 25% of Roi-Et's share owned by foreign entity  
 (6) Based on the side letter of draft share purchase agreement between WEH and DEMCO, at the success of the capital increase REC will sell its 99,997 shares in KWP (99.99% KWP) at total of baht million 45.00 to WEH.

WEH group wind farm projects:

Project		Company	PPA (MW)	Production Capacity (MW)	COD	Progress of the Project
1.	West Huaybong 2	Aeolus/ KR2	90	103.5	February 2013	COD
2.	West Huaybong 3	Aeolus/ FKW	90	103.5	November 2555	
3.	Khao Kor*	Sustainable/Khao Kor	60	59.8	2556	PPA Signed
4.	Watabak	Watabak	60	68	2557	Received PPA acceptant
5.	Korat 02/01	Theparak	90	100	2559	
6.	Korat 02/02	Tropical	90	100	2559	
7.	Korat 02/03	KRS3	90	100	2559	
8.	North Krissana	KWP	90	100	2559	
9.	Korat 02/04	KR1	90	100	2560	Waiting for PPA acceptant
10.	ST1	Infinite	60	75	2561	
11.	Roi-Et	Roi-Et	60	75	2560	
12.	Mukdahan	Romklao	60	75	2560	
13.	East Huaybong	East Huaybong wind	N/A	N/A	N/A	Rejected for PPA

Source: Wind Energy Holding Company Limited

\* Khao Kor project by Sustainable Energy Company Limited ("Sustainable") WEH owns 34.16% therefore the information of Khao Kor is the information from Sustainable WEH has no control

#### 4.5) Summary of operating performance of Wind Energy Holding CO., Ltd.

##### ▪ Statement of Financial Position

(Unit: Baht million)	2010 Company only	2011 Consolidated	2012 Consolidated
<b>Assets</b>			
Cash and cash equivalents	0.19	919.37	1,478.92
Trade accounts receivable	4.77		103.44
Other receivables	-	102.40	107.90
Subscription receivable	1.06	1.06	-
Loan to related person	10.00	-	-
Advance payments to contractors	-	2,278.04	35.56
Value added tax receivable	5.05	119.93	271.20
Other current assets	1.85	-	-
<b>Total current assets</b>	<b>22.92</b>	<b>3,420.80</b>	<b>1,997.03</b>

(Unit: Baht million)	2010 Company only	2011 Consolidated	2012 Consolidated
Investment in associate	186.84	-	-
Investment in subsidiaries	181.83	109.92	125.73
Long-term loans to related parties	16.84	36.17	-
Property, plant and equipment	30.69	1,368.05	10,332.99
Power plant development	11.79	-	-
Intangible assets	0.35	5.39	365.311
Other receivables	85.62	92.43	22.01
Other current assets	1.56	1.54	1.61
<b>Total non-current assets</b>	<b>515.52</b>	<b>1,613.50</b>	<b>10,847.69</b>
<b>Total assets</b>	<b>538.45</b>	<b>5,034.30</b>	<b>12,844.73</b>
<b>Liabilities</b>			
Trade accounts payable	44.58	44.18	42.46
Other payables	38.24	283.96	2,548.89
Short term loan form other person	2.00	197.61	620.25
Current portion of long term loan	-	-	361.00
Income tax payable	2.00	-	-
Other liabilities	8.92	-	-
Accrued interest expense	-	26.53	155.87
<b>Total current liabilities</b>	<b>95.74</b>	<b>552.28</b>	<b>3,728.47</b>
Long-term loans from related party	42.36	21.98	-
Long-term loans from financial institutions	-	2,511.68	6,126.82
Long-term loan from other company	-	413.82	400.11
Other non-current liabilities	0.34	-	44.84
<b>Total non-current liabilities</b>	<b>42.70</b>	<b>2,947.48</b>	<b>6,571.76</b>
<b>Total liabilities</b>	<b>138.43</b>	<b>3,499.76</b>	<b>10,300.23</b>
<b>Shareholder equity</b>			
Registered capital	500.00	1,000.00	1,000.00
Paid-up capital	395.74	520.74	522.91
Other equity	-	379.60	648.77
Share premium	-	-	-
Retain earnings (deficit)			
Reserved	-		
Un appropriate	4.28	(289.09)	(519.41)
other part of equity	-	-	-
Total equity to the company	400.02	611.25	652.26
Non controllible interest	-	923.29	1,892.23
<b>Total shareholder equity</b>	<b>400.02</b>	<b>1534.54</b>	<b>544.50</b>
<b>Total liabilities and shareholder equity</b>	<b>538.45</b>	<b>5,034.30</b>	<b>12,844.73</b>

**Note:** Wind Energy Holding Co., Ltd. start the consolidated financial statement in 2011

▪ **Statement of Comprehensive income**

(Unit: Baht million)	2010 Company only	2011 Consolidated	2012 Consolidated
<b>Revenue</b>			
Revenue from sale of electricity	-	-	96.44
Revenue from service	83.19	-	0.24
Cost of goods sold	(65.71)	-	(51.12)
<b>Gross profit</b>	<b>17.48</b>	<b>-</b>	<b>45.55</b>
Interest income	1.06	10.08	15.88
Profit from disposal of investment in subsidiaries	31.74	-	-
Profit from selling equipment	20.59	-	-
Other revenue	1.60	0.19	-
<b>Total revenue</b>	<b>72.47</b>	<b>10.27</b>	<b>61.43</b>
<b>Expenses</b>			
Share of loss of associated entity	-	(2.72)	(2.91)

(Unit: Baht million)	2010 Company only	2011 Consolidated	2012 Consolidated
Loss on disposal of investments in subsidiaries		(27.84)	-
Net foreign exchange loss	-	(7.27)	(34.21)
Administrative expenses	(61.54)	(198.48)	(86.03)
Total expenses	<b>(61.54)</b>	<b>(236.31)</b>	<b>(123.15)</b>
Loss before finance costs and income tax expense	10.93	(226.04)	(61.72)
Finance costs	0.32	(46.21)	(198.58)
Earnings before tax	10.61	(272.25)	(260.30)
taxes	3.92	-	-
<b>Net profit (loss)</b>	<b>6.69</b>	<b>(272.25)</b>	<b>(260.30)</b>
Attribute profit (loss):			
Equity holders of the company	6.69	(245.82)	(230.33)
Non control interest	-	(26.43)	(29.98)

**Note:** Wind Energy Holding Co., Ltd. start the consolidated financial statement in 2011

#### 5. The total value of the consideration

The Company will pay for WEH's ordinary share 5,263,158 shares of WEH's new ordinary shares (par value of baht 10), representing 5% of its registered capital after the capital increase, to be issued by WEH at baht 190 per share, totaling baht million 1,000 ("Transaction").

There are 2 payments as shown below.

- 1<sup>st</sup> payment of baht 200,000,000 at the share subscription signing date (30 April 2013)
- 2<sup>nd</sup> payment baht 800,000,000 at both parties agreed dated and the when condition precedents are met.

WEH will pay the 1<sup>st</sup> payment back to DEMCO if DEMCO shareholders' meeting is not approve the Transaction

#### 6. The total value of acquisition assets

WEH's ordinary share 5,263,158 shares of WEH's new ordinary shares (par value of baht 10), totaling baht million 1,000, estimated baht 190 per shares

#### 7. Criteria for Calculating Value of Purchased Shares

The offering price of approximately Baht 190 per share by Wind Energy is based on the estimated rate of return from the investment versus rate of return of power generation business industry.

#### 8. Expected Benefits to the Company

Due to nature of the business, power generation is a business that contributes a stable income stream to the project owner. Thus, investment in Wind Energy will not only provide an opportunity for the Company to earn dividends in the long term but realize capital gains from the private placement sale or from the IPO following Wind Energy's plan to list its shares in the stock market.

In addition, the Company has opportunities to earn income from being a contractor of Wind Energy and subsidiaries' on their construction of power generation plant. At present, Wind Energy has 5 projects on hand with a total production of approximately 500 megawatts.

#### 9. Source of Funds

The Company will enter into the Transaction with cash flow from operation and capital increase. The Company cash and cash equivalent from its audited financial statement dated 31 March 2013 and 31 December Baht Million 2012 are 188.48 and 201.07 respectively. The Company is planning the capital increase of 125,807,186 shares (par value Baht 1) at Baht 10 as total of Baht Million 1,258.07. The Company must seek approval of the capital increase at the EGM no.1/2013 dated 30 May 2013. The company will enter into transaction unless approved in shareholders' meeting

#### 10. Details of the Connected Transactions

Mr. Pradej Kitti-itsaranon, a director of the Company, is also a director and major shareholders of Wind Energy. Therefore, he may be deemed as a connected person of the Company pursuant to the Connected Party Transaction Rules and the transaction size is larger than 3% of the net tangible assets of the Company. The Company is therefore required to prepare a report and disclosure to the SET and seek approval from its shareholders which must be obtained in a shareholders' meeting by note less than  $\frac{3}{4}$  of the votes of shareholders attending the meeting and eligible to vote, not including the votes of the interested shareholders.

**11. Nature and Scope of Interest of Connected Persons**

Mr. Pradej Kitti-itsaranon, the Company's director, holds 4.64% of the Company paid-up shares as at 18 March 2013. Shareholding of Mr. Pradej Kitti-itsaranon and his spouse and when combined with the indirect shareholding through DD Mart Company Limited, the aggregate shareholdings is 12.69%.

**12. Opinion of the Company's Board of Directors**

The Company's Board of Directors views that entering into this share purchase transaction is reasonable and of benefit to the Company. This is because Demco by its nature is familiar with the power generation business and the Company has been a co-developer in the wind energy to be used in the power generation especially Huaybong 2 and West Huaybong 3 wind power projects. The Company has a strong view that the renewable energy for power generation will not only be supported by the government, but be of great demand in years to come. In general, the power generation business is a stable income business. It is due to the purchase agreement of electricity between Electricity Generating Authority of Thailand (EGAT) and the power project sponsors. As a result, the Company should earn an income in forms of dividends in the long run and/or capital gain when Wind Energy are listed on the stock market as planned.

Wind Energy is the leader and first developer of the wind energy used for the power generation. Its first 2 projects, Huaybong 2 and West Huaybong 3, are by far considered the largest projects in Southeast Asia. They have commenced the operation since November 2012 and February 2013, respectively. These have proven Wind Energy's success and capability to develop the upcoming projects in its pipeline. Stakeholders with interest are excluded from the meeting and do not allow to vote for authorization of Wind energy's shares investment.

**13. Opinion of the Company's Board of Directors and/or its Audit Committee that is different from the Company's Board of Directors in Clause 12**

-None-

**(2) Information Memorandum of the Company**

**2.1 History**

Demco Public Company Limited ("DEMCO" or "Company") was established on 1 June 1992 with registered capital of baht million 6.00. The Company was established by the group of electrical engineer in power distribution system and high voltage transmission system with more than 20 years' experience. At present, the company provides a complete solution in design, purchase, construction, and installation of power distribution and transmission system. The company also offers services in renewable energy for example wind energy, solar energy and energy conservation as well as, construction of telecommunication tower, manufacture and distribute steel poles for high voltage transmission system, Bill Board, and dealers of electrical and transmission equipment and construction materials. This is a business that is growing in compliments with the growth and development of the energy system of the country.

