

(Translation)

Report on Opinions of the Independent Financial Advisor on
Connected Transactions of
TTW Public Company Limited

Proposed to

Shareholders of TTW Public Company Limited

by

Triple A Plus Advisory Co., Ltd.

November 14, 2014

(Translation)

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Executive Summary

The Board of Directors' Meeting No. 5/2014 of TTW Public Company Limited (the "Company" or "TTW") which was held on October 14, 2014, whereby three interested directors, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, and Mr. Sombat Kitjalaksana, neither attended the Meeting nor voted in the Meeting, resolved to grant approval for the Company to propose that the Extraordinary General Meeting of Shareholders No. 1/2014 which will be held on December 22, 2014 consider the execution of two connected transactions, as follows:

1) Transaction No. 1: Execution of Engineering, Procurement and Construction (EPC) Contract for Engagement of CH. Karnchang Public Company Limited ("CK") as EPC Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area, by constructing structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future, with an initial production capacity of 100,000 m³/day, including improvements in relation to rights and privileges obtained from the Board of Investment (BOI) (collectively the "Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion"), with the contract value of Baht 2,903.70 Million (excluding value added tax)

The execution of Transaction No. 1 is considered a connected transaction since CK is the Company's major shareholder and has common directors with the Company, thereby representing a connected transaction between the Company and the Company's major shareholder. According to the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003), including Section 89/12 of the Securities and Exchange Act B.E. 2551 (2008), the size of Transaction No.1 represents 26.20 percent of the value of net tangible assets (NTA) of the Company and its subsidiaries per the consolidated financial statements as at June 30, 2014.

2) Transaction No. 2: Execution of Engineering, Procurement and Construction (EPC) Contract for Engagement of CH. Karnchang Public Company Limited ("CK") as EPC Contractor for Production Capacity Expansion Project in Pathum Thani - Rangsit Area of Pathum Thani Water Company Limited ("PTW"), the Company's subsidiary, by constructing structures to accommodate the production capacity expansion of approximately 100,000 m³/day in the future, with an initial production capacity of 57,000 m³/day (collectively "PTW's Production Capacity Expansion Project"), with the contract value of Baht 367.10 Million (excluding value added tax)

The execution of Transaction No. 2 is considered a connected transaction since CK is the Company's major shareholder and has common directors with the Company, whereby PTW is the Company's subsidiary, thereby representing a connected transaction between the Company's subsidiary and the Company's major

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shareholder. According to the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003), including Section 89/12 of the Securities and Exchange Act B.E. 2551 (2008), the size of Transaction No. 2 represents 3.31 percent of the value of net tangible assets (NTA) of the Company and its subsidiaries per the consolidated financial statements as at June 30, 2014.

Based on the calculation of the transaction size above, Transactions No. 1 and No. 2 each represent a value of exceeding Baht 20 Million and the transaction size exceeds 3 percent of the NTA, thereby constituting large-sized connected transactions. Therefore, before the Company and PTW execute Transactions No. 1 and No. 2, respectively, the Company shall require approval of the shareholders' meeting by not less than three-fourths of all votes of the shareholders or proxies (if any) attending the meeting and having the voting right, excluding the votes by the interested shareholders. In addition, the Company is required to engage an independent financial advisor to provide opinions on justification of the execution of the said transactions, and justification of fair prices of such transactions for submission to the shareholders for consideration in advance at least 14 days prior to the date of the shareholders' meeting.

Furthermore, upon consideration of the execution of Transactions No. 1 and No. 2 above pursuant to the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004), and its amendments per the Notification of the Capital Market Supervisory Board No. ThorChor. 20/2551, including Section 89/29 of the Securities and Exchange Act B.E. 2551 (2008), the highest transaction size on the basis of total value of consideration is equal to 13.50 percent of the total assets value of the Company and its subsidiaries per the consolidated financial statements ended June 30, 2014, which is less than 15 percent and is not regarded as a transaction of acquisition of assets which is subject to the notification requirement to the Stock Exchange of Thailand ("SET").

Therefore, the Board of Directors has appointed Triple A Plus Advisory Co., Ltd. as the independent financial advisor (the "Independent Financial Advisor") to provide opinions on justification of the transactions and justification of fair prices of both transactions for submission to the Company's shareholders concerning the execution of the connected transactions by the Company on this occasion, and for seeking approval for the execution of both transactions from the Extraordinary General Meeting of Shareholders No. 1/2014 which will be held on December 22, 2014.

Triple A Plus Advisory Co., Ltd., as an independent financial advisor which is approved by the Office of the Securities and Exchange Commission (the "SEC Office") and which is independent from the Company, has

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considered and studied such information on the execution of these transactions pursuant to the resolutions of the Board of Directors' Meeting No. 5/2014 which was held on October 14, 2014, the consolidated financial statements as audited and reviewed by the Company's auditor, the Affidavit, the List of Shareholders, the Articles of Association, the Memorandum of Association, agreements relating to the execution of these transactions, the report of the independent consulting engineer, other information and supporting documents, including various assumptions provided by the Company, as well as such interviews with the management and related officers, together with the overview of the industrial outlook and related economic factors. The opinions on both aforesaid transactions can be summarized as follows:

1) Execution of Transaction No. 1

The Independent Financial Advisor is of the opinion that the execution of Transaction No. 1 is of benefit to the Company since it represents an additional investment in the industry with potential growth and also represents the current business in which the Company has expertise, as well as minimizes its competitors' opportunity to engage in the business in the Company's service area, and maintains the leading status of the Company Group as Thailand's largest private tap water business operator, and helps generate more revenue for the Company. Furthermore, the additional water distribution stations will help resolve bottlenecks in and improve the efficiency of the Company's water transmission and distribution systems, which will reduce the current costs of tap water production, especially electricity costs. In addition, CK has the potentials, experience, know-how, and expertise in various large-scale construction projects, and was the contractor in construction, supply and installation of equipment for the Tap Water Production Plant Construction Projects in Samut Sakhon - Nakhon Pathom area and in Pathum Thani - Rangsit area, and as such, it has proper understanding and capability to implement the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area. CK also has the good financial standing, which is critical to the execution of a fixed cost lump sum turnkey contract, in order to help the Company to transfer risks relating to construction to CK, e.g., cost overrun risk, foreign exchange risk (if any), and delay of project completion risk, etc. CK guarantees to complete the works within 730 days from the date specified in the Contract in the amount of not exceeding Baht 2,903.70 Million (excluding value added tax). Moreover, the liquidated damages will be imposed on CK for any delay in construction, in which case, the liquidated damages from CK will help mitigate impact and damage of the Company to a certain degree. Therefore, the engagement of CK will assure the Company of the cost control and successful completion of the construction according to schedule and within the specified amount. CK's capacity as the Company's major shareholder will help motivate CK to complete the construction so that the Company will be able to rapidly commence the operation of the 2nd Water Treatment Plant, which will not only enable the

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Company to recognize revenue and operational results from increased sales of treated water, but also allow CK, in its capacity as the Company's major shareholder, to indirectly recognize the Company's operational results in proportion to its shareholding percentage, subject to the financial assumptions that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will account for the net present value of cash flows in the amount of approximately Baht 1,385.71 Million and generate a return on investment at the rate of approximately 11.29 percent within a payback period of approximately 9.41 years from the year of commencement of the operation in respect of the Company's production capacity expansion. (Please refer to the details of the financial assumptions in Annex 3, Item 3.1 Assessment of the Feasibility of Investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion on page 120.)

The Independent Financial Advisor has conducted a sensitivity analysis by changing key factors to identify any impact on the return of the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, which may be summarized as follows:

Case 1 Weighted average cost of capital (WACC) changes by 5 percent from forecast.

Case 2 The investment value in the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion (excluding the costs of land which has already been acquired) changes by 5 percent from forecast.

Case 3 Recognition of revenue from sales of treated water is delayed from 2017 to 2018.

Case 4 The Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion enjoys the corporate income tax exemption for the first eight years of operation.

Case 5 The corporate income tax rate is at 30 percent throughout the forecast period.

	Case 1		Case 2		Case 3	Case 4	Case 5
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%	1-year delayed recognition of revenue	BOI tax exemption	Tax at 30%
NVP (Million Baht)	1,251.76	1,527.39	1,160.11	1,616.76	524.90	1,389.68	1,178.38
IRR (%)	11.29%	11.29%	10.53%	12.12%	8.19%	11.85%	10.40%
PB (years)	9.41	9.41	9.68	9.14	12.60	9.03	9.73

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Based on the foregoing table, the factor relating to the 1-year delayed recognition of revenue from year 2017 to 2018 will affect the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion the most.

However, the Independent Financial Advisor makes an observation about the execution of Transaction No. 1 that in this production capacity expansion, the Company's revenue may not meet the forecast since sales of treated water may not meet projections and/or PWA does not set any Minimum Offtake Quantity for this production capacity expansion of the Company and/or there is no response to the Company's request for additional raw water pumping from the Tha Chin River from relevant government authorities, which may affect the Company's business operations in the future, and a return on investment may not meet the Company's projections. Nevertheless, the Company makes projections of sales of treated water on a conservative basis and complies with relevant rules and regulations, whereby the Company is confident that sales of treated water in the future will cover the Company's additional production capacity and expects that PWA's purchase of tap water from the Company will increase in the future. This is because the Company is well-equipped for continued distribution of tap water to PWA when compared with other tap water production plants nearby and water users of all types need more tap water as a result of growth in terms of economy, communities and society in the service area. Furthermore, according to the analysis and consideration of utilization of raw water in the Tha Chin River, the raw water volume is adequate for continued production of tap water in the long run without any impact on the production process (please refer to more details in Disadvantages of Execution of the Transaction, on pages 33-35). Therefore, the shareholders should also take the foregoing information into consideration.

With regard to the consideration of the fairness of price, the Independent Financial Advisor is of the opinion that the execution of Transaction No. 1 on engagement of CK as EPC Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion on the fixed cost lump sum turnkey basis in the amount of not exceeding Baht 2,903.70 Million (excluding value added tax) is justifiable. This is because EPSILON Co., Ltd., the independent consulting engineer, has appraised the construction cost ranging approximately Baht 2,916 Million - Baht 2,966 Million (excluding value added tax), which is higher than the price per CK's proposal by approximately Baht 12.30 Million - Baht 62.30 Million (excluding value added tax) or approximately 0.42 - 2.15 percent when compared with the price per CK's proposal. The minimum price of Baht 2,916 Million is the price under the appraisal of construction cost of the respective items of works while the maximum price of Baht 2,966 Million, which represents an increase of approximately Baht 50 Million from the minimum price, accounts for contingency at the rate of approximately 1-2 percent for the uncertainty of

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construction, since, at the time of actual construction, certain portions of works may not be constructed in accordance with the current design and preparations.

As for the conditions for payment, the draft EPC Contract with CK has provided for the down payment, the Performance Security, and the Advance Payment Guarantee prior to the down payment, milestone payments in accordance with the monthly progress of works, and deduction of advance construction cost and retention money from payment in each installment. The Independent Financial Advisor is of the opinion that such conditions are in accordance with the ordinary course of business and general trading practices and in no way render the Company disadvantageous to CK, and that the completion period has been guaranteed and the liquidated damages has been set for any delay in construction due to the fault on the part of CK, which will be beneficial to and help compensate the Company for the opportunity cost should CK be unable to complete the construction within the specified timeframe.

Based on the forgoing details and conditions, the Independent Financial Advisor is of the opinion that the price for engagement of CK in the amount of not exceeding Baht 2,903.70 Million (excluding value added tax) is justifiable, and the conditions of payment are in the ordinary course of business and fair to the Company.

2) Execution of Transaction No. 2

The Independent Financial Advisor is of the opinion that the execution of Transaction No. 2 is of benefit to PTW due to the fact that in the first nine months of 2014, PTW produced an average of 391,172 m³/day of tap water, which was higher than PTW's design capacity at 388,000 m³/day. Therefore, the execution of Transaction No. 2 will prevent the potential damage which may arise from the tap water production beyond the design capacity for a long time, and also represents an additional investment in the industry with potential growth and the current business in which PTW has expertise, as well as minimizes its competitors' opportunity to engage in the business in PTW's service area, and maintains the leading status of the Company Group as Thailand's largest private tap water business operator, and helps generate more revenue for PTW. In addition, CK has the potentials, experience, know-how, and expertise in various large-scale construction projects, and CK was the contractor in construction, supply and installation of equipment for the Tap Water Production Plant Construction Projects in Samut Sakhon - Nakhon Pathom area and in Pathum Thani - Rangsit area, and as such, it has proper understanding and capability to implement PTW's Production Capacity Expansion Project. CK also has the good financial standing, which is critical to the execution of a fixed cost lump sum turnkey contract, in order to help PTW to transfer risks relating to construction to CK, e.g., cost overrun risk, and delay of project completion risk, etc. CK guarantees to complete the works within 365 days from the date specified in the Contract in the amount of not exceeding Baht 367.10 Million (excluding value added tax). Moreover, the liquidated damages will be imposed on CK for any delay in construction and delivery of equipment, in which case, the liquidated damages from CK will help mitigate impact and damage of

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PTW to a certain degree. Therefore, the engagement of CK will assure PTW of the cost control and successful completion of the construction according to schedule. CK's capacity as the Company's major shareholder will help motivate CK to complete the construction so that PTW will be able to rapidly commence the production capacity expansion, which will not only enable the Company to recognize revenue and operational results from increased sales of treated water of PTW in the preparation of the consolidated financial statements, but also allow CK, in its capacity as the Company's major shareholder, to indirectly recognize the Company's operational results in proportion to its shareholding percentage, subject to the financial assumptions that PTW's Production Capacity Expansion Project will account for the net present value of cash flows in the amount of approximately Baht 1,385.71 Million and generate a return on investment at the rate of approximately 10.18 percent within a payback period of 6.19 years from the year of commencement of the operation in respect of PTW's production capacity expansion. (Please refer to the details of the financial assumptions in Annex 3, Item 3.2 Assessment of the Feasibility of Investment in PTW's Production Capacity Expansion Project on page 138.)

The Independent Financial Advisor has conducted a sensitivity analysis by changing key factors to identify any impact on the return of the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, which may be summarized as follows:

Case 1 Weighted average cost of capital (WACC) changes by 5 percent from forecast.

Case 2 The investment value in PTW's Production Capacity Expansion Project changes by 5 percent from forecast.

Case 3 Recognition of revenue from sales of treated water is delayed from 2016 to 2017.

Case 4 PTW's Production Capacity Expansion Project enjoys the corporate income tax exemption for the first eight years of operation.

Case 5 The corporate income tax rate is at 30 percent throughout the forecast period.

	Case 1		Case 2		Case 3	Case 4	Case 5
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%	1-year delayed recognition of revenue	BOI tax exemption	Tax at 30%
NVP (Million Baht)	96.27	119.66	76.17	141.08	105.88	153.63	83.78
IRR (%)	10.18%	10.18%	9.34%	11.08%	10.12%	12.22%	9.11%
PB (years)	6.19	6.19	6.30	6.07	6.20	5.90	6.34

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Based on the foregoing table, the factor relating to the corporate income tax at the rate of 30% percent throughout the forecast period will affect the Project the most.

However, the Independent Financial Advisor makes an observation about execution of Transaction No. 2 that in this production capacity expansion, PTW's revenue may not meet the forecast since sales of treated water may not meet projections and/or PWA does not set any Minimum Offtake Quantity from this production capacity expansion of PTW and/or there is no response to PTW's request for additional raw water pumping from the Chao Phraya River from relevant government authorities, which may affect PTW's business operations in the future, and a return on investment may not meet PTW's projections, which will eventually have an impact on the Company's operational results as reflected in the consolidated financial statements. Nevertheless, the Company makes projections of sales of treated water in PTW's service area on a conservative basis and PTW complies with relevant rules and regulations, whereby PTW is confident that sales of treated water in the future will cover PTW's additional production capacity and expects that PWA's purchase of tap water from PTW will increase in the future. This is because PTW is well-equipped for continued distribution of tap water to PWA when compared with other tap water production plants nearby and water users of all types need more tap water as a result of growth in terms of economy, communities and society in the service area. Furthermore, according to the analysis and consideration of utilization of raw water volume in the Chao Phraya River, the raw water volume is adequate for continued production of tap water in the long run without any impact on the production process (please refer to more details in Disadvantages of Execution of the Transaction, on pages 62-63). Therefore, the shareholders should also take the foregoing information into consideration.

With regard to the consideration of the fairness of price, the Independent Financial Advisor is of the opinion that the execution of Transaction No. 2 on engagement of CK as EPC Contractor for PTW's Production Capacity Expansion Project on the fixed cost lump sum turnkey basis in the amount of not exceeding Baht 367.10 Million (excluding value added tax) is justifiable. This is because EPSILON Co., Ltd., the independent consulting engineer, has appraised the construction cost at approximately Baht 378.39 Million (excluding value added tax) which is higher than CK's proposal by approximately Baht 11.29 Million (excluding value added tax) or approximately 3.07 percent when compared with the price proposed by CK.

As for the conditions for payment, the draft EPC Contract with CK provides for the down payment, the Performance Security, and the Advance Payment Guarantee prior to the down payment, milestone payments in accordance with the monthly progress of works, and deduction of advance construction cost and retention money from payment in each installment. The Independent Financial Advisor is of the opinion that such conditions are in accordance with the ordinary course of business and general trading practices and in no way render PTW

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disadvantageous to CK, and that the completion period has been guaranteed and the liquidated damages has been set for any delay in construction due to the fault on the part of CK, which will be beneficial to and help compensate PTW for the opportunity cost should CK be unable to complete construction within the specified timeframe.

Based on the forgoing details and conditions, the Independent Financial Advisor is of the opinion that the price for engagement of CK in the amount of not exceeding Baht 367.10 Million (excluding value added tax) is justifiable, and the conditions of payment are in the ordinary course of business and fair to PTW.

Based on the foregoing information, together with the purposes of the execution of the transactions, business reasons, advantages and disadvantages, opinions in various observations, justifications of the transactions, fairness of prices, as well as conditions of payment, which are in the ordinary course of business, the Independent Financial Advisor is of the opinion that the execution of Transaction No. 1 and Transaction No. 2 is justifiable, with the fair prices, and hereby suggests the Company's shareholders consider approving the execution of both connected transactions of the Company and PTW on this occasion.

However, the decision to vote on approval for the execution of the transactions truly depends on the discretion of the Company's shareholders, and as such, the shareholders should study additional information and consider reasons, advantages, disadvantages, opinions in various observations, justifications of the transactions, fairness of prices, as well as conditions of payment in such documents attached to the Notice of the Shareholders' Meeting so as to ensure their exercise of proper judgment and discretion in passing such resolutions.

Triple A Plus Advisory Co., Ltd., as the Company's Independent Financial Advisor, certifies that it has carefully conducted the study and analysis of various information in accordance with the professional standards, and has fairly given reasons on the basis of such information and analysis, mainly taking into account the interest of the Company's minority shareholders. Our opinions are given in reliance upon such information available from documentations and/or interviews with the management and concerned persons of the Company and PTW, as well as such information available from the public sources and other related information. The Independent Financial Advisor assumes that such information provided above is accurate and true. Should any such information provided above be found to be incorrect and/or untrue and/or have materially changed in the future, it may affect our opinions given in this Report. In this respect, the Independent Financial Advisor is not in a position to ascertain impact from such factor which may arise to the Company and the shareholders in the future. Our opinions in this Report are intended to be given to the Company's shareholders only in relation to the execution of the transactions as described above.

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Report on Opinions of the Independent Financial Advisor

No. AAA+ 11001/2557

November 14, 2014

Re: Opinions of the Independent Financial Advisor on Execution of Connected Transactions of TTW Public Company Limited

Attn.: Shareholders

TTW Public Company Limited

The Board of Directors' Meeting No. 5/2014 of TTW Public Company Limited (the "Company" or "TTW") which was held on October 14, 2014, whereby three interested directors, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, and Mr. Sombat Kitjalaksana, neither attended the Meeting nor voted in the Meeting, resolved to grant approval for the Company to propose that the Extraordinary General Meeting of Shareholders No. 1/2014 which will be held on December 22, 2014 consider the execution of two connected transactions, as follows:

1) Transaction No. 1: Execution of Engineering, Procurement and Construction (EPC) Contract for Engagement of CH. Karnchang Public Company Limited ("CK") as EPC Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area, by constructing structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future, with an initial production capacity of 100,000 m³/day, including improvements in relation to rights and privileges obtained from the Board of Investment (BOI) (collectively the "Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion"), with the contract value of Baht 2,903.70 Million (excluding value added tax)

The execution of Transaction No. 1 is considered a connected transaction since CK is the Company's major shareholder (as at October 31, 2014, CK holds shares representing 19.04 percent of the Company's registered and paid-up capital) and has common directors with the Company (please refer to more details in Item 1.1.2, Contractual Parties and Relationship of the Contractual Parties, on pages 14 - 16), thereby representing a connected transaction between the Company and the Company's major shareholder. According to the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003), including Section 89/12 of the Securities and Exchange Act B.E. 2551 (2008), the size of Transaction No. 1 represents 26.20 percent of the value of net tangible assets (NTA) of the Company and its subsidiaries per the consolidated financial statements as at June 30, 2014.

2) Transaction No. 2: Execution of Engineering, Procurement and Construction (EPC) Contract for Engagement of CH. Karnchang Public Company Limited ("CK") as EPC Contractor for Production Capacity Expansion Project in Pathum Thani - Rangsit Area of Pathum Thani Water Company Limited ("PTW"), the Company's subsidiary, by constructing structures to accommodate the production capacity expansion of approximately 100,000 m³/day in the future, with an initial production capacity of 57,000 m³/day (collectively

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“PTW’s Production Capacity Expansion Project”), with the contract value of Baht 367.10 Million (excluding value added tax)

The execution of Transaction No. 2 is considered a connected transaction since CK is the Company’s major shareholder and has common directors with the Company, whereby PTW is the Company’s subsidiary (as at October 31, 2014, the Company holds shares representing 98.00 percent of PTW’s registered and paid-up capital) (please refer to more details in Item 2.1.2, Contractual Parties and Relationship of the Contractual Parties, on pages 48 - 50), thereby representing a connected transaction between the Company’s subsidiary and the Company’s major shareholder. According to the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003), including Section 89/12 of the Securities and Exchange Act B.E. 2551 (2008), the size of Transaction No. 2 represents 3.31 percent of the value of net tangible assets (NTA) of the Company and its subsidiaries per the consolidated financial statements as at June 30, 2014.

Based on the calculation of the transaction size above, Transactions No. 1 and No. 2 each represent a value of exceeding Baht 20 Million and the transaction size exceeds 3 percent of the NTA, thereby constituting large-sized connected transactions. Therefore, before the Company and PTW execute Transactions No. 1 and No. 2, respectively, the Company shall require approval of the shareholders’ meeting by not less than three-fourths of all votes of the shareholders or proxies (if any) attending the meeting and having the voting right, excluding the votes by the interested shareholders. In addition, the Company is required to engage an independent financial advisor to provide opinions on justification of the execution of the said transactions, and justification of fair prices of such transactions for submission to the shareholders for consideration in advance at least 14 days prior to the date of the shareholders’ meeting.

Furthermore, upon consideration of the execution of Transactions No. 1 and No. 2 above pursuant to the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004), and its amendments per the Notification of the Capital Market Supervisory Board No. ThorChor. 20/2551, including Section 89/29 of the Securities and Exchange Act B.E. 2551 (2008), the highest transaction size on the basis of total value of consideration is equal to 13.50 percent of the total assets value of the Company and its subsidiaries per the consolidated financial statements ended June 30, 2014, which is less than 15 percent and is not regarded as a transaction of acquisition of assets which is subject to the notification requirement to the Stock Exchange of Thailand (“SET”).

Therefore, the Board of Directors has appointed Triple A Plus Advisory Co., Ltd. as the independent financial advisor (the “Independent Financial Advisor”) to provide opinions on justification of the transactions and justification of fair prices of both transactions for submission to the Company’s shareholders concerning the execution of the connected transactions by the Company on this occasion, and for seeking approval for the

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execution of both transactions from the Extraordinary General Meeting of Shareholders No. 1/2014 which will be held on December 22, 2014.

Triple A Plus Advisory Co., Ltd., as an independent financial advisor which is approved by the Office of the Securities and Exchange Commission (the "SEC Office") and which is independent from the Company, has considered and studied such information on the execution of these transactions pursuant to the resolutions of the Board of Directors' Meeting No. 5/2014 which was held on October 14, 2014, the consolidated financial statements as audited and reviewed by the Company's auditor, the Affidavit, the List of Shareholders, the Articles of Association, the Memorandum of Association, agreements relating to the execution of these transactions, the report of the independent consulting engineer, the Information Memorandum, other information and supporting documents, including various assumptions provided by the Company, as well as such interviews with the management and related officers, together with the overview of the industrial outlook and related economic factors. The details of the transactions and opinions on such transactions may be summarized as follows:

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1. Transaction No. 1: Execution of the EPC Contract for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion

1.1 Nature and Description of the Transaction

1.1.1 Transaction Date

After the approval by the resolution of the Extraordinary General Meeting of Shareholders No. 1/2014 of the Company will be held on Monday, December 22, 2014.

1.1.2 Contractual Parties and Relationship of the Contractual Parties

Employer : TTW Public Company Limited (the "Company")

Contractor : CH. Karnchang Public Company Limited ("CK")

Characteristics of the Relationship of the Contractual Parties :

1. CK is the Company's major shareholder, whereby CK holds 759,877,400 shares in the Company, representing 19.04 percent of the Company's registered and paid-up capital (information as at October 31, 2014).
2. Mr. Plew Trivisvavet is the Vice-Chairman of the Board of Directors of the Company, by holding 1,100,000 shares in the Company or representing 0.03 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the President and Chief Executive Officer and a shareholder of CK.
3. Dr. Sombat Kitjalaksana is a director and executive director of the Company, by holding 2,860,100 shares in the Company or representing 0.07 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a director of CK.
4. Mr. Narong Sangsuriya is a director and Chairman of the Executive Committee of the Company, by holding 100 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a director and the Senior Executive Vice President: Operation Group of CK.
5. Mr. Prasert Trivisvavet is a shareholder of the Company, by holding 2,300,000 shares in the Company or representing 0.06 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a close relative of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.
6. Miss Nopaneera Sangsuriya is a shareholder of the Company, by holding 1,000,000 shares in the Company or representing 0.03 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a daughter of Mr. Narong Sangsuriya who is a director

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and Chairman of the Executive Committee of the Company, and a director and the Senior Executive Vice President: Operation Group of CK.

7. Mr. Natus Sangsuriya is a shareholder of the Company, by holding 1,000,000 shares in the Company or representing 0.03 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a son of Mr. Narong Sangsuriya who is a director and Chairman of the Executive Committee of the Company, and a director and the Senior Executive Vice President: Operation Group of CK.
8. M.R. Achariya Kongsiri is a shareholder of the Company, by holding 300,000 shares in the Company or representing 0.01 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the spouse of Mr. Aswin Kongsiri who is the Chairman of the Board of Directors of CK.
9. Dr. Supamas Trivisvavet is a shareholder of the Company, by holding 200,000 shares in the Company or representing 0.01 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a daughter of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.
10. Mrs. Korakot Trivisvavet is a shareholder of the Company, by holding 140,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a close relative of Mr. Sittidej Trivisvavet who is the Executive Vice President: Purchasing of CK.
11. Mrs. Saikasem Trivisvavet is a shareholder of the Company, by holding 100,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the spouse of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.
12. Mr. Sittidej Trivisvavet is a shareholder of the Company, by holding 100,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the Executive Vice President: Purchasing of CK.
13. Mr. Puwanet Trivisvavet is a shareholder of the Company, by holding 50,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital

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(information as at October 31, 2014), and a close relative of Mr. Sittidej Trivisvavet who is the Executive Vice President: Purchasing of CK.

14. Mr. Kamthorn Trivisvavet is a shareholder of the Company, by holding 40,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a director and executive director of CK.
15. Miss Chansai Santaannop is a shareholder of the Company, by holding 23,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a daughter of Mr. Ratn Santaannop who is a director and the Executive Vice President: Construction 1 of CK.
16. Mr. Nattavut Trivisvavet is a shareholder of the Company, by holding 10,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a son of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.
17. Mr. Prasert Marittanaporn is a shareholder of the Company, by holding 100 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a director and the Senior Executive Vice President: Administration Group of CK.

1.1.3 Type and Size of the Transaction

The Board of Directors' Meeting No. 5/2014 which was held on October 14, 2014 resolved to execute Transaction No. 1, namely, the engagement of CK as Engineering, Procurement and Construction (EPC) Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area, by constructing structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future, with an initial production capacity of 100,000 m³/day, including improvements in relation to rights and privileges obtained from the Board of Investment (BOI) (collectively the "Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion"), for the total period of 730 days from the date as specified in the Contract, and the Company agrees to pay the service fee to CK in the total amount of Baht 2,903.70 Million (excluding value added tax).

The execution of Transaction No. 1 is considered a transaction between the Company and CK, the Company's major shareholder (with direct shareholding of 19.04 percent of the Company's registered and paid-up capital (information as at October 31, 2014)), and with the value of consideration of Baht 2,903.70 Million

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(excluding value added tax), thereby representing a transaction with a connected person pursuant to the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003), including Section 89/12 of the Securities and Exchange Act B.E. 2551 (2008) (collectively the "Notifications on Connected Transactions"). Upon the calculation of the transaction size of the transaction based on the value of consideration payable to CK in the amount of Baht 2,903.70 Million pursuant to the Notifications on Connected Transactions, the transaction size represents 26.20 percent of the value of net tangible assets (NTA) of the Company and its subsidiaries per the consolidated financial statements ended June 30, 2014, with the details of the calculation of the size of the connected transaction, as follows:

$$\begin{array}{l} \text{Size of Connected} \\ \text{Transaction} \end{array} = \frac{\text{Value of Consideration} \times 100}{\text{NTA of the Company and its subsidiaries}} = \frac{2,903.70 \times 100}{11,083.02} = 26.20\%$$

The value of net tangible assets as at June 30, 2014 can be calculated as follows:

$$\begin{aligned} &= \text{Total assets} - \text{Total liabilities} - \text{Non-controlling interests} - \text{Intangible assets} \\ &= 24,229.12 - 13,099.92 - 37.32 - 8.87 \\ &= 11,083.02 \end{aligned}$$

Given that the size of such connected transaction exceeds Baht 20 Million and exceeds 3 percent of the net tangible assets of the Company and its subsidiaries, the Company is required to disclose an information memorandum on the execution of such transaction to the Stock Exchange of Thailand, and seek the approval of the shareholders' meeting by not less than three-fourths of all votes of the shareholders or proxies (if any) attending the meeting and having the voting right, excluding the votes by the interested shareholders. In addition, the Company is also required to deliver the notice of the shareholders' meeting, together with the Independent Financial Advisor's opinion on justification of the execution of such transaction, and justification of fair price of such transaction, to the shareholders at least 14 days prior to the date of the shareholders' meeting.

In this regard, upon consideration of the execution of Transaction No. 1 pursuant to the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 (2004), and its amendments per the Notification of the Capital Market Supervisory Board No. ThorChor. 20/2551, including Section 89/29 of the Securities and Exchange Act B.E. 2551 (2008), the highest transaction size on the basis of total value of consideration is equal to 11.98 percent of the total assets value of the Company and its subsidiaries per the consolidated financial statements ended June 30, 2014, with the details of the calculation of the transaction size of the acquisition of assets on the following four bases:

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Basis of calculation	Calculation	Transaction size (percent)
1. Value of assets	<u>% of NTA per acquisition percentage</u> NTA of the Company and subsidiaries	The size cannot be calculated due to the absence of NTA in respect of assets to be acquired.
2. Net profit	<u>% of net profit from assets to be acquired</u> Net profit of the Company and subsidiaries	The size cannot be calculated due to the absence of net profit in respect of assets to be acquired.
3. Total value of consideration	<u>Payment to be made</u> Total assets of the Company and subsidiaries	<u>2,903.70</u> 24,229.12 = 11.98%
4. Share capital value	<u>Shares to be issued as payment for assets</u> Company's issued and paid-up shares	The size cannot be calculated since the Company will not issue any shares as payment for assets.

Upon combination of the size of Transaction No. 1, namely, 11.98 percent, with the size of Transaction No. 2 (which will seek approval from the shareholders' meeting at the same time), of which the highest transaction size on the basis of total value of consideration is equal to 1.52 percent, the total transaction size represents 13.50 percent, which is less than 15 percent, and is not regarded as a transaction of acquisition of assets which is subject to the notification requirement to the Stock Exchange of Thailand ("SET").