**2.2 Nature of Business**

The Company has 3 types of business

**1) Services business**

The Company provides a complete solution in design, purchase, construction, and installation of engineering systems (Turnkey Basis) for both private and government sector in the form of direct contractor and sub-contractor. The acquisitions of jobs are in the forms of auction and bidding and negotiation. The company also works in consortium with other domestic and international companies

to continuously elevate and expand in new business areas. The services that the company provides can be categorized into

- Electrical engineering, providing a complete solution in design, purchase, and construction of High Voltage Transmission Line System)
  - High Voltage Substation
  - Construction of the distribution system. And underground electrical system.
- Renewable energy, providing a complete solution in design, purchase, and construction of alternative energy sources other than current energy (Oil, Coal, and natural gas) such as wind energy, solar energy, waste energy, and bio gas from fermentation of waste water.
  - Signal transmission, providing design, installation, and inspection of communication system to locate routing of the train by installing the detection system that communicates and update status back to the train station and central control. As well as, installation of optical fiber cable for the government sector
  - Electrical and Mechanical system (M&E), providing a complete design, purchase, installation, and inspection solutions of utility systems consisting of electrical systems, sanitary system, air conditioning, ventilation system, steam and hot water system and high pressure piping system
  - Communication and Telecommunication tower, providing design, purchase, construction and installation of steel structure for communication and telecommunication system for private and government sector as well as mobile telecommunication provider operator or contractor
  - Energy conservation, the company was registered as energy conservation consultant with the department of alternative energy development and efficiency since 2003. Providing consultancy for planning, installation, and design of energy conservation system for government and industrial sector

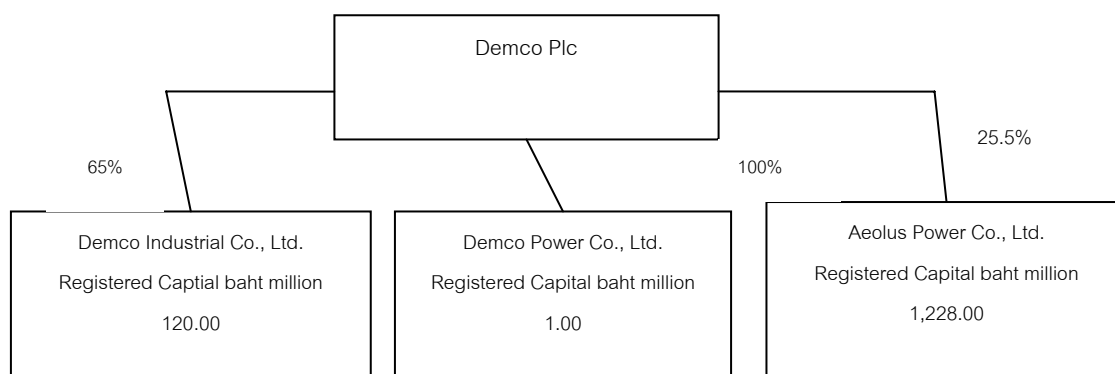
## **2) Sales Business**

- Manufacture and distribute steel structure for electrical engineering system of cable system, power distribution system and sub stations, as well as, telecommunication tower, radio antenna, and bill board structure at the capacity of 12,000 tons per year
- Distribute installation equipment for telecommunication tower as ready to install sets of Guyed mass tower and self-support tower which eliminate the troubles of buying from multiple suppliers
- Distribute electrical components for cable system, substation, and various other standard electrical components. Manufacture and distribute mounting device for construction projects
- Distribute building and civil construction materials such as cement, concrete, steel, paints, and etc.

## **3) Development and investment business**

Since 2009, the company has emphasized on expanding alternative and renewable energy business. The company formed an alliance to develop wind energy project. It is responsible for surveying, designing, purchasing, construction of the project. Its Alliance Company is responsible for the supply of wind turbine and fund raising as part of co-developer. The company has thus become experienced in terms of cost, opportunities, limitation, and return on investment. Therefore, the company would like to expand business into investment and emphasize on business that compliments the core business as to diversify risk and benefit from dividend and sustainable cash flow.

## **Company Structure**



### ■ **Demco Industrial Company Limited**

The Company has invested in Demco industries Company Limited (“DI”) since 1 January 2008. Formerly named JMP Inter Company Limited, DI manufactures and installs steel structure, high-pressure vessels, pressure piping systems, and mechanical equipment. DEMCO holds 65% of paid-up shares. The rest 35% of shareholders do not have potential conflict of interest with the company or its sub companies or affiliates held more than 10 percent shares. After the investment, the Company’s policy is to readjust DI’s operating plan by focusing on manufacturing and installation of high-pressure vessel business rather than steel structure. At present, DI has expanded into civil engineering and prefabricate steel house for export.

### ■ **Demco Power Company Limited**

Demco Power Company Limited (“DP”) has registered capital baht million 1.00. The Company holds 100% shares of DP. The Company Board of Director’s Meeting no. 5/2012 held on 10 September 2012 has approved the transfer of sales business, which includes manufacturing and distribution of steel structure business, telecommunication tower installation, electrical equipment sales, and construction to DP.

### ■ **Aeolus Power Company Limited**

The Company Extraordinary General Meeting No. 1/2554, held on 17 June 2011 approved an investment of 27 percent shares holding of the Aeolus Power Co., Ltd. (“Aeolus”), which holds 60% of First Korat Wind Company Limited (“FKW”) and KR2 Company Limited (“KR2”). During the time, the Company invested in Aeolus, Aeolus has invested in 2 Wind Farm Projects (“Wind Farm”) which are West Huaybong 3 under Frist Korat Wind Company Limited (“FKW”) and West Huaybong 2 under KR2 Company Limited (“KR2”). Each project has install capacity of 103.5 MW and has PPA with EGAT for 90MW each. The projects are located Huaybong sub-district, Dan Khun Thot district, Nakorn Ratchasima, and using Siemens Wind Power A/S (Siemens) for 45 Turbines each project. DEMCO was the balance of plant subcontractor (“BOP”), electrical substation, transmission line, and fundamental structure of Wind Turbine. The purpose of the investment is to get long-term dividend and able to expand its business to alternative and renewable energy domestically and internationally. As a result of this investment, Aeolus becomes an associated company with DEMCO. Currently, DEMCO holds 25.5% of and consider a related person to Company. DEMCO also has 1 representative on Aeolus board of directors.

## **2.3 Revenue Structure**



Revenue Structure of the Company for the past 3 years:

Revenue (baht million)	2010		2011		2012	
	Value	%	Value	%	Value	%
<u>Revenue from Service Business</u>	1,700.24	79.66	1,373.65	46.39	2,209.50	44.57
1. Electrical Engineering	67.12	3.14	209.91	7.09	222.14	4.48
2. Electrical & Mechanical system	137.44	6.44	121.80	4.11	97.75	1.97
3. Telecommunication	32.08	1.50	125.89	4.25	46.15	0.93
4. Civil Engineering	197.45	9.25	1,129.90	38.16	2,381.89	48.05
5. Renewable Energy						
Total Revenue from Service	2,134.33	85.62	2,961.14	90.74	4,957.43	81.08
<u>Revenue from Sales Business</u>						
1. Steel Structure	163.94	49.44	156.69	58.57	436.64	40.22
2. Electrical and Civil	167.65	50.56	110.83	41.43	649.08	59.78
Total Revenue from Sales	331.59	13.30	449.55	27.72	1,085.72	17.76
Other Revenue	27.00	1.08	48.44	2.99	70.94	1.16
Total Revenue	2,492.92	100.00	1,621.66	100.00	6,114.10	100.00

Source: DEMCO

## 2.4 Shareholders

List of 10 major shareholders as of 18 March 2013 (the latest book closing date):

	Name	Shares	%
1	Puipunthavong Family		
	- Mrs. Prapee Puipunthavong	89,863,654	14.44%
	- Mr. Swat Puipunthavong	25,875,011	4.16%
	- Miss. Pwalaporn Puipunthavong	2,756,233	0.44%
	- Mr. Oran Puipunthavong	1,056,082	0.17%
	- Miss. Pawadee Puipunthavong	192,000	0.03%
	- Miss Ratchaneewipa Puipunthavong	104,916	0.02%
	- Miss Promporn Puipunthavong	73,746	0.01%
	- Mr. Sumpan Puipunthavong	4,000	0.00%
	Total	119,925,642	19.27%
2	Kitti-Itsaranon Family		
	- Mr. Pradej Kitti-Itsaranon Family	29,054,086	4.67%
	- DD Mart Compan Limited	20,528,857	3.30%
	- Mr. Kamtorn Kitti-Itsaranon	14,093,211	2.26%
	- Miss Jenejira Kitti-Itsaranon	8,696,800	1.40%
	- Miss Nantida Kitti-Itsaranon	4,809,937	0.77%
	- Mrs. Busya Kitti-Itsaranon	1,826,245	0.29%
	Total	79,009,136	12.69%
3	Thai NVDR Company Limited	65,720,890	10.56%
4	Mr. Sompong Chonkadeedumrong by Asia Plus Plc.	15,000,000	2.41%
5	Mr. Pichai Wijakapan	11,887,800	1.91%
6	HSBC (SINGAPORE) NOMINEES PTE LTD	9,600,000	1.54%
7	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	9,079,972	1.46%
8	<u>Choradol Family</u>		
	- Mr. Suwat Choradol	8,648,006	1.39%
	- Mr. Sukrit Choradol	6,558,251	1.05%
	- Mr. Somsak Choradol	100,000	0.02%
	Total	15,306,257	2.46%
9	Mr. Amornwat Tikritaporn	7,200,000	1.16%
10	Mrs. Worawan Jiengthrupaisan	5,697,100	0.92%
	<b>Total first 10 Major shareholders</b>	<b>338,426,797</b>	<b>54.37%</b>

Source: Thailand Securities Depository Company Limited

## 2.5 **Board of Directors**

List of the Directors of the Company dated 3 April 2013

	Name	Position
1.	Mrs. Praphee Puipunthavong	Chairman of the Board
2.	Mr. Phongsak Siricupta	Director
3.	Mr. Pradej Kitti- Itsaranon	Director
4.	Mr. Suwat Choradol	Director
5.	Mr. Poomchai Hirunchai	Director
6.	Mr. Askom Manakaew	Director
7.	Mr. Pairoj Sirirat	Director
8.	Gen. Thain Chonmaitree	Chairman of the Audit Committee/Independent Director
9.	Mr. Sanguan Tungdajahirun	Audit Committee/Independent Director
10.	Mr. Maitree Laksanakoses	Audit Committee/Independent Director
11.	Miss Pasita Kityaphoke	Audit Committee/Independent Director

Source: SETSMART

## 3 **The Company and its subsidiaries' operating performance and financial analysis**

### **Statement of Financial Position**

Items (baht million)	Company Only			Consolidated		
	2010	2011	2012	2010	2011	2012
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	164.63	188.48	201.07	165.84	201.08	203.87
Trade account receivable-net	321.51	611.57	1,248.12	319.83	585.84	1,178.40
Unbilled installments on completed work-net	820.98	1,377.85	968.02	27.14	1,383.75	970.56
Short-term loan to subsidiaries	34.10	34.08	14.15	0.10	0.08	0.15
Inventory-net	191.15	215.15	204.40	191.93	216.29	205.36
Other current assets	65.94	188.28	51.32	69.60	184.75	245.08
<b>Total current assets</b>	<b>1,598.31</b>	<b>2,615.41</b>	<b>2,887.08</b>	<b>1,574.44</b>	<b>2,571.79</b>	<b>2,803.42</b>
<b>Non-current assets</b>						
Restricted deposits at financial institutions	17.65	73.22	48.10	17.65	73.21	48.10
Invest in associates	-	615.11	1,197.73	-	603.67	1,173.80
Invest in subsidiaries	64.00	64.25	65.00	-	-	-
Other long-term investment-net	40.53	65.85	65.85	40.53	65.85	65.85
PP&E-net	130.87	162.55	182.34	290.84	307.18	315.45
nonperformance asset-net	11.08	10.08	8.93	11.08	10.08	8.93
Other non-current assets	31.73	19.96	6.65	34.52	24.51	23.06
<b>Total non-current assets</b>	<b>295.86</b>	<b>1,011.02</b>	<b>1,574.60</b>	<b>394.62</b>	<b>1,084.50</b>	<b>1,635.19</b>
<b>Total assets</b>	<b>1,894.17</b>	<b>3,626.43</b>	<b>4,461.68</b>	<b>1,969.06</b>	<b>3,656.29</b>	<b>4,438.61</b>
<b>Liabilities and shareholder equities</b>						
<b>Current liabilities</b>						