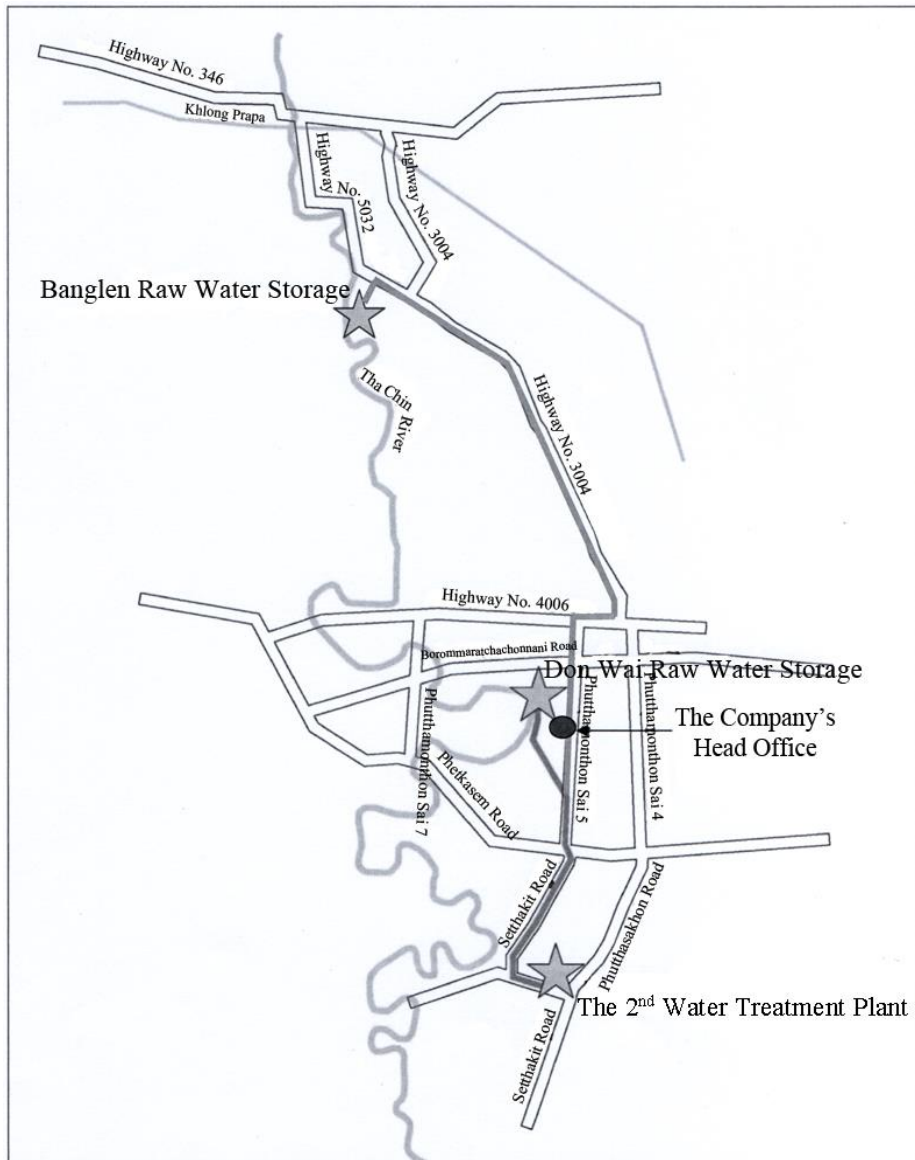
1.1.4 Background and Form of Engagement

Currently, the Company's tap water production and distribution systems have a capacity of 440,000 m³/day for distribution of tap water to two distribution stations, namely, Phutthamonthon Distribution Station and Mahachai Distribution Station. According to the study and the forecast of the water usage volume in the Company's service area in the next 20 years, the water usage demand is continuously rising to reach approximately 881,000 m³/day in 2034, and it is likely to reach its maximum production capacity of 440,000 m³/day in late 2015. Furthermore, the water usage demand in the service area in Samut Sakhon Province is likely to be higher than the service area in Nakhon Pathom Province due to a number of industrial customers, particularly in Amphoe Mueang and Amphoe Krathum Baen, Samut Sakhon Province (in the south of the Company's service area). Therefore, the Company plans to construct the 2nd Water Treatment Plant in Samut Sakhon Province, with the target area in the vicinity of the Krathum Baen Booster Station in Samut Sakhon

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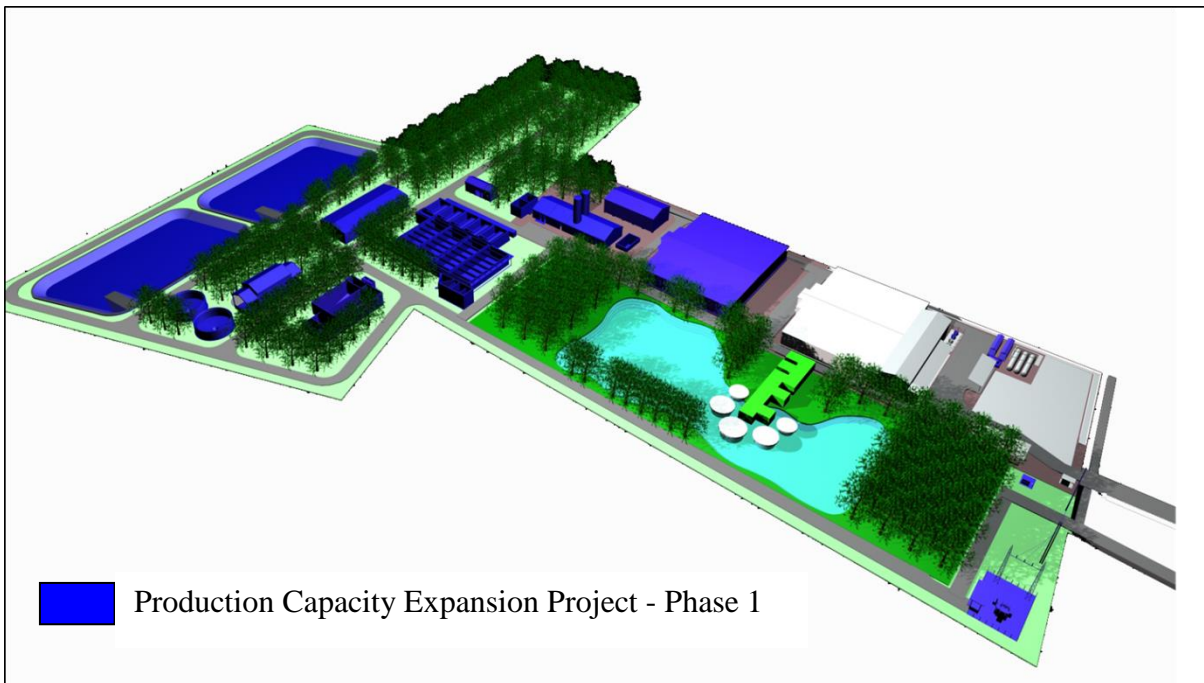
Province which is near its customers and service area; and to construct a new raw water intake station in the area of Wat Don Wai, Amphoe Sam Phran, Nakhon Pathom Province, which is adjacent to the Company's head office, by utilizing raw water from the Tha Chin River like the existing raw water intake station (Banglen Water Treatment Plant). The location of the new raw water intake station will be closer to the 2nd Water Treatment Plant, which will require lower investment in construction and operating costs, as compared with the utilization of raw water in the area of Banglen Water Treatment Plant where the Company's current tap water production system is located.

Map showing locations between Raw Water Intake Stations in Banglen and Don Wai and the Company's 2nd Water Treatment Plant



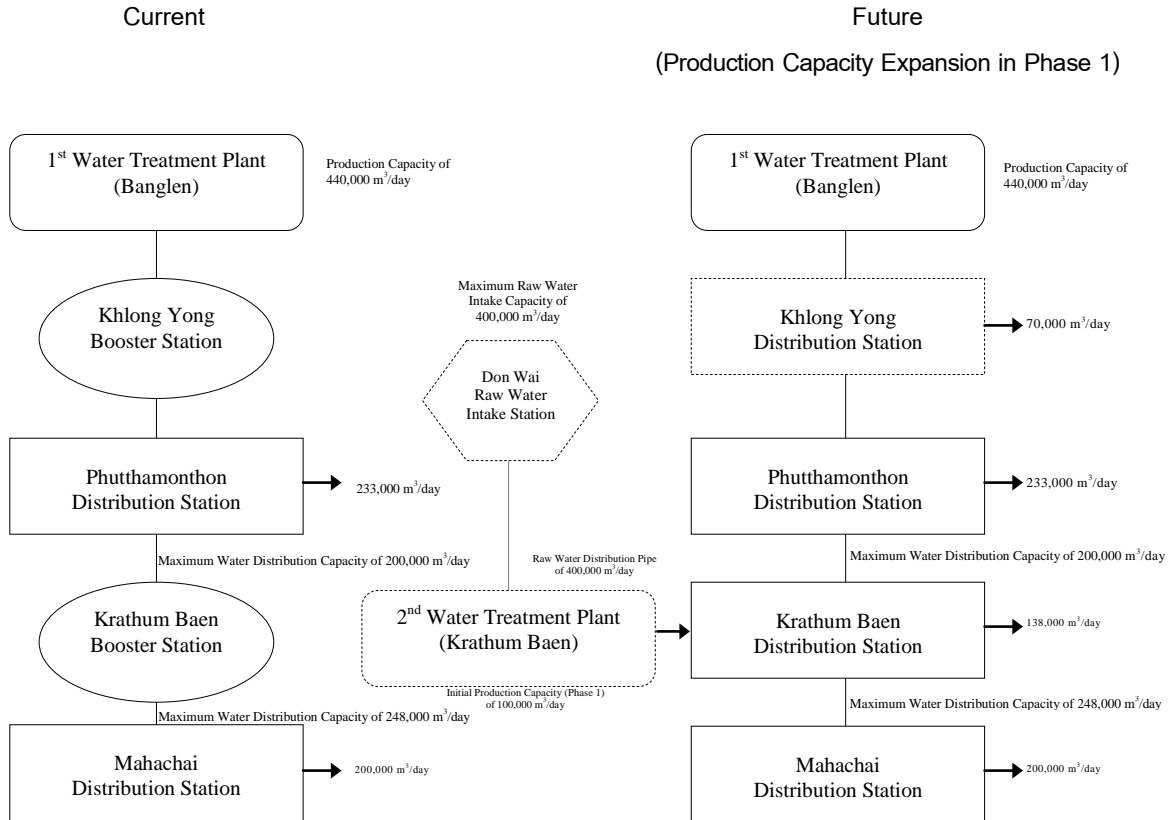
In this regard, the 2nd Water Treatment Plant is designed to have an initial production capacity at 100,000 m³/day and the structures will be constructed to accommodate the production capacity expansion of approximately 400,000 m³/day to facilitate the production capacity expansion in the future to meet the increasing water usage demand from time to time. In this respect, the Company's subsequent production capacity expansion in the future will invest mainly in only buildings, machinery and equipment, namely, Raw Water Booster Pump Building, Sludge Dewatering System and Building, Krathum Baen Water Supply System, Rapid Mixing Tank, Clarifier Tank, Sand Filter Tank, Chemical System, and Krathum Baen Power and Control System, etc. In so doing, the Company has already purchased approximately 50 rai of land to accommodate the tap water production capacity expansion of approximately 400,000 m³/day in the future, and to minimize risk relating to additional land acquisition in the future.

Map showing the initial layout of the Company's 2nd Water Treatment Plant for the Production Capacity Expansion Project - Phase 1



Furthermore, the Company plans to carry out improvements in relation to rights and privileges obtained from the Board of Investment per Promotional Certificate No. 5177(2)/2556 on May 27, 2013, by investing in improvements on Khlong Yong Booster Station and Krathum Baen Booster Station as additional water distribution stations, and as such, the Company's tap water distribution stations will increase from two stations (Phutthamonthon Distribution Station and Mahachai Distribution Station) to four stations which will help resolve bottlenecks in the water transmission and distribution systems, as well as optimize the water distribution network stability.

Illustration of the Company's Future and Current Water Distribution and Transmission Systems and Distribution Stations
(Production Capacity Expansion in Phase 1)



Based on the foregoing diagram, after completion of the construction, Phutthamonthon Distribution Station will remain the main water distribution station and Khlong Yong Station will serve as backup water distribution station in the northern service area, while Mahachai Distribution Station and Krathum Baen Distribution Station will be responsible for the southern service area. Khlong Yong Distribution Station and Phutthamonthon Distribution Station will take tap water produced from Banglen Water Treatment Plant (the 1st Water Treatment Plant) without transmitting water to Krathum Baen Distribution Station and Mahachai Distribution Station as Krathum Baen Distribution Station and Mahachai Distribution Station will take tap water produced from the 2nd Water Treatment Plant located in the same vicinity of Krathum Baen Distribution Station. In this respect, electricity costs will be reduced due to shorter distance of water transmission and distribution, and the pressure management in the water distribution system in the service area will be more efficient because water will be transmitted to four stations, thereby facilitating the distribution of water flow volume through pipelines, and equalizing the pressure in the pipeline network.

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For this reason, the Company, in its capacity as the producer and distributor of tap water for the Provincial Waterworks Authority (“PWA”) in the areas of Nakhon Pathom and Samut Sakhon Provinces, will engage CK as Engineering, Procurement and Construction (EPC) Contractor for the Company’s 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area, by constructing structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future, with an initial production capacity of 100,000 m³/day, including improvements in relation to rights and privileges obtained from the Board of Investment (BOI), with the contract value of Baht 2,903.70 Million (excluding value added tax), for the total period of 730 days from the date as specified in the Contract, with the details as follows:

Project Name : The 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area

Project Description : The 2nd Tap Water Production Plant Construction Project in the area of Krathum Baen Booster Station, Samut Sakhon Province, with an initial production capacity in phase 1 of 100,000 m³/day, and a new raw water intake station in the area of Wat Don Wai, Amphoe Samphran, Nakhon Pathom Province, as well as construction of structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future, including improvements in relation to rights and privileges obtained from the Board of Investment, namely, improvements on Khlong Yong Booster Station and Krathum Baen Booster Station as additional water distribution stations.

Project Site : The 2nd Water Treatment Plant will be located on Setthakit Road, Tambon Khlong Maduea, Amphoe Krathum Baen, Samut Sakhon Province, covering a total area of approximately 48-0-78 rai, with the following details:

Item	Title Deed No.	Land Area		
		rai	ngarn	square wah
1	1658	32	2	4
2	13332	0	3	10
3	5323	14	3	64
Total		48	0	78

The raw water intake station will be located on Phutthamonthon Road 6, Tambon Rai Khing, Amphoe Sam Phran, Nakhon Pathom Province, covering a

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total area of approximately 1-3-94 rai, with the following details:

Item	Title Deed No.	Land Area		
		rai	ngarn	square wah
1	9211	1	2	88
2	64039	0	0	46
3	28936	0	0	60
Total		1	3	94

Construction Period : Not exceeding 730 days from the date as specified in the Contract
Estimated Project Value for the Production Capacity : Total investment value of approximately Baht 3,382.06 Million (excluding value added tax), divided into:
Expansion in Phase 1

Construction cost under the EPC Contract
not exceeding Baht 2,903.70 Million
Land cost, other construction costs and
other expenses Baht 339.00 Million
Interest and finance cost under
construction Baht 139.36* Million

Remark: * The above estimated investment value is subject to change by the conditions of the credit facility agreement which are pending negotiation with financial institutions.

Tap Water Production System and Technology : The Company's 2nd Water Treatment Plant will employ UF¹ (Ultra Filtration) in parallel with the sand filter under the conventional production system, which is currently used in the Company's tap water production plant, or hybrid system.

¹ Ultra Filtration (UF) represents a water filter process which utilizes semi-permeable membranes to extract solution from water or liquid, whereby UF membranes are made of Hollow Fiber, with filtration efficiency at approximately 0.01 micron, namely, water will flow through the 0.01-micron pores of UF membranes (1 micron is equal to 0.001 millimeter) from the concentrated solution side to the diluted solution side, which is controlled by external pressure, and then, suspended substances that produce turbidity, including bacteria and particles larger than the 0.01-micron pore size, will be detained outside the membranes, and only the purified water can pass through the membranes to the outlet pipe.

When compared with the conventional production system, the UF membrane system will not involve any sedimentation and precipitation processes, therefore, the water treatment system of this kind will be small in size, require less space for system installation, save chemical cost, and yet easy to operate and maintain. Although the UF system will be relatively costly in its initial investment, upon considering the absence of chemical requirement, low pressure driven and others, the costs of treated water will be cheaper accordingly. Moreover, the quality of treated water is better or equivalent to the water quality under Thailand Industrial Standard 257/2549: Drinking Water.

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This is because the overall quality of raw water from the Tha Chin River in the area of Wat Don Wai will be slightly different from the quality of raw water at Banglen Water Treatment Plant on account of the same water source, i.e., Tha Chin River. The quality of raw water also meets the requirements to be treated as tap water up to the desired quality by the same treatment system as Banglen Water Treatment Plant, that is, the conventional production system. However, in some seasons, raw water is likely to deteriorate to the extent that it is not possible for the conventional production system to efficiently produce tap water, and the cost of production is high, particularly such cost of chemicals for raw water treatment. As such, the 2nd Water Treatment Plant will add the UF system to accommodate the production of tap water during such seasons when the raw water quality is poor, because the UF system will utilize semi-permeable membranes to extract solution from water or liquid without using any chemicals, at the 0.01-micron filtration efficiency rate, as compared with the conventional production system with the filtration efficiency of solution in raw water at only 10 microns. Thus, the hybrid production system will enable the Company to select such system appropriate for the quality of raw water in each season, so as to optimize the efficiency of the production system with reasonable costs of chemicals.

- Material Permissions from Relevant Authorities :
1. The Company is required to submit an application for additional water pumping from the Tha Chin River for tap water production capacity expansion to the relevant government authorities.
 2. The Company plans to submit an application for investment promotion for the business operation in Category 7.1 Infrastructure and Basic Services to the Board of Investment for the production capacity expansion.
 3. The Company is required to request permission to utilize space for pipeline installation of the Bulk Transmission Main between the raw water intake station and the 2nd Water Treatment Plant from various relevant agencies, such as, Department of Highways, etc.
 4. In the future, when the tap water usage demand exceeds the Company's current production capacity, the Company may consider discussing and

negotiating with PWA to execute an additional water purchase and sale agreement.

1.1.5 Scope of Works

In the implementation of the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area, CK agrees to provide services for design, supply, construction, installation, and commissioning (EPC) in respect of both civil and pipeline works, including mechanical and electrical works, as follows:

(a) Civil and Pipeline Works

CK has the duties to design, supply, and construct various relevant buildings as buildings for installation of machinery and equipment of the tap water production system, including pipeline, system connection, pipe joint, and other system works related to the tap water production system in respect of the raw water intake station and the tap water production plant, together with office building, various infrastructure works, such as, high tower tank, roads, fences, wastewater treatment system, landscape improvements, drainage system, and security system, etc. Building design and dimensions must be approved by the Company, and the construction must meet the building construction standards of The Engineering Institute of Thailand and the Building Control Act, in order for the systems to fully and efficiently function.

(b) Mechanical and Electrical Works

CK has the duties to design, supply, and install machinery and equipment of the tap water production system, the electrical system, the automatic control system, and other system works related to the tap water production system in respect of the raw water intake station and the tap water production plant. The installation works must be approved by the Company and also meet the international standards for mechanical and electrical system installation.

Moreover, CK has the duties to carry out installation and commissioning to ensure that the operation of the tap water production system meets the objectives and requirements of the Company, including the delivery of the systems, and training to the Company's staff and personnel.

Furthermore, CK shall carry out improvements in relation to rights and privileges obtained from the Board of Investment per Promotional Certificate No. 5177(2)/2556 on May 27, 2013 (in replacement of the existing Promotional Certificate No. 1382(2)/2545 which expired in 2012), namely, improvements on Krathum Baen Booster Station to be Krathum Baen Distribution Station to connect with the 2nd Water Treatment Plant to be newly

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constructed; construction of clear water storage tank at Mahachai Distribution Station to accommodate and expand the water distribution capacity of the production system to be newly constructed; and improvements on Khlong Yong Booster Station to be Khlong Yong Distribution Station.

CK shall carry out the foregoing arrangements pursuant to the EPC Contract with the Company, for the total period of 730 days from the date as specified in the Contract, and the delivery of works has been scheduled in accordance with the specified milestones. In addition, the Company shall appoint its consulting engineer as an independent expert to serve as the project management consultant to monitor the works and ensure that CK's obligations are performed in accordance with the Contract. The Company shall pay the service fee to CK on the fixed cost lump sum turnkey basis in the amount of Baht 2,903.70 Million (excluding value added tax).

Should CK fail to complete the construction according to schedule due to its own fault, CK shall be liable to pay the liquidated damages to the Company at the daily rate of 0.12 percent of the total Contract Price from the lapse of such timeframe, in the total amount of not exceeding 10 percent of the total Contract Price. CK also agrees to pay a penalty for delay in the return of facilities² at the rate of Baht 10,000 per hour, with the maximum penalty of not exceeding Baht 200,000 each.

(Please refer to more details in Annex 1, Item 1.1 Key Summary of the draft EPC Contract for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion.)

1.1.6 Source of Funding

With respect to the source of funding to be utilized for the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area on this occasion, the Company expects to enter into a long-term loan agreement with financial institutions and/or issue additional debt instruments in the total amount of approximately Baht 3,000 Million, depending on the likelihood of interest rate in the future. Currently, the Company has received offers from several financial institutions, each of which has offered a loan of Baht 2,000 Million, with a principal repayment period of approximately 10 years (excluding two years of the construction period), at the interest rate based on the deposit interest rate plus margin and MLR minus margin, which are lower than the current market rate and the Company's finance cost at the moment. In this regard, such increased liabilities will not significantly affect and violate the conditions of the existing loan agreement of the Company and/or the specified financial ratio from the Company's issuance and offering of

² During the construction, CK may need to request the Company and/or PTW to suspend the operation of certain system currently used for a certain period of time (normally, the suspension will not exceed one day/time). Therefore, should CK fail to complete such works within the specified timeframe to the extent that the Company and/or PTW cannot operate the current system, CK shall pay a penalty for such delay to the Company and/or PTW at the rate of Baht 10,000 per hour, up to a maximum of not exceeding Baht 200,000 each.

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debentures to the public in 2009 and 2012. Upon combination of the increased liabilities of Baht 3,000 Million with the total liabilities per the consolidated financial statements as at September 30, 2014, the debt to equity ratio will increase from 1.21 times to 1.49 times, which is still lower than 2.00 times under the conditions in the existing loan agreement and in the issuance and offering of debentures.

However, should the Company be unable to negotiate for additional loan and/or secure another source of funding by way of issuance of additional debt instruments, the Independent Financial Advisor is of the opinion that the Company may utilize the working capital of the Company and its subsidiaries to fulfill the total sum of Baht 3,000 Million. According to the consolidated financial statements as at September 30, 2014, the Company's and its subsidiaries' cash and cash equivalents as well as current investments in the total amount of approximately Baht 5,731 Million should be adequate for this investment.

1.1.7 Method of Payment

The Company shall pay the Contract Price to CK in the total amount of Baht 2,903.70 Million (excluding value added tax), whereby a down payment shall be made to CK at the rate of 15 percent of the total Contract Price after the Company's receipt of the Performance Security with a value of 10 percent of the Contract Price and the Advance Payment Guarantee with a value equivalent to the down payment from CK. Payment of the Contract Price shall be made to CK in installments as follows:

- 90 percent of the total Contract Price in accordance with the monthly progress of work;
- 10 percent of the total Contract Price upon receiving the Taking Over Certificate (TOC).

Each payment of the Contract Price shall be subject to deduction for return of the advance payment at the rate of 15 percent and as the retention money at the rate of 10 percent, provided that the retention money shall not exceed five percent of the value of works under the Contract.

Pursuant to the EPC Contract with CK, the payment milestones for completion of the respective works, e.g., civil work, mechanical work, electrical work, instrument work and distribution pump, etc., may be allocated as follows:

Payment Milestones	Allocation (percent)	Estimated Time for Completion
Design Approval	13	By Quarter 1 of 2015
Confirmation of Purchase Orders	17	By Quarter 2 of 2015
Acceptance Test by Manufacturer	20	By Quarter 4 of 2015
Delivery to Site	20	By Quarter 1 of 2016
Installation Completion	20	By Quarter 3 of 2016
Taking Over Certificate	10	By Quarter 4 of 2016
Total	100	

1.1.8 Conditions Precedent

The engagement of CK as EPC Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in the amount of Baht 2,903.70 Million (excluding value added tax) is considered a connected transaction under the Notifications on Connected Transactions, with the transaction size of 26.20 percent of the value of net tangible assets of the Company and its subsidiaries per the Company's consolidated financial statements ended June 30, 2014, representing a transaction size which exceeds Baht 20 Million and 3 percent of the value of net tangible assets, and therefore, the Company is required to report and disclose the execution of the connected transaction to the Stock Exchange of Thailand, and convene a shareholders' meeting to seek approval of the execution of the connected transaction, by not less than three-fourths of all votes of the shareholders or proxies (if any) attending the meeting and having the voting right, excluding the votes by the interested shareholders.

Therefore, the Company will be able to execute Transaction No. 1 or agree to engage CK as EPC Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion only if the Company's shareholders' meeting (excluding the interested shareholders) has granted approval for the Company to execute Transaction No. 1 by the required votes.

1.2 Summary of Corporate Profile of TTW Public Company Limited

Please refer to Annex 2, Item 2.1 Summary of Corporate Profile of TTW Public Company Limited.

1.3 Summary of Corporate Profile of CH. Karnchang Public Company Limited

Please refer to Annex 2, Item 2.2 Summary of Corporate Profile of CH. Karnchang Public Company Limited.

1.4 Justification of the Transaction

1.4.1 Purpose and Necessity for Execution of the Transaction

Further to the Company's forecast of the future water usage demand, the water usage demand in Nakhon Pathom Province and Samut Sakhon Province is continuously rising to approximately 881,000 m³/day in the next 20 years or in 2034. In June 2014, the maximum tap water distribution was 394,230 m³/day. The majority of such increasing water usage demand would be in Amphoe Mueang and Amphoe Krathum Baen, Samut Sakhon Province, which is located in the south of the Company's service area, where various industrial factories are located and demand high water consumption. For this reason, the Company needs to construct the 2nd Water Treatment Plant and a new raw water intake station to ensure that the distribution of tap water will sufficiently meet the increasing demand, and maintain the efficiency of the water transmission and distribution. The 2nd Water Treatment Plant will be located in the potential area with high water demand and adjacent to Krathum Baen Booster Station which will be upgraded to be Krathum Baen Distribution Station, thereby saving electricity costs

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due to shorter distance of water transmission and distribution. The new raw water intake station will be located close to the Tha Chin River in the area of Wat Don Wai, between Wat Don Wai and Wat Rai Khing, Tambon Rai Khing, Amphoe Sam Phran, Nakhon Pathom Province, near the Company's head office and closer to the 2nd Water Treatment Plant than Banglen Raw Water Intake Station. According to the inspection of the quality of raw water over the past five years, the quality of raw water in the area of Don Wai Floating Market is similar to the quality of raw water at the existing raw water intake station (Banglen Water Treatment Plant) on account of the same water source, i.e., Tha Chin River. However, the location of the new raw water intake station will be closer to the 2nd Water Treatment Plant, which will help save the investment costs of pipelines between the raw water intake station and the 2nd Water Treatment Plant, the electricity costs for water distribution, and the costs of chemicals for water treatment. Given the fact that the Company will utilize the hybrid production system in the 2nd Water Treatment Plant, in case the raw water highly contains foreign materials or contaminants, the UF (Ultra Filtration) membrane technology will be activated in the tap water production process to utilize semi-permeable membranes to extract solution from water or liquid without using any chemicals; and however, should the raw water quality meet the requirement, the conventional system, which is currently used in the Company's 1st Water Treatment Plant, will be used. This will enable the Company to efficiently operate the production system with reasonable costs of chemicals.

According to the construction plan of the 2nd Water Treatment Plant, the construction for tap water production capacity expansion will be divided into four phases to meet the increasing water demand in each period, thereby totaling 400,000 m³/day. The construction in Phase 1 will commence with an initial production capacity expansion at 100,000 m³/day, along with the construction of various structures to accommodate the production capacity expansion up to approximately 400,000 m³/day in the future, namely, raw water intake station, raw water pipelines, and raw water pumps, etc. In this regard, the single application for permission for construction of all such structures to accommodate the production capacity expansion of 400,000 m³/day on this occasion will shorten the process and minimize risks in the subsequent applications from the relevant agencies in the future. As a result, the Company's subsequent production capacity expansion in the future will invest mainly in only buildings, machinery and equipment, namely, Raw Water Booster Pump Building, Sludge Dewatering System and Building, Krathum Baen Water Supply System, Rapid Mixing Tank, Clarifier Tank, Sand Filter Tank, Chemical System, and Krathum Baen Power and Control System, etc. Moreover, the Company has already purchased approximately 50 rai of land to accommodate and cover all four phases of the construction to minimize risks relating to additional land acquisition in the future. Furthermore, the Company needs to upgrade Khlong Yong Booster Station and Krathum Baen Booster Station as additional water distribution stations, therefore, the

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water distribution stations will be increased from two stations (Phutthamonthon Distribution Station and Mahachai Distribution Station) to four stations, which will help resolve bottlenecks in the water transmission and distribution systems, as well as optimize the water distribution network stability. Phutthamonthon Distribution Station will remain the main water distribution station and Khlong Yong Station will serve as backup water distribution station in the northern service area, while Mahachai Distribution Station and Krathum Baen Distribution Station will be responsible for the southern service area. Such improvements comply with the conditions as specified in Promotional Certificate No. 5177(2)/2556 on May 27, 2013 (in replacement of Promotional Certificate No. 1382(2)/2545 which expired in 2012). As such, the Company will be exempt from corporate income tax on net profit from the promoted business in the amount of Baht 891.40 Million.

In this connection, should the water usage demand be in line with the aforesaid forecast, the Company intends to rapidly complete the construction of this production capacity expansion in time to accommodate such increasing demand. This represents an additional investment in the industry with potential growth and also represents the current business in which the Company has expertise, as well as minimizes its competitors' opportunity to engage in the business in the Company's service area, and maintains the leading status of the Company Group as Thailand's largest private tap water business operator, and helps generate more revenue for the Company. Furthermore, the improvements to ensure additional water distribution stations will help resolve bottlenecks in and improve the efficiency of the Company's water transmission and distribution systems, which will reduce the current costs of tap water production, especially electricity costs. For this reason, the Board of Directors' Meeting No. 5/2014 on October 14, 2014 resolved to engage CK as Engineering, Procurement and Construction (EPC) Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion on the fixed cost lump sum turnkey basis to ensure completion of the construction within the specified timeframe and fixed costs, with the contract value of Baht 2,903.70 Million (excluding value added tax), for the total period of 730 days from the date as specified in the Contract.

In regard to such arrangements, the Company's revenue may not meet the forecast since sales of treated water may not meet projections and/or PWA does not set any Minimum Offtake Quantity for this production capacity expansion of the Company and/or there is no response to the Company's request for additional raw water pumping from the Tha Chin River from relevant government authorities, which may affect the Company's investment and operational results. Nevertheless, the Company makes projections of sales of treated water on a conservative basis and complies with relevant rules and regulations, whereby the Company is confident that sales of treated water in the future will cover the Company's additional production capacity and expects that PWA's purchase of tap water from the Company will increase in the future. This is because the Company is well-

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equipped for continued distribution of tap water to PWA when compared with other tap water production plants nearby and water users of all types need more tap water as a result of growth in terms of economy, communities and society in the service area. In addition, the government's policy strongly supports people's utilization of tap water in replacement of groundwater in order to minimize the consequential impact, namely, land subsidence. Therefore, considering people's growing demand for tap water which is essential for living, the relevant government authorities surely foresee potential impact of tap water shortage on people. Based on the analysis and consideration of the sustainability of usage of raw water from the Tha Chin River, the raw water volume is adequate for continued production of tap water in the long run without any impact on the production process (please refer to more details in Disadvantages of Execution of the Transaction, on pages 33 - 35).

The engagement of CK on the fixed cost lump sum turnkey basis, with the specified time for completion, fixed service fee, and liquidated damages for any delay in construction, will help assure the Company that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will be successfully completed within the specified timeframe and fixed costs. This will serve to transfer risks relating to construction to CK, namely, delay of project completion risk, foreign exchange risk (if any), cost overrun risk, etc. CK is the country's large construction company with experience and expertise in supervision of construction of various large-scale infrastructure projects; and CK was the contractor for the Tap Water Production Plant Construction Projects in Samut Sakhon - Nakhon Pathom area and in Pathum Thani - Rangsit area, which successfully commenced tap water production and distribution. CK's good financial standing will help assure that its working capital will be sufficient to complete the construction of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion according to schedule. Moreover, CK's capacity as the Company's major shareholder will help motivate CK to complete the construction so that the Company will be able to rapidly commence the operation of the 2nd Water Treatment Plant, which will not only enable the Company to recognize revenue and operational results from increased sales of treated water, but also allow CK, in its capacity as the Company's major shareholder, to indirectly recognize the Company's operational results in proportion to its shareholding percentage, subject to the financial assumptions that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will generate a return on investment at the rate of approximately 11.29 percent within a payback period of approximately 9.41 years from the year of commencement of the operation in respect of the Company's production capacity expansion.

1.4.2 Assessment of the Feasibility of Investment

According to the forecast of tap water usage demand in Samut Sakhon - Nakhon Pathom area which is the Company's service area, the tap water usage demand is continuously rising to approximately 881,000 m³/day

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in the next 20 years or in 2034. Therefore, to ensure that the Company's tap water production remains efficient and sufficiently meets such increasing demand, the Company needs to construct the 2nd Water Treatment Plant to increase the total production capacity of approximately 400,000 m³/day, divided into four phases, at 100,000 m³/day each, in order to satisfy the increasing demand in the future in each period. In this regard, this transaction represents the production capacity expansion in Phase 1 with an additional production capacity of 100,000 m³/day, including structures to accommodate the production capacity expansion up to 400,000 m³/day in the future, and improvements in relation to rights and privileges obtained from the Board of Investment (BOI) (collectively the "Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion").

In considering the feasibility of investment in such Project, the Independent Financial Advisor has prepared financial models to forecast cash flows to be received throughout the operation period, covering all four phases of the production capacity expansion, to accommodate this investment in the structures, totaling 400,000 m³/day, with the total period for construction and operation of approximately 19 years and 7 months, from January 2015 to July 2034, which is the end of the term of the Water Purchase and Sale Agreement with PWA. It is expected that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will commence the commercial operation from January 2017 onwards.