Items (baht million)	Company Only			Consolidated		
	2010	2011	2012	2010	2011	2012
Bank overdraft and short term loans	136.25	657.52	1,245.33	153.80	672.52	1,249.93
Trade account payable-net	260.38	885.35	660.30	265.04	890.51	628.33
Short-term loan from others	179.00	95.00	280.00	179.22	95.00	280.00
Short-term loan from related person	-	-	-	8.49	-	-
Current portion of long term loan	14.41	18.30	21.96	26.13	27.60	28.43
Advance payment	131.71	618.56	215.23	136.26	622.81	215.23
Other current liabilities	113.67	203.45	261.15	119.01	205.20	226.95
<b>Total current liabilities</b>	<b>835.42</b>	<b>2,478.18</b>	<b>2,683.97</b>	<b>887.95</b>	<b>2,513.64</b>	<b>2,628.87</b>
<b>Noncurrent liabilities</b>						
Long term loan	-	-	-	26.11	17.19	10.71
Employee benefits	-	34.55	39.74		35.13	40.52
Liabilities by contract of financial lease	4.25	13.76	11.32	4.58	13.76	11.32
<b>Total noncurrent liabilities</b>	<b>4.25</b>	<b>48.31</b>	<b>51.06</b>	<b>30.69</b>	<b>66.08</b>	<b>62.55</b>
<b>Total liabilities</b>	<b>839.67</b>	<b>2,526.49</b>	<b>2,735.03</b>	<b>918.64</b>	<b>2,579.72</b>	<b>2,691.42</b>
<b>Shareholder equities</b>						
Registered and paid-up capital	435.46	446.04	553.41	435.46	446.04	553.41
Premium on common shares	455.88	473.82	655.07	455.88	473.82	655.07
Premium on treasury stock	-	-	31.07			31.08
Advance receivable share fee	21.42	19.24	10.75	21.42	19.24	10.75
Retained earnings (deficits)						
Regal reserve	30.36	37.11	55.70	30.36	37.11	55.70
Reserve for treasury stock	124.19	165.16	93.20	124.19	165.16	93.20
up appropriate	111.38	123.73	420.65	86.36	82.26	403.42
<b>Total shareholders' equity of the parent company</b>	<b>1,178.69</b>	<b>1,265.10</b>	<b>1,819.85</b>	<b>1,153.67</b>	<b>1,223.63</b>	<b>1,802.63</b>
Non control interest	-	-		20.94	18.10	37.76
Less Treasury stocks	(124.19)	(165.16)	(93.20)	(124.19)	(165.16)	(93.20)
<b>Total shareholders' equity</b>	<b>1,054.50</b>	<b>1,099.94</b>	<b>1,726.65</b>	<b>1,050.42</b>	<b>1,076.57</b>	<b>1,747.19</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,894.17</b>	<b>3,626.43</b>	<b>4,461.68</b>	<b>1,969.06</b>	<b>3,656.29</b>	<b>4,438.61</b>

### Statement of Comprehensive Income

Items (baht million)	Company Only			Consolidated		
	2010	2011	2012	2010	2011	2012
Revenue from service	2,134.33	2,961.14	4,957.43	2,182.21	3,036.80	4,986.41
Revenue from sales	331.59	267.52	1,085.72	310.61	251.99	953.18
<b>Total revenue</b>	<b>2,465.92</b>	<b>3,228.66</b>	<b>6,043.15</b>	<b>2,492.82</b>	<b>3,288.79</b>	<b>5,939.59</b>
Cost of service	1,790.52	2,562.28	4,310.97	1,865.94	2,614.91	4,254.93
Cost of sales	322.77	264.80	945.95	301.90	265.56	813.55
<b>Total cost</b>	<b>2,113.29</b>	<b>2,827.08</b>	<b>5,256.92</b>	<b>2,167.84</b>	<b>2,880.47</b>	<b>5,068.48</b>
<b>Gross profit</b>	<b>352.63</b>	<b>401.58</b>	<b>786.23</b>	<b>324.98</b>	<b>408.32</b>	<b>871.11</b>
Other revenue	27.00	34.59	70.94	27.37	38.81	70.38
<b>Operating profit</b>	<b>379.63</b>	<b>436.17</b>	<b>857.17</b>	<b>352.35</b>	<b>447.13</b>	<b>941.49</b>
Administrative expenses	183.81	189.19	274.20	189.06	203.14	298.52
Director compensation	28.73	26.12	27.44	31.10	27.20	28.52
<b>Total expenses</b>	<b>212.54</b>	<b>215.31</b>	<b>301.64</b>	<b>220.16</b>	<b>230.34</b>	<b>327.04</b>
<b>Share of profit (loss) from associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.44</b>	<b>12.48</b>
<b>EBIT</b>	<b>167.09</b>	<b>220.86</b>	<b>555.53</b>	<b>132.19</b>	<b>205.35</b>	<b>601.97</b>
Cost of debts	15.10	37.62	105.06	19.44	41.01	107.60
Taxes	39.16	48.26	77.71	39.16	48.26	77.71
<b>Profit (loss) before NCI</b>	<b>112.83</b>	<b>134.98</b>	<b>372.76</b>	<b>73.59</b>	<b>116.08</b>	<b>416.66</b>
Plus(minus) loss (profit ) of NCI	-	-	-	-	-	-
<b>Net profit (loss)</b>	<b>112.83</b>	<b>134.98</b>	<b>372.76</b>	<b>73.59</b>	<b>116.08</b>	<b>416.66</b>
Profit (loss) per share						
weighted average	0.29	0.31	0.73	0.23	0.27	0.78
Fully Diluted	0.25	0.28	0.72	0.20	0.25	0.77

### Statement of Cash Flows

Items (baht million)	Company Only			Consolidated		
	2010	2011	2012	2010	2011	2012
Cash flow provided (used) from operation	(44.47)	384.76	(433.51)	(56.95)	416.28	(404.96)
Cash flow provided (used) from investing	(64.24)	(726.73)	(564.34)	(40.29)	(723.23)	(582.97)
Cash flow provided (used) from financing	243.42	365.83	1,010.44	232.01	342.91	990.73
Net cash flow increase (decrease) net	134.71	23.86	12.59	134.77	35.96	2.80

**Financial Ratio**

Items	Company Only			Consolidated		
	2010	2011	2012	2010	2011	2012
<b>Liquidity Ratio</b>						
Current ratio (time)	1.91	1.06	1.08	1.77	1.02	1.07
Quick ratio (time)	1.68	0.97	1.00	1.56	0.94	0.99
Account receivable turn over (time)	7.40	6.87	6.46	7.51	7.23	6.69
Average Collection Period (day)	48.63	52.39	55.74	47.96	49.79	53.79
Inventory Turnover (time)	5.11	4.19	11.56	4.78	3.92	9.90
Inventory Turnover (day)	70.40	85.84	31.13	75.26	91.72	36.36
Account payable turn over (time)	8.90	4.93	6.80	8.97	4.99	6.67
Account payable turn over (days)	40.47	72.95	52.92	40.14	72.21	53.94
Cash Cycle (day)	78.56	65.28	33.95	83.08	69.30	36.21
<b>Profitability Ratio</b>						
Gross profit margin (%)	14.30	12.44	13.01	13.04	12.42	14.67
Gross profit margin (%) sales	2.66	1.02	12.87	2.81	1.10	14.65
Gross profit margin (%) service	16.11	13.47	13.04	14.49	13.35	14.67
Operating profit margin (%)	6.78	6.84	9.19	5.30	6.24	10.13
Net profit margin (%)	4.58	4.18	6.17	2.95	3.53	7.01
ROE (%)	10.70	12.27	21.59	7.01	10.78	23.85
<b>Efficiency Ratio</b>						
ROA (%)	5.96	3.72	8.35	3.74	3.17	9.39
ROFA (%)	83.57	80.81	199.07	24.93	37.22	129.99
Asset turn over (time)	1.30	0.89	1.35	1.27	0.90	1.34
<b>Financial Policy Ratio</b>						
D/E Ratio (time)	0.80	2.30	1.58	0.87	2.40	1.54
Interest Coverage Ratio (time)	12.59	6.56	5.69	9.19	6.29	6.24
Dividend payout (%)	51.72	37.10	47.94	65.22	42.59	44.87

**2.6 Analysis of Operating Results and Financial Status of the Company****Business overview of the Company and its subsidiaries**

The Company provides a complex solution of design, construction, and installation of electrical engineering, electrical and mechanical systems, telecommunication tower, signaling system, energy conservation, renewable energy power plants, and manufacture and distributes steel structure, electrical component, and building materials for public and private sector mostly through bidding process. Its subsidiaries engaged in manufacturing and installation of steel structures, pressure vessel, pressure pipeline system, and mechanical equipment.

## **Operational Status**

### **▪ Revenue**

The Company's policy is to recognize revenue from service business by calculating percentage of job completion and from sales business upon delivery. In 2011 the Company's total revenue was baht million 3,263.25 increased 31% from the previous years due to the revenue from service increase from baht million 2,134.34 to 2,961.14 due to the incremental of revenue from renewable energy. In 2012, the Company had total revenues of baht million 6,114.09, representing an increase of 87% from 2011. Revenue increased was from both service and sales business of 67% and 306% respectively, due to the increased of obtained renewable energy and telecommunication tower business.

#### **1) Revenue from Service Business**

Revenue from engineering service includes electrical distribution system, substation power distribution, construction of transmission lines, electrical and mechanical system, civil construction, and renewable energy. Revenue from service business during year 2010 – 2012 was baht million 2,134.34, baht million 2,961.14, and baht million 4,957.43 respectively, representing 91%, 86% and 81% of the total revenue each year. In 2011, the revenue from service business was baht million 2,961.14 increased 39 percent from 2010. The revenue from service business could separate to be 27% from private sector and 73% from public sector. The significant increase of 2011 service revenue came from renewable energy including wind power and solar power with 472% growth from 2010 and accounting for 38% of service business revenue.

In 2012, service business revenue increased 67% to baht million 4957.43 from 2011 due to the continuous growth in renewable energy business, both wind power and solar energy, representing 48% of service business revenue (111% increase from 2011) and the growth in substation construction from private sector increased 99% from 2011, representing 41% of the total service business revenue. The service business revenue in 2012 was 5% contributed from public sector and 95% from private sector.

#### **2) Revenue from Sales Business**

Revenue from sales business comes from manufacturing and distribution of the steel structure, electrical components, and construction materials. Sales revenue in the year 2010 and the year 2011 were baht million 331.59 and baht million 267.52 respectively, representing 13% and 8% of total revenue. Sale revenue in 2011 went down 19% from year 2010 due to the 34% decrease in sales of electrical component and construction material as the market was highly competitive and company was very strict on providing credits to buyers.

In 2012, total sales revenue was baht million 1,085 accounting for 18% of total revenue, which increased by 306% from 2011 due to the incremental of electricity and construction materials revenue (increased by 483%) from the distribution of imported transformers and the incremental of steel structures business from telecommunication tower ( increased by 179%).

The Company has invested in steel structure and pressure vessel in 2008 and added 8,000 square meters plant in addition and started to market its subsidiaries in 2009. However, the company was affected by the Map Ta Phut crisis, financial crisis, and political unrest. As a result, there was only a slight increase of income from its subsidiaries during 2010-2012, which were baht million 2520.20, 3327.60 and 6,009.96 respectively. However, since 2011 the company has expanded its business into civil construction, installation of mechanical system and steel structure of prefabricated house manufacturing for export. The Company expects revenue to rise in the following year.

### **▪ Cost**

The Company cost is separated to 2 parts based on the revenue. The Company total cost in 2010- 2012 were baht million 2,113.29, 2,827.08, 5,256.92 respectively, representing an increase of 34% and 86%, respectively, as can be described as follows

#### **1) Service Business Cost**

The Company only costs are materials, direct labor, and overhead cost. In 2011, the Company had cost from service business baht million 2,562.28, representing 87% of service business revenue (27% private sector and 73% public sector). The service business cost increased by 43%, while service business revenue increased by 39%.

In 2012, service business cost were baht million 4,310.97, representing 87% of service business revenue (5% private sector and 95% public sector) similar to service business cost in 2011. In year 2012, Service business cost has increased by 68%, while service business revenue increased by 67%.

2) **Sale Business Cost**

The cost of trading business and steel structure manufacturing in 2010 and 2011 were baht million 322.77 and 264.80 respectively, 18% decrease from 2010, due to the revenue decrease from the sales of electrical components and building material. Cost of sales business was 97% to the revenue in 2010 and 2011. In 2012 the Company's cost of sales business was baht million 945.95 increased from 2011 by 257% in line with the increase sale. The ratio of cost of sales to revenues was 87% due to the increased of revenues from the sale of Steel Structure in telecommunications.

▪ **Sales and Administrative expenses**

Company only sale and administrative expense are salary, utilities cost, bank fees, depreciation, entertainment expenses and vehicle expenses. In 2010 and 2011, the Company had sales and administrative expense of baht million 183.81 and 189.19 reactively or 3% increase. Sales and Administrative expenses were 7% and 6% of the total revenue in 2010 and 2011 respectively.

In 2012, sales and administrative expenses were baht million 274.20, 45% increased from the previous year due to the increase of salary, bank fees and doubtful receivable. Sales and Administrative expenses were 4% in 2012.