The Independent Financial Advisor has also set the indicators of the justification of the Project to consider the project feasibility and its return on investment, based on the following three approaches:

- Net Present Value (NPV) is a method to calculate the net present value of cash flows, which will be derived from the present value of cash inflow, less the present value of cash outflow, using the weighted average cost of capital (WACC) as the discounted rate to identify the net present value of such cash flows throughout the operation period of the Company's production capacity expansion.
- Internal Rate of Return (IRR) is a method to calculate the rate of return on investment in the Company's production capacity expansion, which will be derived from the present value of cash inflow and outflow throughout the operation period of the Project, whereby the rate derived from the calculation will cause the net present value (NPV) of the Project to equal zero, or in other words, the IRR is the rate of return which will render the investment equal to the return on investment, taking into account the value of money based on the operation period of the Company's production capacity expansion.

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- Payback Period (PB) is a method to identify the break-even point of the Project by ascertaining how much time the Company's production capacity expansion will take to break even, which will be calculated from the accumulated cash flows to be received in the future, regardless of the value of money based on the operation period of the Company's production capacity expansion.

The Independent Financial Advisor has prepared the financial projections based on such business and financial data and assumptions made available by the Company, whereby the value and rate of return on investment in the Project can be calculated as follows:

	2014	Basis of Consideration
Net Present Value (NPV) (Unit: Million Baht)	Baht 1,385.71 Million	The value is more than zero.
Internal Rate of Return (IRR) (Unit: percent)	11.29 percent	The rate of return is more than the discounted rate.
Payback Period (Unit: years)	9.41 years	The payback period occurs within the operation period.

Based on the foregoing assumptions, the net present value of cash of the Project as at December 31, 2014 is Baht 1,385.71 Million, which is more than zero; it is expected that the rate of return on investment in the Project is at 11.29 percent, which is more than the discounted rate; and the payback period is approximately 9.41 years from the year of commencement of the Company's production capacity expansion.

Therefore, according to the calculation to identify the rate of return on investment in the Project by the foregoing approaches, the Independent Financial Advisor is of the view that based on such assumptions, the investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion is feasible and justifiable for investment.

(Please refer to more details in Annex 3, Item 3.1 Assessment of the Feasibility of Investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion.)

1.4.3 Comparison of Advantages and Disadvantages between Execution and Non-Execution of the Transaction

Advantages of Execution of the Transaction

1. The Project represents an additional investment in the industry with potential growth and the current business in which the Company has expertise.

Based on the information of the Water Resources Development Division, the Water Resources Department, PWA, it is forecast that the number of tap water users in Samut Sakhon - Om Noi - Sam Phran area

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during 2014 - 2018 will increase ranging between 6.38 percent and 17.97 percent per year, representing a good growth rate in line with the Company's forecast of water usage demand in the future that the tap water usage demand in Nakhon Pathom Province and Samut Sakhon Province will be continuously rising to approximately 881,000 m³/day in the next 20 years or in 2034. Therefore, the execution of Transaction No. 1 on this occasion, as an investment in the industry with potential growth and the current business in which the Company has expertise, will ensure the Company's sustainable growth in the future.

2. The Project will help minimize the competitors' opportunity to engage in the business in the Company's service area.

The Company forecast that the tap water usage demand in Samut Sakhon - Om Noi - Sam Phran area will reach its maximum production capacity in late 2015. Therefore, the execution of Transaction No. 1 will enable the Company to enhance its tap water production to sufficiently accommodate the increasing demand in such area. As long as the Company can promptly meet such increasing demand, it is then not necessary for PWA to consider selecting new private company to produce and distribute tap water in response to such increasing demand in place of the Company. This will help prevent competitors from engaging in the business in the Company's service area and protect the Company from loss of its bargaining power in the future, and at the same time, enhance the Company's competitive advantage.

3. The Project will help maintain the leading status of the Company Group as Thailand's largest private tap water business operator.

The Company and PTW, with the total production capacity of 828,000 m³/day, are considered Thailand's largest private tap water business operators. Should the Company's shareholders approve the production capacity expansion of the Company and PTW on this occasion, the Company Group's total production capacity will be increased to 985,000 m³/day (based on the production capacity expansion in Phase 1 only). Such production capacity expansion will cause the Company's total production capacity to be substantially high, when compared with other private operators, and will help maintain the leading status as the largest private tap water business operators in Thailand, with the total production capacity of approximately 1 million m³/day. As such, it is unlikely for other competitors or operators to compete with the Company, and it may be positive and open more opportunity for the Company and PTW in the government's policy on tap water business concessions in other areas in the future.

4. The Company's revenue will increase.

According to the Company's forecast, the tap water usage demand in Samut Sakhon - Om Noi - Sam Phran area will reach its maximum production capacity in late 2015, therefore, the execution of Transaction No. 1

on this occasion will enable the Company to generate more revenue from such production capacity expansion, commencing from 2017 onwards.

5. The Project will allow for exercise of the corporate income tax rights and privileges under the conditions of Promotional Certificate No. 5177(2)/2556.

The execution of Transaction No. 1 includes improvements in relation to rights and privileges obtained from the Board of Investment (BOI) under the conditions per Promotional Certificate No. 5177(2)/2556 on May 27, 2013 (in replacement of the existing Promotional Certificate No. 1382(2)/2545 which expired in 2012), namely, improvements on Krathum Baen Booster Station to be Krathum Baen Distribution Station and improvements on Khlong Yong Booster Station to be Khlong Yong Distribution Station, which will help resolve bottlenecks in the water transmission and distribution systems, as well as optimize the water distribution network stability. The Company will be exempt from corporate income tax on net profit from the promoted business in the amount of Baht 891.40 Million.

6. The Project will enhance the efficiency of the Company's water distribution network.

In the execution of Transaction No. 1, the Company will invest in improvements on additional stations from two stations to four stations, namely, Khlong Yong Distribution Station and Krathum Baen Distribution Station will be added. Phutthamonthon Distribution Station will remain the main water distribution station, and Khlong Yong station will serve as backup water distribution station in the northern service area, while Mahachai station and Krathum Baen station will be responsible for the southern service area. Khlong Yong Distribution Station and Phutthamonthon Distribution Station will take tap water produced from Banglen Water Treatment Plant (the 1st Water Treatment Plant) without transmitting water to Krathum Baen Distribution Station and Mahachai Distribution Station as Krathum Baen Distribution Station and Mahachai Distribution Station will take tap water produced from the 2nd Water Treatment Plant located in the same vicinity of Krathum Baen Distribution Station, which will help resolve bottlenecks in and improve the efficiency of the Company's water transmission and distribution systems, as well as reduce the current costs of tap water production, especially electricity costs.

Disadvantages of Execution of the Transaction

1. The Company's liabilities and interest expenses will increase.

In this investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, the Company expects to utilize a loan from financial institutions and/or issuance of additional debentures in the total amount of Baht 3,000 Million. Upon consideration of the consolidated financial statements of the Company and its subsidiaries as at September 30, 2014, the Company's total liabilities amounted to Baht 12,840.62 Million and shareholders' equity amounted Baht 10,644.00 Million, resulting in the debt to equity ratio

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equal to 1.21 times. After the execution of Transaction No. 1 which will incur additional liabilities of Baht 3,000 Million, the Company's debt to equity ratio will increase to 1.49 times and will increase to 1.52 times when combined with the Baht 400 Million loan for PTW's production capacity expansion project, subject to the assumption that the Company has secured the source of financing to PTW in full. Upon calculation of interest expenses from the additional loan of Baht 3,000 Million based on the interest rate of 4.50 percent per annum, as the average finance cost in the Company's financial statements as at the end of the third quarter of 2014, the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will incur the interest expenses of approximately Baht 135 Million per year, which will increase to Baht 153 Million per year when combined with the Baht 400 Million loan for PTW's production capacity expansion project.

Nevertheless, the Company's 2nd Water Treatment Plant will help generate more revenue and profit for the Company, which will also enhance the shareholders' equity. Furthermore, should the loan drawdown be gradually made in response to the capital requirement for investment in the Project, it will help defer the effect of increased interest expenses and the Company's debt to equity ratio will not be immediately affected in full.

2. The Project requires high investment in the initial period to accommodate the future production capacity expansion.

The Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Phase 1 with an initial production capacity of 100,000 m³/day on this occasion will have the contract value in the amount of Baht 2,903.70 Million (excluding value added tax). Such investment value also covers the construction costs of structures to accommodate the Company's additional production capacity expansion up to 400,000 m³/day in the future. Therefore, the investment in preparations for such production capacity expansion in the future will require the Company to secure higher investment than usual, when compared with the investment in preparations for the production capacity expansion of only 100,000 m³/day. However, such arrangements will help shorten the process and minimize risks relating to applications for permission from relevant government authorities in compliance with the laws, acts, and requirements, such as, the Department of Highways and local municipality, etc., and will also help enable the Company to rapidly carry out the production capacity expansion in subsequent phases which will involve only installation of additional machinery and equipment.

3. The Company's revenue may not meet the forecast since sales of treated water may not meet projections.

In the past, the Company's investment and production capacity expansion to accommodate the increasing tap water usage demand were always guaranteed by increasing Minimum Offtake Quantity under the Water Purchase and Sale Agreement with PWA. However, the tap water usage demand is continuously rising,

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namely, in June 2014, the maximum water distribution was 394,230 m³/day and it is likely for the Company to reach its maximum production capacity of 440,000 m³/day in late 2015. Therefore, the Company foresees an urgent need to invest in tap water production capacity expansion to meet such increasing water demand and to accommodate the Company's business growth, which would take around two years to complete, without waiting for conclusion from negotiations for additional Minimum Offtake Quantity with PWA. As such, the Company is exposed to such risk that should the tap water usage demand not meet the Company's forecast, it may have an impact on return on investment on this occasion.

Nevertheless, the Company's forecast of such tap water usage demand was made on a conservative basis, whereby the growth rate of tap water usage demand in the future was set at approximately 6.5 m³/year, representing the compound annual growth rate (CAGR) at approximately 3.05 percent per year, which is lower than the Company's previous growth rate (an average of 4.23 percent per year for the operational results from 2010 onwards). For this reason, the Company is confident that the tap water usage demand in the future will be sufficient to cover the Company's increasing production capacity. Should the volume of tap water usage demand increase according to the forecast and the Company be ready to distribute tap water to satisfy such increasing demand, PWA is likely to grant such permission and purchase additional tap water from the Company in line with the government's policy to encourage people, as water users, to utilize tap water in replacement of groundwater and minimize the potential impact of tap water shortage on people.

4. Utilization of Raw Water Sources

4.1 Application for Utilization of Raw Water Sources from Relevant Authorities

In the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, the Company plans to additionally utilize raw water from the Tha Chin River in the total amount of approximately 400,000 m³/day, and in Phase 1, the Company will utilize an additional 100,000 m³/day of raw water. In so doing, the Company is required to apply for utilization of raw water from the Tha Chin River from the relevant authorities. In the past, the Company received the written reply from the Office of National Water Resources Commission, No. NorRor. 0110/423 dated April 27, 2011, for raw water pumping for tap water production and distribution to PWA in the amount of 320,000 m³/day. The Office of National Water Resources Commission suggested that the Company should locate additional backup raw water sources in case of raw water shortage during some seasons, so as to prevent any effect on water users. Further to the Company's production capacity expansion of 120,000 m³/day, being a total of 440,000 m³/day, the Company submitted an application for additional raw water pumping of another 120,000 m³/day from May 2009. However, until now, the Company has not yet received any reply to such application from the Office of National Water Resources

Commission which is currently no longer active and pending the enactment of the National Water Act, and as such, there is no regulatory agency directly in charge of this matter. However, the Company keeps follow up on such matter and will submit an application for utilization of raw water for additional production capacity expansion when the regulatory agency directly in charge has been established.

4.2 Adequacy of Raw Water Volume

The Company's demand for more raw water for the production capacity expansion may have an impact on the adequacy of raw water volume in the Tha Chin River. However, the Company expects that such impact will be insignificant, since according to the analysis and consideration of the sustainability of utilization of raw water from the Tha Chin River, it is found that the Tha Chin River will receive water from the water management scheme of four large reservoirs, namely, Wachiralongkorn Dam, Srinagarindra Dam, Bhumibol Dam, and Sirikit Dam, all of which account for an average discharge volume of approximately 82.75 million m³/day and 61.67 million m³/day in 2012 and in 2013, respectively. After the full production capacity expansion, the Company's total production capacity will be approximately 0.84 million m³/day, representing approximately 1 percent of the total discharge volume from all dams along the river. Thus, it is believed that the raw water volume will be adequate for tap water production in the long run without any effect on the Company's production process.

Advantages of Non-Execution of the Transaction

1. The Company's liabilities and interest expenses will not increase.

Should the Company not invest in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, the Company's liabilities and interest expenses will not increase from loans and/or issuance of debentures for such investment.

2. The Company will have no risk from excessive production capacity expansion.

The production capacity expansion will take approximately two years for construction, the Company then decides to invest in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in reliance upon the forecast of tap water usage demand in the future prepared by the Company and the forecast of tap water users in the future prepared by the Water Resources Development Division, the Water Resources Department, PWA, without any agreement on additional Minimum Offtake Quantity with PWA to accommodate such expansion. Therefore, should the Company not invest in this Project, the Company will have no risk from production capacity in excess of tap water demand should the tap water usage demand not meet the forecast.

Disadvantages of Non-execution of the Transaction

1. The Company will miss the opportunity to additionally invest in the industry with potential growth and the current business in which the Company has expertise.

Based on the forecast under the specified assumptions, it is expected that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will generate a return on investment at the rate of approximately 11.29 percent within a payback period of approximately 9.41 years. Therefore, should the Company not invest in such production capacity expansion project, the Company will miss the opportunity to additionally invest in the industry with potential growth and the current business in which the Company has expertise.

2. It may allow competitors to engage in the business in the Company's service area.

Should the Company not invest in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, the Company may be unable to produce tap water to accommodate the increasing demand. PWA may consider selecting new private company to produce and distribute tap water to accommodate such increasing demand in place of the Company. This will allow competitors to engage in the business in the Company's service area and cause the Company to lose its bargaining power in the future.

3. The Company will miss the opportunity to generate more revenue.

Should the Company not invest in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion at this time, the Company will miss the opportunity to generate more revenue for a certain period of time. This is because should the tap water demand in the Company's service area meet the forecast, the Project will take approximately another two years for construction.

1.4.4 Comparison of Execution of the Transaction between a Connected Person and a Third Party

Advantages of Execution of the Transaction with a Connected Person

1. CK is a construction contractor with experience and expertise in infrastructure projects.

CK has operated the business as construction contractor for more than 40 years. Currently, CK has developed the scope of its business operations to become one of only a few construction contractors which is capable of carrying out sophisticated construction works which require state-of-the-art construction technologies, such as, large-scale infrastructure projects. In addition, CK has also developed its capabilities in terms of both engineering and management, allowing it to operate projects on a design and construction basis or the so-called turnkey, and as a result, CK has been selected for various construction projects of the public and private sectors, such as, the expressway projects, the metro operation project, the tap water production plant, and power production project, etc. In this regard, CK has operated the construction business in the capacities as main contractor, sub-contractor, including concession business of various natures, such as, on a build-operate-transfer

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(BOT) or build-transfer-operate (BTO) or build-own-operate (BOO) or acquire-operate-transfer (AOT) basis, as well as small, medium and large scale projects. Some of CK's major projects in the past include the Bang Na - Chon Buri Expressway Project, the Development Project for Enhancement of the Capacities of the Bangkok International Airport, the Park & Ride Facility Project for Bangkok Metro Public Company Limited ("BMCL"), the Construction Project of Bang Pli - Suksawad Expressway (Bang Pli - Suksawad) (Bang Pli – Bang Khun Thien), the Concession Project for Tap Water Production and Distribution for the Provincial Waterworks Authority in Nakhon Pathom, Samut Sakhon and Pathum Thani Provinces, the MRTA Initial System Project, Chaloeam Ratchamongkhon Line, the Concession Project for Power Production and Distribution for the Electricity Generating Authority of Thailand, and the Nam Ngum 2 Hydroelectric Power Project in the Lao People's Democratic Republic, etc. Therefore, with CK's experience and expertise as described above, it can assure that CK will be able to carry out and complete the design and construction of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion within the specified timeframe.

2. CK is able to propose the fixed cost lump sum turnkey contract.

The Company wishes to execute the engagement on the fixed cost lump sum turnkey basis, with the specified time for completion and milestone payments in accordance with the monthly progress of works; and liquidated damages, in respect of which only a few contractors are capable of accepting the engagement of this nature under such conditions. The engagement of CK will help allow the Company to fix the service fee and transfer risks relating to construction to CK, such as, foreign exchange risk (if any), and cost overrun risk, etc. CK guarantees to complete the works within 730 days from the date as specified in the Contract, and it is expected to complete the construction by 2016. As such, the Company's revenue and operational results will increase from such production capacity expansion, commencing from 2017 onwards. Furthermore, should there be any delay in construction due to the fault on the part of CK, CK agrees to pay the liquidated damages to the Company at the daily rate of 0.12 percent of the Contract Price, in the total amount of not exceeding 10 percent of the Contract Price. CK also agrees to pay a penalty for delay in the return of facilities at the rate of Baht 10,000 per hour, with the maximum penalty of not exceeding Baht 200,000 each. CK is required to furnish the Performance Security to secure that the 2nd Water Treatment Plant will be operated according to the specified design and specifications. Thus, the engagement of CK will help enable the Company to set out the conditions of the EPC Contract to meet the Company's requirements, which will help minimize potential risks from the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion to a certain degree.

3. CK has experience in construction for the Company.

In 2008, the Company engaged CK as the civil contractor for additional production capacity expansion by 120,000 m³/day, from 320,000 m³/day to 440,000 m³/day. CK was the Engineering, Procurement and Contract (EPC) Contractor on the fixed cost lump sum turnkey basis, whereby this construction of the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion is in the same manner as the previous engagement.

CK has experience and expertise in construction for the Company. Upon consideration of CK's previous projects, the works were of good quality and successfully completed, and the current tap water production and distribution processes are fully functional. As a result, the Company can rest assured that this engagement of CK for construction of the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will enable it to rapidly and properly carry out the construction according to schedule.

4. CK has the good financial standing.

In this engagement of CK to carry out the construction, the Company intends to execute a fixed cost lump sum turnkey contract in the amount of Baht 2,903.70 Million. Should the Company wish to engage another company, the Company needs to consider whether or not such company will be capable of properly carrying out the construction; and if such company's financial standing be unstable, the Company may be at risk of such company's inability to carry out the construction, or, if the prices of raw materials for construction dramatically increase, the Company may be at risk due to such company's abandonment of works, and as a result, the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion may not be completed according to the specified timeframe, which will affect the Company's operation plans.

Therefore, CK is a company listed on the Stock Exchange of Thailand, a contractor of repute, large-scale construction company with successful achievements in previous construction projects of similar nature to this project, together with its good financial standing. As at the end of the second quarter of 2014, CK's total assets amounted to Baht 79,152 Million, total revenue amounted to Baht 18,045 Million, and the net profit for the Company alone amounted to Baht 677 Million, including the shareholders' equity of the Company alone amounted to Baht 17,599 Million. The foregoing information can prove CK's strong financial position, therefore, the risks relating to CK's inability to carry out the construction, delay in construction or work abandonment are unlikely.

5. Both parties gain mutual benefits and negotiations can be concluded quickly.

Given that CK is a connected person with good relationship with the Company, as the strategic partner in the Company and with common directors, therefore, any arrangements beneficial to the Company will also benefit all shareholders, including CK as the Company's major shareholder. Moreover, given CK's capacity as the

Company's major shareholder with common directors, the Company and CK will be able to conclude negotiations, conditions and details quickly and in line with the timeframe as specified in the plan.

Disadvantages of Execution of the Transaction with a Connected Person

1. The Company has less opportunity to compare CK's proposal with other contractors.

This engagement of CK was done without an open bidding process, and as such, the Company has less opportunity to compare CK's proposal with other contractors, which may submit more favorable proposals.

However, given a few number of contractors with expertise in construction of the tap water production plant on a fixed cost lump sum turnkey basis, and CK's capacity as the Company's major shareholder, it may be difficult for the Company to invite other contractors for comparison. Upon consideration of CK's draft proposal, CK's construction price in the amount of Baht 2,903.70 Million is lower than the appraised price ranging between Baht 2,916 – 2,966 Million or lower than Baht 12.30 – 62.30 Million by EPSILON Co., Ltd ("EPSILON"), the Company's independent consulting engineer. Therefore, the Company believes that it is unlikely for the Company to receive proposals from other contractors which will be more competitive than CK's proposed price.

2. It may give rise to a conflict of interest.

The execution of a transaction with a connected person with interest in the transaction may give rise to doubt about whether such transaction is used as a means to transfer benefits to such connected person or may prevent the parties from negotiating or concluding conditions on an arm's length basis, which may affect the minority shareholders of the Company. However, the Company's Board and management are well accustomed to the rules and regulations and realize the consequences of the execution of a transaction with a connected person that if this transaction is not beneficial to the Company or the price of this transaction is inappropriate, it may affect the minority shareholders of the Company.

3. This opens an opportunity to execute connected transactions between each other in the future.

The investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion represents an investment in the production capacity expansion in Phase 1 with an initial production capacity of 100,000 m³/day as well as construction of the structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future at the same time. Therefore, this engagement of CK as EPC Contractor will allow CK to design and plan for construction of various structures, with its know-how and understanding in installation and/or integration of equipment in such structures, due to the fact that CK was the contractor for the basic structures for the initial production capacity expansion. As such, CK has the advantages over other contractors should the Company wish to invest in the production capacity expansion in

subsequent phases in the future. For this reason, it is possible to allow the Company to further execute connected transactions with CK in the future.

Nevertheless, the Company's Board and management are well accustomed to the rules and regulations and realize the consequences of the execution of a transaction with a connected person. Thus, in the future, should the Company need to engage a contractor for the production capacity expansion in subsequent phases, the Company shall consider selecting such contractor by mainly taking into account the utmost benefit of the Company and its shareholders.

Advantages of Execution of the Transaction with a Third Party

1. It will be considered as a transparent transaction.

Basically, the execution of a transaction with a third party will not be considered or suspected as to transparency or transfer of benefits out of the Company since each party will attempt to negotiate for and protect its own rights and benefits to reach a conclusion to the best of its interest.

2. The Company may invite open bids for the Project construction.

Should the Company not engage CK, the Company will have an opportunity to select a contractor by inviting open bids from other contractors for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, and as a result, the Company may receive more favorable proposals and/or conditions than that proposed by CK.

3. It is an opportunity to do business with new contractors.

Should the Company invite bids from other contractors for construction of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, the Company will have an opportunity to do business with new contractors, and should the Project be carried out successfully, the Company will have more alternatives to select contractors for projects in the future.

Disadvantages of Execution of the Transaction with a Third Party

1. The Project may be delayed.

The Company has received CK's proposal with details of construction works and period in accordance with the requirements for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion. Should the Company not execute the transaction with CK, the Company will need to follow such procedures for selection of a new contractor, bidding process, consideration process and negotiation process, whereby the Company must take time to undertake the aforesaid procedures, which may eventually delay the construction of the Project. According to the Company's forecast of water usage demand in the Company's service area, it is likely to reach its maximum production capacity of 440,000 m³/day in late 2015. This means that in 2016, the Company will not be able to distribute water to accommodate the demand in excess of

the Company's current production capacity, as it must take approximately two years to carry out the construction of such Project. In the execution of this transaction, it is expected to commence the production capacity expansion from 2017 onwards. As a result, should the Company need to spend time to proceed with the bidding process for selection of a new contractor, it may further delay the construction of the Project.

2. It is likely to be unable to select a qualified contractor that meets the specified requirements.

Currently, there are only a few construction companies in Thailand which are capable of carrying out sophisticated construction that requires the construction technology like the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion. Should the Company not execute this transaction with CK, the Company may not be able to select a qualified contractor that meets the requirements as specified by the Company, which include its reputation, experience and good financial position.

1.5 Fairness of Price and Conditions of the Payment

1.5.1 Justification of Price

Based on the study of the forecast of tap water usage volume in the Company's service area in the future, the tap water usage demand is likely to increase to approximately 881,000 m³/day in 2034. Therefore, the Company needs to increase its production capacity to accommodate such increasing demand, whereby the Company will invest in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in the Company's service area, divided into four phases, at 100,000 m³/day each. This investment will increase the tap water production capacity in Phase 1 by approximately 100,000 m³/day, and will also include the construction of various structures to accommodate the production capacity expansion in the future up to approximately 400,000 m³/day at the same time, in order to shorten the process and minimize risks relating to application for permission for construction from relevant government authorities in the future, including improvements in relation to rights and privileges obtained from the Board of Investment.

In considering the justification of price for engagement of CK for construction of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion on the fixed cost lump sum turnkey basis in the amount of Baht 2,903.70 Million (excluding value added tax), the Independent Financial Advisor is of the opinion that such price is based on technical engineering data which requires specific know-how and expertise. Based on the foregoing reason, the Independent Financial Advisor therefore considers comparing CK's proposal with the report on review of CK's price proposal for the Company's 2nd Tap Water Production Plant

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Construction Project for Production Capacity Expansion in Samut Sakhon – Nakhon Pathom Area dated October 1, 2014, as prepared by EPSILON Co., Ltd. (“EPSILON”)³, as the Company’s independent consulting engineer.

In the estimation of such construction cost, EPSILON will appraise and analyze the scope of works, nature of the Project, site of the Project, construction method, construction period, prices of materials and labor, rental of machinery and equipment for construction, including other expenses for construction of the Project, whereby the bases and assumptions for review of CK’s price proposal are set out as follows:

- The review of work volume has been based on CK’s price proposal and engineering estimates as appropriate to conceptual design in support of consideration;
- The review of price has been based on CK’s price proposal to consider the justification of price in comparison with the current construction pricing of private projects;
- The review of the calculation accuracy has been based on CK’s price proposal on the mathematical basis.

In this connection, EPSILON’s review has been classified into three main subjects, comprising (1) General Works, namely, Project Management Cost and Design Cost; (2) Civil Works and Pipe System; and (3) Mechanical and Electrical Works. Based on the appraisal and analysis of the scope of works, nature of the Project, site of the Project, construction method, construction period, prices of materials and labor, rental of machinery and equipment for construction, including other expenses for construction of the Project per CK’s proposal, EPSILON is of the opinion that CK’s proposal fully covers the scope of works and the price is appropriate for the design and construction works. EPSILON has also reviewed such improvements/construction in relation to rights and privileges from the investment promotion in comparison with the construction of the Company’s 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, and found that such improvements/construction in relation to rights and privileges from the investment promotion in the total

³ EPSILON Co., Ltd. (EPSILON) is a company incorporated in Thailand since 1990 by a group of Thai engineers, architects and specialists, to provide consulting engineer services, such as, initial design, detailed design and project price appraisal, construction supervision, project management, inspection and maintenance, etc. EPSILON is an independent consulting engineer registered with the Thai Consultant Database Center, Ministry of Finance, as Category A Registered Consultant, Registration No. 154, in the field of transportation and environment, and is licensed to practice the engineering profession by the Council of Engineers. EPSILON’s previous works entrusted by both government and private sectors include roadworks, elevated roads, tunnels, bridges, expressways, mass rapid transit systems, airports, infrastructure systems, warehouses, industrial estates, and IT systems, etc, together with major projects such as Suvarnabhumi Airport Development Project, Phuket Airport Construction Project, Ratchaphruek Road Expansion Construction Project, Nonthaburi Bridge Construction Project, Si Rat – Outer Ring Road Expressway Project, Wastewater Treatment System Construction Project in Nong Khaem – Phasi Charoen – Rat Burana area, and Combined Utility Tunnel Construction Project in four roads, etc. The Company and PTW have engaged EPSILON, which is independent from the Company and PTW to appraise the construction costs of the Company’s 2nd Tap Water Production Plant Construction for Production Capacity Expansion and PTW’s Production Capacity Expansion Project for comparison with CK’s price proposal.

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amount of Baht 891.40 Million has been included in the construction of the 2nd Water Treatment Plant, certain items of which may be called differently.

In this regard, the comparison between the price appraised by EPSILON and the price proposed by CK is presented below:

Unit: Million Baht

Work Description	Minimum Price Appraised by EPSILON	Price Proposed by CK	Difference from CK's Price	
			Amount	percent
1. General Works	362.9	362.9	-	0.00
2. Civil Works & Pipe System	1,507.8	1,500.9	6.9	0.46
3. Mechanical and Electrical Works, divided into:				
3.1 Mechanical Works	420.1	418.7	1.4	0.33
3.2 Electrical Works for Mechanical Works	212.7	212.5	0.2	0.07
3.3 Electrical Works for Civil Works	23.3	22.7	0.6	2.61
3.4 Ultra Filtration System	221.4	220.3	1.1	0.52
3.5 Distribution System	158.3	155.9	2.4	1.53
3.6 Instrument Work	9.5	9.8	(0.3)	-3.10
Total	1,045.3	1,040.0	5.3	0.51
Grand Total	2,916.0	2,903.7	12.3	0.42

Based on the foregoing table, EPSILON has appraised the construction cost of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in the amount of approximately Baht 2,916 Million, which is higher than CK's proposal at Baht 2,903.70 Million by approximately Baht 12.30 Million or 0.42 percent when compared with CK's proposal, with the details of review as follows:

(1) General Works

- Project Management Cost: CK has proposed the project management cost in the amount of approximately Baht 340.86 Million, representing 11.74 percent of the total proposed price. EPSILON is of the opinion that the project management cost generally represents approximately 8-16 percent of the project value, depending on the scope of works of each project. Upon consideration of the scope of works and difficulty of construction in the site of this Project, EPSILON has appraised the project management cost at 12 percent of the construction cost or

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approximately Baht 350 Million. Therefore, the cost for this item is acceptable and represents CK's own operating cost. As such, EPSILON refers to CK's price as EPSILON's price to lower the construction cost.

- Design Cost: CK has proposed the design cost in the amount of approximately Baht 22 Million or approximately 0.76 percent of the total proposed price, which is lower than the general requirement, due to the fact that the government authorities generally determine the design cost at approximately 1.75 percent of the project value, while the design cost for private projects will be in the range of 3.00 - 5.00 percent of the project value, depending on complexity. Upon consideration of the scope of works and complexity of this Project, EPSILON has appraised the design cost at approximately 2 - 3 percent of the construction cost, representing approximately Baht 60 Million. Therefore, it can be seen that the design cost proposed by CK is relatively low but acceptable, and represents CK's own operating cost. As such, EPSILON refers to CK's price as EPSILON's price to lower the construction cost.

(2) Civil Works

CK has proposed the civil works in the amount of approximately Baht 1,500.86 Million, representing 51.69 percent of the total proposed price, divided into:

- a) Civil works in respect of the raw water intake station and appurtenant buildings, the 2nd Water Treatment Plant and appurtenant buildings, and clear water storage tank at Mahachai Distribution Station and appurtenant buildings, account for Baht 538.25 Million or approximately Baht 35.86 Million of the value of the Civil Works.
- b) Pipe system from the raw water intake station to the tap water production plant for a distance of approximately 15 kilometers, comprising steel pipelines of 1,500 millimeters in diameter, and pipe accessories, including welding, assembly, installation of pipes and equipment, and cathodic protection, cut and cover for raw water pipelines, pipe jacking, restoration work, infrastructure reclaim, and other works, in the total amount of approximately Baht 962.61 Million or 64.14 percent of the value of the Civil Works.

In this regard, EPSILON has appraised the construction cost of such Civil Works in the amount of approximately Baht 1,507.77 Million, which is higher than CK's proposal by approximately Baht 6.90 Million or 0.46 percent when compared with CK's proposal.

(3) Mechanical and Electrical Works

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CK has proposed the mechanical and electrical works in the total amount of approximately Baht 1,039.97 Million, representing approximately 35.82 percent of the total proposed price, divided into Mechanical Works, Electrical Works for Mechanical Works, Electrical Works for Civil Works, Instrumentation Work, Ultra Filtration System, and Distribution System, for Khlong Yong Distribution Station, Krathum Baen Distribution Station, and clear water storage tank at Mahachai Distribution Station, in accordance with the design standard and requirements. EPSILON has appraised the construction cost of such mechanical and electrical works in the amount of approximately Baht 1,045.31 Million, which is higher than CK's proposal by approximately Baht 5.34 Million or representing 0.51 percent when compared with CK's proposal.

As a result, upon consideration of information in the appraisal report of EPSILON as mentioned above, the Independent Financial Advisor is of the opinion that the price per CK's proposal in the amount of approximately Baht 2,903.70 Million is reasonable since it is lower than the price appraised by EPSILON, the independent consulting engineer, at approximately Baht 2,916 Million. According to EPSILON's appraisal, the service fee which is justifiable for this Project is in the range of Baht 2,916 - 2,966 Million. The minimum price of Baht 2,916 Million is the price under the appraisal of construction cost of the respective items of works while the maximum price of Baht 2,966 Million, which represents an increase of approximately Baht 50 Million from the minimum price, accounts for contingency at the rate of approximately 1-2 percent for the uncertainty of construction, since, at the time of actual construction, certain portions of works may not be constructed in accordance with the current design and preparations. As such, it is necessary to adjust the design and construction method as appropriate for the condition of the Project's site in such area in order to avoid problems and obstacles in construction, or in compliance with the laws, requirements, rules, and practices of various agencies related to applications for permission for construction, including requests of local residents to minimize impact from the construction on the residents and environment, and complete the Project according to plan.

Conditions of Payment

As for the conditions for payment, the down payment, the Performance Security, and the Advance Payment Guarantee prior to the down payment, milestone payments in accordance with the monthly progress of works, and deduction of advance construction cost and retention money from payment in each installment, have been specified. The Independent Financial Advisor is of the opinion that such conditions are in accordance with the ordinary course of business and general trading practices and in no way render the Company disadvantageous to CK, and that the completion period has been guaranteed and the liquidated damages has been set for any delay in construction due to the fault on the part of CK, which will be beneficial to and help

compensate the Company for the opportunity cost should CK be unable to complete the construction within the specified timeframe.

1.6 Conclusion of Opinion of the Independent Financial Advisor

1.6.1 Justification of the Transaction

The Independent Financial Advisor is of the opinion that the execution of Transaction No. 1 is of benefit to the Company since it represents an additional investment in the industry with potential growth and also represents the current business in which the Company has expertise, as well as minimizes its competitors' opportunity to engage in the business in the Company's service area, and maintains the leading status of the Company Group as Thailand's largest private tap water business operator, and helps generate more revenue for the Company. Furthermore, the additional water distribution stations will help resolve bottlenecks in and improve the efficiency of the Company's water transmission and distribution systems, which will reduce the current costs of tap water production, especially electricity costs. In addition, CK has the potentials, experience, know-how, and expertise in various large-scale construction projects, and was the contractor in construction, supply and installation of equipment for the Tap Water Production Plant Construction Projects in Samut Sakhon - Nakhon Pathom area and in Pathum Thani - Rangsit area, and as such, it has proper understanding and capability to implement the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Samut Sakhon - Nakhon Pathom Area. CK also has the good financial standing, which is critical to the execution of a fixed cost lump sum turnkey contract, in order to help the Company to transfer risks relating to construction to CK, e.g., cost overrun risk, foreign exchange risk (if any), and delay of project completion risk, etc. CK guarantees to complete the works within 730 days from the date specified in the Contract in the amount of not exceeding Baht 2,903.70 Million (excluding value added tax). Moreover, the liquidated damages will be imposed on CK for any delay in construction, in which case, the liquidated damages from CK will help mitigate impact and damage of the Company to a certain degree. Therefore, the engagement of CK will assure the Company of the cost control and successful completion of the construction according to schedule and within the specified amount. CK's capacity as the Company's major shareholder will help motivate CK to complete the construction so that the Company will be able to rapidly commence the operation of the 2nd Water Treatment Plant, which will not only enable the Company to recognize revenue and operational results from increased sales of treated water, but also allow CK, in its capacity as the Company's major shareholder, to indirectly recognize the Company's operational results in proportion to its shareholding percentage, subject to the financial assumptions that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will account for the net present value of cash flows in the amount of approximately Baht 1,385.71 Million and generate a return on investment at the rate of

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approximately 11.29 percent within a payback period of approximately 9.41 years from the year of commencement of the operation in respect of the Company's production capacity expansion. (Please refer to the details of the financial assumptions in Annex 3, Item 3.1 Assessment of the Feasibility of Investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion on page 120.)

The Independent Financial Advisor has conducted a sensitivity analysis by changing key factors to identify any impact on the return of the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, which may be summarized as follows:

Case 1 Weighted average cost of capital (WACC) changes by 5 percent from forecast.

Case 2 The investment value in the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion (excluding the costs of land which has already been acquired) changes by 5 percent from forecast.

Case 3 Recognition of revenue from sales of treated water is delayed from 2017 to 2018.

Case 4 The Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion enjoys the corporate income tax exemption for the first eight years of operation.

Case 5 The corporate income tax rate is at 30 percent throughout the forecast period.

	Case 1		Case 2		Case 3	Case 4	Case 5
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%	1-year delayed recognition of revenue	BOI tax exemption	Tax at 30%
NVP (Million Baht)	1,251.76	1,527.39	1,160.11	1,616.76	524.90	1,389.68	1,178.38
IRR (%)	11.29%	11.29%	10.53%	12.12%	8.19%	11.85%	10.40%
PB (years)	9.41	9.41	9.68	9.14	12.60	9.03	9.73

Based on the foregoing table, the factor relating to the 1-year delayed recognition of revenue from year 2017 to 2018 will affect the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion the most.

However, the Independent Financial Advisor makes an observation about the execution of Transaction No. 1 that in this production capacity expansion, the Company's revenue may not meet the forecast since sales of treated water may not meet projections and/or PWA does not set any Minimum Offtake Quantity for this production capacity expansion of the Company and/or there is no response to the Company's request for additional raw

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water pumping from the Tha Chin River from relevant government authorities, which may affect the Company's business operations in the future, and a return on investment may not meet the Company's projections. Nevertheless, the Company makes projections of sales of treated water on a conservative basis and complies with relevant rules and regulations, whereby the Company is confident that sales of treated water in the future will cover the Company's additional production capacity and expects that PWA's purchase of tap water from the Company will increase in the future. This is because the Company is well-equipped for continued distribution of tap water to PWA when compared with other tap water production plants nearby and water users of all types need more tap water as a result of growth in terms of economy, communities and society in the service area. Furthermore, according to the analysis and consideration of utilization of raw water in the Tha Chin River, the raw water volume is adequate for continued production of tap water in the long run without any impact on the production process (please refer to more details in Disadvantages of Execution of the Transaction, on pages 33-35). Therefore, the shareholders should also take the foregoing information into consideration.

1.6.2 Fairness of Price

The Independent Financial Advisor is of the opinion that the execution of Transaction No. 1 on engagement of CK as EPC Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion on the fixed cost lump sum turnkey basis in the amount of not exceeding Baht 2,903.70 Million (excluding value added tax) is justifiable. This is because EPSILON Co., Ltd., the independent consulting engineer, has appraised the construction cost ranging approximately Baht 2,916 Million - Baht 2,966 Million (excluding value added tax), which is higher than the price per CK's proposal by approximately Baht 12.30 Million - Baht 62.30 Million (excluding value added tax) or approximately 0.42 - 2.15 percent when compared with the price per CK's proposal. The minimum price of Baht 2,916 Million is the price under the appraisal of construction cost of the respective items of works while the maximum price of Baht 2,966 Million, which represents an increase of approximately Baht 50 Million from the minimum price, accounts for contingency at the rate of approximately 1-2 percent for the uncertainty of construction, since, at the time of actual construction, certain portions of works may not be constructed in accordance with the current design and preparations.

As for the conditions for payment, the draft EPC Contract with CK has provided for the down payment, the Performance Security, and the Advance Payment Guarantee prior to the down payment, milestone payments in accordance with the monthly progress of works, and deduction of advance construction cost and retention money from payment in each installment. The Independent Financial Advisor is of the opinion that such conditions are in accordance with the ordinary course of business and general trading practices and in no way render the Company disadvantageous to CK, and that the completion period has been guaranteed and the

liquidated damages has been set for any delay in construction due to the fault on the part of CK, which will be beneficial to and help compensate the Company for the opportunity cost should CK be unable to complete the construction within the specified timeframe.

Based on the forgoing details and conditions, the Independent Financial Advisor is of the opinion that the price for engagement of CK in the amount of not exceeding Baht 2,903.70 Million (excluding value added tax) is justifiable, and the conditions of payment are in the ordinary course of business and fair to the Company.

1.6.3 Opinion of the Independent Financial Advisor

Based on the foregoing information, together with purpose of the execution of the transaction, business reasons, advantages and disadvantages, opinions in various observations, justification of the transaction, fairness of prices, as well as conditions of payment, which are in the ordinary course of business, the Independent Financial Advisor is of the opinion that the execution of Transaction No. 1 is justifiable, and hereby suggests the Company's shareholders consider approving the execution of the EPC Contract for engagement of CK as EPC Contractor for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion.

However, the decision to vote on approval for the execution of Transaction No. 1 truly depends on the discretion of the Company's shareholders, and as such, the shareholders should study additional information and consider reasons, advantages, disadvantages, opinions in various observations, justification of the transaction, fairness of prices, as well as conditions of payment in such documents attached to the Notice of the Shareholders' Meeting so as to ensure their exercise of proper judgment and discretion in passing such resolutions.

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2. Transaction No. 2: Execution of the EPC Contract for PTW's Production Capacity Expansion Project

2.1 Nature and Description of the Transaction

2.1.1 Execution Date

After the approval by the resolution of the Extraordinary General Meeting of Shareholders No. 1/2014 of the Company will be held on Monday, December 22, 2014.

2.1.2 Contractual Parties and Relationship of the Contractual Parties

Employer : Pathum Thani Water Company Limited ("PTW"), as the Company's subsidiary, whose shares are held by the Company representing 98.00 percent of PTW's registered and paid-up capital.

Contractor : CH. Karnchang Public Company Limited ("CK")

Characteristics of the Relationship of the Contractual Parties :

1. The Company is PTW's major shareholder, whereby the Company holds 11,759,733 shares in PTW, representing 98.00 percent of PTW's registered and paid-up capital (information as at October 31, 2014).
2. CK is the Company's major shareholder, whereby CK holds 759,877,400 shares in the Company, representing 19.04 percent of the Company's registered and paid-up capital (information as at October 31, 2014).
3. Mr. Plew Trivisvavet is the Vice-Chairman of the Board of Directors of the Company, by holding 1,100,000 shares in the Company or representing 0.03 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the President and Chief Executive Officer and a shareholder of CK.
4. Dr. Sombat Kitjalaksana is a director and executive director of the Company, by holding 2,860,100 shares in the Company or representing 0.07 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a director of CK.
5. Mr. Narong Sangsuriya is a director and Chairman of the Executive Committee of the Company, by holding 100 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a director and the Senior Executive Vice President: Operation Group of CK.
6. Mr. Prasert Trivisvavet is a shareholder of the Company, by holding 2,300,000 shares in the Company or representing 0.06 percent of the Company's registered and paid-up capital

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(information as at October 31, 2014), and a close relative of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.

7. Miss Nopaneera Sangsuriya is a shareholder of the Company, by holding 1,000,000 shares in the Company or representing 0.03 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a daughter of Mr. Narong Sangsuriya who is a director and Chairman of the Executive Committee of the Company, and a director and the Senior Executive Vice President: Operation Group of CK.
8. Mr. Natus Sangsuriya is a shareholder of the Company, by holding 1,000,000 shares in the Company or representing 0.03 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a son of Mr. Narong Sangsuriya who is a director and Chairman of the Executive Committee of the Company, and a director and the Senior Executive Vice President: Operation Group of CK.
9. M.R. Achariya Kongsiri is a shareholder of the Company, by holding 300,000 shares in the Company or representing 0.01 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the spouse of Mr. Aswin Kongsiri who is the Chairman of the Board of Directors of CK.
10. Dr. Supamas Trivisvavet is a shareholder of the Company, by holding 200,000 shares in the Company or representing 0.01 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a daughter of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.
11. Mrs. Korakot Trivisvavet is a shareholder of the Company, by holding 140,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a close relative of Mr. Sittidej Trivisvavet who is the Executive Vice President: Purchasing of CK.
12. Mrs. Saikasem Trivisvavet is a shareholder of the Company, by holding 100,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the spouse of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.

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13. Mr. Sittidej Trivisvavet is a shareholder of the Company, by holding 100,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and the Executive Vice President: Purchasing of CK.
14. Mr. Puwanet Trivisvavet is a shareholder of the Company, by holding 50,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a close relative of Mr. Sittidej Trivisvavet who is the Executive Vice President: Purchasing of CK.
15. Mr. Kamthorn Trivisvavet is a shareholder of the Company, by holding 40,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a director and executive director of CK.
16. Miss Chansai Santaannop is a shareholder of the Company, by holding 23,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a daughter of Mr. Ratn Santaannop who is a director and the Executive Vice President: Construction 1 of CK.
17. Mr. Nattavut Trivisvavet is a shareholder of the Company, by holding 10,000 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a son of Mr. Plew Trivisvavet who is the Vice-Chairman of the Board of Directors of the Company, and the President and Chief Executive Officer and a shareholder of CK.
18. Mr. Prasert Marittanaporn is a shareholder of the Company, by holding 100 shares in the Company or representing 0.00 percent of the Company's registered and paid-up capital (information as at October 31, 2014), and a shareholder in PTW, by holding one share in PTW or representing 0.00 percent of PTW's registered and paid-up capital (information as at October 31, 2014), and a director and the Senior Executive Vice President: Administration Group of CK.
19. Mr. Vorapote Uchupaiboonvong is a shareholder of PTW, by holding one share or representing 0.00 percent of PTW's registered and paid-up capital (information as at October 31, 2014), and the Executive Vice President: Accounting and Finance of CK.

2.1.3 Type and Size of the Transaction

The Board of Directors' Meeting No. 5/2014 which was held on October 14, 2014 resolved to grant approval for PTW, as the Company's subsidiary, to execute Transaction No. 2, namely, the engagement of CK as Engineering, Procurement and Construction (EPC) Contractor for PTW's Production Capacity Expansion

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Construction Project in Pathum Thani - Rangsit Area, by constructing structures to accommodate the production capacity expansion of approximately 100,000 m³/day in the future, with an initial production capacity of 57,000 m³/day (collectively "PTW's Production Capacity Expansion Project"), for the total period of 365 days from the date as specified in the Contract, and PTW agrees to pay the service fee to CK in the total amount of Baht 367.10 Million (excluding value added tax).

The execution of Transaction No. 2 is considered a transaction between the Company's subsidiary and CK, the Company's major shareholder (with direct shareholding of 19.04 percent of the Company's registered and paid-up capital (information as at October 31, 2014)), and with the value of consideration of approximately Baht 367.10 Million (excluding value added tax), thereby representing a transaction with a connected person pursuant to the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003), including Section 89/12 of the Securities and Exchange Act B.E. 2551 (2008) (collectively the "Notifications on Connected Transactions"). Upon the calculation of the transaction size of the transaction based on the value of consideration payable to CK in the amount of Baht 367.10 Million pursuant to the Notifications on Connected Transactions, the transaction size represents 3.31 percent of the value of net tangible assets (NTA) of the Company and its subsidiaries per the consolidated financial statements ended June 30, 2014, with the details of the calculation of the size of the connected transaction, as follows:

$$\begin{array}{l} \text{Size of Connected} \\ \text{Transaction} \end{array} = \frac{\text{Value of Consideration} \times 100}{\text{NTA of the Company and its subsidiaries}} = \frac{367.10 \times 100}{11,083.02} = 3.31\%$$

The value of net tangible assets as at June 30, 2014 can be calculated as follows:

$$\begin{aligned} &= \text{Total assets} - \text{Total liabilities} - \text{Non-controlling interests} - \text{Intangible assets} \\ &= 24,229.12 - 13,099.92 - 37.32 - 8.87 \\ &= 11,083.02 \end{aligned}$$

Given that the size of such connected transaction exceeds Baht 20 Million and exceeds 3 percent of the net tangible assets of the Company and its subsidiaries, the Company, as PTW's parent company, is required to disclose an information memorandum on the execution of such transaction to the Stock Exchange of Thailand, and seek the approval of the shareholders' meeting by not less than three-fourths of all votes of the shareholders or proxies (if any) attending the meeting and having the voting right, excluding the votes by the interested shareholders. In addition, the Company is also required to deliver the notice of the shareholders' meeting, together with the Independent Financial Advisor's opinion on justification of the execution of such transaction, and

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justification of fair price of such transaction, to the shareholders at least 14 days prior to the date of the shareholders' meeting.

In this regard, upon consideration of the execution of Transaction No. 2 pursuant to the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 (2004), and its amendments per the Notification of the Capital Market Supervisory Board No. ThorChor. 20/2551, including Section 89/29 of the Securities and Exchange Act B.E. 2551 (2008), the highest transaction size on the basis of total value of consideration is equal to 1.52 percent of the total assets value of the Company and its subsidiaries per the consolidated financial statements ended June 30, 2014, with the details of the calculation of the transaction size of the acquisition of assets on the following four bases:

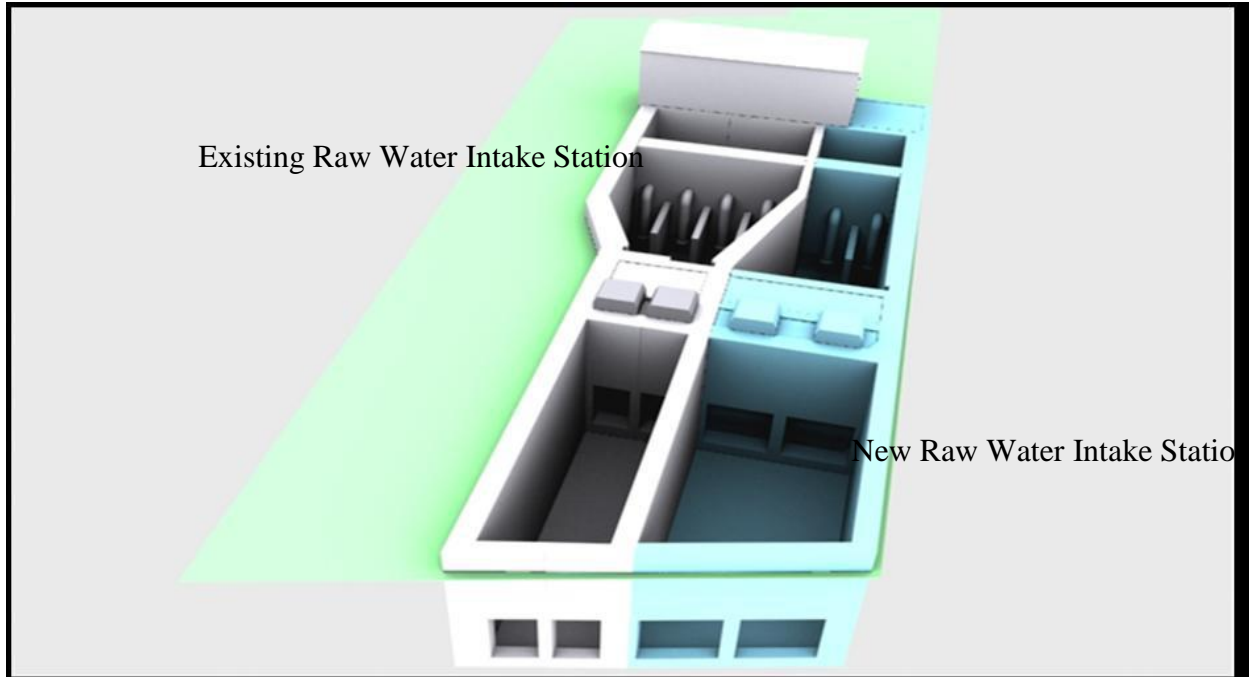
Basis of calculation	Calculation	Transaction size (percent)
1. Value of assets	<u>% of NTA per acquisition percentage</u> NTA of the Company and subsidiaries	The size cannot be calculated due to the absence of NTA in respect of assets to be acquired.
2. Net profit	<u>% of net profit from assets to be acquired</u> Net profit of the Company and subsidiaries	The size cannot be calculated due to the absence of net profit in respect of assets to be acquired.
3. Total value of consideration	<u>Payment to be made</u> Total assets of the Company and subsidiaries	<u>367.10</u> 24,229.12 = 1.52%
4. Share capital value	<u>Shares to be issued as payment for assets</u> Company's issued and paid-up shares	The size cannot be calculated since the Company will not issue any shares as payment for assets.

Upon combination of the size of Transaction No. 2, namely, 1.52 percent, with the size of Transaction No. 1 (which will seek approval from the shareholders' meeting at the same time), of which the highest transaction size on the basis of total value of consideration is equal to 11.98 percent, the total transaction size represents 13.50 percent, which is less than 15 percent, and is not regarded as a transaction of acquisition of assets which is subject to the notification requirement to the Stock Exchange of Thailand ("SET").

2.1.4 Background and Form of Engagement

Currently, PTW's tap water production and distribution systems have a capacity of 388,000 m³/day for distribution of tap water to three distribution stations, namely, Rangsit Distribution Station, Thammasat Distribution Station and Pathum Thani Distribution Station. According to the study of the forecast of water usage volume in PTW's service area, in the near future, the water usage volume in the area will exceed PTW's current production capacity, namely, the water usage demand is likely to increase to approximately 467,580 m³/day in 2023. The majority of such water usage demand would be on the eastern side of the Chao Phraya River or Rangsit area, especially Tambon Khun Kot and Tambon Prachathipat. Based on the data of the Water Resources Development Division, the Water Resources Department, PWA, the growth rate of tap water users in the service area in Pathum Thani – Rangsit during the years 2014-2018 will increase at the rate of 10.25 percent and 9.95 percent per year, respectively. At present, PWA and PTW have adjusted the tap water distribution to other areas encountering tap water shortage, e.g., Thammasat Distribution Station, Rangsit Distribution Station, and particularly PTW's new distribution station to Muang Ake Village, where PWA has prepared for installation of tap water pipeline directly to Muang Ake Village. PTW has already made preparations for investment in PTW's Production Capacity Expansion Project, which will help increase the tap water usage demand in PTW's service area in the future. Furthermore, according to the government's investment plan in the construction of railway project in such area, there will be a number of condominium construction projects in such area, which will increase the number of tap water users in line with the growth of the city. It is for this reason that PTW plans to expand its water production capacity in the current service area by constructing structures to accommodate the additional production capacity expansion of approximately 100,000 m³/day, with an initial production capacity of 57,000 m³/day. That is, the additional raw water intake station will be constructed to accommodate the additional production capacity expansion of 100,000 m³/day. Raw water will be derived from the current source, namely, the Chao Phraya River, but the water pump will be capable of distributing water at approximately 57,000 m³/day, which may be further invested to upgrade to 100,000 m³/day in response to the growing demand in the future.

Illustration of Raw Water Intake Station of PTW



For this reason, PTW, in its capacity as the producer and distributor of tap water for PWA in the Pathum Thani – Rangsit area, will engage CK as Engineering, Procurement and Construction (EPC) Contractor for the Production Capacity Expansion Project in Pathum Thani - Rangsit Area, by constructing structures to accommodate the production capacity expansion of approximately 100,000 m³/day in the future, with an initial production capacity of 57,000 m³/day, with the contract value of Baht 367.10 Million (excluding value added tax), for the total period of 365 days from the date as specified in the Contract, with the details as follows:

- Project Name : The Production Capacity Expansion in Pathum Thani - Rangsit Area
- Project Description : The construction of structures to accommodate the production capacity expansion of approximately 100,000 m³/day, with an initial production capacity of 57,000 m³/day
- Project Site : The Water Treatment Plant and the raw water intake station will be located at PTW's existing premises at Tambon Ban Pathum, Amphoe Sam Khok, Pathum

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Thani Province.

Construction Period : Not exceeding 365 days from the date as specified in the Contract
Estimated Project Value : Total investment value of approximately Baht 545.44 Million (excluding value added tax), divided into:

Construction cost under the EPC Contract

not exceeding Baht 367.10 Million

Other construction costs and other expenses Baht 167.00 Million

Interest and finance cost under construction Baht 11.34* Million

Remark: * The above estimated investment value is subject to change since PTW plans to borrow a loan from TTW for this investment. At present, TTW is negotiating the conditions of agreement with financial institutions.

Tap Water Production System and Technology : PTW will use the conventional production system as this represents the production capacity expansion from the Water Treatment Plant and the raw water intake station located at PTW's existing premises, and will continue to use raw water from the Chao Phraya River. The production capacity expansion will be carried out at Stream 2 from 100,000 m³/day to be not less than 200,000 m³/day, which will cause the capacity of the water production and distribution system to increase from 388,000 m³/day to be not less than 488,000 m³/day. The water distribution pump will be constructed to accommodate the additional production capacity expansion of 57,000 m³/day which will be connected with PWA's network in the vicinity of Muang Ake Village in Rangsit area.

Material Permissions from Relevant Authorities : 1. PTW is required to submit an application for additional raw water pumping from the Chao Phraya River for tap water production capacity expansion to the relevant government authorities.
2. PTW plans to submit an application for investment promotion for the business operation in Category 7.1 Infrastructure and Basic Services to the Board of Investment for the production capacity expansion.
3. PTW is required to request permission to utilize space for pipeline installation from various relevant agencies, such as, Department of

Highways, etc.

4. In the future, when the tap water usage demand exceeds PTW's current production capacity, PTW may consider discussing and negotiating with PWA to execute an additional water purchase and sale agreement.

2.1.5 Scope of Works

CK agrees to provide services for design, supply, installation and construction of PTW's Production Capacity Expansion Project in Pathum Thani – Rangsit Area in respect of works as follows:

(a) Civil and Pipeline Works

CK has the duties to design, supply, and construct various relevant buildings as buildings for installation of machinery and equipment of the tap water production system, including pipeline, system connection, pipe joint, and other system works related to the tap water production system in respect of the raw water intake station and the tap water production plant, together with various infrastructure works, such as, roads, fences, landscape improvements, drainage system, and security system, etc. Design must be approved by PTW and/or PTW's consulting engineer, and the construction must meet the building construction standards of The Engineering Institute of Thailand and the Building Control Act, in order for the systems to fully and efficiently function.

(b) Mechanical and Electrical Works

CK has the duties to design, supply, and install machinery and equipment of the tap water production system, the electrical system, the automatic control system, and other system works related to the tap water production system in respect of the raw water intake station and the tap water production plant. The installation works must be approved by PTW and/or PTW's consulting engineer and also meet the international standards for mechanical and electrical system installation. Installation and commissioning will be carried out to ensure that the operation of the tap water production system meets the objectives and requirements of PTW, including the delivery of the systems, and training to PTW's staff and personnel.

CK shall carry out the foregoing arrangements pursuant to the EPC Contract with PTW, for the total period of 365 days from the date as specified in the Contract, and the delivery of works has been scheduled in accordance with the specified milestones. In addition, PTW shall appoint its consulting engineer as an independent expert to serve as the project management consultant to monitor the works and ensure that CK's

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obligations are performed in accordance with the Contract. PTW shall pay the service fee to CK on the fixed cost lump sum turnkey basis in the amount of Baht 367.10 Million (excluding value added tax).

Should CK fail to complete the construction according to schedule due to its own fault, CK shall be liable to pay the liquidated damages to PTW at the daily rate of 0.12 percent of the total Contract Price from the lapse of such timeframe, in the total amount of not exceeding 10 percent of the total Contract Price. CK also agrees to pay a penalty for delay in the return of facilities in case of interface with the existing production system⁴ at the rate of Baht 10,000 per hour, with the maximum penalty of not exceeding Baht 200,000 each.

(Please refer to more details in Annex 1, Item 1.2 Key Summary of the draft EPC Contract for PTW's Production Capacity Expansion Project.)

2.1.6 Source of Funding

With respect to the source of funding to be utilized for this production capacity expansion, PTW expects to take out a loan of Baht 400 Million from the Company, as its parent company, for the production capacity expansion, with the principal repayment in installments in full within 2022.

2.1.7 Method of Payment

PTW shall pay the Contract Price to CK in the total amount of Baht 367.10 Million (excluding value added tax), whereby a down payment shall be made to CK at the rate of 15 percent of the total Contract Price after PTW's receipt of the Performance Security with a value of 10 percent of the Contract Price and the Advance Payment Guarantee with a value equivalent to the down payment from CK. Payment of the Contract Price shall be made to CK in installments as follows:

- 90 percent of the total Contract Price in accordance with the monthly progress of work;
- 10 percent of the total Contract Price upon receiving the Taking Over Certificate (TOC).

Each payment of the Contract Price shall be subject to deduction for return of the advance payment at the rate of 15 percent and as the retention money at the rate of 10 percent, provided that the retention money shall not exceed five percent of the value of works under the Contract.

⁴ During the construction, CK may need to request the Company and/or PTW to suspend the operation of certain system currently used for a certain period of time (normally, the suspension will not exceed one day/time). Therefore, should CK fail to complete such works within the specified timeframe to the extent that the Company and/or PTW cannot operate the current system, CK shall pay a penalty for such delay to the Company and/or PTW at the rate of Baht 10,000 per hour, up to a maximum of not exceeding Baht 200,000 each.

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Pursuant to the EPC Contract with CK, the payment milestones for completion of the respective works, e.g., raw water intake station, raw water pipeline, flat bottom clarifier tank, rapid gravity filter tank, chemical addition, instrument work and distribution pump, etc., may be allocated as follows:

Payment Milestones	Allocation (percent)	Estimated Time for Completion
Design Approval	13	By Quarter 1 of 2015
Confirmation of Purchase Orders	17	By Quarter 1 of 2015
Acceptance Test by Manufacturer	20	By Quarter 2 of 2015
Delivery to Site	20	By Quarter 2 of 2015
Installation Completion	20	By Quarter 4 of 2015
Taking Over Certificate	10	By Quarter 4 of 2015
Total	100	

2.1.8 Conditions Precedent

The engagement of CK as EPC Contractor for PTW's Production Capacity Expansion Project in the amount of not exceeding Baht 367.10 Million (excluding value added tax) is considered a connected transaction under the Notifications on Connected Transactions, with the transaction size of 3.31 percent of the value of net tangible assets of the Company and its subsidiaries per the Company's consolidated financial statements ended June 30, 2014, representing a transaction size which exceeds Baht 20 Million and 3 percent of the value of net tangible assets, and therefore, the Company, as PTW's parent company, is required to report and disclose the execution of the connected transaction to the Stock Exchange of Thailand, and convene a shareholders' meeting to seek approval of the execution of the connected transaction, by not less than three-fourths of all votes of the shareholders or proxies (if any) attending the meeting and having the voting right, excluding the votes by the interested shareholders.

Therefore, PTW will be able to execute Transaction No. 2 or agree to engage CK as EPC Contractor for PTW's Production Capacity Expansion Project only if the shareholders' meeting of the Company, as PTW's parent company (excluding the interested shareholders) has granted approval for PTW to execute Transaction No. 2 by the required votes.

2.2 Summary of Corporate Profile of TTW Public Company Limited

Please refer to Annex 2, Item 2.3 Summary of Corporate Profile of Pathum Thani Water Company Limited.

2.3 Summary of Corporate Profile of CH. Karnchang Public Company Limited

Please refer to Annex 2, Item 2.2 Summary of Corporate Profile of CH. Karnchang Public Company Limited.

2.4 Justification of the Transaction

2.4.1 Purpose and Necessity for Execution of the Transaction

In the first nine months of 2014, PTW produced an average of 391,172 m³/day of tap water, which was higher than PTW's design capacity at 388,000 m³/day. Further to the Company's forecast of the future water usage demand, the water usage demand in Pathum Thani – Rangsit area is continuously rising to approximately 467,580 m³/day in 2023. Based on the data of the Water Resources Development Division, the Water Resources Department, PWA, the growth rate of tap water users in the service area in Pathum Thani – Rangsit during the years 2014-2018 will increase at the rate of 10.25 percent and 9.95 percent per year, respectively. In addition, in late 2013, PWA carried out construction of the 800-millimeter water distribution pipelines for a distance of approximately 12 kilometers from Muang Ake Village to PTW's Water Treatment Plant, and as such, PTW needs to construct the clear water storage tank, and install the water distribution pump and related equipment to connect with PWA's distribution pipelines, which will help create potential opportunity for PTW's expansion of its service area as well as help increase the tap water demand for PTW. For this reason, PTW needs to construct PTW's Production Capacity Expansion to meet the increasing demand

According to the construction plan of PTW's Production Capacity Expansion Project, the construction for tap water production capacity expansion will be divided into two phases to meet the increasing water demand in each period, thereby totaling 100,000 m³/day. The construction in Phase 1 will commence with an initial production capacity expansion at 57,000 m³/day, along with the construction of various structures to accommodate the production capacity expansion up to approximately 100,000 m³/day in the future at the same time. The construction will be carried on PTW's existing premises at Tambon Ban Pathum, Amphoe Sam Khok, Pathum Thani Province, and the Project will continue to use the existing raw water source from the Chao Phraya River in PTW's Production Capacity Expansion Project.

In this connection, in order to prevent the potential damage which may arise from the tap water production beyond the design capacity for a long time, and should the water usage demand be in line with the aforesaid forecast, PTW intends to rapidly complete the construction of this Project in time to accommodate such increasing demand. This represents an additional investment in the industry with potential growth and also represents the current business in which PTW has expertise, as well as minimizes its competitors' opportunity to engage in the business in PTW's service area, and maintains the leading status of the Company Group as Thailand's largest private tap water business operator, and helps generate more revenue for PTW. For this reason, the Board of Directors' Meeting No. 5/2014 on October 14, 2014 resolved to grant approval for PTW to engage CK as Engineering, Procurement and Construction (EPC) Contractor for PTW's Production Capacity

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Expansion Project on the fixed cost lump sum turnkey basis to ensure completion of the construction within the specified timeframe and fixed costs, with the contract value of Baht 367.10 Million (excluding value added tax), for the total period of 365 days from the date as specified in the Contract.

In regard to such arrangements, PTW's revenue may not meet the forecast since sales of treated water may not meet projections and/or PWA does not set any Minimum Offtake Quantity for this production capacity expansion of PTW and/or there is no response to PTW's request for additional raw water pumping from the Chao Phraya River from relevant government authorities, which may affect PTW's investment and operational results. Nevertheless, the Company makes projections of sales of treated water in PTW's service area on a conservative basis and PTW complies with relevant rules and regulations, whereby PTW is confident that sales of treated water in the future will cover PTW's additional production capacity and expects that PWA's purchase of tap water from PTW will increase in the future. This is because PTW is well-equipped for continued distribution of tap water to PWA when compared with other tap water production plants nearby and water users of all types need more tap water as a result of growth in terms of economy, communities and society in the service area. In addition, the government's policy strongly supports people's utilization of tap water in replacement of groundwater in order to minimize the consequential impact, namely, land subsidence. Therefore, considering people's growing demand for tap water which is essential for living, the relevant government authorities surely foresee potential impact of tap water shortage on people. Based on the analysis and consideration of the sustainability of usage of raw water from the Chao Phraya River, the raw water volume is adequate for continued production of tap water in the long run without any impact on the production process (please refer to more details in Disadvantages of Execution of the Transaction, on pages 62 - 63).