▪ **Net Profit**

The Company only Net profit in 2011 was baht million 134.98 (20% increase form 2010) and has net profit margin 4% lower than the previous year due to the reduction of gross profit from both sales and service business and additional cost from business expansion.

In 2012, the Company only has baht million 372.76 net profit or 176% increase from 2011. Net profit ratio was 6.17% higher than 2011 due to the increase of sales business gross profit and the lower sales and administrative margin to the revenue.

For consolidated financial statement during 2010 – 2011, the Company has baht million 73.59 and 116.08 net profit respectively considered to be 3% and 4% of total revenue. Net profit increase in 2011 due to the increase in revenue from service.

Year 2012, the Company has net profit baht million 416.66 increased 259% from 2554 due to the increase of the revenue. In year 2012, the Company has 7% net profit

**Financial Positions**

▪ **Assets**

Dated 31 December 2012, the Company has total assets baht million 4,438.61 as a combination of (1) Bath million 2,803.42 current assets (63% of total asset) and (2) baht million 1,635.19 non-current asset (34% of total assets). The total assets increase baht million 782.32 or 21% from previous year due to the increase of account receivable and credit notes baht million 592.56 and Investment in subsidiaries of baht million 570.13.

Dated 31 December 2011, the Company has baht million 3,656.29 as a combination of (1) baht million of 2,571.79 current assets (70% of total assets) and (2) intangible asset of baht million 1,084.50 (30% of total assets). The total assets increase baht million 1,687.23 or 86% from 31 December 2010 due to the increase of unbilled installment on completed work of baht million 556.61, account receive able and credit notes of baht million 266.01 and Investment in subsidiary of baht million 603.67.

▪ **Liabilities**

Dated 31 December 2012, the Company total liabilities were baht million 2,691.42 as a combination of current liabilities of baht million 2,628.87 (98% of total liabilities) and non-current liabilities of baht million 62.55 (2% of total liabilities). Total liabilities in 2012 were increased by baht million 111.70 or 4% due to the increase of current liabilities of baht million 115.23 from the overdraft and short term loan from financial institution. Account payable, credit-notes, and advance payment from service business are decrease from the previous year.

Dated 31 December 2011, the Company had baht million 2,579.72 liabilities baht million 1,669.57 or 183% increased from 2010. The total liabilities is a combination of current liabilities of baht million 2,513.64 or 97% of total liabilities and non-current liabilities of baht million 66.08 or 3% of total liabilities.

▪ **Shareholders' equity**

Dated 31 December 2012, the Company had shareholder equity of baht million 1,747.19 increase baht million 670.62 from 2011 as a combination of Net profit increase by baht million

416.66, additional paid-up by baht million 269.40 from warrant exercise, sell of treasury stocks by baht million 103.04 and dividend paid out by baht million 129.21.

Dated 31 December 2012, the Company had shareholder equity of baht million 1,076.57 increase baht million 26.15 from 2010 as a combination of Net profit increase by baht million 116.08, additional paid-up by baht million 10.57 from warrant exercise, reserved for buyback stock of baht million 40.97 and dividend paid out by baht million 34.93.

### **Liquidity**

In 2012, the Company has used baht million 404.96 cash flow from operation due to the increased of account receivable baht million 409.48, increased of baht million receivable from insurance 116.14, decreased in account payable baht million 262.16, decreased in advance receivable baht million 407.58, increased in net profit of baht million 671.67 and the expenses from interest and corporate income taxes. However, the Company has unbilled installments on completed work-net decreased by baht million 409.48. The Company has used cash flow from investing baht million 582.97 from investment in subsidiaries baht million 582.62 and acquired non-current asset of baht million 24.24 but decreased restricted deposit at financial institution by baht million 25.12 as a result cash flow from financing increased by baht million 990.73 as a combination of increased in bank overdraft and short term loan of baht million 482.59, other short term loan 280, cash received from selling ordinary shares of baht million 280.14, cash received from selling treasury stocks of baht million 28.63 and long term loan of baht million 22.50 and pay back long term loan and dividend of baht million 28.63 and baht million 129.14 respectively.

## **2.7 Liabilities**

(1) Total liabilities

- None -

(2) Total short term loan dated 31 December 2012

No	Loan Type	31 December 2012 (baht million)	collateral (baht million)
1	Over draft and short term loan	1,249.93	Assets, land, building and machines including the deposit in the financial institution and insurance benefit transfers to the financial institution
2	Short term loan	280.00	No
3	Long term loan	39.15	Same as no 1
	<b>total</b>	<b>1,569.08</b>	

(3) Other liabilities including overdraft as of 31 December 2012 and other burden of asset placed as collateral

no	Type of debts	Outstanding on 31 Dec 2012 (baht million)	collateral (baht million)
1	Account payable and other payables	628.33	none
2	Other current liabilities	442.18	none
3	Employee benefits	40.52	none
4	Financial lease	11.32	none
	<b>Total</b>	<b>1,122.35</b>	

(4) Contingent liability that may occur after 31 December 2012

### **Obligations**

Dated 31 December 2012 and 2013, the Company has guarantee amount baht million 164.72 and baht million 121.00 respectively as issued by Thai's financial institution to guarantee selling of electricity and electrical systems enhancement service for the Electricity Generating Authority of Thailand to the Wind Energy Holding Co., Ltd. and its affiliates. According to the Consortium agreement, wind energy Holdings Co., Ltd and certain directors of the Company will be held responsible for any damage that may occur.



As of December 31, 2012 and 2011, the company has received Irrevocable Standby letter of credit from financial institutions to support investment in AEOLUS Power Company Limited as described below;

### **1<sup>st</sup> financial institution**

Irrevocable Standby letter of credit no.1 has a SBLC credit limit of baht million 465.00, issued by Thai's financial institution to guarantee, the equity guarantee agreement dated 1 September 2011. Such contract is co-signed between FKW, Aeolus and a financial institution as of 31 March 2013. The Company has contingent liability from SBLC baht million 31.00

### **2<sup>nd</sup> financial institution**

Irrevocable Standby letter of credit no.2 has a SBLC credit limit of baht million 22.50, issued by Thai's financial institution to guarantee the sponsor support agreement dated 15 December 2011, such contract is co-signed between interalia, KR2 and a financial institution as of March, 31 2013. The Company will have contingent liabilities from SBLC baht million 22.50.

## **2.9 Lawsuits and demand significant**

As of December, 31 2012 and 2011, the company may be subject to liabilities arising from litigation of 21.15 million and Baht 4.45 million respectively. Lawyer commented that no damaged should occur and management uses judgment to assess the effect of the litigation and believes that no damage should occur and therefore did not record estimated liabilities. At the end of the reporting period on November, 13 2012, an individual filed a lawsuit against Demco Public Company Limited and related companies, claiming baht 163.27 million. Later, on February 26, 2013 the court had arranged mediation to settle the claim at baht 11 million, however, the two defendants offered to settle at baht 7 million and thus cannot reconcile. Management assessed that the chance that the court will order the full payment is relatively due to the limited evident presented to the court. The Company has not recorded this liability at the end of reporting period due to uncertainty

## **2.10 Connected transaction between the Company, directors, management and shareholders**

The Company has connected transactions according to note to financial statement 2012 no.7

### **(3) Qualification of Independent Financial Advisor who provide opinion for the Transaction and Independent appraisal**

#### **3.1 Independent Financial Advisor's qualification**

- a. The relationship between shareholders and the financial advisor to the Company  
-none-

- b. Consent of the Company to publish comments

Silom Co. Advisory Limited, the independent financial advisor gives permission to publish this comment

- c. Date of given comment

7 May 2013

#### **3.2 Property appraiser qualification**

- a. The relationship between shareholders and the financial advisor to the Company

-no-

- b. Consent of the Company to publish comments

-no-

- c. Date of given comment

-no-

### **4) Board of Directors' opinion related to the adequacy of working capital**

Audit Committee and Board of directors believes that after the approved of capital increase at the ordinary general shareholders meeting No. 1/2556 by issuing 125,807,186 ordinary shares to the existing shareholders at par value of baht 1 per, offering price 10 per share for a total value of baht million 1,258.07. Other than that, the company had approximately baht million 400 in cash and cash equivalents as of 31 March 2013, which is considered enough to enter into the transaction.

**5) Summary of major contracts within the last 2 years.**

5.1) On August, 6 2011, the company entered into a memorandum between the Wind energy holdings co., ltd "developer" with Demco Public Company co., ltd "construction operator". The developer studied wind energy projects by observing from the wind power projects in Nakhon Ratchasima, Chaiyaphum, Kalasin, Roi Et which, have a potential capacity of produce total of 450 MW. Both parties wish to enter into this memorandum to identify a preliminary understanding between project developers and construction operator as follows;

- The developer will be conduct studies and collect information about wind energy as well as coordinating with wind turbine experts and manufacturers to acquire the wind turbines within a reasonable time for new projects and raise fund for project implementation, in the form of investment loans, commercial credit, and other sources for each new project.
- As the developer sees the possibilities of new project technically and economically and wishes to develop such new project. The developer will inform the construction operator the details of the project within a reasonable time
- Upon acknowledgement of a new project that the developer wishes to make further development, construction operator will be responsible for coordinating with EGAT and PEA for an agreement to buy electricity from the project. Responsibilities of the construction operator includes exploration and design of
  1. Electrical system includes Construction of the distribution system, underground electrical system, transmission line, and substation.
  2. Civil structure includes roads, the renovation project, and wind turbines structure. When prompted by the developer the construction operator will begin in surveying and coorditing with EGAT and PEA
- Prior to construction. Both parties will work together to value of each new project, after reaching and agreement, the developer will assign construction operator to start working on the project with a Cost Plus term of 10 percent operating cost 10 and 5 percent profit, resulting in a total of 15 percent Cost plus.

- This memorandum of understanding is valid from the date of signing until December 31, 2013

5.2) On September, 11 2009 the Company entered into a joint development project with Renewable Energy Corporation Limited, Wind Energy Holdings Limited, and Mr Pradej Kitti-Itsaranon and entered into a Consortium Agreement with Wind Energy Holdings Limited with an intention to cooperate with developer of wind energy projects in the Nakhon Ratchasima, Chaiyaphum, Roi Et, Kalasin with a total capacity of 800 MW or more. Wind energy Holdings co., ltd and/or its affiliates will be the one to offer up to 90 MW per contract of NON-FIRM electricity generated from wind energy to EGAT. The offer will be divided by multiple contracts which Demco Public Company Limited, agreed to proceed as follows.

- Providing Domestic bank guarantee as required EGAT
- Study logistics of wind turbine and road construction regulations
- Study working area regulations.
- Study the distribution of electricity.
- Prepare map that shows latitude and longitude
- Planning of milestone to install wind turbines and start selling electricity.
- Design and construction plans.
- Survey for logistics of wind turbine structure and electrical systems.
- Design road, wind turbine foundations, and electrical system.
- Study grid code system
- Budget for construction

- Renovate and construction road, foundation and other related system
- Construction of a power station of high voltage transmission lines that links between Wind farm to point of purchase at Wind Holdings co., ltd. and/or its affiliates as agreed
- Plan and manage the development project
- Study wind probability in the area, design and manage wind speed measurement station
- Assess capacity and preliminary project design
- Negotiate terms with supplier of wind turbine

Provide working capital for the project

**6. The Board of Directors' Responsibility to the Disclosed Information Contained in the Report**

The Board of Directors is responsible to the fact and the completion of the report, therefore, hereby certify that the information contained in the report is true and completed.

**Demco Public Company Limited**



Paitoon Gumchai  
Company Secretary Authorized person to  
sign on behalf of the company

-Translation-

(F 53-4)

**Capital Increase Report Form**  
**Demco Public Company Limited**  
**March 29, 2013**

We, Demco Public Company Limited (the “**Company**”), hereby report the resolutions of the Board of Directors’ Meeting No. 3/2013 held on March 29, 2013 (the “**Board of Directors’ Meeting**”) in regard to a capital increase and share allotments, as follows:

**1. Capital increase**

The Board of Directors’ Meeting passed a resolution approving the increase of the authorized capital of the Company by Baht 317,492,174, from its current authorized capital of Baht 629,035,926 to yield Baht 946,528,100, by issuing 317,492,174 new ordinary shares at a par value of Baht 1 per share.