The engagement of CK on the fixed cost lump sum turnkey basis, with the specified time for completion, fixed service fee, and liquidated damages for any delay in construction, will help assure PTW that PTW's Production Capacity Expansion Project will be successfully completed within the specified timeframe and fixed costs. This will serve to transfer risks relating to construction to CK, namely, delay of project completion risk, and cost overrun risk, etc. CK is the country's large construction company with experience and expertise in supervision of construction of various large-scale infrastructure projects; and CK was the contractor for the Tap Water Production Plant Construction Projects in Samut Sakhon - Nakhon Pathom area and in Pathum Thani - Rangsit area, which successfully commenced tap water production and distribution. CK's good financial standing will help assure that its working capital will be sufficient to complete the construction of PTW's Production Capacity Expansion Project according to schedule. Moreover, CK's capacity as the Company's major shareholder will help motivate CK to complete the construction so that PTW will be able to rapidly commence the

operation of the production capacity expansion, which will not only enable the Company to recognize revenue and operational results from increased sales of treated water of PTW in the consolidated financial statements, but also allow CK, in its capacity as the Company's major shareholder, to indirectly recognize the Company's operational results in proportion to its shareholding percentage, subject to the financial assumptions that PTW's Production Capacity Expansion Project will generate a return on investment at the rate of approximately 10.18 percent within a payback period of approximately 6.19 years from the year of commencement of the operation in respect of PTW's production capacity expansion.

2.4.2 Assessment of the Feasibility of Investment

According to the forecast of tap water usage demand in Pathum Thani - Rangsit area which is PTW's service area, the tap water usage demand is continuously rising to approximately 467,580 m³/day in 2023. At present, PTW produces tap water at the rate of 391,172 m³/day. Therefore, to prevent the potential damage which may arise from the tap water production beyond the design capacity for a long time, and to ensure that PTW's tap water production remains efficient and sufficiently meets such increasing demand, PTW needs to construct PTW's Production Capacity Expansion Project to increase the total production capacity of approximately 100,000 m³/day, divided into two phases, in order to satisfy the increasing demand in the future in each period, with an initial production capacity of 57,000 m³/day. In this regard, this transaction represents the production capacity expansion in Phase 1 with an additional production capacity of 57,000 m³/day, including structures to accommodate the production capacity expansion up to 100,000 m³/day in the future (collectively "PTW's Production Capacity Expansion Project").

In considering the feasibility of investment in such Project, the Independent Financial Advisor has prepared financial models to forecast cash flows to be received throughout the operation period, covering both phases of the production capacity expansion, to accommodate this investment in the structures, totaling 100,000 m³/day, with the total period for construction and operation of approximately 8 years and 10 months, from January 2015 to October 2023, which is the end of the term of the Water Purchase and Sale Agreement with PWA. It is expected that PTW's Production Capacity Expansion Project will commence the commercial operation from January 2016 onwards.

The Independent Financial Advisor has also set the indicators of the justification of the Project to consider the project feasibility and its return on investment, based on the following three approaches:

- Net Present Value (NPV) is a method to calculate the net present value of cash flows, which will be derived from the present value of cash inflow, less the present value of cash outflow, using the

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weighted average cost of capital (WACC) as the discounted rate to identify the net present value of such cash flows throughout the operation period of PTW's production capacity expansion.

- Internal Rate of Return (IRR) is a method to calculate the rate of return on investment in PTW's production capacity expansion, which will be derived from the present value of cash inflow and outflow throughout the operation period of the Project, whereby the rate derived from the calculation will cause the net present value (NPV) of the Project to equal zero, or in other words, the IRR is the rate of return which will render the investment equal to the return on investment, taking into account the value of money based on the operation period of PTW's production capacity expansion.
- Payback Period (PB) is a method to identify the break-even point of the Project by ascertaining how much time PTW's production capacity expansion will take to break even, which will be calculated from the accumulated cash flows to be received in the future, regardless of the value of money based on the operation period of PTW's production capacity expansion.

The Independent Financial Advisor has prepared the financial projections based on such business and financial data and assumptions made available by the Company and PTW, whereby the value and rate of return on investment in the Project can be calculated as follows:

	2014	Basis of Consideration
Net Present Value (NPV) (Unit: Million Baht)	Baht 107.81 Million	The value is more than zero.
Internal Rate of Return (IRR) (Unit: percent)	10.18 percent	The rate of return is more than the discounted rate.
Payback Period (Unit: years)	6.19 years	The payback period occurs within the operation period.

Based on the foregoing assumptions, the net present value of cash of the Project as at December 31, 2014 is Baht 107.81 Million, which is more than zero; it is expected that the rate of return on investment in the Project is at 10.18 percent, which is more than the discounted rate; and the payback period is approximately 6.19 years from the year of commencement of PTW's production capacity expansion.

Therefore, according to the calculation to identify the rate of return on investment in the Project by the foregoing approaches, the Independent Financial Advisor is of the view that based on such assumptions, the investment in PTW's Production Capacity Expansion Project is feasible and justifiable for investment.

(Please refer to more details in Annex 3, Item 3.2 Assessment of the Feasibility of Investment in PTW's Production Capacity Expansion Project.)

2.4.3 Comparison of Advantages and Disadvantages between Execution and Non-Execution of the Transaction

Advantages of Execution of the Transaction

1. **The Project will prevent potential damage from tap water production beyond the design capacity for a long time.**

In the first nine months of 2014, PTW produced an average of 391,172 m³/day of tap water, which was higher than PTW's design capacity at 388,000 m³/day by 3,172 m³/day or 0.82 percent. PTW expects that the tap water production beyond the design capacity will not cause any damage to the tap water production system. However, based on the forecast that the growth rate of PTW's tap water users will increase from the current volume, which may affect PTW's tap water production system in the long run. Therefore, the execution of Transaction No. 2 on this occasion will help prevent potential damage from tap water production beyond the design capacity for a long time, and will also help accommodate PTW's tap water users' demand accordingly.

2. **The Project represents an additional investment in the industry with potential growth and the current business in which PTW has expertise.**

Based on the information of the Water Resources Development Division, the Water Resources Department, PWA, it is forecast that the number of tap water users in Pathum Thani - Rangsit area during 2014 - 2018 will increase at the rate of 10.25 percent and 9.95 percent per year, representing a good growth rate. In addition, based on the study of the forecast of the water usage volume in PTW's service area, in the near future, the tap water usage volume in the area will exceed PTW's current production capacity, namely, the tap water usage demand is continuously rising to approximately 467,580 m³/day in 2023. Therefore, the execution of Transaction No. 2 on this occasion, as an investment in the industry with potential growth and the current business in which PTW has expertise, will ensure the sustainable growth in the future for PTW, as the Company's subsidiary.

3. **The Project will help minimize the competitors' opportunity to engage in the business in PTW's service area.**

The Company forecast that the tap water usage demand in Pathum Thani - Rangsit area will reach its maximum production capacity in the near future. Therefore, the execution of Transaction No. 2 on this occasion will enable PTW to enhance its tap water production to sufficiently accommodate the increasing demand in such area. As long as PTW can promptly meet such increasing demand, it is then not necessary for PWA to consider selecting new private company to produce and distribute tap water in response to such increasing demand in place of PTW. This will help prevent competitors from engaging in the business in PTW's service area and protect PTW from loss of its bargaining power in the future, and at the same time, enhance PTW's competitive advantage.

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4. The Project will help maintain the leading status of the Company Group as Thailand's largest private tap water business operator.

The Company and PTW, with the total production capacity of 828,000 m³/day, are considered Thailand's largest private tap water business operators. Should the Company's shareholders approve the production capacity expansion of the Company and PTW on this occasion, the Company Group's total production capacity will be increased to 985,000 m³/day (based on the production capacity expansion in Phase 1 only). Such production capacity expansion will cause the Company's total production capacity to be substantially high, when compared with other private operators, and will help maintain the leading status as the largest private tap water business operators in Thailand, with the total production capacity of approximately 1 million m³/day. This will promote the reputation and stability of the Company Group's business in this sector, and as such, it is unlikely for other competitors or operators to compete with the Company Group, and it may be positive and open more opportunity for the Company Group in the government's policy on tap water business concessions in other areas in the future.

5. PTW's revenue will increase.

According to the Company's forecast, the tap water usage demand in Pathum Thani - Rangsit area is continuously rising to approximately 467,580 m³/day in 2023, therefore, the execution of Transaction No. 2 on this occasion will enable PTW to generate more revenue from such production capacity expansion, commencing from 2016 onwards.

Disadvantages of Execution of the Transaction

1. PTW's liabilities and interest expenses will increase.

In this investment in PTW's Production Capacity Expansion Project, PTW expects to utilize a loan from the Company, as its parent company, in the total amount of Baht 400 Million, with the principal repayment in installments in full by 2022. Upon consideration of the consolidated financial statements of the Company and its subsidiaries as at September 30, 2014, the Company's cash and cash equivalents and current investments amounted to Baht 5,243.32 Million, which is sufficient to extend a loan to PTW in full. However, if the Company can secure the source of financing from financial institutions to PTW in full for such investment, the Company Group's total liabilities and interest expenses will increase. According to the consolidated financial statements of the Company and its subsidiaries as at September 30, 2014, the Company's total liabilities amounted to Baht 12,840.62 and shareholders' equity amounted Baht 10,644.00 Million, resulting in the debt to equity ratio equal to 1.21 times. If the Company has secured the source of financing from financial institutions to PTW in full, the Company's debt to equity ratio will increase to 1.24 times and will increase to 1.52 times when combined with the increased liabilities in the amount of Baht 3,000 Million from the execution of Transaction No. 1. Upon calculation

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of interest expenses from the additional loan of Baht 400 Million based on the interest rate of 4.50 percent per annum, as the average finance cost in the Company's financial statements as at the end of the third quarter of 2014, the execution of Transaction No. 2 will incur the interest expenses of approximately Baht 18 Million per year, which will increase to Baht 153 Million per year when combined with the Baht 3,000 Million loan for Transaction No. 1.

Nevertheless, PTW's Production Capacity Expansion Project will help generate more revenue and profit for PTW, which will enable the Company to recognize PTW's increase revenue and profit in the consolidated financial statements, and also enhance the Company's shareholders' equity. Furthermore, should the loan drawdown be gradually made in response to the capital requirement for investment in the Project, it will help defer the effect of increased interest expenses and the Company's debt to equity ratio will not be immediately affected in full.

2. PTW's revenue may not meet the forecast since sales of treated water may not meet projections.

In the past, PTW's investment and production capacity expansion to accommodate the increasing tap water usage demand were always guaranteed by increasing Minimum Offtake Quantity under the Water Purchase and Sale Agreement with PWA. However, the tap water usage demand is continuously rising, namely, in March 2014, PTW's maximum water distribution was 378,071 m³/day and it is likely for PTW to reach its maximum production capacity of 388,000 m³/day in 2015. Therefore, PTW foresees an urgent need to invest in tap water production capacity expansion to meet such increasing water demand and to accommodate PTW's business growth, which would take around one year to complete, without waiting for conclusion from negotiations for additional Minimum Offtake Quantity with PWA. As such, PTW is exposed to such risk that should the tap water usage demand not meet PTW's forecast, it may have an impact on return on investment on this occasion.

Nevertheless, the Company's forecast of such tap water usage demand in PTW's service area was made on a conservative basis, whereby the growth rate of tap water usage demand in the future was set at approximately 3.5 m³/year, representing the compound annual growth rate (CAGR) at approximately 2.36 percent per year, which is lower than PTW's previous growth rate (an average of 3.06 percent per year for the operational results from 2010 onwards). For this reason, PTW is confident that the tap water usage demand in the future will be sufficient to cover PTW's increasing production capacity. Should the volume of tap water usage demand increase according to the forecast and PTW be ready to distribute tap water to satisfy such increasing demand, PWA is likely to grant such permission and purchase additional tap water from PTW in line with the government's policy to encourage people, as water users, to utilize tap water in replacement of groundwater and minimize the potential impact of tap water shortage on people.

3. Utilization of Raw Water Sources

3.1 Application for Utilization of Raw Water Sources from Relevant Authorities

In PTW's Production Capacity Expansion Project, PTW plans to additionally utilize raw water from the Chao Phraya River in the total amount of approximately 100,000 m³/day, and in Phase 1, PTW will utilize an additional 57,000 m³/day of raw water. In so doing, PTW is required to apply for utilization of raw water from the Chao Phraya River from the relevant authorities. In the past, PTW received the written reply from the Office of National Water Resources Commission, No. NorRor. KorThorChor./070 dated January 24, 1996, for raw water pumping for tap water production and distribution to PWA in the amount of 300,000 m³/day. The Office of National Water Resources Commission suggested that PTW should locate additional backup raw water sources in case of raw water shortage during some seasons, so as to prevent any effect on water users. Further to PTW's production capacity expansion, PTW submitted an application for additional raw water pumping of another 100,000 m³/day from May 2007. However, until now, PTW has not yet received any reply to such application from the Office of National Water Resources Commission which is currently no longer active and pending the enactment of the National Water Act, and as such, there is no regulatory agency directly in charge of this matter. However, PTW keeps follow up on such matter and will submit an application for utilization of raw water for additional production capacity expansion when the regulatory agency directly in charge has been established.

3.2 Adequacy of Raw Water Volume

PTW's demand for more raw water for the production capacity expansion may have an impact on the adequacy of raw water volume in the Chao Phraya River. However, PTW expects that such impact will be insignificant, since according to the analysis and consideration of the sustainability of utilization of raw water from the Chao Phraya River, it is found that the Chao Phraya River will receive water from the water management scheme of three large reservoirs, namely, Bhumibol Dam, Sirikit Dam, and Pasak Chonlasit Dam, all of which account for an average discharge volume of approximately 47.5 million m³/day and 28.17 million m³/day in 2012 and in 2013, respectively. After the full production capacity expansion, PTW's total production capacity will be approximately 0.488 million m³/day, representing approximately 1-2 percent of the total discharge volume from all dams along the river. Thus, it is believed that the raw water volume will be adequate for tap water production in the long run without any effect on PTW's production process.

Advantages of Non-Execution of the Transaction

1. PTW's liabilities and interest expenses will not increase.

Should PTW not invest in PTW's Production Capacity Expansion Project, PTW's liabilities and interest expenses will not increase from loan for such investment.

2. The Company will have no risk from excessive production capacity expansion.

PTW then decides to invest in PTW's Production Capacity Expansion Project in reliance upon the forecast of tap water usage demand in the future prepared by the Company and the forecast of tap water users in the future prepared by the Water Resources Development Division, the Water Resources Department, PWA, without any agreement on additional Minimum Offtake Quantity with PWA to accommodate such expansion. Therefore, should PTW not invest in this Project, PTW will have no risk from production capacity in excess of tap water demand should the tap water usage demand not meet the forecast.

3. Assets from investment in PTW's Production Capacity Expansion Project will be transferred to PWA.

PTW entered into the Water Production and Distribution Agreement with PWA on a Build-Own-Operate-Transfer ("BOOT") basis, namely, PTW constructs the tap water production and distribution systems, and the tap water distribution system shall be transferred to PWA as at the commencement date of business while the ownership of the tap water production system shall be transferred to PWA upon the 25th anniversary (October 2023). In this regard, assets from this investment in PTW's Production Capacity Expansion Project shall be transferred to PWA pursuant to the conditions in the said Agreement. This is different from the Company's investment on a Build-Own-Operate ("BOO") basis, namely, the Company owns the tap water production and distribution systems and the ownership of which shall not be transferred to PWA. Upon expiration of the term of the Agreement, PTW will no longer have any assets for operation of the tap water production and distribution business. Therefore, should PTW not invest more, PTW will have no risk in terms of limited utilization of assets from additional investment which must be transferred to PWA upon expiration of the term of the Agreement.

However, although PTW realizes such limitation, PTW's current production of tap water has already exceeded its design capacity. Considering the cost-efficiency for this investment under the specified assumptions, it is expected that PTW's Production Capacity Expansion Project will generate a return on investment at the rate of 10.18 percent within a payback period of approximately 6.19 years, which is considered a satisfactory rate of return on investment, and which will reach the payback period prior to expiration of the term of the Water Production and Distribution Agreement with PWA. Moreover, PTW is entitled to take on lease of the tap water production system from PWA for production and distribution of tap water following the 25th Anniversary for two times of 10 years each. Management is of the view that PTW will be able to renew the Agreement to utilize such assets to generate revenue and profit for another 20 years after the end of the term of the Agreement.

Disadvantages of Non-execution of the Transaction

1. There is no prevention of potential damage from tap water production beyond the design capacity.

PTW's current production of tap water has exceeded the design capacity, therefore, should PTW not execute Transaction No. 2 on this occasion, and PTW continue to produce tap water beyond its design capacity

for a long time and at an increasing rate in response to the growing demand, it may have an impact on PTW's current production system in the long run.

2. PTW will miss the opportunity to additionally invest in the industry with potential growth and the current business in which PTW has expertise.

Based on the forecast under the specified assumptions, it is expected that PTW's Production Capacity Expansion Project on this occasion will generate a return on investment at the rate of 10.18 percent within a payback period of approximately 6.19 years. Therefore, should PTW not invest in such Project, PTW will miss the opportunity to additionally invest in the industry with potential growth and the current business in which PTW has expertise.

3. It may allow competitors to engage in the business in PTW's service area.

Should PTW not invest in PTW's Production Capacity Expansion Project on this occasion, PTW may be unable to produce tap water to accommodate the increasing demand. PWA may consider selecting new private company to produce and distribute tap water to accommodate such increasing demand in place of PTW. This will allow competitors to engage in the business in PTW's service area and cause PTW to lose its bargaining power in the future.

4. PTW will miss the opportunity to generate more revenue.

Should PTW not invest in PTW's Production Capacity Expansion Project at this time, PTW will miss the opportunity to generate more revenue for a certain period of time. This is because should the tap water demand in PTW's service area meet the forecast, the Project will take approximately another one year for construction.

2.4.4 Comparison of Execution of the Transaction between a Connected Person and a Third Party

Advantages of Execution of the Transaction with a Connected Person

1. CK is a construction contractor with experience and expertise in infrastructure projects.

CK has operated the business as construction contractor for more than 40 years. Currently, CK has developed the scope of its business operations to become one of only a few construction contractors which is capable of carrying out sophisticated construction works which require state-of-the-art construction technologies, such as, large-scale infrastructure projects. In addition, CK has also developed its capabilities in terms of both engineering and management, allowing it to operate projects on a design and construction basis or the so-called turnkey, and as a result, CK has been selected for various construction projects of the public and private sectors, such as, the expressway projects, the metro operation project, the tap water production plant, and power production project, etc. In this regard, CK has operated the construction business in the capacities as main contractor, sub-contractor, including concession business of various natures, such as, on a build-operate-transfer (BOT) or build-transfer-operate (BTO) or build-own-operate (BOO) or acquire-operate-transfer (AOT) basis, as

well as small, medium and large scale projects. Some of CK's major projects in the past include the Bang Na - Chon Buri Expressway Project, the Development Project for Enhancement of the Capacities of the Bangkok International Airport, the Park & Ride Facility Project for Bangkok Metro Public Company Limited ("BMCL"), the Construction Project of Bang Pli - Suksawad Expressway (Bang Pli - Suksawad) (Bang Pli – Bang Khun Thien), the Concession Project for Tap Water Production and Distribution for the Provincial Waterworks Authority in Nakhon Pathom, Samut Sakhon and Pathum Thani Provinces, the MRTA Initial System Project, Chaloech Ratchamongkhon Line, the Concession Project for Power Production and Distribution for the Electricity Generating Authority of Thailand, and the Nam Ngum 2 Hydroelectric Power Project in the Lao People's Democratic Republic, etc. Therefore, with CK's experience and expertise as described above, it can assure that CK will be able to carry out and complete the design and construction of PTW's Production Capacity Expansion Project on this occasion within the specified timeframe of the Contract.

2. CK is able to propose the fixed cost lump sum turnkey contract.

PTW wishes to execute the engagement on the fixed cost lump sum turnkey basis, with the specified time for completion and milestone payments in accordance with the monthly progress of works; and liquidated damages, in respect of which only a few contractors are capable of accepting the engagement of this nature under such conditions. The engagement of CK will help allow PTW to fix the service fee and transfer risks relating to construction to CK, such as, cost overrun risk and delay of project completion risk, etc. CK guarantees to complete the works within 365 days from the date as specified in the Contract, and it is expected to complete the construction by 2015. As such, PTW's revenue and operational results will increase from such production capacity expansion, commencing from 2016 onwards. Furthermore, should there be any delay in construction due to the fault on the part of CK, CK agrees to pay the liquidated damages to PTW at the daily rate of 0.12 percent of the Contract Price, in the total amount of not exceeding 10 percent of the Contract Price. CK also agrees to pay a penalty for delay in the return of facilities at the rate of Baht 10,000 per hour, with the maximum penalty of not exceeding Baht 200,000 each. Thus, the engagement of CK will help enable PTW to set out the conditions of the EPC Contract to meet PTW's requirements, which will help minimize potential risks from PTW's Production Capacity Expansion Project on this occasion to a certain degree.

3. CK has experience in construction for the Company.

In 2007, PTW engaged CK as the civil contractor for additional production capacity expansion by 100,000 m³/day, from 288,000 m³/day to 388,000 m³/day. CK was the Engineering, Procurement and Contract (EPC) Contractor on the fixed cost lump sum turnkey basis, whereby this construction of the production capacity expansion is in the same manner as the previous engagement.

CK has experience and expertise in construction for PTW. Upon consideration of CK's previous projects, the works were of good quality and successfully completed, and the current tap water production and distribution processes are fully functional. As a result, PTW can rest assured that this engagement of CK for construction of PTW's Production Capacity Expansion Project will enable it to rapidly and properly carry out the construction according to schedule.

4. CK has the good financial standing.

In this engagement of CK to carry out the construction, PTW intends to execute a fixed cost lump sum turnkey contract in the amount of Baht 367.10 Million. Should PTW wish to engage another company, PTW needs to consider whether or not such company will be capable of properly carrying out the construction; and if such company's financial standing be unstable, PTW may be at risk of such company's inability to carry out the construction, or, if the prices of raw materials for construction dramatically increase, PTW may be at risk due to such company's abandonment of works, and as a result, PTW's Production Capacity Expansion Project may not be completed according to the specified timeframe, which will affect PTW's operation plans.

Therefore, CK is a company listed on the Stock Exchange of Thailand, a contractor of repute, large-scale construction company with successful achievements in previous construction projects of similar nature to this project, together with its good financial standing. As at the end of the second quarter of 2014, CK's total assets amounted to Baht 79,152 Million, total revenue amounted to Baht 18,045 Million, and the net profit for the Company alone amounted to Baht 677 Million, including the shareholders' equity of the Company alone amounted to Baht 17,599 Million. The foregoing information can prove CK's strong financial position, therefore, the risks relating to CK's inability to carry out the construction, delay in construction or work abandonment are unlikely.

5. Both parties gain mutual benefits and negotiations can be concluded quickly.

Given that CK is a connected person with good relationship with the Company, as the strategic partner in the Company and with common directors, therefore, any arrangements beneficial to PTW, as the Company's subsidiary, will also benefit all shareholders, including CK as the Company's major shareholder. Moreover, given CK's capacity as the Company's major shareholder with common directors, PTW and CK will be able to conclude negotiations, conditions and details quickly and in line with the timeframe as specified in the plan.

Disadvantages of Execution of the Transaction with a Connected Person

1. PTW has less opportunity to compare CK's proposal with other contractors.

This engagement of CK was done without an open bidding process, and as such, PTW has less opportunity to compare CK's proposal with other contractors, which may submit more favorable proposals.

However, given a few number of contractors with expertise in construction of the tap water production plant on a fixed cost lump sum turnkey basis, and CK's capacity as the Company's major shareholder, it may be difficult for PTW to invite other contractors for comparison. Upon consideration of CK's draft proposal, CK's construction price in the amount of Baht 367.10 Million is lower than the appraised price at Baht 378.39 Million or lower than Baht 11.29 Million by EPSILON Co., Ltd ("EPSILON"), PTW's independent consulting engineer. Therefore, the Company believes that it is unlikely for PTW to receive proposals from other contractors which will be more competitive than CK's proposed price.

2. It may give rise to a conflict of interest.

The execution of a transaction with a connected person with interest in the transaction may give rise to doubt about whether such transaction is used as a means to transfer benefits to such connected person or may prevent the parties from negotiating or concluding conditions on an arm's length basis, which may affect the minority shareholders of the Company, as PTW's parent company. However, the Company's Board and management are well accustomed to the rules and regulations and realize the consequences of the execution of a transaction with a connected person that if this transaction is not beneficial to the Company and/or PTW or the price of this transaction is inappropriate, it may affect the minority shareholders of the Company.

Advantages of Execution of the Transaction with a Third Party

1. It will be considered as a transparent transaction.

Basically, the execution of a transaction with a third party will not be considered or suspected as to transparency or transfer of benefits out of PTW since each party will attempt to negotiate for and protect its own rights and benefits to reach a conclusion to the best of its interest.

2. PTW may invite open bids for the Project construction.

Should PTW not engage CK, PTW will have an opportunity to select a contractor by inviting open bids from other contractors for PTW's Production Capacity Expansion Project, and as a result, PTW may receive more favorable proposals and/or conditions than that proposed by CK.

3. It is an opportunity to do business with new contractors.

Should PTW invite bids from other contractors for construction of PTW's Production Capacity Expansion Project, PTW will have an opportunity to do business with new contractors, and should the Project be carried out successfully, PTW will have more alternatives to select contractors for projects in the future.

Disadvantages of Execution of the Transaction with a Third Party

1. The Project may be delayed.

PTW has received CK's proposal with details of construction works and period in accordance with the requirements for PTW's Production Capacity Expansion Project. Should PTW not execute the transaction with CK, PTW will need to follow such procedures for selection of a new contractor, bidding process, consideration process and negotiation process, whereby PTW must take time to undertake the aforesaid procedures, which may eventually delay the construction of the Project.

2. It is likely to be unable to select a qualified contractor that meets the specified requirements.

Currently, there are only a few construction companies in Thailand which are capable of carrying out sophisticated construction that requires the construction technology like this Production Capacity Expansion Project. Should PTW not execute this transaction with CK, PTW may not be able to select a qualified contractor that meets the requirements as specified by PTW, which include its reputation, experience and good financial position.

2.5 Fairness of Price and Conditions of the Payment

2.5.1 Justification of Price

Based on PTW's study of the tap water usage volume in its service area, in the near future, the tap water usage demand is likely to exceed PTW's current production capacity. Therefore, PTW needs to increase its production capacity of another 100,000 m³/day to mitigate potential impact from the tap water production beyond PTW's design capacity, and to alleviate the tap water shortage in the future. This investment will increase the tap water production capacity in Phase 1 to start distributing water to users in time in response to the increasing demand, with an initial capacity of 57,000 m³/day, and will also include the construction of various structures to accommodate the production capacity expansion in Pathum Thani – Rangsit area up to approximately 100,000 m³/day at the same time, namely, raw water intake station, raw water pipelines and raw water pump, etc. This will help shorten the process and minimize risks relating to application for permission for construction from relevant government authorities in the future, as well as eliminate redundant costs as raw water pipelines must be laid underneath concrete road, which requires cut and cover and sheet pile installation to prevent erosion, subject to permission from relevant authorities prior to carrying out such works. Through the investment in structures for the production capacity expansion of approximately 100,000 m³/day at this time, PTW will not be required to carry out such works again when it is necessary to increase the production capacity to 100,000 m³/day in the future.

In considering the justification of price for engagement of CK for construction of PTW's Production Capacity Expansion Project on the fixed cost lump sum turnkey basis in the amount of Baht 367.10 Million (excluding value added tax), the Independent Financial Advisor is of the opinion that such price is based on technical engineering data which requires specific know-how and expertise. Based on the foregoing reason, the

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Report on Opinions of the Independent Financial Advisor

Independent Financial Advisor therefore considers comparing CK's proposal with the report on review of CK's price proposal for PTW's Production Capacity Expansion Project in Pathum Thani – Rangsit Area dated October 1, 2014, as prepared by EPSILON Co., Ltd. ("EPSILON"), as PTW's independent consulting engineer.

In the estimation of such construction cost, EPSILON has set out the bases and assumptions for review of CK's price proposal as follows:

- The review of work volume has been based on CK's price proposal and engineering estimates as appropriate to conceptual design in support of consideration;
- The review of price has been based on CK's price proposal to consider the justification of price in comparison with the current construction pricing of private projects;
- The review of the calculation accuracy has been based on CK's price proposal on the mathematical basis.

In this connection, EPSILON's review has been classified into three main subjects, comprising (1) General Works, namely, Project Management Cost and Design Cost; (2) Civil Works; and (3) Mechanical and Electrical Works. Based on the appraisal and analysis of the scope of works, nature of the Project, site of the Project, construction method, construction period, prices of materials and labor, rental of machinery and equipment for construction, including other expenses for construction of the Project per CK's proposal, EPSILON is of the opinion that CK's proposal fully covers the scope of works and the price is appropriate for the design and construction works in compliance with the requirements.

In this regard, the comparison between the price appraised by EPSILON and the price proposed by CK is presented below:

Unit: Million Baht

Work Description	Minimum Price Appraised by EPSILON	Price Proposed by CK	Difference from CK's Price	
			Amount	percent
1. General Works	50.0	51.8	(1.8)	-3.44
2. Civil Works	123.4	112.4	11.0	9.83
3. Mechanical and Electrical Works	205.0	203.0	2.0	1.00
Grand Total	378.4	367.1	11.3	3.07

Based on the foregoing table, EPSILON has appraised the construction cost of PTW's Production Capacity Expansion Project in the amount of approximately Baht 378.39 Million, which is higher than CK's proposal at Baht 367.10 Million by approximately Baht 11.29 Million or 3.07 percent when compared with CK's proposal, with the details of review as follows:

(1) General Works

- Project Management Cost: CK has proposed the project management cost in the amount of approximately Baht 42.98 Million, representing 11.70 percent of the total proposed price. EPSILON is of the opinion that the project management cost generally represents approximately 8-16 percent of the project value, depending on the scope of works of each project. Upon consideration of the scope of works and difficulty of construction in the site of this Project, EPSILON has appraised the project management cost at 12 percent of the construction cost or approximately Baht 40 Million. Therefore, the cost for this item is acceptable.
- Design Cost: Given this Project involves improvements on the existing tap water production capacity expansion, the design will be more complicated than the design for construction of a new water treatment plant. CK has proposed the design cost in the amount of approximately Baht 8.80 Million or approximately 2.39 percent of the total proposed price, which is lower than the general requirement of private projects, but higher than that for government projects, due to the fact that the government authorities generally determine the design cost at approximately 1.75 percent of the project value, while the design cost for private projects will be in the range of 3.00 - 5.00 percent of the project value, depending on complexity. Upon consideration of the scope of works and complexity of this Project, EPSILON has appraised the design cost at approximately 3 percent of the construction cost, representing approximately Baht 10 Million. Therefore, it can be seen that the proposed design cost is reasonable and the cost for this item is acceptable.

(2) Civil Works

CK has proposed the civil works in the amount of approximately Baht 112.36 Million, representing 30.61 percent of the total proposed price, divided into raw water intake station construction and improvements on raw water intake channel to sufficiently accommodate raw water pumping of at least 100,000 m³/day; raw water pipeline installation from the raw water intake station to the water treatment plant; sleeve pipe for crossing public highways; water valves; pipe jacking; improvements on road surface for prevention of erosion; road surface restoration after installation of raw water pipelines; three flat bottom clarifier tanks; and construction of four filter tanks for additional capacity of 100,000 m³/day; and construction of chemical addition system, etc. In this regard, EPSILON has appraised the construction cost of such Civil Works in the amount of approximately Baht 123.40 Million, which is higher than CK's proposal by approximately Baht 11.05 Million or 9.83 percent when compared with CK's proposal.

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(3) Mechanical and Electrical Works

CK has proposed the mechanical and electrical works in the total amount of approximately Baht 202.97 Million, representing approximately 55.29 percent of the total proposed price, divided into machinery and equipment relating to raw water intake station, raw water pipelines, water valves, construction of flat bottom clarifier tanks, filter tanks, and chemical addition system, etc., including electrical works to ensure power supply to all machinery and equipment, as well as the instrumentation systems to manually and automatically control various operations at the local site and from the control room, in accordance with the design standard and requirements. EPSILON has appraised the construction cost of such Civil Works in the amount of approximately Baht 204.99 Million, which is higher than CK's proposal by approximately Baht 2.02 Million or representing 1.00 percent when compared with CK's proposal.

As a result, upon consideration of information in the appraisal report of EPSILON as mentioned above, the Independent Financial Advisor is of the opinion that the price per CK's proposal in the amount of approximately Baht 367.10 Million is reasonable since it is lower than the price appraised by EPSILON, the independent consulting engineer, at approximately Baht 378.39 Million. Although the project management cost proposed by CK is higher than the price appraised by EPSILON, considering the total value of works, EPSILON is of the view that such price is acceptable. In view of the complexity of the construction of a new raw water intake station at the existing premises, without any interference with or suspension of the existing water production system, not to mention the fact that such construction involves high risks as the construction site is adjacent to third party residences, the Independent Financial Advisor is of the opinion in agreement with EPSILON that such project management cost is acceptable.