**2. Allotment of new shares**

The Board of Directors’ Meeting passed a resolution approving the allocation of 317,492,174 ordinary shares at a par value of Baht 1 per share, the details of which are as follows:

**2.1 Details of the allotment**

<b>Allotment</b>	<b>Type / Number (shares)</b>	<b>Ratio (Old : New)</b>	<b>Sales price per share (Baht)</b>	<b>Date and time of subscription and share payment</b>	<b>Remarks</b>
(1) The Company’s existing shareholders according to their shareholding in the Company	Up to 125,807,186	5 existing shares : 1 new ordinary share	10.00	June 24-28, 2013	Please see Remarks (3) and (4)
(2) Warrants for the right to subscribe ordinary shares No. 5 (DEMCO – W5)	Up to 78,629,492	1.6 new ordinary shares : 1.0 unit of warrant	- Allocate to the Company’s existing shareholders, who subscribe for new shares in (1) and get allocation, for free.  - Exercise price is Baht 12 per share. Ratio for warrant exercise is 1 unit of warrant per 1 new ordinary share	Please see Remarks (1)	Please see Remarks (4)
(3) Warrants for the right to subscribe ordinary shares No. 6 (DEMCO – W6)	Up to 78,629,579	1.6 new ordinary shares: 1.0 unit of warrant	- Allocate to the Company’s existing shareholders, who subscribe for new shares in (1) and get allocation, for free.	Please see Remark (1)	Please see Remark (4)

Allotment	Type / Number (shares)	Ratio (Old : New)	Sales price per share (Baht)	Date and time of subscription and share payment	Remarks
			-Exercise price is Baht 15 per share. Ratio for warrant exercise is 1 unit of warrant per 1 new ordinary share		
(4) Warrants for the right to subscribe ordinary shares to directors, executives and employees No. 3 (DEMCO-ESOP 3)	Up to 28,000,000	1 unit of warrant per 1 new ordinary share	- Allocate to directors, executives and/or employees of the Company and its subsidiaries for free  - Exercise price is Baht 15 per share.	Please see Remarks (1)	Please see Remark (4)
5) The remaining Warrants for the right to subscribe ordinary shares to directors, executives and employees No. 2 (ESOP 2)	Up to 6,425,917	1 unit of warrant per 1.004 new ordinary share  (subject to ratio adjustment following the right adjustment)	Allocate to directors, executives and/or employees of the Company for free  - Exercise price is Baht 2.688 per share.	Exercise of warrant is available one last time on August 9, 2013.	Please see Remark (5)

#### Remark

- (1) The Board of Directors or any persons authorized by the Board of Directors are empowered to determine or change details in relation to the allocation of newly issued ordinary shares, such as setting the date to determine the names of shareholders entitled to subscribe the newly issued ordinary shares, Warrant No. 5 (DEMCO- W5) and Warrant No. 6 (DEMCO- W6) (Record Date), the allocation of newly issued ordinary shares at one or several intervals, determine the offering period, specify the offering price and shares payment, including any necessary conditions and other details related to the allocation of newly issued ordinary shares Warrant No. 5 Warrant No. 6, including Warrants for the right to subscribe ordinary shares to executive and employees No. 3 (DEMCO-ESOP 3) as appropriate under the law.
- (2) The Board of Directors or any persons authorized by the Board of Directors are empowered to determine the ratio of newly issued ordinary shares per Warrants for the right to subscribe ordinary shares to directors, executives and employees No. 3 (DEMCO-ESOP 3) after the shareholders' meeting considers and approves any matter related to the capital increase of the Company and the allocation of newly issued ordinary shares.
- (3) During the subscription period of the newly issued ordinary shares, existing shareholders might express their intention to subscribe for shares in excess of their

shareholding proportion at the same offering price. The Board of Directors or any persons authorized by the Board of Directors are empowered to determine the offering price, period of the offering, conditions and other details related to offering the newly issued ordinary shares to existing shareholders and determine the allocation of remaining shares to the shareholders who express their intention to subscribe for shares in excess of their shareholding proportion until there are no remaining unsubscribed shares. In the event that the unsubscribed shares remain, the remaining unsubscribed shares shall be allocated to existing shareholders who subscribe in amounts exceeding their shareholding proportion.

- (4) Pursuant to Clause 2.1(1) in the event that there are remaining unsubscribed shares or unexercised warrants, the Company may allocate such remaining shares in one or several intervals through Private Placement as defined in Clause 24 of the Notification of the Capital Market Advisory Board No. TorChor. 28/2551 Re: Application and Permission in Offering New Shares (as amended) to Unrelated Persons of the Company by assigning to the Board of Directors of the Company to determine the offering price, period of the offering, conditions and other details related to the allocation, including to determine “the market price” in accordance with the Notification of the Capital Market Advisory Board. The offering price shall not less than the offering price to existing shareholders according to their shareholding proportion in Clause 2.1 (1) and shall not be less than 90% of market price.
- (5) Details of directors, executives, and employees warrant No. 2 (ESOP 2) are available in the Board of Directors’ resolution No. 5/2010 dated June 15, 2010 and resolution of the Extraordinary General Meeting of Shareholders No. 2/2010 dated July 23, 2010.

2.2 Action to be taken by the Company when there are fractions of shares

In the event that there are fractions of 1 share after the calculation, such fractions shall be rounded down.

3. **Schedule for the Extraordinary General Meeting of Shareholders to approve the capital increase and the allocation of shares**

Extraordinary General Meeting of Shareholders No. 1/2013 will be held on May 30, 2013 at 14.00 p.m. Venue will be further informed. Moreover, the Board of Directors’ Meeting passed a resolution to specify May 9, 2013 as the date for determining the names of the shareholders entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2013 (Record Date), and on May 10, 2013 is the share registered book closing date for compiling the list of shareholders pursuant to Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) for those who entitle to attend the EGM No. 1/2013.

4. **Approval of the capital increase/share allotment by the relevant governmental agency and related conditions (if any)**

- 4.1 The Company will lodge applications with the Department of Business Development, Ministry of Commerce for registration of the increase of its authorized capital and paid-up capital.
- 4.2 The Company will obtain approval from the Stock Exchange of Thailand for listing the newly issued ordinary shares on the Stock Exchange of Thailand.

5. **Objectives of the capital increase and plans for utilizing proceeds received from the capital increase**

- a. To use for the Company’s share acquisition in Wind Energy Holdings Co., Ltd.

- b. To strengthen the Company's capital and financial status leading to an opportunity to expand into large scale projects.
- c. To reserve for the exercise of warrants of the Company

**6. Benefits which the Company will receive from the capital increase and share allotment**

- a. To strengthen the Company's financial status which will lead to greater opportunities to expand its business and to participate in large-scale contracting projects,
- b. To use for the 5% share acquisition in Wind Energy Holdings. This strategic move expresses not only the business diversification, but opportunities to participate in the success of being a co-developer of wind energy projects in the years to come.
- c. To express shareholders' commitment and confidence in the Company's future growth.

**7. Benefits which the shareholders will receive from the capital increase and share allotment**

**7.1 Dividend policy**

The Company has a policy of paying dividends of no less than 40% of the Company's net profit each year on a non-consolidated basis, after deducting income tax, the legal reserve, and other reserves. The Board of Directors of the Company can decide not to follow such policy or change the policy under the condition that such policy benefits the shareholders in forms such as use their being used as reserved funds to repay loans, or used as investment funds for the Company's business expansion, or to react to future market conditions that which may affect the Company's cash flow.

**7.2 Right of shareholders**

If the Company pays dividends, shareholders who are allocated new ordinary shares shall have the right to receive dividends from the Company since the subscriber was registered as a Company shareholder. For warrant holders who exercise their right to convert warrants to ordinary shares, they will be entitled to receive dividend as shareholders of the Company when the registration of the paid up capital has been registered with the Department of Business Development.

**8. Other details necessary for shareholders to approve the capital increase and share allotment:**

**-None-**

9. **Schedule of action where the Board of Directors of the Company passes a resolution approving the capital increase and allotment of new shares:**

PROCEDURE	DATE/MONTH/ YEAR
Board of Directors' Meeting Re: investment and capital increase	March 29, 2013
The date for determining the names of the shareholders entitled to attend the Extraordinary General Meeting of Shareholders Meeting (Record Date)	May 9, 2013
The date for closing the share register book for shareholders entitling to attend the Extraordinary General Meeting of Shareholders Meeting	May 10, 2013
Extraordinary General Meeting of Shareholders No. 1/2013	May 30, 2013
The date for determining the names of shareholders entitled to subscribe newly issued ordinary shares (Record Date)	June 6, 2013
The date for closing the share register book for shareholders entitling to subscribe newly issued ordinary shares (Registered Book Closing Date)	June 7, 2013
The date for subscription and payment of newly issued ordinary shares	June 24-28, 2013
The date for allocating warrant to directors, executives and employees (DEMCO-ESOP3)	July 5, 2013

We hereby certify that the above information is accurate and complete.

Yours faithfully,  
**Demco Public Company Limited**



(Mr. Paitoon Gumchai)  
Company Secretary

Authorized sign on behalf of the Company



**Summary of Features of Warrants Representing the Right to Purchase Newly Issued Ordinary Shares of Demco Public Company Limited**

<b>Name</b>	: Warrants representing the right to purchase newly issued ordinary shares of Demco Public Company Limited No. 5 (DEMCO-W5) (the “Warrants”)
<b>Type</b>	: Name registered certificate and transferable
<b>Issuance amount</b>	: Up to 78,629,492 units
<b>Offering Price of Warrant</b>	: Baht 0 (Baht Zero) per unit
<b>Exercise ratio</b>	: 1 warrant for 1 ordinary share, unless the exercise ratio is adjusted under a rights adjustment.
<b>Exercise price</b>	: Baht 12.00 per share
<b>Date of issuance</b>	: July 5, 2013
<b>Term of the Warrants</b>	: 1 year 7 months from the date of issuance (from July 5, 2013 to February 5, 2015). After the issuance of warrants, the Company will not extend the term of warrants.
<b>Method of allocation</b>	: Allocate to existing shareholders of the Company, who subscribe the newly issued ordinary shares (the rights offering) according to the proportion of their shareholding, at the ratio of 1.6 newly issued ordinary shares per 1 warrant unit. The date to determine the name of shareholders who will be entitled to subscribe the newly issued shares and warrants (Record Date) will be on June 6, 2013 and to gather the name of shareholders according to Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing shareholders’ registered book and suspension of share transfer on June 7, 2013.  In order to calculate the rights of each shareholder for the subscription of warrants, if existing shareholders received allotment of new shares less than the 1.6 new shares :1 warrant ratio specified above, then no warrants will be granted. In case, any fraction of warrants less than 1 share arising from the calculation according to their allocated newly issued shares of each shareholder shall be rounded down. In addition, if there are warrants remaining from the allocation after the calculation of the rights of each shareholder for the subscription of warrants, the Company will cancel such remaining warrants. This will result in the amount of warrants which can be totally allocated to the shareholders.
<b>Exercise period</b>	: The Warrants holders shall be entitled to exercise their rights as follows :  First Exercise : Last business day of January 2014  Second Exercise : Last business day of July 2014  Third Exercise or the last exercise : on February 5, 2015  If the last business day of specified month and/or last exercise date is the Company’s holiday, the exercise date shall be one business day prior to such date.
<b>Period of the notice of intention to exercise</b>	: 15 business days before each exercise date.

<b>The event that the Warrants holders cannot cancel the notice of intention to exercise</b>	: After the Warrants holders declare their intention to exercise Warrants, they cannot cancel their intention to exercise Warrants.
<b>Number of ordinary shares reserved for the exercise of the Warrants</b>	: Up to 78,629,492 shares or 12.5% of the total number of shares sold of the Company which is 629,035,926 shares.
<b>Secondary market for the Warrants</b>	: The Company will file an application for listing the Warrants on the Stock Exchange of Thailand
<b>Dilution Effect</b>	: As the Warrants are to be allocated to the existing shareholders of the Company according to the proportion of their shareholding (Rights Offering), there is no dilution effect. However, if the right to subscribe for newly issued shares of the Company under the Warrants are fully exercised, provided that all the subscribers are not the existing shareholders, the dilution effect to existing shareholders shall be as follows:

#### 1. Control Dilution

if the rights to subscribe for newly issued shares of the Company under the Warrants are fully exercised, provided that all the subscribers are not the existing shareholders, the shareholding of existing shareholder will be diluted 9.40%, following the calculation below:

$$\begin{aligned}
 \text{Control Dilution} &= \frac{\text{Number of shares reserved for this offering}}{\text{Number of paid-up shares} + \text{Number of shares reserved for this offering}} \\
 &= \frac{78,629,492}{(629,035,926 + 3,000,000 + 125,807,186.00 + 78,629,492)} \\
 &= 9.40\%
 \end{aligned}$$

\* number of shares expected to be exercised from ESOP2.

If the Company calculates the dilution effect by including Warrants No.6 of 78,629,579 units which will be issued at the same time as the Warrant No. 5 and all Warrants are fully exercised by other persons who are not existing shareholders, the shareholding of existing shareholder will be diluted 17.18% as follows:

$$\begin{aligned}
 &= \frac{78,629,492 + 78,629,579}{(629,035,926 + 3,000,000 + 125,807,186.00 + 78,629,492 + 78,629,579)} \\
 &= 17.18\%
 \end{aligned}$$

## 2. Price Dilution

In event that all 78,629,492 units are fully exercised price dilution will be 2.04% according to the assumptions that Market price is the market price after the rights offering which is Baht 15.33. details of calculation are as follows:

$$\text{Price dilution} = \frac{\text{Market price} - \text{Market price after offering}^*}{\text{Market price}}$$

Market price

$$*\text{Market price after offering} =$$

$$\frac{(\text{Market price} \times \text{Total paid-up shares}) + (\text{Exercise price} \times \text{Number of ordinary shares reserved for the exercise of the Warrants})}{\text{Total paid-up shares} + \text{Number of ordinary shares reserved for the exercise of the Warrants}}$$

$$\text{Market price after offering} = \frac{(15.33 \times 757,843,112) + (12 \times 78,629,492)}{(757,843,112 + 78,629,492)}$$

$$= \text{Baht 15.02}$$

$$\text{Price dilution} = (15.33 - 15.02) / 15.33 = 2.04\%$$

- |   |   |
|---|---|
| <b>Events to Issue New Shares to Accommodate Changes in Exercise of Rights</b>                                    | : Upon the adjustment of the exercise price and the exercise ratio under the conditions of the rights adjustment as stated in the terms and conditions of Warrants, which is an event as stated in item 11 (4) (Kor) of the Notification of the Capital Market Supervisory Board No. Tor Jor. 34/2551 re: Application for Permission and Permission to Offer the Warrants representing the Rights to Purchase New Shares and the Newly Issued Shares Reserved for the Accommodation of the Exercise of the Warrants.  |
| <b>Objectives of Issuance of Warrants and benefits for the Company from the allocation of newly issued shares</b> | : Due to the Company has future investment plan which will require a larger capital base, the Company, therefore, issues Warrants to serve the purposes. This, as a result, will increase the Company's capacity in the future investment and/or participation in large-scale projects. In addition, it will help open more room to and more flexibility for the Company to access financings through the debt issuance and/or credit facilities from Financial Institutions. These expansion plan and funding plan will lead to better opportunities for the Company to earn more income and having a favorable bottom line. |
| <b>Benefits for shareholders from the allocation of newly issued shares</b>                                       | : Increase the chances to earn better return from investment which, as a result, will contribute to shareholders' wealth in form of dividend and/or capital gain.   |
| <b>Others</b>   | : The Board of Directors and/or authorized directors and/or person(s) authorized by the Board of Directors are empowered to act as follows:<br><br>(1) to determine and amend conditions and other necessary and appropriate details in relation to the issuance of Warrants, such as the details of offering and the exercise price;   |

(2) to sign the necessary applications and evidences in relation to the Warrants including to contact government authorities or relevant authorities in relation to the issuance of Warrants and to file an application for listing the Warrants on the Stock Exchange; and

(3) to act any necessary and appropriate matters in relation to the issuance of Warrants.

**Summary of Features of Warrants Representing the Right to Purchase Newly Issued Ordinary Shares of Demco Public Company Limited**

<b>Name</b>	: Warrants representing the right to purchase newly issued ordinary shares of Demco Public Company Limited No. 6 (DEMCO-W6) (the “Warrants”)
<b>Type</b>	: Name registered certificate and transferable
<b>Issuance amount</b>	: Up to 78,629,579 units
<b>Offering Price of Warrant</b>	: Baht 0 (Baht Zero)
<b>Exercise ratio</b>	: 1 Warrant for 1 ordinary share, unless the exercise ratio is adjusted under a rights adjustment.
<b>Exercise price</b>	: Baht 15.00 per share
<b>Date of issuance</b>	: July 5, 2013
<b>Term of the Warrants</b>	: 2 Years 7 Months from the date of issuance (from July 5, 2013 to February 5, 2016). After the issuance of Warrants, the Company will not extend the term of Warrants.
<b>Method of allocation</b>	: Allocate to existing shareholders of the Company, who subscribe the newly issued ordinary shares (the rights offering) according to the proportion of their shareholding, at the ratio of 1.6 newly issued ordinary shares per 1 warrant unit. The date to determine the name of shareholders who will be entitled to subscribe the newly issued shares and warrants (Record Date) will be on June 6, 2013 and to gather the name of shareholders according to Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing shareholders’ registered book and suspension of share transfer on June 7, 2013.

In order to calculate the rights of each shareholder for the subscription of warrants, if existing shareholders received allotment of new shares less than the 1.6 new shares :1 warrant ratio specified above, then no warrants would be granted. In case, any fraction of warrants less than 1 share arising from the calculation according to their allocated newly issued shares of each shareholder shall be rounded down. In addition, if there are warrants remaining from the allocation after the calculation of the rights of each shareholder for the subscription of warrants, the Company will cancel such remaining warrants. This will result in the amount of warrants which can be totally allocated to the shareholders.

**Exercise period** : The Warrants holders shall be entitled to exercise their rights as follows:

First Exercise : Last business day of January 2014

Second Exercise : Last business day of July 2014

Third Exercise : Last business day of January 2015

Forth Exercise : Last business day of July 2015

Fifth Exercise or Last Exercise : On February 5, 2016

If the last business day of specified month and/or last exercise date is the Company’s holiday, the exercise date shall be one business day prior to such date.

<b>Period of the notice of intention to exercise</b>	: 15 business days before each exercise date.
<b>The event that the Warrants holders cannot cancel the notice of intention to exercise</b>	: After the Warrants holders declare their intention to exercise Warrants, they cannot cancel their intention to exercise Warrants.
<b>Number of ordinary shares reserved for the exercise of the Warrants</b>	: Up to 78,629,579 shares or 12.5% of the total number of shares sold of the Company which is 629,035,926 shares.
<b>Secondary market for the Warrants</b>	: The Company will file an application for listing the Warrants on the Stock Exchange of Thailand
<b>Dilution Effect</b>	: As the Warrants are to be allocated to the existing shareholders of the Company according to the proportion of their shareholding (Rights Offering), there is no dilution effect. However, if the rights to subscribe for newly issued shares of the Company under the Warrants are fully exercised, provided that all the subscribers are not the existing shareholders, the dilution effect to existing shareholders shall be as follows:

#### 1. Control Dilution

if the rights to subscribe for newly issued shares of the Company under the Warrants are fully exercised, provided that all the subscribers are not the existing shareholders, the shareholding of existing shareholder will be diluted 8.59%, calculated from the formula as follows:

$$\begin{aligned}
 \text{Control Dilution} &= \frac{\text{Number of shares reserved for this offering}}{\text{Number of paid-up shares} + \text{Number of shares reserved for this offering}} \\
 &= 78,629,579 / (629,035,926 + 3,000,000 + 125,807,186 + 78,629,492 + 78,629,579) \\
 &= 8.59\%
 \end{aligned}$$

If the Company calculate the dilution effect of both Warrants No.5 and Warrant No.6 which will be issued at the same time and all Warrants are fully exercised by other persons who are not existing shareholders, the shareholding of existing shareholder will be diluted as follows:

$$\begin{aligned}
 &= (78,629,492 + 78,629,579) / \\
 &(629,035,926 + 3,000,000 + 125,807,186 + 78,629,492 + 78,629,579)
 \end{aligned}$$

$$= 17.18\%$$

## 2. Price Dilution

In event that all 78,629,579 units are fully exercised price dilution will be 0.01% according to the assumption of market price before the offering of Warrants (“Market Price”) at Baht 15.02 per share. Details of calculation are as follows:

$$\text{Price dilution} = \frac{\text{Market price} - \text{Market price after offering}^*}{\text{Market price}}$$

Market price

$$^*\text{Market price after offering} =$$

$$\frac{(\text{Market price} \times \text{Total shares sold}) + (\text{Exercise price} \times \text{Number of ordinary shares reserved for the exercise of the Warrants})}{\text{Total shares sold} + \text{Number of ordinary shares reserved for the exercise of the Warrants}}$$

$$\text{Market price after offering} = \frac{(15.02 \times 836,472,604) + (15 \times 78,629,579)}{(915,102,183)}$$

$$= 15.01 \text{ baht}$$

$$(915,102,183)$$

$$\text{Price dilution} = (15.02 - 15.01) / 15.02 = 0.01\%$$

- |   |   |
|---|---|
| <b>Events to Issue New Shares to Accommodate Changes in Exercise of Rights</b>                                    | : Upon the adjustment of the exercise price and the exercise ratio under the conditions of the rights adjustment as stated in the terms and conditions of Warrants, which is an event as stated in item 11 (4) (Kor) of the Notification of the Capital Market Supervisory Board No. Tor Jor. 34/2551 re: Application for Permission and Permission to Offer the Warrants representing the Rights to Purchase New Shares and the Newly Issued Shares Reserved for the Accommodation of the Exercise of the Warrants.  |
| <b>Objectives of Issuance of Warrants and benefits for the Company from the allocation of newly issued shares</b> | : Due to the Company has future investment plan which will require a larger capital base, the Company, therefore, issues Warrants to serve the purposes. This, as a result, will increase the Company’s capacity in the future investment and/or participation in large-scale projects. In addition, it will help open more room to and more flexibility for the Company to access financings through the debt issuance and/or credit facilities from Financial Institutions. These expansion plan and funding plan will lead to better opportunities for the Company to earn more income and having a favorable bottom line. |
| <b>Benefits for shareholders from the allocation of newly issued shares</b>                                       | : Increase the chances to earn better return from investment which, as a result, will contribute to shareholders’ wealth in form of dividend and/or capital gain.   |
| <b>Others</b>   | : The Board of Directors and/or authorized directors and/or person(s) authorized by the Board of Directors are empowered to act as follows:   |

- (1) to determine and amend the conditions and other necessary and appropriate details in relation to the issuance of Warrants, such as the details of offering and the exercise price;
- (2) to sign the necessary applications and evidences in relation to the Warrants including to contact government authorities or relevant authorities in relation to the issuance of Warrants and to file an application for listing the Warrants on the Stock Exchange; and
- (3) to act any necessary and appropriate matters in relation to the issuance of Warrants.



## **Preliminary Details of the issue and offer of warrants to purchase new ordinary shares**

### **To directors, executives and employees of DEMCO Public Company Limited and/or its Subsidiaries No. 3 (DEMCO-ESOP3)**

#### **1. Objectives and necessities of the issue and offer for sale of warrants**

The issue and offer of warrants by the Company is intended to enhance morale of its directors, executives and employees who have taken part in the Company's past achievements and to motivate and reward the key personnel in order to retain them to work with the Company in the long term. This will be favorable to business and future performance of the Company and create the highest returns to the shareholders of the Company in the future.

#### **2. Features of the warrants**

Title	:	Warrants to purchase new ordinary shares of Demco Public Company Limited to be offered to directors, executives, and employees of the Company and its Subsidiaries (DEMCO-ESOP3)
Type	:	Registered and non-transferable warrant except for the transfer according to the estate or will in case of decease.
Offering method	:	Offer to the directors, executives, and employees of the Company and/or its subsidiaries.
Term of warrants	:	3 years from the date of issue. The company will not extend the warrant term.
Number of warrants offered for sale	:	28,000,000 units
Offering price of Warrant	:	Baht 0 (zero)
Exercise price	:	Baht 15 per share
Exercise ratio	:	1 unit of warrant has the rights to purchase 1 new ordinary share. However, the exercise ratio is subject to change as stated in the adjustment of rights and conditions provision under the terms and conditions of the warrant.
Issue Date	:	July 5, 2013
Period of Offering	:	Within 1 year from the resolution of the Shareholders' meeting to offer warrants to directors, executives, and employees of the Company and/or its subsidiaries.
Number of shares reserved for exercise of warrant	:	Up to 28,000,000 shares at par value of Baht 1 per share or 4.47% of total paid-up capital of 629,035,926 shares.  If include all the shares offered to directors, executives and employees of the Company during the past 5 years, this issue accounts for 7.79% of total paid-up capital of the Company.
Reasons for issuing new ordinary shares to reserve the right adjustment	:	In case there are the adjustments of the exercise price and ratio according to the adjustment of rights and conditions as stated in the adjustment of rights and conditions provision under the terms and conditions of the warrant.