Conditions of Payment

As for the conditions for payment, the down payment, the Performance Security, and the Advance Payment Guarantee prior to the down payment, milestone payments in accordance with the monthly progress of works, and deduction of advance construction cost and retention money from payment in each installment, have been specified. The Independent Financial Advisor is of the opinion that such conditions are in accordance with the ordinary course of business and general trading practices and in no way render PTW disadvantageous to CK, and that the completion period has been guaranteed and the liquidated damages has been set for any delay in construction due to the fault on the part of CK, which will be beneficial to and help compensate PTW for the opportunity cost should CK be unable to complete the construction within the specified timeframe.

2.6 Conclusion of Opinion of the Independent Financial Advisor

2.6.1 Justification of the Transaction

The Independent Financial Advisor is of the opinion that the execution of Transaction No. 2 is of benefit to PTW due to the fact that in the first nine months of 2014, PTW produced an average of 391,172 m³/day of tap water, which was higher than PTW's design capacity at 388,000 m³/day. Therefore, the execution of Transaction No. 2 will prevent the potential damage which may arise from the tap water production beyond the design capacity for a long time, and also represents an additional investment in the industry with potential growth and the current business in which PTW has expertise, as well as minimizes its competitors' opportunity to engage in the business in PTW's service area, and maintains the leading status of the Company Group as Thailand's largest private tap water business operator, and helps generate more revenue for PTW. In addition, CK has the potentials, experience, know-how, and expertise in various large-scale construction projects, and CK was the contractor in construction, supply and installation of equipment for the Tap Water Production Plant Construction Projects in Samut Sakhon - Nakhon Pathom area and in Pathum Thani - Rangsit area, and as such, it has proper understanding and capability to implement PTW's Production Capacity Expansion Project. CK also has the good financial standing, which is critical to the execution of a fixed cost lump sum turnkey contract, in order to help PTW to transfer risks relating to construction to CK, e.g., cost overrun risk, and delay of project completion risk, etc. CK guarantees to complete the works within 365 days from the date specified in the Contract in the amount of not exceeding Baht 367.10 Million (excluding value added tax). Moreover, the liquidated damages will be imposed on CK for any delay in construction and delivery of equipment, in which case, the liquidated damages from CK will help mitigate impact and damage of PTW to a certain degree. Therefore, the engagement of CK will assure PTW of the cost control and successful completion of the construction according to schedule. CK's capacity as the Company's major shareholder will help motivate CK to complete the construction so that PTW will be able to rapidly commence the production capacity expansion, which will not only enable the Company to recognize revenue and operational results from increased sales of treated water of PTW in the preparation of the consolidated financial statements, but also allow CK, in its capacity as the Company's major shareholder, to indirectly recognize the Company's operational results in proportion to its shareholding percentage, subject to the financial assumptions that PTW's Production Capacity Expansion Project will account for the net present value of cash flows in the amount of approximately Baht 1,385.71 Million and generate a return on investment at the rate of approximately 10.18 percent within a payback period of 6.19 years from the year of commencement of the operation in respect of PTW's production capacity expansion. (Please refer to the details of the financial

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assumptions in Annex 3, Item 3.2 Assessment of the Feasibility of Investment in PTW's Production Capacity Expansion Project on page 138.)

The Independent Financial Advisor has conducted a sensitivity analysis by changing key factors to identify any impact on the return of the Project, which may be summarized as follows:

Case 1 Weighted average cost of capital (WACC) changes by 5 percent from forecast.

Case 2 The investment value in PTW's Production Capacity Expansion Project changes by 5 percent from forecast.

Case 3 Recognition of revenue from sales of treated water is delayed from 2016 to 2017.

Case 4 PTW's Production Capacity Expansion Project enjoys the corporate income tax exemption for the first eight years of operation.

Case 5 The corporate income tax rate is at 30 percent throughout the forecast period.

	Case 1		Case 2		Case 3	Case 4	Case 5
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%	1-year delayed recognition of revenue	BOI tax exemption	Tax at 30%
NVP (Million Baht)	96.27	119.66	76.17	141.08	105.88	153.63	83.78
IRR (%)	10.18%	10.18%	9.34%	11.08%	10.12%	12.22%	9.11%
PB (years)	6.19	6.19	6.30	6.07	6.20	5.90	6.34

Based on the foregoing table, the factor relating to the corporate income tax at the rate of 30 percent throughout the forecast period will negatively affect the Project the most.

However, the Independent Financial Advisor makes an observation about execution of Transaction No. 2 that in this production capacity expansion, PTW's revenue may not meet the forecast since sales of treated water may not meet projections and/or PWA does not set any Minimum Offtake Quantity from this production capacity expansion of PTW and/or there is no response to PTW's request for additional raw water pumping from the Chao Phraya River from relevant government authorities, which may affect PTW's business operations in the future, and a return on investment may not meet PTW's projections, which will eventually have an impact on the Company's operational results as reflected in the consolidated financial statements. Nevertheless, the Company makes projections of sales of treated water in PTW's service area on a conservative basis and PTW complies with relevant rules and regulations, whereby PTW is confident that sales of treated water in the future will cover PTW's additional production capacity and expects that

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PWA's purchase of tap water from PTW will increase in the future. This is because PTW is well-equipped for continued distribution of tap water to PWA when compared with other tap water production plants nearby and water users of all types need more tap water as a result of growth in terms of economy, communities and society in the service area. Furthermore, according to the analysis and consideration of utilization of raw water volume in the Chao Phraya River, the raw water volume is adequate for continued production of tap water in the long run without any impact on the production process (please refer to more details in Disadvantages of Execution of the Transaction, on pages 62-63). Therefore, the shareholders should also take the foregoing information into consideration.

2.6.2 Fairness of Price

The Independent Financial Advisor is of the opinion that the execution of Transaction No. 2 on engagement of CK as EPC Contractor for PTW's Production Capacity Expansion Project on the fixed cost lump sum turnkey basis in the amount of not exceeding Baht 367.10 Million (excluding value added tax) is justifiable. This is because EPSILON Co., Ltd., the independent consulting engineer, has appraised the construction cost at approximately Baht 378.39 Million (excluding value added tax) which is higher than CK's proposal by approximately Baht 11.29 Million (excluding value added tax) or approximately 3.07 percent when compared with the price proposed by CK.

As for the conditions for payment, the draft EPC Contract with CK provides for the down payment, the Performance Security, and the Advance Payment Guarantee prior to the down payment, milestone payments in accordance with the monthly progress of works, and deduction of advance construction cost and retention money from payment in each installment. The Independent Financial Advisor is of the opinion that such conditions are in accordance with the ordinary course of business and general trading practices and in no way render PTW disadvantageous to CK, and that the completion period has been guaranteed and the liquidated damages has been set for any delay in construction due to the fault on the part of CK, which will be beneficial to and help compensate PTW for the opportunity cost should CK be unable to complete construction within the specified timeframe.

Based on the foregoing details and conditions, the Independent Financial Advisor is of the opinion that the price for engagement of CK in the amount of not exceeding Baht 367.10 Million (excluding value added tax) is justifiable, and the conditions of payment are in the ordinary course of business and fair to PTW.

2.6.3 Opinion of the Independent Financial Advisor

Based on the foregoing information, together with purpose of the execution of the transaction, business reasons, advantages and disadvantages, opinions in various observations, justification of the transaction, fairness of prices, as well as conditions of payment, which are in the ordinary course of business, the Independent Financial Advisor is of the opinion that the execution of Transaction No. 2 is justifiable, and hereby suggests the Company's

(Translation)

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shareholders consider approving the execution of the EPC Contract for engagement of CK as EPC Contractor for PTW's Production Capacity Expansion Project.

However, the decision to vote on approval for the execution of Transaction No. 2 truly depends on the discretion of the Company's shareholders, and as such, the shareholders should study additional information and consider reasons, advantages, disadvantages, opinions in various observations, justification of the transaction, fairness of prices, as well as conditions of payment in such documents attached to the Notice of the Shareholders' Meeting so as to ensure their exercise of proper judgment and discretion in passing such resolutions.

Triple A Plus Advisory Co., Ltd., as the Company's Independent Financial Advisor, certifies that it has carefully conducted the study and analysis of various information in accordance with the professional standards, and has fairly given reasons on the basis of such information and analysis, mainly taking into account the interest of the Company's minority shareholders. Our opinions are given in reliance upon such information available from documentations and/or interviews with the management and concerned persons of the Company and PTW, as well as such information available from the public sources and other related information. The Independent Financial Advisor assumes that such information provided above is accurate and true. Should any such information provided above be found to be incorrect and/or untrue and/or have materially changed in the future, it may affect our opinions given in this Report. In this respect, the Independent Financial Advisor is not in a position to ascertain impact from such factor which may arise to the Company and the shareholders in the future. Our opinions in this Report are intended to be given to the Company's shareholders only in relation to the execution of the transactions as described above.

Very truly yours,

Triple A Plus Advisory Co., Ltd.

Pinmanee Makmontana

.....

(Miss Pinmanee Makmontana)

Managing Director

Somkiat Wongbuppha

.....

(Mr. Somkiat Wongbuppha)

Director

The Independent Financial Advisor

Chokechai Srisawekkanjana

.....

(Mr. Chokechai Srisawekkanjana)

Supervisor in charge

(Translation)

Annex 1

1.1 Key Summary of the draft EPC Contract for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion (the "Company's draft EPC Contract")

Transaction Date	:	After the approval by the resolution of the Company's Shareholders' Meeting to execute the EPC Contract with CK
Parties	:	TTW Public Company Limited ("TTW" or the "Company") as Employer CH. Karnchang Public Company Limited ("CK") as Contractor
Purpose of the Contract	:	The contractual parties agree to engage CK to design, engineer, manufacture, supply, install, procure, construct, test and commission the 2 nd Tap Water Production Plant Construction Project for production capacity expansion in Samut Sakhon – Nakhon Pathom area, by constructing the structures to accommodate the production capacity expansion of approximately 400,000 m ³ /day in the future, with an initial production capacity of 100,000 m ³ /day, including improvements in relation to rights and privileges obtained from the Board of Investment (BOI). The tap water production system will utilize raw water from the Tha Chi River in the area adjacent to Wat Don Wai, Amphoe Sam Phran, Nakhon Pathom Province, and the construction site of the 2 nd Tap Water Production Plant will be located next to the Krathum Baen Booster Station, Samut Sakhon Province. TTW will pay the service fee on the fixed cost lump sum turnkey basis.
Scope of Works	:	<ul style="list-style-type: none">- CK shall pay taxes and fees under law applicable to the applications for licenses required for design and construction of the 2nd Water Treatment Plant.- CK shall carry out the design and construction of the 2nd Water Treatment Plant per details attached to the Contract.- CK shall provide equipment, tools, labor, experts, training and services to ensure the successful construction of the 2nd Water Treatment Plant in order to be ready for start-up and commissioning of various systems and equipment.- CK shall provide necessary consumables, utilities and services as required for the construction and commissioning of the systems and equipment, and related works until taking over.- CK shall undertake the procurement, including activities related to equipment,

(Translation)

	<p>such as, import, clearance and transportation to the site, including relevant filings for TTW's exercise of rights under the investment promotion.</p> <ul style="list-style-type: none">- CK shall provide for sufficient personnel for successful construction and commissioning.- CK shall carry out the commissioning of various systems and the operation of the 2nd Water Treatment Plant.- CK shall provide for training of operating and maintenance personnel of TTW.- CK shall provide sufficient office accommodation and facilities, equipment, services and others for TTW and TTW's representatives throughout the construction period.
Major Obligations of the Contractual Parties	<p>: <u>Obligations of the Contractor</u></p> <ul style="list-style-type: none">- CK shall perform the works under the scope of works as mutually agreed to ensure the completion according to schedule as agreed upon in the Contract, whereby any works under this Contract shall commence from the date as agreed upon in the Contract.- CK shall complete the works under the Contract in accordance with the schedule of works in order to achieve each milestone, and submit the progress report of completed works to TTW- CK shall ensure that the works shall be completed under the requirements of the Contract for inspection and acceptance of the 2nd Water Treatment Plant within 730 days from the date as agreed upon in the Contract.- CK shall perform all activities for the construction of the 2nd Water Treatment Plant in accordance with the requirements of TTW. <p><u>Obligations of the Employer</u></p> <ul style="list-style-type: none">- TTW's general obligations as the Employer include the preparations of the site according to time schedules as mutually agreed in the Contract so as to grant CK access thereto to perform its works, including assistance in terms of

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	<p>documentations for CK to obtain various necessary licenses from the relevant government authorities, and provision for its representative(s) and consulting engineer(s) for contact with CK, with the power and duties as authorized by TTW.</p> <ul style="list-style-type: none">- TTW shall pay the service fee under the Contract to CK.- In this regard, TTW shall appoint its project management consultant(s) as TTW's representative to monitor, inspect equipment or engagement of labors in various fields in relation to works under the Contract to ensure that CK has complied with its obligations as specified in the Contract.
Contract Price	: <ul style="list-style-type: none">- The Contract Price is equal to the consideration to be paid by TTW to CK in the amount of not exceeding Baht 2,903,700,000 (excluding value added tax), whereby TTW shall make a down payment at the rate of 15 percent of the Contract Price upon TTW's receipt of the Performance Security with a value of 10 percent of the Contract Price and the Advance Payment Guarantee with a value equivalent to the down payment.- The Contract Price is fixed and not subject to escalation, irrespective of exchange rates with other currencies, and shall only be payable in the currency as stated in the Contract.- Payment of the Contract Price shall be made to CK in installments as follows:<ul style="list-style-type: none">● 15 percent of the total Contract Price as down payment upon TTW's receipt of the Performance Security with a value of 10 percent of the Contract Price and the Advance Payment Guarantee with a value equivalent to the down payment.● 90 percent of the total Contract Price in accordance with the monthly progress of works.

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	<ul style="list-style-type: none">● 10 percent of the total Contract Price upon receiving the Taking Over Certificate (TOC).- Deductions shall be made for return of the down payment at the rate of 15 percent of each payment installment and shall be made as retention money at the rate of 10 percent of each payment installment, whereby the total retention money deducted shall not exceed five percent of the Contract Price.
Key Terms and Conditions	: <ul style="list-style-type: none">- With regard to performance of the works under the Contract, CK shall have the duty to provide guarantees relating to the works performed under the Contract for TTW that the works will be free from defects and that the 2nd Water Treatment Plant will be functional continuously, safely and reliably, both in terms of the specified production capacity and the quality of tap water that meet the requirement standard.- Upon the expiration of all guarantees relating to the works and fulfillment of all obligations of CK related thereto, TTW shall issue the Final Acceptance Certificate to CK.- Should CK fail to complete the delivery of the works according to schedule, including upon a lapse of the extended period under the Contract, without any fault on the part of TTW, CK shall be liable to pay damages to TTW at the daily rate of 0.12 percent of the total Contract Price from the lapse of such period of time, with the maximum penalty at the rate of 10 percent of the Contract Price.- The penalty for any delay arising from return of equipment and systems shall be at the rate of Baht 10,000 per hour, with the maximum penalty not exceeding Baht 200,000 each.

(Translation)

1.2 Key Summary of the draft EPC Contract for PTW's Production Capacity Expansion Project ("PTW's draft EPC Contract")

Transaction Date	:	After the approval by the resolution of the Shareholders' Meeting of TTW Public Company Limited (the "Company" or "TTW") to execute the EPC Contract with CK
Parties	:	Pathum Thani Water Company Limited ("PTW") as Employer CH. Karnchang Public Company Limited ("CK") as Contractor
Purpose of the Contract	:	The contractual parties agree to engage CK to design, engineer, manufacture, supply, install, procure, construct, test and commission the Production Capacity Expansion Project in Pathum Thani - Rangsit area to accommodate the production capacity expansion of approximately 100,000 m ³ /day in the future, with an initial production capacity of 57,000 m ³ /day, at the site of PTW's Water Treatment Plant. PTW shall pay the service fee on the fixed lump sum turnkey basis
Scope of Works	:	<ul style="list-style-type: none">- CK shall pay taxes and fees under law applicable to the applications for licenses required for design and construction of the Production Capacity Expansion Project in Pathum Thani – Rangsit area.- CK shall carry out the design and construction of the Production Capacity Expansion in Pathum Thani - Rangsit area per details attached to the Contract.- CK shall provide equipment, tools, labor, experts, training and services to ensure the successful construction of the Production Capacity Expansion in Pathum Thani - Rangsit area in order to be ready for start-up and commissioning of various systems and equipment.- CK shall provide necessary consumables, utilities and services as required for the construction and commissioning of the systems and equipment, and related works until taking over.- CK shall undertake the procurement including activities related to equipment, such as, import, clearance and transportation to the site, including relevant filings for PTW's exercise of rights under the investment promotion.- CK shall provide for sufficient personnel for successful construction and

(Translation)

	<p>commissioning.</p> <ul style="list-style-type: none">- CK shall carry out the commissioning of various systems and the operation of the Production Capacity Expansion in Pathum Thani - Rangsit area.- CK shall provide for training of operating and maintenance personnel of PTW.- CK shall provide sufficient office accommodation and facilities, equipment, services and others for PTW and PTW's representatives throughout the construction period.
Major Obligations of the Contractual Parties	<p>: <u>Obligations of the Contractor</u></p> <ul style="list-style-type: none">- CK shall perform the works under the scope of works as mutually agreed to ensure the completion according to schedule as agreed upon in the Contract, whereby CK shall commence various works from the date as agreed upon in the Contract.- CK shall complete the works under the Contract in accordance with the schedule of works in order to achieve each milestone, and submit the progress report of completed works to PTW.- CK shall ensure that the works shall be completed for inspection and acceptance within 365 days from the date as agreed upon in the Contract.- CK shall perform all activities for the Production Capacity Expansion in Pathum Thani - Rangsit area in accordance with the requirements of PTW. <p><u>Obligations of the Employer</u></p> <ul style="list-style-type: none">- PTW's general obligations as the Employer include the preparations of the site according to time schedules as mutually agreed in the Contract so as to grant CK access thereto to perform its works, including assistance in terms of documentations for CK to obtain various necessary licenses from the relevant government authorities, and provision for its representative(s) and consulting engineer(s) for contact with CK, with the power and duties as authorized by PTW.

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	<ul style="list-style-type: none">- PTW shall pay the service fee under the Contract to CK.- In this regard, PTW shall appoint its project management consultant(s) as PTW's representative to monitor, inspect equipment or engagement of labors in various fields in relation to works under the Contract to ensure that CK has complied with its obligations as specified in the Contract.
Contract Price	: <ul style="list-style-type: none">- The Contract Price is equal to the consideration to be paid by PTW to CK in the amount of not exceeding Baht 367,100,000 (excluding value added tax), whereby PTW shall make a down payment at the rate of 15 percent of the Contract Price upon PTW's receipt of the Performance Security with a value of 10 percent of the Contract Price and the Advance Payment Guarantee with a value equivalent to the down payment.- The Contract Price is fixed and not subject to escalation, irrespective of exchange rates with other currencies, and shall only be payable in the currency as stated in the Contract.- Payment of the Contract Price shall be made to CK in installments as follows:<ul style="list-style-type: none">● 15 percent of the total Contract Price as down payment upon PTW's receipt of the Performance Security with a value of 10 percent of the Contract Price and the Advance Payment Guarantee with a value equivalent to the down payment.● 90 percent of the total Contract Price in accordance with the monthly progress of works.● 10 percent of the total Contract Price upon receiving the Taking Over Certificate (TOC).- Deductions shall be made for return of the down payment at the rate of 15 percent of each payment installment and shall be made as retention money at the rate of 10 percent of each payment installment, whereby the total retention

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		money deducted shall not exceed five percent of the Contract Price.
Key Terms and Conditions	:	<ul style="list-style-type: none">- With regard to performance of the works under the Contract, CK shall have the duty to provide guarantees relating to the works performed under the Contract for PTW that the works will be free from defects, and the Production Capacity Expansion in Pathum Thani – Rangsit area will be functional continuously, safely and reliably, both in terms of the specified production capacity and the quality of tap water that meet the requirement standard.- Upon the expiration of all guarantees relating to the works and fulfillment of all obligations of CK related thereto, PTW shall issue the Final Acceptance Certificate to CK.- Should CK fail to complete the delivery of the works according to schedule, including upon a lapse of the extended period under the Contract, without any fault on the part of PTW, CK shall be liable to pay damages to PTW at the daily rate of 0.12 percent of the total Contract Price from the lapse of such period of time, with the maximum penalty at the rate of 10 percent of the Contract Price.- The penalty for any delay arising from return of equipment and systems in case of interface with the existing production system shall be at the rate of Baht 10,000 per hour, with the maximum penalty not exceeding Baht 200,000 each.

2.1 Summary of Corporate Profile of TTW Public Company Limited

1) Background and Significant Development of the Company

TTW Public Company Limited (the “Company”) (formerly “Thai Tap Water Public Company Limited”) operates the business of production and distribution of tap water for the Provincial Waterworks Authority (“PWA”) service areas in Amphoe Nakhon Chaisri, Amphoe Sam Phran and Amphoe Phutthamonthon in Nakhon Pathom Province and Amphoe Mueang Samut Sakhon and Amphoe Krathum Baen in Samut Sakhon Province, to replace the private sector’s utilization of groundwater and PWA’s tap water production from groundwater wells, and to increase the tap water production volume to sufficiently accommodate the consumers’ demand which is continuously increasing so as to help alleviate the problems of land subsidence and saline water intrusion in accordance with the government’s policy.

The Company was incorporated on September 11, 2000 under the name of VKCS (Thailand) Co., Ltd. (later changed to Thai Tap Water Supply Company Limited, and converted into a public limited company on January 6, 2006 as Thai Tap Water Supply Public Company Limited, and then changed to TTW Public Company Limited on March 14, 2014, respectively) to engage in the business of land management and development to serve the purpose of tap water production and distribution project, by way of a joint venture between CH. Karnchang Public Company Limited and Thames Water Group in the shareholding percentage at the ratio of 50:50, with the registered and paid-up capital of Baht 100,000 (at the par value of Baht 100 per share). Subsequently, the Company entered into a Water Purchase and Sale Agreement with PWA on September 21, 2000, for a period of 30 years, commencing from July 21, 2004 to July 20, 2034, on a Build-Own-Operate (“BOO”) basis, namely, the Company is the owner of the tap water production and distribution systems and is under no obligation to transfer them to PWA. Should the Company wish to renew this Agreement, the Company shall give a written notice to PWA at least three years prior to the end of the period of the Agreement.

In this regard, the Company shall provide for the Minimum Offtake Quantity (MOQ) guarantee of 320,000 m³/day. Pursuant to the Water Purchase and Sale Agreement, the Minimum Offtake Quantity (MOQ) to be purchased by PWA from the Company throughout the 30-year period can be summarized as follows:

Starting Date	Ending Date	MOQ to be purchased by PWA (m ³ /day)
July 21, 2004	July 20, 2006	200,000
July 21, 2006	July 20, 2008	250,000
July 21, 2008	July 20, 2034 (end of the Agreement)	300,000

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Moreover, the Company entered into the Amendment Agreement with PWA on December 29, 2008, whereby PWA agrees to purchase the additional MOQ from 300,000 m³/day to 354,000 m³/day, in which the purchase will be increased by 9,000 m³/day each year until MOQ reaches 354,000 m³/day throughout the period of the existing Water Purchase and Sale Agreement. September 1, 2010 was set to be the Actual Commencement Date for additional MOQ. Initial water tariff for the additional production capacity as at the date of execution of the Amendment Agreement was specified at Baht 10.52/m³, subject to escalation every year from the date of execution of the Amendment Agreement based on the calculation formula as specified the Agreement. In this regard, the water tariff for the additional production capacity (in excess of 300,000 m³/day) amounts to Baht 11.90/m³ in 2014.

The Company obtained Promotional Certificates from the Board of Investment (BOI) No. 1382(2)/2545, dated June 19, 2002, for the initial production capacity of 320,000 m³/day, and No. 2437(2)/2553, dated December 23, 2010, for the production capacity expansion of 120,000 m³/day, with tax privileges for the business operation in Category 7.1 Public Utilities and Basic Services. Such tax privileges in relation to the corporate income tax exemption for the initial production capacity have ended on January 4, 2012 while the corporate income tax exemption for the production capacity expansion will end on September 13, 2018. Moreover, during 2013, the Company obtained the investment promotion from the Board of Investment for investment recovery program after the flood crisis per Promotional Certificate No. 5177(2)/2556 on May 27, 2013 (in replacement of the existing Promotional Certificate No. 1382(2)/2545 which expired in 2012) subject to the specified conditions and privileges.

The Company carried out the construction of the tap water production and distribution systems to consumers with its maximum production capacity as at December 31, 2009 of 320,000 m³/day which was expanded to 440,000 m³/day in August, 2010. In addition to the Water Purchase and Sale Agreement, the Company was also awarded a tap water business concession from the Ministry of Natural Resources and Environment for a period of 25 years from March 11, 2005 to March 10, 2030, whereby the Company has been permitted to produce tap water for distribution in five districts of two provinces, namely, Amphoe Nakhon Chaisri, Amphoe Sam Phran and Amphoe Phutthamonthon in Nakhon Pathom Province and Amphoe Mueang Samut Sakhon and Amphoe Krathum Baen in Samut Sakhon Province.

The Company was converted into a public limited company on July 6, 2006 under the name of Thai Tap Water Supply Public Company Limited, and made its initial public offering of the ordinary shares for capital increase and was listed on the Stock Exchange of Thailand on May 22, 2008, abbreviated as "TTW" for securities trading. Subsequently, the Company's 2014 Annual Ordinary General Meeting of Shareholders on March 14,

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2014 has resolved to change its name to TTW Public Company Limited, while its abbreviation remains “TTW” for securities trading. As at March 31, 2014, the Company’s registered and paid-up capital amounted to Baht 3,990 Million, divided into 3,990 million ordinary shares at the par value of Baht 1 per share.

Other than the agreement for production of tap water for distribution to PWA, the Company also expanded its business scope by means of investment in its subsidiaries and associated companies, including acquisition of rights in operation and management of tap water and wastewater in the industrial estate, per the details which can be summarized as follows:

1) Investment in Pathum Thani Water Company Limited

On June 29, 2007, the Company acquired the ordinary shares in Pathum Thani Water Company Limited (“PTW”), representing 98 percent of all issued and paid-up capital of PTW, with a total investment value of Baht 3,998.3 Million, and since then, PTW becomes the Company’s subsidiary. Currently, PTW’s registered and paid-up capital amounts to Baht 1,200 Million. PTW operates the business of tap water production and distribution to PWA like the Company, by entering into the Water Production and Distribution Agreement with PWA on August 31, 1995, for a term of 25 years from October 15, 1998 to October 14, 2023, on a Build-Own-Operate-Transfer (“BOOT”) basis, namely, PTW constructs the tap water production and distributions systems, and the tap water distribution system shall be transferred to PWA as at the commencement date of business while the ownership of the tap water production system shall be transferred to PWA upon the 25th anniversary. In this regard, PTW may request to take on lease of the tap water production system from PWA for tap water production and distribution after the end of the 25-year period on two occasions, for a lease term of 10 years each, subject to submission of the letter of intent to PWA after the 24th anniversary of the commencement date of business and at least six months prior to transfer of such tap water production system or during October 15, 2022 to April 14, 2023. PWA shall purchase the tap water from PTW for distribution to people in its service area in Pathum Thani - Rangsit, Pathum Thani Province. Besides the Water Production and Distribution Agreement with PWA, PTW was also awarded a tap water business concession from the Ministry of Interior on January 13, 2000, whereby PTW has been permitted to produce tap water for distribution in its service area in Pathum Thani - Rangsit, Pathum Thani Province, for a period of 25 years.

PTW’s tap water production plant is located in Amphoe Sam Khok, Pathum Thani Province, by distributing tap water to PWA, Waterworks Office of Pathum Thani, Waterworks Office of Rangsit, Waterworks Office of Thanyaburi, and Waterworks Office of Khlong Luang. PTW formerly had its maximum production capacity of 288,000 m³/day, which was later expanded, on August 1, 2008, to 388,000 m³/day in order to accommodate the increasing water usage demand in such area. For this reason, on September 15, 2006, PTW

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signed a water purchase and sale agreement with PWA for additional MOQ to be purchased by PWA from PTW by approximately 70,000 m³/day, in which the purchase would be gradually increased with an initial volume of 50,000 m³/day as at the date of PTW's ability to produce and distribute tap water at 70,000 m³/day, subject to escalation every year at 10,000 m³/day per year until the additional purchased water volume reaches 70,000 m³/day. PTW's MOQ was increased to 330,000 m³/day from August 1, 2010. In this regard, the water tariff charged by PTW to PWA amounts to Baht 12.39/m³ in 2014.

PTW obtained Promotional Certificates from the Board of Investment (BOI) No. 1739/2539, dated November 6, 1996, for the initial production capacity of 288,000 m³/day and No. 1451(2)/2551, dated August 1, 2008, for the production capacity expansion of 100,000 m³/day, with tax privileges for the business operation in Category 7.2 Tap Water or Water for Industrial Purpose and Category 7.1 Public Utilities and Basic Services. Such tax privileges in relation to the corporate income tax exemption for the initial production capacity have ended on October 14, 2006 while the corporate income tax exemption for the production capacity expansion will end on July 30, 2016. Currently, PTW's entitlement to corporate income tax exemption has been extended until May 26, 2021.

2) Business Merger of Thai Water Operations Company Limited

Thai Water Operations Company Limited ("Thai Water") is founded through a business merger between WaterFlow Co., Ltd., formerly as the Company's subsidiary, and BJT Water Co., Ltd., as PTW's subsidiary, on January 8, 2010, and the Operation and Maintenance Agreement was changed to the Maintenance, Operation and Repair Agreement for the Company and PTW, for carrying out the repair and maintenance for the Company and PTW, as well as in Bang Pa-in Industrial Estate, whereby the Company and PTW holds shares in Thai Water representing 68.5 percent and 31.5 percent of the total of 60 million shares, respectively, and as such, Thai Water is the Company's subsidiary.

3) Investment in Bang Pa-in Industrial Estate

On August 7, 2009, the Company signed an agreement for acquisition of rights in operation and management of tap water and wastewater in Bang Pa-in Industrial Estate, for a period of 30 years, worth Baht 1,400 Million, with the production capacity of 48,000 m³/day, at the water sales price of Baht 22.50/m³, and the wastewater treatment capacity of 18,000 m³/day, at the wastewater treatment service fee of Baht 7-9/m³ depending on the wastewater quality level; however, if the wastewater quality level exceeds the specified requirement, the service fee will be charged at Baht 20/m³. The main reasons for the Company's acquisition of such rights in Bang Pa-in Industrial Estate are: 1) to minimize its reliance on revenue from a single customer, i.e., PWA, and to expand the service area, thereby generating more revenue for the Company; 2) to enhance skills,

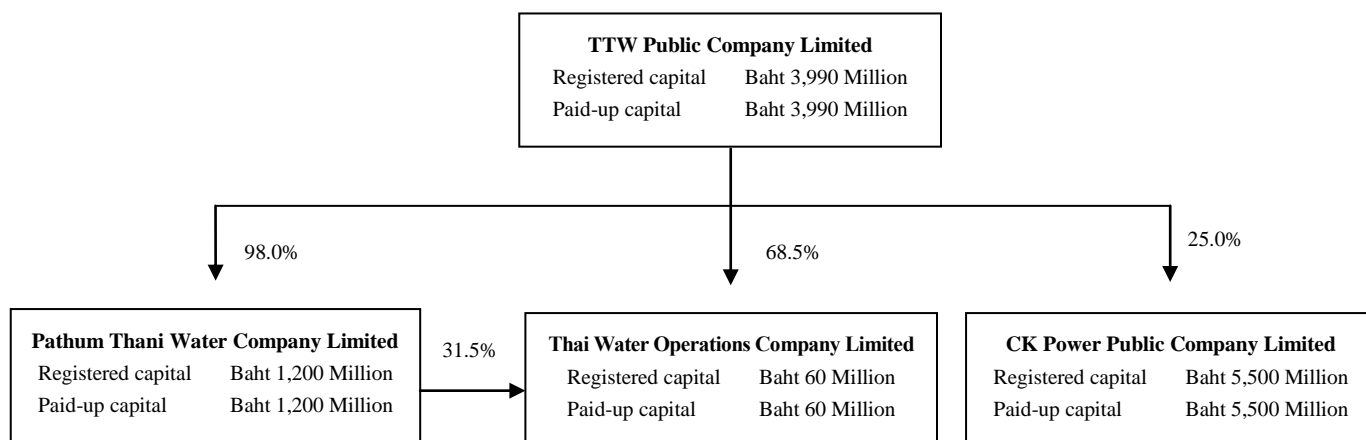
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knowledge and experience in the wastewater treatment business; and 3) to provide full services directly to its customers.

4) Investment in CK Power Public Company Limited

In 2011, the Company acquired the ordinary shares representing 30 percent of the registered capital of CK Power Public Company Limited (“CKP”) which operates the core business as a holding company by holding shares in other companies engaging in the electricity production and distribution businesses, totaling five plants, comprising one hydropower plant, three solar power plants, and one cogeneration power plant. Subsequently in 2013, CKP was converted into a public limited company under the name of “CK Power Public Company Limited”, by way of its initial public offering of the ordinary shares for capital increase, and was listed on the Stock Exchange of Thailand. It has Nam Ngum 2 Power Company Limited which operates the hydropower business as its core company. Furthermore, in July 2013, the Company sold its 999,999 ordinary shares in CKP at the par value of Baht 5 per share to general investors, its shareholding percentage in CKP then reduced from 30 percent to 25 percent, and as such, CKP is the Company’s associated company. Currently, CKP’s registered and paid-up capital is Baht 5,500 Million.

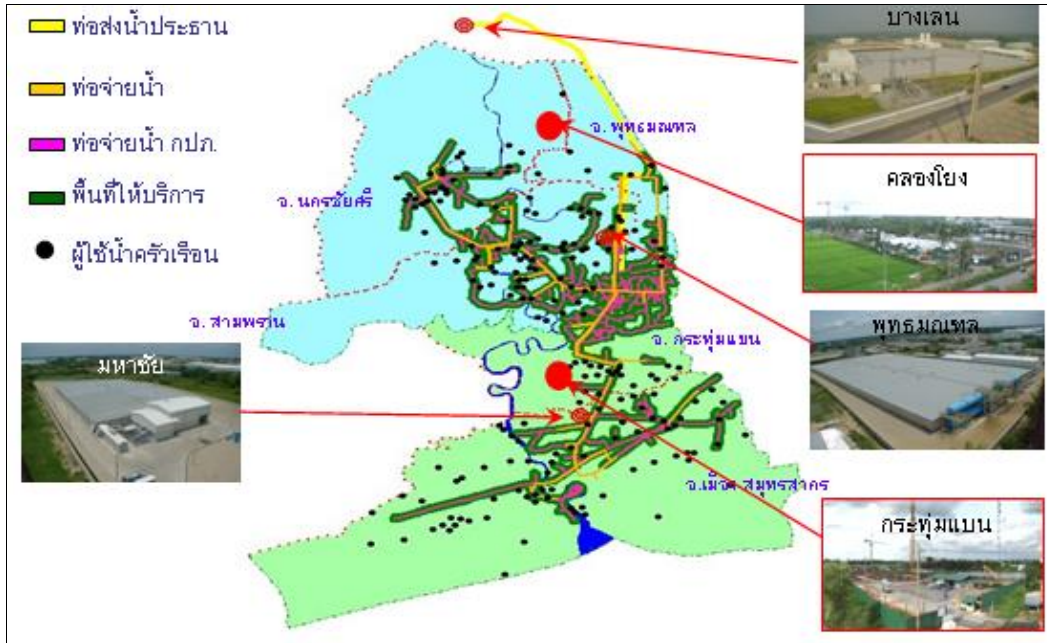
Shareholding Structure of the Company Group as at September 30, 2014



2) Nature of Business Operations

The Company has been established with the purpose to operate the business of production and distribution of tap water to PWA, with its maximum production capacity as at September 30, 2014 of 440,000 m³/day, and the water tariffs in 2014 at Baht 28.269483/m³ for the initial 300,000 m³/day and at Baht 11.93/m³ for the excess of 300,000 m³/day. The Company entered into a Water Purchase and Sale Agreement with PWA on September 21, 2000, for a period of 30 years, whereby PWA shall purchase the tap water from the Company for distribution to people in Amphoe Sam Phran and Amphoe Nakhon Chaisri in Nakhon Pathom Province and Amphoe Mueang Samut Sakhon and Amphoe Krathum Baen in Samut Sakhon Province. In addition, the Company was also awarded a tap water business concession from the Ministry of Natural Resources and Environment on March 11, 2005 for a period of 25 years, whereby the Company has been permitted to operate tap water business in Amphoe Sam Phran, Amphoe Nakhon Chaisri and Amphoe Phutthamonthon in Nakhon Pathom Province and Amphoe Krathum Baen and Amphoe Mueang Samut Sakhon in Samut Sakhon Province. In the production of tap water, the Company will pump raw water from the Tha Chin River for use in the production of tap water at its plant, which is located in Amphoe Bang Len, Nakhon Pathom Province, and will distribute the produced tap water through Bulk Transmission Main (BTM) to both of its Distribution Stations, namely, Phutthamonthon Distribution Station and Mahachai Distribution Station, and will then distribute water to the service areas of three Waterworks Offices, namely, Waterworks Office of Sam Phran, Waterworks Office of Om Noi, and Waterworks Office of Samut Sakhon, through Local Distribution Network (LDN) connected with the Company's Distribution Stations.

Layout of Distribution Stations and Booster Stations, Distribution Areas of
TTW Public Company Limited



As the water usage demand continues to increase, whereby in June 2014, the volume of distributed water was 394,230 m³/day, therefore, the Board of Directors' Meeting No. 5/2014 on October 14, 2014 resolved to grant approval for the 2nd Tap Water Production Plant Construction Project for production capacity expansion in Samut Sakhon - Nakhon Pathom area, by constructing the structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future, with an initial production capacity of 100,000 m³/day, including improvements in relation to rights and privileges obtained from the Board of Investment (BOI). CK will be engaged as a contractor in such construction on a fixed cost lump sum turnkey basis in the amount of Baht 2,903.70 Million, and the construction is scheduled for completion within 730 days from the date as agreed upon in the Contract.

PTW, as a subsidiary of the Company, operates the business of tap water production and distribution to PWA in Pathum Thani and Rangsit area, Pathum Thani Province, with the maximum capacity of 388,000 m³/day as at September 30, 2014. PTW entered into the Water Production and Distribution Agreement with PWA on August 31, 1995, for a term of 25 years. In addition, PTW was also awarded a tap water business concession from the Ministry of Interior on January 13, 2000 for a period of 25 years, PTW has thus been permitted to produce tap water for distribution in its service area in Pathum Thani - Rangsit, Pathum Thani Province, for a period of 25 years. PWA shall purchase the tap water from PTW for distribution to people in its service area in Pathum Thani and Rangsit, Pathum Thani Province. In the tap water production of PTW, PTW will pump raw water from the Chao

(Translation)

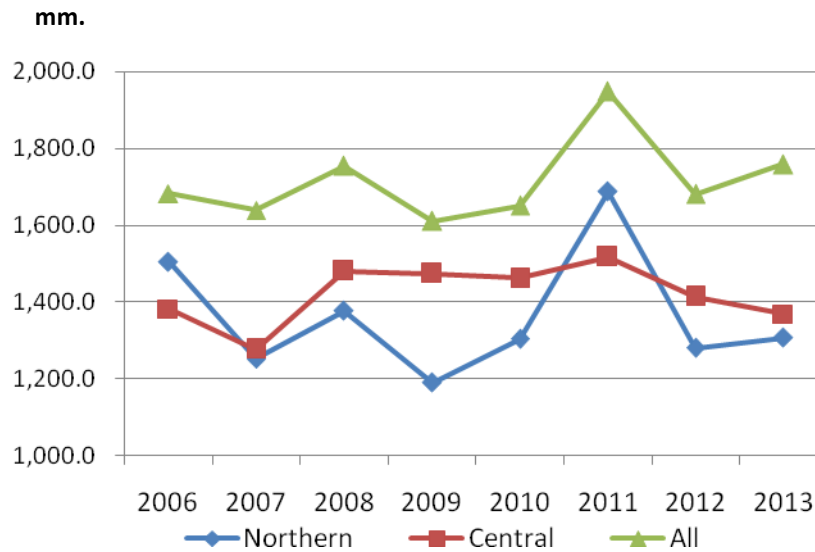
Phraya River for use in tap water production at its plant, which is located in Amphoe Sam Khok, Pathum Thani Province, and will distribute the produced tap water through Bulk Transmission Main (BTM) to its 3 Distribution Stations, namely, Rangsit Distribution Station, Thammasat Distribution Station and Pathum Thani Distribution Station, and will then distribute water from Rangsit Distribution Station and Thammasat Distribution Station to Waterworks Office of Rangsit, Waterworks Office of Thanyaburi and Waterworks Office of Khlong Luang. Tap water from Pathum Thani Distribution Station will be distributed to Waterworks Office of Pathum Thani.

As the water usage demand continues to increase, whereby in March 2014, the volume of distributed water was 378,071 m³/day, therefore, the Board of Directors' Meeting No. 5/2014 on October 14, 2014 resolved to grant approval for the production capacity expansion in Pathum Thani - Rangsit area of PTW, by constructing the structures to accommodate the production capacity expansion of approximately 100,000 m³/day in the future, with an initial production capacity of 57,000 m³/day. CK will be engaged as a contractor in such construction on a fixed cost lump sum turnkey basis in the amount of Baht 367.10 Million, and the construction is scheduled for completion within 365 days from the date as agreed upon in the Contract.

3) Industrial Outlook and Competition

Water Demand in Thailand

Thailand has a total area of 512,000 square kilometers, which can be hydrologically classified into 25 main basins and 254 sub-basins. The average total annual rainfall is approximately 1,758 millimeters, some will recede underground and evaporate into the atmosphere, and the remaining 213,424 million cubic meters remain in the rivers, canals and swamps. At present, the development of water sources of various forms and sizes can reserve water for use in the volume of 76,002 million cubic meters, or representing approximately 35.6 percent of all runoff. In each year, the rainy season in Thailand will start in the middle of May and will end in the middle of October. The rainfall which has direct influence on the Chao Phraya River and the Tha Chin River basins in 2006 - 2013 can be presented as follows:



Source: *Water Watch and Monitoring System for Warning Center (WMSC),
Royal Irrigation Department, in July 2014*

The water demand of all sectors is approximately 152,151 million cubic meters per year, which mostly around 65 percent of all water demand is for agriculture, representing approximately 106,169 million cubic meters. The areas with catchment area and irrigation system account for approximately 45,054 million cubic meters, and the areas outside the irrigation areas must mainly rely on rainfall. In addition, the water demand for other purposes, such as, ecosystem maintenance, consumption, industry and husbandry, represents 18 percent, 15 percent, 1.6 percent and 0.4 percent, respectively.

Given the limited natural water resources and the declining quality of water, the usable water volume continues to decrease. A shortage of quality water tends to increase every year. Therefore, in order to minimize the problem on shortage of clean water for use in various activities, as well as land subsidence due to excessive

(Translation)

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use of underground water or groundwater, the Department of Water Resources, Ministry of Natural Resources and Environment, then established the tap water business for production of tap water in response to the water demand which continues to increase every year.

The tap water industry is considered as goods and services for basic infrastructure, which is essential for people's daily living. In Thailand, the Metropolitan Waterworks Authority (MWA) and the Provincial Waterworks Authority (PWA) are the main agencies in operating the tap water business, as well as delivery and distribution of tap water to consumers. The areas in Bangkok, Nonthaburi Province and Samut Prakan Province are under the responsibility of MWA, and other areas than the foregoing are under the responsibility of PWA. The provincial water usage demand and production during 2008 - 2013 can be presented as follows:

	2008	2009	2010	2011	2012	2013
1. Number of water users at year end (million persons)	2.77	2.94	3.11	3.26	3.42	3.46
2. Volume of distributed water (million m ³)	835	884	960	982	1,053	1,092
3. Rate of lost water in distribution system (%)	26.67	26.73	26.20	26.47	27.88	28.24
4. Rate of water usage (m ³ /person/day)	0.83	0.82	0.85	0.83	0.84	0.86

Source: Annual Report 2012 and 2013 of PWA and Website of Water Resources Development Division, Water Resources Department, PWA

Water Demand in Nakhon Pathom Province and Samut Sakhon Province (TTW's service areas)

The Tha Chin River basin is considered one of the first five basins with the highest water demand for consumption. The Tha Chin River basin covers an area of approximately 13,477 square kilometers, with the water volume of approximately 1,364 million cubic meters per year. The Tha Chin River currently covers eight provinces, namely, Uthai Thani, Chai Nat, Suphan Buri, Nakhon Pathom, Samut Sakhon, Ang Thong, Ayutthaya and Nonthaburi. The Tha Chin River is separated from the right side of the Chao Phraya River at Tambon Makham Thao, Amphoe Wat Sing, Chai Nat Province, passing through Suphan Buri and Nakhon Pathom to the Gulf of Thailand at Samut Sakhon Province, which may be called differently from upstream to the mouth of the river, namely, Khlong Makham Thao, Suphan Buri River, Nakhon Chai Si River and Tha Chin River, respectively. The Tha Chin River basin can be divided into three sections, as follows:

(1) The upper Tha Chin River, from Khlong Makham Thao bridge, Amphoe Wat Sing, Chai Nat Province, to Pho Phraya Water Gate, Amphoe Mueang, Suphan Buri Province;

(2) The middle Tha Chin River, from Pho Phraya Water Gate, Amphoe Mueang, Suphan Buri Province, to Amphoe Nakhon Chai Si, Nakhon Pathom Nakhon Pathom;

(Translation)

(3) The lower Tha Chin River, from the front of the District Office, Amphoe Nakhon Chai Si, Nakhon Pathom Nakhon Pathom, to the mouth of the river at Amphoe Mueang, Samut Sakhon Province.

Given the growth of the western outer areas of Bangkok as well as the population and residential expansion, including its industrial zoning where more than 7,500 factories are located, therefore, the Water Resources Department gives priority to the water supply in response to the increasing water demand in such areas. In 2013, PWA operated the tap water production through its nine branches, which required raw water of approximately 189.95 million cubic meters out of the average annual water of approximately 1,364.4 million cubic meters, or representing 13.92 percent of the water volume in the Tha Chin River basin.

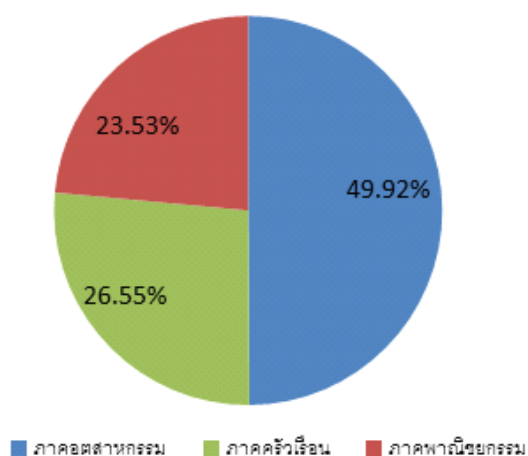
However, PWA does not produce tap water in areas of Sam Phran, Om Noi and Samut Sakhon, which are located in the Tha Chin River basin. TTW was awarded a tap water business concession for tap water production and distribution to PWA. In 2013, the details of the number of water users and raw water demand are as follows:

Waterworks Office	Number of Users (persons)	Raw Water Demand (million cubic meters per year)
1. Samut Sakhon	46,623	78.48
2. Om Noi	46,154	59.19
3. Sam Phran	38,970	30.53
Total	131,747	168.21

Source: Website of Water Resources Development Division, Water Resources Department, PWA

TTW's water users comprise three major groups, namely, industrial sector, commercial sector and household sector. In 2013, the water users in industrial sector accounted for the highest consumption at 49.92 percent of TTW's all produced tap water, followed by household sector and commercial sector at 26.55 percent and 23.53 percent, respectively.

Percentage of Water Usage Volume by Types of Water Users in 2013 of TTW

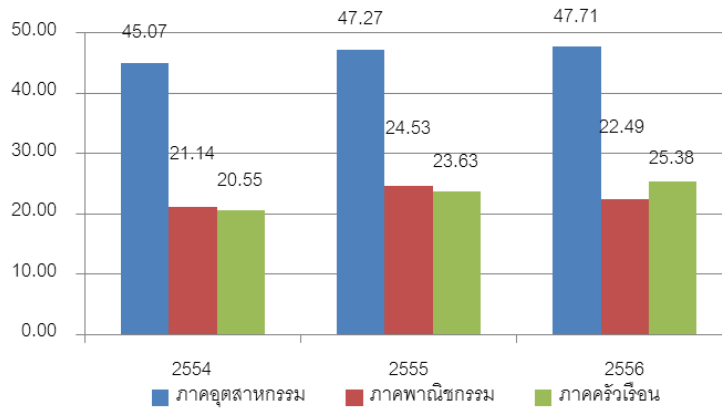


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Comparing the water usage volume by types of water users during 2011 - 2013, it was found that since 2011, the water usage volume in industrial sector was higher than other types of water users. During such period, the compound annual growth rates (CAGR) of the water users in industrial sector, commercial sector and household sector were 2.89 percent, 3.14 percent, and 11.13 percent, respectively.

Comparison of Water Usage Volume of Each Type of Water Users from 2011 to 2013 of TTW

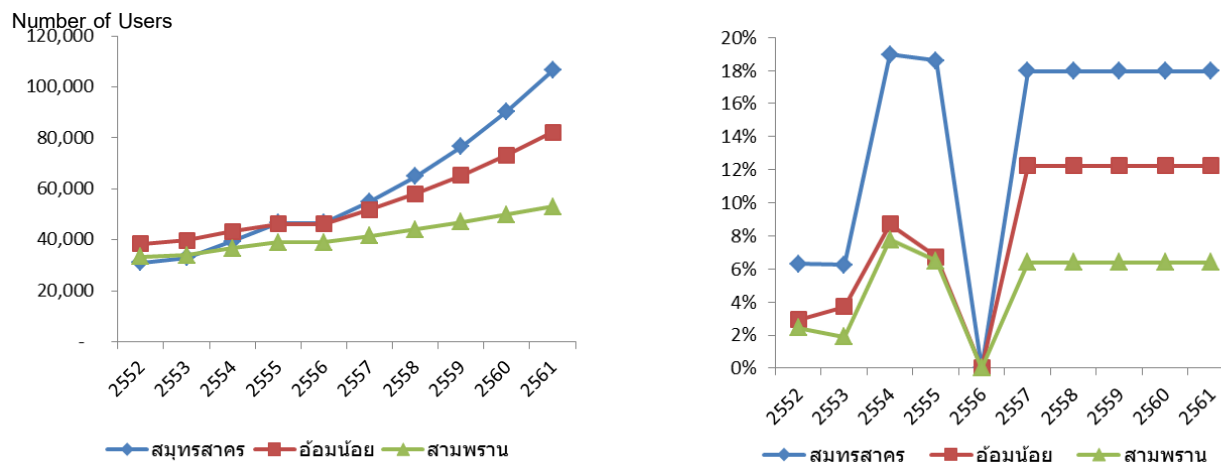
Unit: million m³



Source: Annual Registration Statement for 2013 (Form 56-1) of TTW

Therefore, the driving factor of the water usage volume in service areas mainly depends on production activities in the industrial sector, as it can be seen from the water distribution volume on weekends and holidays which are relatively lower than working days, mostly due to the closed working hours in the industrial sector. TTW's marketing plan therefore emphasizes on the marketing and campaign for the industrial users to realize the benefit of tap water usage in the long run. TTW has a policy to meet with the industrial users, together with PWA, and organize activities to thank all water users for their continued support.

In addition, based on the study conducted by PWA's Water Resources Development Division, it is expected that the water usage demand in TTW's service areas, especially Samut Sakhon Province, will continue to increase in both current and future service areas. The number of actual water users in 2009 - 2012 and projections in 2013 - 2018, as well as the growth rate of the number of water users, are as follows:



Source: Website of Water Resources Development Division, Water Resources Department, PWA

The Water Resources Development Division expects that the water demand for consumption, agriculture and other activities tends to increase. Despite the considerable volume of rainfall in the Tha Chin River basin, several areas face a shortage of water. It is expected that the growth rate of the number of water users in Samut Sakhon - Om Noi - Sam Phran during 2014 - 2018 will increase at the rate ranging between 6.38 percent and 17.97 percent per year. Therefore, the tap water service must be prepared for the potential shortage of water, it is necessary for PWA to plan, develop and reserve water sources to ensure its continued production and distribution of good quality water to people. Based on this reasoning, TTW then plans to construct the structures to accommodate the production capacity expansion of approximately 400,000 m³/day in the future, with an initial production capacity of 100,000 m³/day, which it is expected to commence its service in 2017 onwards.

Water Demand in Pathum Thani - Rangsit (PTW's service areas)

The Chao Phraya River basin is located in the middle of Thailand, covering 11 provinces, namely, Nakhon Sawan, Chai Nat, Sing Buri, Lop Buri, Ang Thong, Ayutthaya, Saraburi, Pathum Thani, Nonthaburi, Samut Prakan and Bangkok. The Chao Phraya River basin covers an area of approximately 20,523 square kilometers, with the water volume of approximately 1,732 million cubic meters per year. In 2013, PWA operated the business of tap water production through its 16 branches, which required raw water of approximately 193.63 million cubic meters out of the average annual water of approximately 1,731.8 million cubic meters, or representing 11.18 percent of the water volume in the Tha Chin River basin. However, PWA does not produce tap water in the areas of Pathum Thani and Rangsit, which are located in the Chao Phraya River basin. PTW was awarded a tap water business concession for tap water production and distribution to PWA. In 2013, the details of the number of water users and raw water demand are as follows:

(Translation)

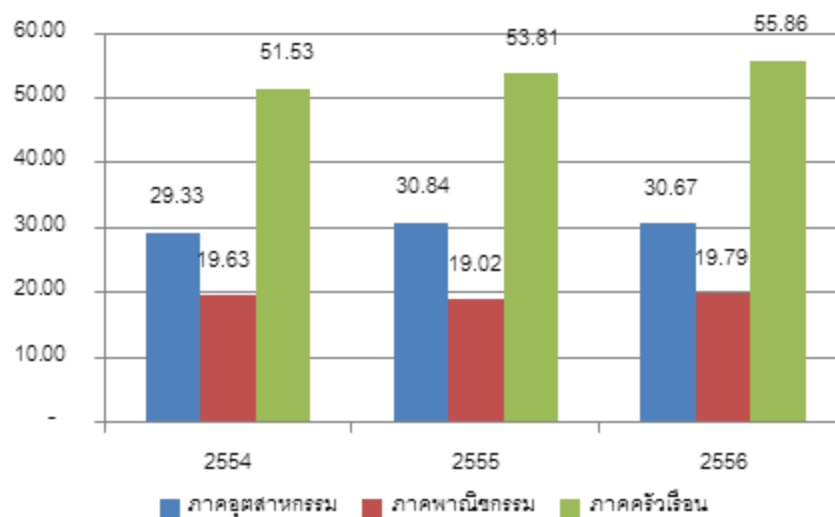
Waterworks Office	Number of Users (persons)	Raw Water Demand (million cubic meters per year)
1. Pathum Thani	46,051	31.52
2. Rangsit	215,847	54.88
Total	261,898	86.40

Source: Website of Water Resources Development Division, Water Resources Department, PWA

In addition, PTW's water users comprise three major groups, namely, industrial sector, commercial sector and household sector. Upon consideration in support of the tap water usage volume in PTW's service areas of Pathum Thani - Rangsit, it was found that the current tap water usage volume of water users in the household sector accounted for the most usage volume in the areas of Pathum Thani and Rangsit, which is different from the tendency of tap water usage in Nakhon Pathom Province and Samut Sakhon Province, which mostly depend on the industrial sector. Based on this reasoning, PTW's major customer base is thus different from that of TTW, i.e., water users in residence or household sector play a key role to PTW's business operation.

Comparison of Water Usage Volume of Each Type of Water Users from 2011 to 2013 of PTW

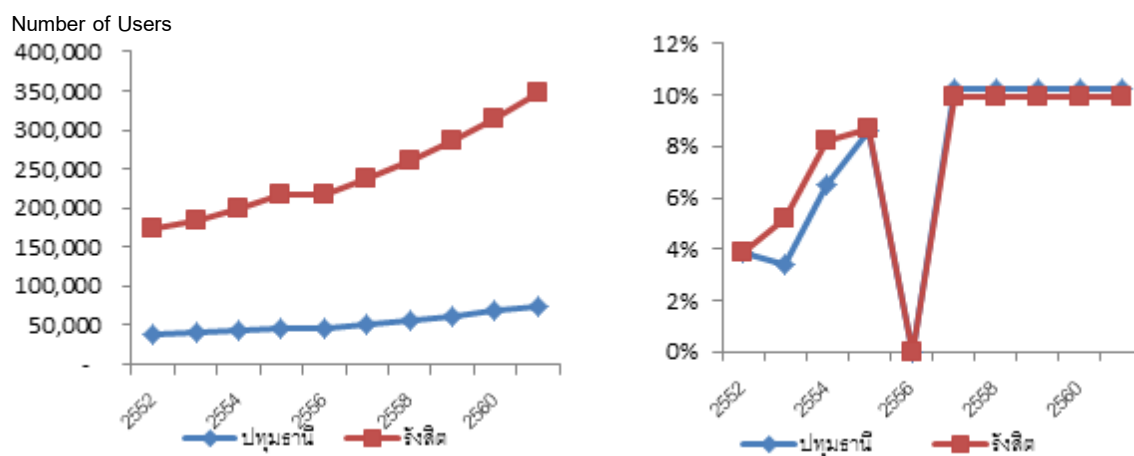
Unit: million m³



Source: Annual Registration Statement for 2013 (Form 56-1) of TTW

Upon comparing the water usage volume by types of water users during 2011 - 2013, it was found that since 2011, the water usage volume in industrial sector was higher than other types of water users. During such period, the compound annual growth rates (CAGR) of the water users in industrial sector, commercial sector and household sector were 2.26 percent, 0.41 percent, and 4.12 percent, respectively. In addition, based on the

study conducted by PWA's Water Resources Development Division, it is expected that the water usage demand in PTW's service areas, especially Rangsit, will continue to increase in both current and future service areas. The number of actual water users in 2009 - 2012 and projections in 2013 - 2018, as well as the growth rate of the number of water users, are as follows:



Source: Website of Water Resources Development Division, Water Resources Department, PWA

One of the significant factors resulting in the increased water usage demand in Pathum Thani - Rangsit in the future is an increase in population, whereby it is expected that the number of population in the water distribution areas of Pathum Thani - Rangsit during 2014 - 2018 will increase at the rate ranging between 10.25 percent and 9.95 percent per year. This is because Pathum Thani - Rangsit areas are connected with Bangkok which is developing as a community packed with trades, businesses, industries, educational institutions and residences, which represents an increase of land use for residence instead of agriculture, expansion of industrial factories, expansion of large commercial buildings, and expansion of residences, especially the land development projects and land for residences in Amphoe Lum Luk Ka, Amphoe Thanyaburi, and Amphoe Mueang Pathum Thani. In addition, at present, the government has a policy to cancel the use of artesian wells in Bangkok and its surrounding areas. The Department of Mineral Resources announced the groundwater crisis zone on April 26, 1995, specifying that Pathum Thani Province was an area under the groundwater drilling control, due to considerable land subsidence rate.

As the tap water volume produced by PTW will not be sufficient for water usage demand of the increasing number of people in the near future, PTW then plans to construct the structures to accommodate the production capacity expansion of approximately 100,000 m³/day in the future, with an initial production capacity of 57,000 m³/day, which it is expected to commence its service in 2016 onwards.

(Translation)

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4) Revenue Structure of the Company and its Subsidiaries

The revenue structure of the Company and its subsidiaries from the consolidated financial statements for the past 3 years and the most recent accounting period can be summarized as follows:

Type of Revenue	2011		2012		2013		9-Month Period of 2014	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Operating	4,461.10	96.25	4,837.95	91.75	5,076.08	87.67	3,963.85	93.36
Service income	85.06	1.84	87.21	1.65	106.35	1.84	82.14	1.93
Other income ^{1/}	88.93	1.92	347.56	6.59	607.41	10.49	199.99	4.71
Total revenues	4,635.09	100.00	5,272.72	100.00	5,789.83	100.00	4,245.98	100.00

Remark: 1/ Other income comprises interest income, gain on sales of investment in associate, and corporate income tax refund.

5) Board of Directors

The Board of Directors as at September 11, 2014 comprise:

List of Directors	Position
1. Dr. Thanong Bidaya	Chairman of the Board of Directors
2. Mr. Plew Trivisvavet	Director / Vice Chairman of the Board of Directors
3. Mr. Narong Sangsuriya	Director / Chairman of the Executive Committee
4. Dr. Sombat Kitjalaksana	Director / Executive Director
5. Mr. Somnuk Chaidejsuriya	Director / Chairman of the Corporate Governance Committee / Audit Committee Member / Nomination and Remuneration Committee Member
6. Mr. Techapit Sangsingkeo	Director / Chairman of the Audit Committee / Chairman of the Risk Management Committee / Corporate Governance Committee Member
7. Mr. Phairuch Mekarporn	Director / Chairman of the Nomination and Remuneration Committee / Audit Committee Member / Corporate Governance Committee Member
8. Mr. Tomoaki Matsumoto	Director / Executive Director / Risk Management Committee Member
9. Mr. Suvich Pungchareon	Director / Executive Director
10. Mr. Ryotaro Sumi	Director / Nomination and Remuneration Committee Member
11. Mr. Chaiwat Utaiwan	Director / Executive Director / Corporate Governance Committee Member / Risk Management Committee Member / Managing Director

Source: The Company's Affidavit

(Translation)

6) Shareholders

The Company's shareholders as at October 31, 2014 comprise:

Name	Amount of Shares (shares)	% of Paid-up Capital
1. Mitsui Water Holdings (Thailand) Ltd.*	1,036,500,000	25.98
2. Bangkok Expressway Public Company Limited	801,436,800	20.09
3. CH. Karnchang Public Company Limited	759,877,400	19.04
4. Thai NVDR Company Limited	170,288,349	4.27
5. Bangkok Life Assurance Public Company Limited	166,177,800	4.16
6. Mr. Min Tieworn	72,000,000	1.80
7. State Street Bank Europe Limited	59,903,924	1.50
8. AIA Company Limited – AIA D-PLUS	59,800,000	1.50
9. HSBC (Singapore) Nominees Pte Ltd.	43,645,533	1.09
10. AIA Company Limited – APEX	38,198,600	0.96
Total	3,207,828,406	80.40

Source: The Company's Share Register

Remark: * Shareholders of Mitsui Water Holdings (Thailand) Ltd. comprise Mitsui & Co. (Asia Pacific) Pte. Ltd. holding 8,999,998 shares or representing 100.00 percent, Mitsui & Co. (Thailand) Ltd. holding 1 share or representing 0.00 percent, and Mitsiam International, Limited holding 1 share or representing 0.00 percent.