Secondary market for warrant	:	The Company will not list the warrant on the Stock Exchange of Thailand (SET).
Exercise period and conditions	:	For all 28,000,000 warrants issued under this ESOP, warrant holders are entitled to exercise the warrant to purchase ordinary shares 5 times, the first exercise date shall be after 1 year from the date of issue of warrants which shall be on the last business day of July 2014. The following exercise dates shall be on the last business day of January and July of each year, except for the 5th exercise date (“the last exercise date”) that shall be on the maturity date of warrants which is on July 5, 2016. The warrant holders can exercise their allotted warrants according to the following conditions: <b>First Exercise Date</b> : Exercisable amount of 20% of the total number of warrants allotted to each warrant holder <b>2<sup>nd</sup> Exercise Date</b> : Exercisable amount of 40% of the total number of warrants allotted to each warrant holder (inclusive of the exercisable amount from the 1 <sup>st</sup> exercise date) <b>3<sup>rd</sup> Exercise Date</b> : Exercisable amount of 60% of the total number of warrants allotted to each warrant holder (inclusive of the exercisable amount from the 1 <sup>st</sup> - 2 <sup>nd</sup> exercise date) <b>4<sup>th</sup> Exercise Date</b> : Exercisable amount of 80% of the total number of warrants allotted to each warrant holder (inclusive of the exercisable amount from the 1 <sup>st</sup> - 3 <sup>rd</sup> exercise date) <b>5<sup>th</sup> Exercise Date</b> : Exercisable amount of 100% of the total number (inclusive of the exercisable amount from the 1 <sup>st</sup> - 4 <sup>th</sup> exercise date)
Other benefits		-None-

### 3. Allotment method of the warrants

The Company will allot the warrants to directors, executives and employees of the Company and/or its subsidiaries provided that the person must be director, executive or employee of the Company and/or its subsidiaries on the date that the warrants are issued. The Company’s Board of Directors or its designated persons shall set the eligibility criteria and/or list of directors, executives and employees eligible for allotment as well as amount of the allotted warrants for each person. The amount of warrants allotted to each director, executive and employee may vary depending on the position and year of service.

### 4. List of directors and number of allotted warrants

Name	Position	Number of allotted warrants	% of total issue
Mrs. Praphee Puipunthavong	Director	220,800	0.79
Mr. Vittaya Korcharak	Independent Director and Audit committee	220,800	0.79
Mr.Sanguan Tungdajahiran	Independent Director and Audit committee	220,800	0.79
Mr. Maitree Laksanakoses	Independent Director and Audit committee	220,800	0.79
Miss Pasita Kityaphoke	Independent Director and Audit committee	220,800	0.79
Mr. Pradej Kitti-itsaranon	Director	220,800	0.79
Mr. Suwat Choradol	Director	220,800	0.79

Mr. Phongsak Siricupta	Director	437,000	1.56
Mr. Arkom Manakaew	Director	426,000	1.52
Mr. Pairoj Sirirat	Director	439,200	1.57
Mr. Phumchai Hirunchai	Director	220,800	0.79

**5. Details of director, executives and employees of the Company who will be allotted more than 5 percent of the total issue**

-None-

**6. Dilution effects of the issue and offer for sale of warrants on the shareholders**

**6.1 Price Dilution**

In case total 28,000,000 warrants are exercised on the last exercise date, the price dilution will be 0%, based on assumed market price of Baht 15.01 per share which is calculated from the diluted price after exercise of DEMCO-W6. Details as follows:

$$\begin{aligned}\text{Price dilution} &= \frac{\text{Market price} - \text{Market price after the warrant issue}^*}{\text{Market price}} \\ &= \frac{\text{Market price after the warrant issue}}{\text{Market price}} \\ &= \frac{(\text{Market price} \times \text{Paid-up shares}) + (\text{Exercise price} \times \text{Reserved share})}{(\text{Paid-up shares} + \text{Reserved share})} \\ &= \frac{(15.01 \times 915,102,183) + (15 \times 28,000,000)}{(915,102,183 + 28,000,000)} \\ &= 15.01 \text{ Baht} \\ \text{Price dilution} &= (15.01 - 15.01) / 15.01 = 0\%\end{aligned}$$

**6.2 Control Dilution**

In case total 28,000,000 warrants are exercised and current paid-up shares is 629,035,926 shares, the control dilution will be 2.97%. Details as follows:

$$\begin{aligned}\text{Control Dilution} &= \text{Reserved shares} / \text{Paid-up shares} + \text{Reserved shares} \\ &= 28,000,000 / (915,102,183 + 28,000,000) = 2.97\%\end{aligned}$$

**7. Exercise procedures and conditions**

**7.1 Notification Period for the exercise of warrants**

The warrant holder who wishes to exercise his/her right to purchase ordinary shares of the Company must submit the intention to purchase ordinary shares of the Company from 9.00 a.m.-16.00 p.m. of each business day within 7 business days prior to each exercise date throughout the exercise period, except for the last exercise date, the warrant holder must submit the intention to purchase ordinary shares of the Company within 15 business days prior to the last exercise date.

**7.2 Exercise date**

The exercise date shall be after 1 year from the date of issue of warrants which the first exercise shall be on the last business day of July 2014. The following exercise dates shall be on the last business day of January and July of each year throughout the term of warrants, except for last exercise date which shall be on the maturity date of warrants (July 5, 2016).

### 7.3 Qualifications of employees who are entitled to exercise the warrants

- 7.3.1 Subject to items 7.3.2 to 7.3.4, any warrant holder desiring to exercise his/her right to purchase new ordinary shares issued in accordance with those warrants must be a director, an executive or an employee of the Company and/or its subsidiaries on the warrant exercise date.
- 7.3.2 If the warrant holder ceases to be a director, executive or employee of the Company and/or its subsidiaries as a result of retirement in accordance with the Company's criteria, at any time before the expiry of the warrants, he/she still has the right to exercise the warrant throughout the term of the warrant.
- 7.3.3 If the warrant holder ceases to be a director, executive or employee as a result of death, disappearance by the court's order or he/she becomes an incompetent person or quasi-incompetent person that causes such person to be unable to work, his/her or guardian on behalf of such warrant holder shall have the right to exercise the warrant throughout the term of the warrant.
- 7.3.4 If the warrant holder rotates or transfers his/her position as a result of Board of Director's decision but he/she is still a director, executive or employee of the Company or its subsidiaries on the exercise date, he/she still has the right to exercise the warrant throughout the term of the warrant.

If the warrant holder ceases to be a director, executive or employee of the Company and/or any of its subsidiaries for any reason, other than those specified in 7.3.2-7.3.4, such warrant holder will no longer be entitled to exercise the allotted warrant and must return the non-exercised warrant to the Company for cancellation.

- 7.4 If the warrant holder does not use the right to exercise until expiry of the warrant, the warrant holder cannot call for any compensation from the Company.
- 7.5 The exercise of rights to share subscription shall be valid only if the Company receives the full payment. In the event that the payment cannot be collected for whatsoever reasons not caused by the Company, it will deem that warrant holder intends to cancel such exercise. However, such warrant holder shall have the rights to purchase ordinary shares for the next time except for the cancellation of the last exercise date whereby the rights to purchase the ordinary shares shall be deemed expired.
- 7.6 The warrant holder shall be responsible for payment of with-holding tax arising from the exercise of his/her warrants.
- 7.7 The warrant holder shall be responsible for payment of stamp duty and/or other taxes (if any) arising from the exercise of his/her warrants.

### **8. Obligation between the Company and its directors, executives and employees on the allotment of warrants**

-None-

### **9. Company's action to the relevant authorities in relation to the application and issue of the warrants**

The Company shall issue and offer for sale of warrants to the directors, executives and employees of the Company and/or its subsidiaries in compliance with rules and regulations, and criteria set forth in the Notification of the Capital Market the Supervisory Board No. Tor. Jor. 32/2551 Re: Offering Newly-issued Shares to the Directors or Employees dated 15 December 2008.

**10. Right of shareholders to object the issue and offer for sale of warrants**

According to Clause 5(3) of the Notification of the Capital Market Supervisory Board No. Tor. Jor. 32/2551 Re: Offering Newly-issued Shares to the Directors or Employees dated 15 December 2008, this issue and offer for sale of warrants to directors and employees of the Company and/or its subsidiaries requires the approval from the shareholders by the vote of not less than three-fourths of the total number of votes held by the shareholders who are presented at the meeting and entitled to vote, provided that no more than 10% of the total number votes held by shareholders who are presented at the meeting and entitled to vote, object the issue and offer for sale of warrants aforesaid.

**11. List of independent directors who the shareholders may authorize as the their proxies to attend the meeting and exercise shareholders' right**

1. Mr. Vittaya Korcharak
2. Mr. Sanguan Tungdajahirun
3. Mr. Maitree Laksanakoses
4. Miss Pasita Kityaphoke

**Names and profiles of independent directors whom the Company proposes that the shareholders appoint as their proxy, and definition of independent director**

In the Extraordinary General Meeting of Shareholders No. 1/2013, if the shareholders cannot attend the meeting, the shareholder may proxy other person to attend the meeting on his or her behalf or proxy to one of independent directors as following to vote in the meeting.

**1. Mr.Vitaya Kotcharug**

Position	Independent Director and Chairman of the Audit Committee
Age	71 years old
Residence	59/127, Moo 3, Klongkleu, Pakkret, Nontaburi 11120
Conflict of interest in the Meeting	agenda 9 : To consider and approve the issuance and sale of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3

**2. Mr.Sa-nguan Tungdejahirun**

Position	Independent Director and Audit Committee
Age	72 years old
Residence	28/14 Moo 2 Soi 60 Vipavadee-Rangsit Road, Talad Bangkhen Luksi Bangkok 10210
Conflict of interest in the Meeting	agenda 9 : To consider and approve the issuance and sale of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3

**3. Mr.Maitree Laksanakoses**

Position	Independent Director and Audit Committee
Age	65 years old
Residence	188/2 Soi Tonson ,Jeangwattana Road, Bangtalad, Parkkred, Nonthaburi 11120
Conflict of interest in the Meeting	agenda 9 : To consider and approve the issuance and sale of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3

**3. Mrs.Pasita Kityapoke**

Position	Independent Director and Audit Committee (Director who has knowledge and experience concerning the review of the reliability if the financial statements)
Age	51 years old
Residence	88 Soi Pradiphat 19 ,Pradiphat Road, Samsennai, Phayathai, Bangkok 10400
Conflict of interest in the Meeting	agenda 9 : To consider and approve the issuance and sale of warrants representing the right to purchase the newly issued ordinary shares for directors, executives and employees No. 3

### **Definition of Independent Director**

(Definition of Independent Directors of the Company is equal to the minimal requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.)

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1. Holding not more than 1 percent of the total number of shares with the voting rights of the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. In this case, for the purpose of calculation, the number of shares held by the related person of each member of the Audit Committee shall also be included.
2. Neither being a director who takes part or used to take part in management, nor being or used to be an employee, staff, an advisor who receives regular salary, nor the controlling person of the Company, parent company, subsidiaries, associated companies, major shareholders or the controlling person of the Company, unless such director has resigned from such position for at least two years.
3. Not being a blood-related person nor legally related as father, mother, spouse, brother, sister and children, including being the spouse of the children of the executives, major shareholders, controlling persons or the persons who will be nominated as the executive or controlling person of the Company or subsidiaries.
4. Neither having, nor used to have any business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company in the manner that may obstruct the exercise of independent judgment as a member of the Audit Committee. Moreover, a member of the Audit Committee must neither being, nor used to be a key shareholder or controlling person of the entities having business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, unless such director has resigned from such position for at least two years.
5. Neither being, nor used to be the auditor of the Company, parent company, subsidiaries, associated companies, major shareholders, controlling persons of the Company, nor being a key shareholder, controlling person or partner of the audit office having the auditor providing auditing service to the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, as a member, unless such director has resigned from such position for at least two years.
6. Neither being, nor used to be a provider of any professional services including the legal advisory or financial advisory services that received fees in the amount of more than Baht 2 million per year from the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, nor being shareholder, the controlling person, or partner of such professional services provider, unless such director has resigned from such position for at least two years.
7. Not being a director who has been appointed as a representative of the Company, major shareholders or shareholders relating to major shareholders.
8. Neither operating the business having the same nature which significantly competes with the business of Company or its subsidiaries, nor being a significant partner or a director who involves in the management, nor being an employee, staff, a member, and a consultant who receives regular salary, or holds more than 1 percent of the total number of shares with the voting rights of a company that operates the business having the same nature and significantly competes with the businesses of the Company or its subsidiaries.
9. Having no other conditions that may obstruct the independent expression of comment on the Company's operation.

## **Guideline for the registration, appointment of proxy, documents and evidences to be presented on the meeting date**

### **The registration**

The Company will commence the registration for the meeting attendance for the shareholders and/or the proxies at 12.00 hrs. on May 30, 2013, at TK Palace Hotel, 5<sup>th</sup> Fl., TK Convention Room in **Enclosure 12.**

### **The appointment of proxy**

In the case that the shareholders are unable to attend the meeting, the shareholders can appoint other person as their proxy to attend the meeting and vote on their behalf. The Company has provided 2 Proxy Forms, which are Proxy Form B and Proxy Form C in accordance with the forms specified by the Department of Business Development, the Ministry of Commerce. The Proxy Forms are as appeared in **Enclosure 8.**

The appointment of proxy can be conducted as follows:

1. The shareholders may choose to use Proxy Form B. in any case, only one type of the proxy form can be chosen. The Company recommends the shareholders to use Proxy Form B. and specify the voting for each agenda.
2. The shareholders who are foreign investors and have appointed a custodian in Thailand to be a share depository and keeper shall choose to use Proxy Form C.
3. The shareholders who are foreign investors and have appointed a custodian in Thailand to be a share depository and keeper may either choose Proxy Form B. or Form C.
4. The shareholders can appoint any person to be their proxies as they wish, or appoint the independent director of the Company whose names and profiles are as appears in **Enclosure 9** to be their proxies. If the shareholders choose to appoint the independent director of the Company to be their proxies, the Company recommends the shareholders to use Proxy Form B. and specify the voting for each agenda, and deliver the proxy form with the supporting documents to Demco Public Company Limited at no. 59 Moo 1, Tambonl Suanprikthai, Amphoe Muang, Pathumthani Province 12000 in which the documents shall arrive at the Company no later than before the meeting date or deposit such proxy form and supporting documents with the Chairman or person designated by the Chairman before the proxy attending the meeting.
5. The proxy form must be correctly and clearly filled in, and signed by the grantor and the proxy. And affixed with Baht 20 stamp duty, crossed and specified the date such proxy is made.
6. The proxy must present the proxy form and supporting documents at registration desk for proxies on the meeting date.

### **Documents to be presented on the meeting date**

#### **Individual**

1. In case the shareholders attend the meeting in person, it is required to present valid identification card or government officer card or driving license or passport (in case of foreign shareholders), including evidence of name or surname change (if any).
2. In case the shareholders appoint proxy, it is required to present the following documents:
  - 1) The proxy form, correctly and completely filled in and signed by the grantor and the proxy, and affixed with a stamp duty.
  - 2) Copy of valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the grantor, certified as true and correct copy by the grantor.



- 3) Valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the proxy

### **Juristic Persons**

1. In the case the authorized representative of the shareholders attend the meeting in person, it is required to present the following documents:
  - 1) Copy of valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the authorized representative, certified as true and correct copy by the representative.
  - 2) Copy of an affidavit of the shareholder, certified as true and correct copy by the authorized representative, with the statement showing that such authorized representative who attends the meeting is empowered to act on behalf of such juristic shareholder.
2. In the case the shareholders appoint the proxy to attend the meeting, it is required to present the following documents:
  - 1) The proxy form, correctly and completely filled in and signed by the grantor and the proxy, and affixed with a stamp duty.
  - 2) Copy of valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the authorized representative, certified as true and correct copy by the representative.
  - 3) Valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the proxy.
  - 4) Copy of an affidavit of the shareholder, certified as true and correct copy by the authorized representative, with the statement showing that such authorized representative who signs the proxy form is empowered to act on behalf of such juristic shareholder.
3. In the case the shareholders, who are foreign investors and have appointed a custodian in Thailand to be a share depository and keeper, appoint a proxy by using Proxy Form C., it is required to present the following documents:
  - 3.1 Documents from custodian
    - 1) The Proxy Form C., correctly and completely filled in and signed by the authorized representative of the custodian which is the grantor and the proxy, and affixed with a stamp duty.
    - 2) Document confirming that the person who signed the proxy form is permitted to operate the custodian business.
    - 3) Copy of an affidavit of the custodian, certified as true and correct copy by the authorized representative of the custodian, with the statement showing that such authorized representative of the custodian, who signs the proxy form as the grantor, is empowered to act on behalf of the custodian.
    - 4) Copy of valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the authorized representative of the custodian, certified as true and correct copy by the representative.
  - 3.2 Documents from shareholder

- 1) Power of Attorney from the shareholder appointing the custodian to sign the proxy form on his/her behalf.
- 2) Copy of an affidavit of the shareholder, certified as true and correct copy by the authorized representative, with the statement showing that such authorized representative who signs the power of attorney is empowered to act on behalf of such juristic shareholder.
- 3) Copy of valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the authorized representative, certified as true and correct copy by the representative.

### 3.3 Documents from proxy

It is required to presented Copy of valid identification card or government officer card or driving license or passport (in case of foreign shareholders) of the proxy, certified as true and correct copy by the representative.

<b>Condition and Method in the Meeting</b>
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**Company's regulation concerning to the Agendas specified in the invitation for the Meeting of Shareholders**

**Topic 17.** In the Meeting , candidating directors would be elected by major vote according to the condition and method as follows.

- (1) Each shareholder obtains 1 vote for 1 share each.
- (2) Each shareholder may utilize all votes for a director or more. And the votes must be provided equally for the each selected directors.
- (3) The candidate with the highest votes shall be elected for a director and the ones with higher votes in the ranking , but not exceed the required number of directors, shall be elected as well. If the candidates, having equal votes, exceed the required number of directors, the Chairman to the Meeting shall perform final decision.

**Topic 19.** By every Annual General Meeting of Shareholders, one-third of the directors shall be retired. The portion nearest one-third shall be applied in case the number of the directors can not be divided by three exactly.

For the first two years, the retired ones would be selected by random. And after that the director with the longest tenure shall be consider retired. Anyhow, the retired directors may be re-elected to continue their offices for another term.

**Topic 33.** General activities in the Annual General Meeting of Shareholders shall be as follows;

- (1) Considering the report of Board of Director proposed to the Meeting about the Company activities in the passed year
- (2) To consider and approve the Balance Sheets and the Profit and Loss Statements
- (3) To consider for profit allocation and dividend payment
- (4) To consider and elect the directors in replacement of those retired by rotation and approve director remuneration
- (5) To approve the appointment of Auditors and the remuneration
- (6) Other activities

**Topic 35.** In the meeting of Shareholders , shareholder may authorize a proxy to act on behalf for meeting and for vote. The proxy may not be the Shareholder of the Company. The power of attorney shall be made and signed in the form stipulated by the registrator of Public Company Limited.

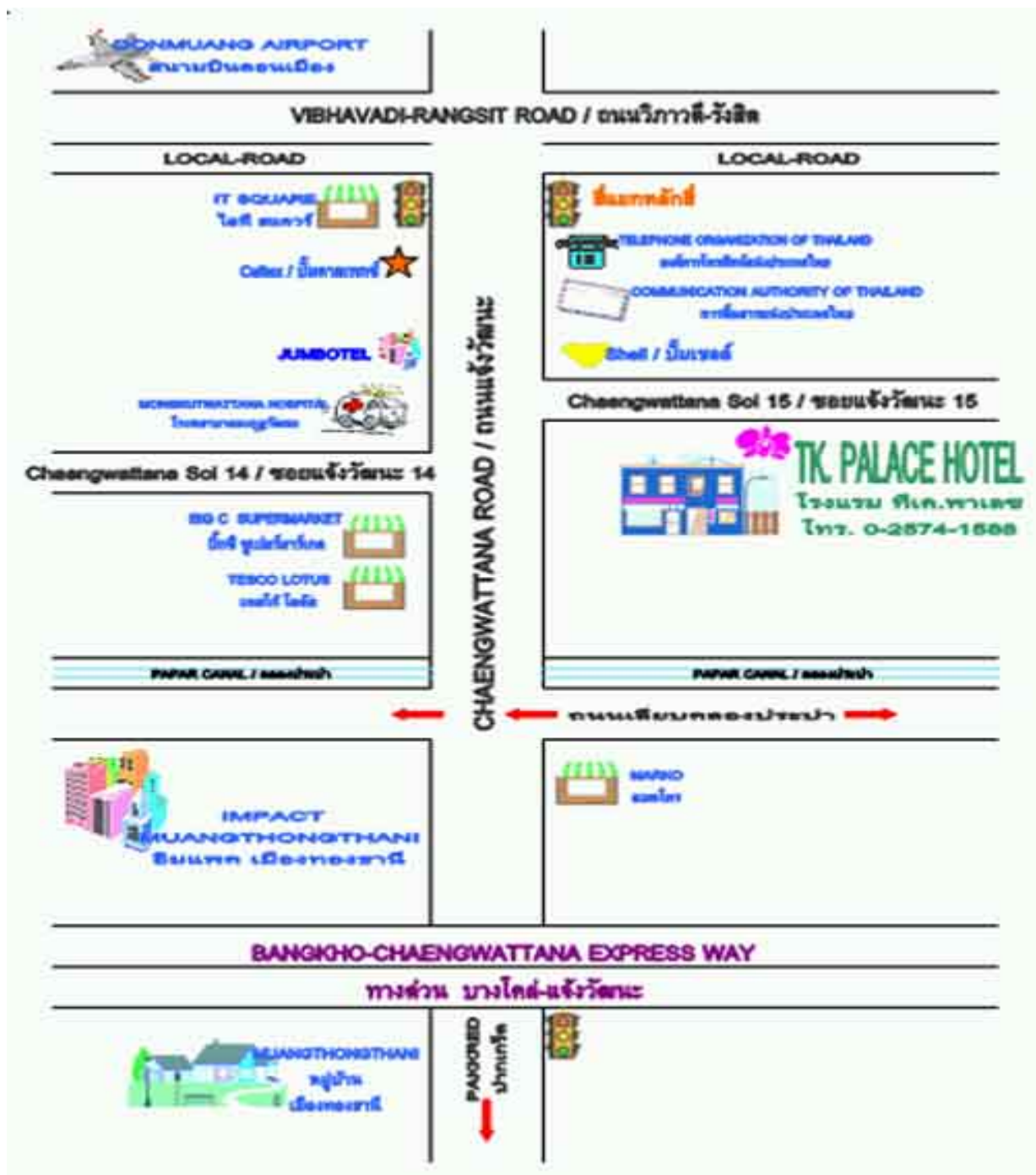
Prior the meeting, the consignee must bring the Proxy Form to the Chairman of the Board or the one Chairman assigned to.

**Topic 46.** Besides the resolution in the Meeting of Shareholders or the resolution of the Board of Director to pay dividend meantime, the dividend is not allowed to be paid by any reason. And the payment has to be made from the Company profit only.

**Topic 49.** The dividend shall be shared equally for each share. But this shall be specified different for preferred share.

- Topic 50.** The Company must allocate a portion of annual net profit , not less than 5 percent , as reserved funds , less the accumulated losses brought forward (if any) , until the reserved fund reaches the amount not less than 10 percent of the registered capital.
- Topic 57.** The Meeting of Shareholders shall consider appointing the Company's auditors annually and to fix the auditors' remuneration. The retired auditors may be appointed to continue in their office for next term.

### A map of the Meeting



TK Palace Hotel  
 No.54/7 Soi Jangwattana 15, Jangwattana Road, Tungsonghong, Luksi,  
 Bangkok  
 Tel.02-5741588