7) Summary of Financial Position and Operational Results

Statement of Financial Position

Statement of financial position of the Company and its subsidiaries as at December 31, 2011 - 2013 and September 30, 2014

(Unit : Million Baht)	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets								
Cash and cash equivalents	1,967.11	9.05%	2,676.87	10.85%	2,148.02	8.76%	1,670.85	7.11%
Current investments	2,965.96	13.64%	3,096.57	12.55%	3,679.04	15.00%	4,060.22	17.29%

(Translation)

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(Unit : Million Baht)	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Trade and other receivables	431.24	1.98%	452.06	1.83%	539.93	2.20%	526.74	2.24%
Raw materials and supplies	24.87	0.11%	23.64	0.10%	22.19	0.09%	21.81	0.09%
Other current assets	45.77	0.21%	57.36	0.23%	28.01	0.11%	29.92	0.13%
Total current assets	5,434.95	24.99%	6,306.50	25.56%	6,417.20	26.17%	6,309.53	26.87%
Non-current assets								
Other long-term investments	0.00	0.00%	200.00	0.81%	400.00	1.63%	0.00	0.00%
Investment in associate	24.81	0.11%	2,771.31	11.23%	2,905.00	11.84%	2,970.70	12.65%
Property, plant and equipment	9,232.03	42.45%	8,869.87	35.95%	8,640.27	35.23%	8,484.14	36.13%
Assets for production of treated water which must be transferred at end of concession	3,367.42	15.49%	3,088.46	12.52%	2,851.79	11.63%	2,700.94	11.50%
Rights to produce and sell treated water and treat wastewater	1,333.83	6.13%	1,304.16	5.29%	1,267.12	5.17%	1,235.10	5.26%
Rights to produce and sell treated water	2,299.30	10.57%	2,104.31	8.53%	1,909.36	7.79%	1,763.55	7.51%
Intangible assets	13.01	0.06%	11.35	0.05%	9.69	0.04%	8.45	0.04%
Deferred tax assets	17.92	0.08%	1.13	0.00%	1.38	0.01%	1.54	0.01%
Advance for land	0.00	0.00%	0.00	0.00%	90.40	0.37%	0.00	0.00%
Advance payment for assets for production of treated water that must be transferred at end of concession	0.00	0.00%	0.00	0.00%	21.51	0.09%	0.00	0.00%
Other non-current assets	22.95	0.11%	14.44	0.06%	11.51	0.05%	10.68	0.05%
Total non-current assets	16,311.27	75.01%	18,365.02	74.44%	18,108.02	73.83%	17,175.09	73.13%

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(Unit : Million Baht)	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Total assets	21,746.22	100.00%	24,671.52	100.00%	24,525.21	100.00%	23,484.62	100.00%
Liabilities and shareholders' equity								
Current liabilities								
Trade and other payables	108.55	0.50%	110.12	0.45%	133.02	0.54%	148.39	0.63%
Current portion of long-term loans from financial institutions	470.00	2.16%	490.00	1.99%	510.00	2.08%	745.00	3.17%
Current portion of debentures	3,500.00	16.09%	0.00	0.00%	1,700.00	6.93%	0.00	0.00%
Income tax payable	91.04	0.42%	159.37	0.65%	162.58	0.66%	35.07	0.15%
Accrued interest	112.38	0.52%	139.72	0.57%	138.34	0.56%	65.04	0.28%
Other current liabilities	76.39	0.35%	82.84	0.34%	63.39	0.26%	63.67	0.27%
Total current liabilities	4,358.35	20.04%	982.06	3.98%	2,707.34	11.04%	1,057.17	4.50%

(Unit : Million Baht)	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Non-current liabilities								
Long-term loans from financial institutions, net of current portion	3,670.00	16.88%	5,940.00	24.08%	5,430.00	22.14%	6,402.50	27.26%
Debentures, net of current portion	3,496.21	16.08%	6,990.47	28.33%	5,292.80	21.58%	5,294.02	22.54%
Provision for long-term employee benefits	12.07	0.06%	14.78	0.06%	18.49	0.08%	21.22	0.09%
Deferred tax liabilities	16.79	0.08%	83.82	0.34%	65.41	0.27%	65.72	0.28%
Total non-current liabilities	7,195.07	33.09%	13,029.07	52.81%	10,806.70	44.06%	11,783.45	50.18%

(Translation)

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(Unit : Million Baht)	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Total liabilities	11,553.42	53.13%	14,011.13	56.79%	13,514.04	55.10%	12,840.62	54.68%
Shareholders' equity								
Share capital								
Registered capital								
3,990,000,000 ordinary shares of Baht 1 each	3,990.00	18.35%	3,990.00	16.17%	3,990.00	16.27%	3,990.00	16.99%
Issued and fully paid-up capital								
3,990,000,000 ordinary shares of Baht 1 each	3,990.00	18.35%	3,990.00	16.17%	3,990.00	16.27%	3,990.00	16.99%
Share premium	2,637.77	12.13%	2,637.77	10.69%	2,637.77	10.76%	2,637.77	11.23%
Retained earnings								
Appropriated - statutory reserve	399.00	1.83%	399.00	1.62%	399.00	1.63%	399.00	1.70%
Appropriated - other reserve	516.86	2.38%	723.13	2.93%	935.53	3.81%	1,171.41	4.99%
Unappropriated	3,219.20	14.80%	3,475.16	14.09%	3,642.11	14.85%	3,032.22	12.91%
Other components of	-600.36	-2.76%	-600.36	-2.43%	-629.29	-2.57%	-620.30	-2.64%
shareholders' equity								
Equity attributable to owners of the Company	10,162.47	46.73%	10,624.70	43.06%	10,975.12	44.75%	10,610.09	45.18%
Non-controlling interests of the subsidiaries	30.33	0.14%	35.69	0.14%	36.05	0.15%	33.91	0.14%
Total shareholders' equity	10,192.80	46.87%	10,660.39	43.21%	11,011.17	44.90%	10,644.00	45.32%
Total liabilities and shareholders' equity	21,746.22	100.00%	24,671.52	100.00%	24,525.21	100.00%	23,484.62	100.00%

(Translation)

Report on Opinions of the Independent Financial Advisor

Statement of Comprehensive Income

Statement of comprehensive income of the Company and its subsidiaries for the period ended as at December 31, 2011 - 2013 and September 30, 2014

(Unit : Million Baht)	2011		2012		2013		9-Month Period of 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Profit or loss:								
Revenues								
Sales of treated water	4,461.10	96.25%	4,837.95	91.75%	5,076.08	87.67%	3,963.85	93.36%
Service income	85.06	1.84%	87.21	1.65%	106.35	1.84%	82.14	1.93%
Interest income	42.72	0.92%	87.19	1.65%	107.56	1.86%	66.83	1.57%
Gain on sales of investment in associate	0.00	0.00%	0.00	0.00%	113.08	1.95%	0.00	0.00%
Other income	46.21	1.00%	260.37	4.94%	386.77	6.68%	133.16	3.14%
Total revenues	4,635.09	100.00%	5,272.72	100.00%	5,789.83	100.00%	4,245.98	100.00%
Expenses								
Cost of sales of treated water and services	1,323.00	28.54%	1,495.38	28.36%	1,550.26	26.78%	1,152.57	27.14%
Administrative expenses	221.95	4.79%	262.32	4.98%	341.67	5.90%	194.29	4.58%
Amortization of rights to produce and sell treated water and treat wastewater	30.38	0.66%	29.67	0.56%	37.04	0.64%	32.02	0.75%
Amortization of rights to produce and sell treated water	194.95	4.21%	194.99	3.70%	194.95	3.37%	145.81	3.43%
Total expenses	1,770.27	38.19%	1,982.37	37.60%	2,123.92	36.68%	1,524.69	35.91%
Profit before share of profit from investment in associate, finance cost and income tax expenses	2,864.82	61.81%	3,290.35	62.40%	3,665.91	63.32%	2,721.29	64.09%
Share of profit from investment	-11.29	-0.24%	16.50	0.31%	62.53	1.08%	56.72	1.34%

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(Unit : Million Baht)	2011		2012		2013		9-Month Period of 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
in associate								
Profit before finance cost and income tax expenses	2,853.53	61.56%	3,306.86	62.72%	3,728.45	64.40%	2,778.01	65.43%
Finance cost	-517.96	-11.17%	-608.24	-11.54%	-614.75	-10.62%	-428.22	-10.09%
Profit before income tax expenses	2,335.56	50.39%	2,698.62	51.18%	3,113.70	53.78%	2,349.79	55.34%
Income tax expenses	-210.94	-4.55%	-343.34	-6.51%	-316.53	-5.47%	-117.87	-2.78%
Income tax expenses of prior year	0.00	0.00%	0.00	0.00%	-200.48	-3.46%	0.00	0.00%
Profit for the period	2,124.62	45.84%	2,355.27	44.67%	2,596.68	44.85%	2,231.92	52.57%
Other comprehensive income:								
Unrealized gain (loss) from cash flow hedges	0.00	0.00%	0.00	0.00%	-28.93	-0.50%	8.99	0.21%
Other comprehensive income for the period	0.00	0.00%	0.00	0.00%	-28.93	-0.50%	8.99	0.21%
Total comprehensive income for the period	2,124.62	45.84%	2,355.27	44.67%	2,567.76	44.35%	2,240.91	52.78%
Profit attributable to:								
Equity holders of the Company	2,112.97	45.59%	2,337.50	44.33%	2,573.76	44.45%	2,219.48	52.27%
Non-controlling interests of the subsidiaries	11.65	0.25%	17.77	0.34%	22.92	0.40%	12.44	0.29%
	2,124.62	45.84%	2,355.27	44.67%	2,596.68	44.85%	2,231.92	52.57%
Total comprehensive income attributable to:								
Equity holders of the Company	2,112.97	45.59%	2,337.50	44.33%	2,544.84	43.95%	2,228.47	52.48%
Non-controlling interests of the subsidiaries	11.65	0.25%	17.77	0.34%	22.92	0.40%	12.44	0.29%

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(Unit : Million Baht)	2011		2012		2013		9-Month Period of 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
	2,124.62	45.84%	2,355.27	44.67%	2,567.76	44.35%	2,240.91	52.78%
Earnings per share (Baht)								
Basic earnings per share								
Profit attributable to equity holders of the Company	0.53		0.59		0.65		0.56	

Cash Flow Statement

Cash flow statement of the Company and its subsidiaries as at December 31, 2011 - 2013 and September 30, 2014

(Unit : Million Baht)	2011	2012	2013	9-Month Period of 2014
	Amount	Amount	Amount	Amount
Net cash from (used in) operating activities	2,731.00	3,384.35	3,279.21	2,649.70
Net cash from (used in) investing activities	-1,194.86	-3,067.22	-1,101.40	-26.59
Net cash from (used in) financing activities	-1,642.93	392.63	-2,706.65	-3,100.28
Net increase (decrease) in cash and cash equivalents	-106.79	709.76	-528.84	-477.18
Cash and cash equivalents at beginning of period	2,073.89	1,967.11	2,676.87	2,148.02
Cash and cash equivalents at end of period	1,967.11	2,676.87	2,148.02	1,670.85

Source: The consolidated financial statements of TTW Public Company Limited (formerly "Thai Tap Water Supply Public Company Limited"), audited and reviewed by Mr. Khitsada Lerdwana, Certified Public Accountant No. 4958, EY Office Limited (formerly "Ernst & Young Office Limited").

Remark: * Accounting transactions have been reclassified to ensure consistency with new accounting transactions in the financial statements for 2013 and nine-month period of 2014 and indicate effects from compliance with Accounting Standard No. 12 Income Tax.

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The shareholders may view additional details of the Company in Form 56-1 and the financial statements, as audited or reviewed by the auditor, on the website of the SEC Office (www.sec.or.th) or the Stock Exchange of Thailand (www.set.or.th).

Key Financial Ratios

Financial Ratios	2011	2012	2013	9-Month Period of 2014
Liquidity Ratio				
Liquidity Ratio (times)	1.25	6.42	2.37	5.97
Cash Flow Ratio (times)	1.23	6.34	2.35	5.92
Profitability Ratio				
Gross Profit Margin (%)	70.90%	69.64%	70.09%	71.51%
Net Profit Margin (%)	45.84%	44.67%	44.85%	52.57%
Return on Equity (%)	21.54%	22.49%	23.83%	27.42%*
Efficiency Ratio				
Return on Assets (%)	9.83%	10.15%	10.56%	12.40%*
Assets Turnover (times)	0.21	0.23	0.24	0.24*
Return on Fixed Assets (%)	17.93%	20.46%	23.23%	26.81%*
Financial Policy Ratio				
Debt to Equity Ratio (times)	1.13	1.31	1.23	1.21
Dividend Payment Ratio (%)	75.53%	88.76%	93.02%	N.A.

Remark: * The data was annualized for comparison purpose.

Analysis on Operational Results and Financial Position of the Company and its Subsidiaries

Operational Results

Total Revenues

In 2011 - 2013, the Company and its subsidiaries had total revenues of approximately Baht 4,635 Million, Baht 5,273 Million and Baht 5,790 Million, respectively, representing an average increase of approximately 11.76 percent per year for such period, mainly due to an increased sales of treated water and other income, namely, the corporate income tax refund from the Area Revenue Office.

In the first nine months of 2014, the Company and its subsidiaries had total revenues of approximately Baht 4,246 Million, which decreased by approximately Baht 193 Million or representing 4.35 percent, as compared with that of the same period of the previous year, mainly due to a decrease in other income. During the

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same period of 2013, the subsidiaries received the corporate income tax refund for 2009 - 2011 from the Area Revenue Office in a total amount of approximately Baht 348 Million. In addition, in the first nine months of 2013, the Company and its subsidiaries realized a gain on sales of investment in associate in the amount of Baht 113 Million, as compared with none during the same period of 2014.

Sales of Treated Water

Sales of treated water represented income from the Company's and PTW's distribution of tap water to PWA under the Water Purchase and Sale Agreement with PWA, including the Company's distribution of tap water to industrial operators in Bang Pa-in Industrial Estate under the Water Production and Distribution Agreement, whereby the Company and its subsidiaries had sales of treated water in 2011 - 2013 in the total amount of Baht 4,461 Million, Baht 4,838 Million, and Baht 5,076 Million, respectively, which increased by approximately Baht 377 Million and Baht 238 Million or representing 8.45 percent and 4.92 percent, as compared with the previous year, respectively. The increased sales of treated water in 2012 and 2013 were due to the increased tap water demand volume in the service area and the increased average selling price of treated water from each previous year under the conditions of price adjustment based on the General Consumer Price Index (CPI) of Central Region as announced by the Bureau of Trade and Economic Indices, the Department of Business Economics, the Ministry of Commerce, namely:

2012: sales of treated water increased by approximately Baht 377 Million or 8.45 percent, as compared with the previous year, since:

1) The Company's sales of treated water increased by approximately Baht 231 Million or 7.7 percent, due to the fact that the sales of treated water in the Company's service area increased by 11 million cubic meters or 9.2 percent and the tap water price increased from the previous year.

2) PTW's sales of treated water increased by approximately Baht 146 Million or 9.9 percent, due to the fact that PTW's sales of treated water increased by 7.3 million cubic meters or 5.6 percent and PTW's tap water price increased from the previous year.

2013: sales of treated water increased by approximately Baht 238 Million or 4.92 percent, as compared with the previous year, since:

1) The Company's sales of treated water increased by approximately Baht 190 Million or 5.9 percent, due to the fact that the sales of treated water in the Company's service area increased by 5.1 million cubic meters or 3.9 percent and the tap water price increased from the previous year.

2) PTW's sales of treated water increased by approximately Baht 48 Million or 3.0 percent, due to an increase in PTW's tap water price from the previous year.

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In the first nine months of 2014, the Company and its subsidiaries had sales of treated water in the amount of approximately Baht 3,964 Million, which increased by approximately Baht 170 Million or 4.49 percent, as compared with the same period of the previous year, since:

1) The Company's sales of treated water increased by approximately Baht 169 Million or 6.7 percent, due to the fact that the sales of treated water in the Company's service area increased by 2.7 million cubic meters or 2.6 percent and the tap water price increased from the previous year.

2) PTW's sales of treated water increased approximately Baht 1 Million or 0.1 percent, due to an increase in PTW's tap water price from the previous year.

Previous water tariffs charged by the Company and PTW from PWA are as follows:

Unit : Baht/m ³	Water Tariffs of the Company		Water Tariffs of PTW
	1-300,000 m ³	300,001 m ³ or higher	
January 1, 2011 - December 31, 2011	25.110952	11.02	11.37
January 1, 2012 - December 31, 2012	26.016171	11.49	11.83
January 1, 2013 - December 31, 2013	26.858730	11.72	12.15
January 1, 2014 - September 30, 2014	18.269483	11.93	12.39

Service Income

Service income represented income from provision of tap water production service for Amata City Industrial Estate and provision of wastewater treatment service for Bang Pa-in Industrial Estate in the amount of Baht 85 Million, Baht 87 Million, Baht 106 Million, and Baht 82 Million, in 2011 - 2013 and the first nine months of 2014, respectively, or representing 1.84 percent, 1.65 percent, 1.84 percent, and 1.93 percent of total revenues, respectively.

Other Income

Other income included interest income, gain on sales of investment in associate, and corporate income tax refund from the Area Revenue Office in the amount of Baht 89 Million, Baht 348 Million, Baht 607 Million, and Baht 200 Million, respectively, in 2011 - 2013 and the first nine months of 2014, respectively, or representing 1.92 percent, 6.59 percent, 10.49 percent, and 4.71 percent of total revenues, respectively. In this regard, an increase in other income in 2012 and 2013 was due to the receipt of corporate income tax refund from the Area Revenue Office for corporate income tax overpaid by PTW in during 2008 - 2010 in the total amount of Baht 62 Million and Baht 348 Million, respectively; and PTW's recording of corporate income tax of 2011 higher than actual payment by Baht 91 Million, and as such, such transaction was reversed and treated as other income in 2012 and 2013,

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respectively; and in 2013, the Company's gain on sales of investment in associate in the amount of Baht 113 Million, while the first nine months of 2014, the Company's other income in the amount of Baht 200 Million, which decreased by approximately Baht 367 Million, as compared with the same period of 2013, since in the first nine months period of 2013, PTW had other income from corporate income tax refund in the amount of Baht 348 Million.

Cost of Sales of Treated Water and Services

The cost of sales of treated water and services of the Company and its subsidiaries mostly comprised depreciation and amortization of the assets for production of treated water, costs of electricity, chemicals, land rental for raw water pipeline, labor and materials.

In 2011 - 2013, the Company and its subsidiaries incurred cost of sales of treated water and services in the amount of Baht 1,323 Million, Baht 1,495 Million, and Baht 1,550 Million, respectively, representing a ratio of sales of tap water and services equal to Baht 29.10 Million, Baht 30.36 Million, and Baht 29.91 Million, respectively, mainly due to increased costs of sales of treated water and services in response to increased sales of treated water, thereby increasing main production cost, and due to increased electricity tariff from the previous year, and lower quality of raw water used in tap water production in 2012 than the previous year, and costs of repair of tap water production and distribution systems.

In the first nine months of 2014, the Company and its subsidiaries incurred cost of sales of treated water and services in the amount of Baht 1,153 Million, or representing 28.50 percent of sales of treated water and service income, which were similar to that of the same period of 2013, in which the cost of sales of treated water and services amounted to Baht 1,155 Million, or representing 29.83 percent of sales of treated water and service income.

Administrative Expenses

Administrative expenses of the Company and its subsidiaries in 2011 - 2013 amounted to Baht 222 Million, Baht 262 Million, and Baht 342 Million, respectively, or representing a ratio of the Company's total revenues equal to 4.79 percent, 4.98 percent, and 5.90 percent, respectively, whereby its growth rates in 2012 and 2013 were equal to 18.19 percent and 30.25 percent, respectively, which can be described as follows:

In 2012, the Company and its subsidiaries incurred the insurance premium which increased by approximately Baht 16 Million due to the great flood crisis in 2011, and as such, the insurance company charged higher insurance premium rate, including the Company's feasibility study on investment in energy and environmental businesses, which incurred increased legal and consulting fees by approximately Baht 13 Million, and staff-related expenses which increased by approximately Baht 4 Million.

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In 2013, the Company recorded the withholding tax and surcharge from late tax payment in the total amount of Baht 60 Million under the caption of administrative expenses, resulting from incorrect calculation of the final month for the corporate income tax exemption under the Promotional Certificate (which should have been ended in December 2012, as opposed to July 2012), and as such, the Company did not withhold tax on interim dividend paid to the shareholders in August 2012 for dividend paid from net profit in February - July 2012, together with the Company's amortization of costs for the feasibility study on investment in wastewater treatment system incurred during 2010 - 2011 in the amount of Baht 9 Million, and the Company's increased staff-related expenses from its corporate restructuring by Baht 9 Million.

In the first nine months of 2014, the Company and its subsidiaries incurred administrative expenses in the amount of Baht 194 Million, or representing 4.58 percent of total revenues, which decreased from Baht 197 Million in the same period of the previous year, or representing a decrease by 1.16 percent, due to decreased advertising and marketing expenses.

Share of Profit (Loss) from Investment in Associate

The Company had a share of loss from investment in associate in 2011 in the amount of Baht 11 Million, and a share of profit from investment in associate in 2012 and 2013 in the amount of approximately Baht 17 Million and Baht 63 Million, respectively, whereby its growth rates in 2012 and 2013, as compared with 246.16 percent and 278.88 percent, respectively, can be described as follows:

In 2012, the Company recognized an increased share of profit from investment in associate in the amount of Baht 28 Million, as compared with 2011. This was because of the loan repayment by CKP as its associated company in the amount of Baht 2,566 Million in May 2012, and the interest expenses thus decreased. In addition, CKP's shareholding in SouthEast Asia Energy Limited ("SEAN") increased from 38 percent to 56 percent of the paid-up capital. Therefore, CKP then recognized SEAN's increased operating profit.

In 2013, the Company recognized an increased share of profit from investment in associate in the amount of approximately Baht 46 Million, as compared with 2012. This was because interest expenses of CKP decreased after the loan repayment in the amount of Baht 1,400 Million and CKP recognized the increased operating profit of Bangpa-in Cogeneration Limited as CKP's subsidiary, which commenced its electricity production since June 2013.

In the first nine months of 2014, the Company recognized a share of profit from investment in associate in the amount of Baht 57 Million, which increased by Baht 12 Million, as compared with that of the same period of 2013, in which the share of profit from investment in associate was recognized in the amount of Baht 45 Million.

This was due to CKP's improved operational results, which resulted in an increased share of profit from investment in associate.

Finance Cost

The finance cost in 2011 - 2013 amounted to Baht 518 Million, Baht 608 Million, and Baht 615 Million, respectively, or representing 11.17 percent, 11.54 percent, and 10.62 percent of the total revenues, respectively, mainly due to the fact that in 2012, the Company's long-term loans increased by Baht 2,760 Million for acquisition of capital increase shares in CKP, and then, interest expenses in 2012 increased by approximately Baht 74 Million and interest expenses in 2013 also increased by approximately Baht 7 Million accordingly since the Company borrowed such loans in May 2012. Therefore, the finance cost in 2012 for such loans was recognized for only eight months while the Company recognized the finance cost for such loans for the entire year of 2013.

In the first nine months of 2014, the Company incurred the finance cost in the amount of Baht 428 Million, or representing 10.09 percent of the total revenues, which decreased from Baht 466 Million of the same period of 2013, due to the decrease in the average lending interest rate and loans.

Corporate Income Tax

The corporate income tax in 2011 - 2013 amounted to Baht 211 Million, Baht 343 Million, and Baht 517 Million, respectively, representing 4.55 percent, 6.51 percent, and 8.93 percent of the total revenues, respectively. The reasons of the increased corporate income tax could be explained as follows:

In 2012, the Company's privileges for corporate income tax exemption expired on July 20, 2012, the Company was therefore obliged to pay the corporate income tax from such date. In addition, in 2012, PTW's operational results improved, as compared with that of 2011.

In 2013, the corporate income tax increased by approximately Baht 174 Million, or representing 50.58 percent, as compared with that of 2012. This was because the Company unduly exercised the corporate income tax exemption per the Company's Promotional Certificate, which expired in July 2012. The Company therefore recorded the corporate income tax payment during February - July 2012 in the amount of Baht 201 Million, and the Company recorded the surcharge due to late settlement of the corporate income tax in the amount of Baht 18 Million as administrative expenses, as previously mentioned.

In the first nine months of 2014, the corporate income tax amounted to Baht 118 Million, which decreased by approximately Baht 137 Million, or representing 53.72 percent, as compared with that of the same period of the previous year. This was because on May 27, 2013, the Company was granted the corporate income tax exemption from such date for a period of eight years by the Office of the Board of Investment for investment recovery after the flood crisis in 2011 per Promotional Certificate No. 5177(2)/2556. In May 2013, the Company

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was granted the corporate income tax exemption in the amount of Baht 927 Million for a period of eight years as a result of the flood crisis in 2011. Therefore, as from June 2013 onwards, the Company would not be required to pay the corporate income tax. However, the Company would start to pay the corporate income tax again in late 2015.

Net Profit

The profitability of the Company and its subsidiaries remains constant. The gross profit margin accounted for 70.90 percent, 69.64 percent, 70.09 percent, and 71.51 percent in 2011 - 2013 and the first nine months of 2014, respectively. The net profit attributable to equity holders of the Company amounted to Baht 2,113 Million, Baht 2,338 Million, Baht 2,574 Million, and Baht 2,219 Million, respectively, which represented 45.59 percent, 44.33 percent, 44.45 percent, and 52.27 percent, respectively, of the total revenues. The net profit and the net profit ratio increased as described in each item above.

Financial Position

Assets

The Company and its subsidiaries had total assets as at December 31, 2011 - 2013 and as at September 30, 2014 in the amount of Baht 21,746 Million, Baht 24,672 Million, Baht 24,525 Million, and Baht 23,485 Million, respectively. The assets mostly comprised non-current assets, representing approximately 73 - 75 percent of the total assets. Non-current assets substantially increased in 2012, namely, from Baht 16,311 Million in 2011 to Baht 18,365 Million in 2012, or representing an increase by Baht 2,054 Million. This was because the Company's investment in associate increased by Baht 2,747 Million, and the subsidiaries' other long-term investments (fixed deposit) increased by Baht 200 Million. In 2013, the total assets decreased by Baht 146 Million, as compared with that of 2012. This was because the plant and equipment, and assets for production of treated water that must be transferred at end of concession decreased by Baht 466 Million; while the Company's other long-term investments increased by Baht 200 Million. Furthermore, as at September 30, 2014, the total assets of the Company and its subsidiaries decreased by approximately Baht 1,041 Million, as compared with that as at the end of 2013. This was mainly because other long-term investments decreased by Baht 400 Million, and due to the depreciation and amortization of the assets and rights for production of treated water of the Company and its subsidiaries.

The total assets turnover of the Company and its subsidiaries were rather low, namely, 0.21 times, 0.23 times, 0.24 times, and 0.24 times in 2011 - 2013 and the first nine months of 2014, respectively, which was common for the basic infrastructure business which requires high investment, but slow recognition of revenues during contract terms.

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Liabilities

The total liabilities of the Company and its subsidiaries as at December 31, 2011 - 2013 and as at September 30, 2014 amounted to Baht 11,553 Million, Baht 14,011 Million, Baht 13,514 Million, and Baht 12,841 Million, or representing 53.13 percent, 56.79 percent, 55.10 percent, and 54.68 percent of the total assets, respectively. The liabilities mostly comprised long-term loans, which were loans from financial institutions and issuance of debentures. In 2012, the total liabilities substantially increased by approximately Baht 2,458 Million, as a result of the Company's increased long-term loans from financial institutions by Baht 2,760 Million for acquisition of the capital increase shares of its associated company. In 2013 and the third quarter of 2014, the total liabilities continued to decrease, mainly due to the Company's repayment of the principal as specified in the loan agreement and the redemption of the Company's debentures.

Shareholders' Equity

As at December 31, 2011 - 2013, the shareholders' equity of the Company and its subsidiaries amounted to Baht 10,193 Million, Baht 10,660 Million, and Baht 11,011 Million, or representing 46.87 percent, 43.21 percent, and 44.90 percent of the total assets, respectively. The shareholders' equity of the Company and its subsidiaries continued to increase due to the operating profits of the Company and its subsidiaries every year. In 2012, the shareholders' equity of the Company and its subsidiaries increased by Baht 468 Million, as compared with that of 2011, due to the net profit in the total amount of approximately Baht 2,355 Million, and dividend payment in the amount of Baht 1,875 Million. In 2013, the shareholders' equity of the Company and its subsidiaries increased by Baht 351 Million, as compared with that of 2012, due to the net profit in the total amount of approximately Baht 2,568 Million, and dividend payment in the amount of Baht 2,194 Million.

As at September 30, 2014, the shareholders' equity of the Company and its subsidiaries amounted to Baht 10,644 Million, which decreased by approximately Baht 367 Million, as compared with that as at the end of the period of 2013, due to the net profit in the total amount of approximately Baht 2,241 Million, and dividend payment in the amount of Baht 2,594 Million.

The Company's debt to equity ratio as at the end of 2011 - 2013 and as at the end of the third quarter of 2014 amounted to 1.13 times, 1.31 times, 1.23 times, and 1.21 times, respectively, which were considered rather low as compared with general basic infrastructure business.

Liquidity

The cash flows from operating activities in 2012 amounted to Baht 3,384 Million, which increased by Baht 653 Million, as compared with that of 2011. This was because in 2012, the profit before tax of the Company and its subsidiaries increased by Baht 363 Million. The Company and its subsidiaries used Baht 3,067 Million in

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investing activities, namely, investment in associate increased by Baht 2,730 Million, and other long-term investments increased by Baht 200 Million. The Company and its subsidiaries had cash flows from financing activities in the amount of Baht 393 Million, due to the Company's repayment of debentures in the amount of Baht 3,500 Million, and proceeds from the issuance of new series of debentures in the amount of Baht 3,493 Million, and the net increased long-term loans from financial institutions by Baht 2,287 Million, and dividend payment in the amount of Baht 1,875 Million, thereby resulting in a net increase in cash and cash equivalents in 2012 in the amount of Baht 710 Million, and the cash and cash equivalents at the end of the period of 2012 amounted to Baht 2,677 Million.

The cash flows from operating activities in 2013 amounted to Baht 3,279 Million, which decreased by Baht 105 Million, as compared with that of 2012. This was because in 2013, the profit before tax of the Company and its subsidiaries increased by Baht 415 Million, and the income tax payment and interest expenses increased by Baht 471 Million. The Company and its subsidiaries used Baht 1,101 Million in investing activities, namely, current investments increased by Baht 492 Million, plant and equipment and assets for production of treated water that must be transferred at end of concession increased by Baht 187 Million, and advance for land increased by Baht 90 Million. The Company and its subsidiaries had cash flows used in financing activities in the amount of Baht 2,707 Million, due to the Company's dividend payment in the amount of Baht 2,194 Million, and repayment of long-term loans from financial institutions in the amount of Baht 490 Million, thereby resulting in a net decrease in cash and cash equivalents in 2013 in the amount of Baht 529 Million, and the cash and cash equivalents as at the end of the period of 2013 amounted to Baht 2,148 Million.

The cash flows from operating activities in the first nine-month period of 2014 amounted to Baht 2,650 Million, which increased by Baht 42 Million, as compared with that of the same period of 2013. This was because in the first nine-month period of 2014, the Company and its subsidiaries paid the income tax which decreased by Baht 146 Million. As for the cash flows from investing activities in the first nine months of 2014, the Company and its subsidiaries used Baht 27 Million, whereby the Company and its subsidiaries used Baht 3,100 Million in financing activities, namely, Baht 2,593 Million in dividend payment, and Baht 493 Million in the long-term loan repayment. In the meantime, the Company received cash from the long-term loans from financial institutions in the amount of Baht 1,700 Million for repayment of the loans upon due in full, thereby resulting in a net decrease in cash and cash equivalents in the first nine-month period of 2014 in the amount of Baht 477 Million, and the cash and cash equivalents as at the end of the third quarter of 2014 amounted to Baht 1,671 Million.

The liquidity ratio as at December 31, 2011 - 2013 and as at September 30, 2014 amounted to 1.25 times, 6.42 times, 2.37 times and 5.97 times, respectively, which the Company's liquidity was considered positive.

2.2 Summary of Corporate Profile of CH. Karnchang Public Company Limited

CH. Karnchang Public Company Limited (“CK”) registered its incorporation on November 27, 1972, with its initial registered capital of Baht 1,400,000. CK is operating a business of general construction, by accepting engagements from government agencies, state enterprises and private entities, in the form of main contractor, sub-contractor, joint venture or consortium. In addition, CK jointly invests in concession businesses, such as, Bangkok Metro Public Company Limited (“BMCL”), Bangkok Expressway Public Company Limited (“BECL”), as companies operating a business relating to transportation infrastructure, TTW Public Company Limited (“TTW”), as a company operating a business relating to water infrastructure, Xayaburi Power Company Limited and CK Power Public Company Limited (“CKP”), as companies operating a business relating to energy infrastructure, etc. As at June 30, 2014, CK’s registered and paid-up capital amounted to Baht 1,693.90 Million.

Nature of business operations of CK and its subsidiaries and associated companies can be divided into two businesses, as follows:

1) Construction Business

Construction can be divided into two categories, namely, main contractor and sub-contractor, as per the following details:

a) Main Contractor

CK shall accept engagement for construction directly from project owners, through bidding process and negotiation in the capacity as main contractor, whereby CK shall submit proposals in its own name. In case of a large-scale project, which requires specialized foreign companies for joint operation, CK shall submit proposals in cooperation with such specialized foreign companies in accordance with the requirements of the project owner. In the acceptance of projects in this manner, CK shall not solely carry out the entire construction work, but CK shall subcontract parts of such work taking into account the creditability and previous achievements of the sub-contractors, without reliance upon or adherence to any particular sub-contractor.

b) Sub-contractor

CK shall accept work from other contractors that were awarded the work directly from project owners. The work of this nature would mostly be related to the production process utilizing large sized and sophisticated machinery, usually operated by foreign companies, and requiring construction contractors with various capabilities and fields of experience. A single main contractor would not have adequate experience and skills to proceed with all steps of the work. In this respect, CK would consider accepting subcontract work from main contractors with reputation and good financial standing and such subcontract work shall be accepted taking into account CK’s sufficient capabilities to carry out such work of this nature, thereby allowing CK to have the

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opportunity to accept transfer of technology in respect of engineering, production process and management, as well as creating business alliance with sufficient capability to carry out large-scale projects which require more advanced technology in the future.

2) Concession Business

It is the participation in bidding for various projects in the form of concession from the public sector, and these projects would be related to the basic infrastructure of the country, e.g., the MRTA Initial System Project, water production projects, power plant projects, expressway projects. These projects were usually carried out in the form of build-operate-transfer (BOT) or build-transfer-operate (BTO) or build-own-operate (BOO) or acquire-operate-transfer (AOT), with a long concession period and high valued investments.

CK's Board of Directors as at October 31, 2014 comprise:

List of Directors	Position
1. Mr. Aswin Kongsiri	Chairman of the Board of Directors and Independent Director
2. Mr. Plew Trivisvavet	President and Chief Executive Officer
3. Mr. Narong Sangsuriya	Director
4. Mr. Ratn Santaannop	Director
5. Mr. Prasert Marittanaporn	Director
6. Mr. Sombat Kitjalaksana	Director
7. Mr. Anukool Tuntimas	Director
8. Mr. Kamthorn Trivisvavet	Director
9. Mr. Vitoon Tejatussanasoontorn	Chairman of the Audit Committee and Independent Director
10. Mr. Thawansak Sukhawun	Audit Committee Member and Independent Director
11. Mr. Pavich Tongroach	Audit Committee Member and Independent Director

Source: Setsmart

Top Ten Major Shareholders as at August 14, 2014 comprise:

Name	Amount of Shares (shares)	% of Paid-up Capital
1. Mahasiri Siam Co., Ltd. ^{1,4}	340,412,365	20.10
2. CH. Karnchang Holding Co., Ltd. ^{2,4}	175,496,530	10.36
3. CK. Office Tower Co., Ltd. ^{3,4}	93,348,212	5.51
4. Bangkok Bank Public Company Limited	38,950,000	2.30
5. Thai NVDR Co., Ltd.	31,348,557	1.85

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Name	Amount of Shares (shares)	% of Paid-up Capital
6. STATE STREET BANK EUROPE LIMITED	30,964,231	1.83
7. Thai Value Focus Equity - Dividend Fund	23,513,500	1.39
8. Hicrete Product & Technology Company Limited	21,500,000	1.27
9. Hi-Steel Products Company Limited	18,722,800	1.11
10. Mr. Sompong Cholkadeedamrongkul	17,000,000	1.00
Total	791,256,195	46.71

Source: The Company

- Remarks: 1/ This company operates a business relating to investments, construction and advice provision.
- 2/ This company operates a business relating to investment in equity instruments and construction.
- 3/ This company operates a business relating to lease of real estate (space) and infrastructure service provision.
- 4/ Mr. Plew Trivisvavet, as the Company's director, concurrently serves as director in CK, Mahasiri Siam Co., Ltd., CH. Karnchang Holding Co., Ltd., CK. Office Tower Co., Ltd., and Bang Pa-in Land Development Co., Ltd.

Summary of Financial Position and Operational Results of CK

Statement of Financial Position

Unit : Million Baht	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	4,018.78	10.94%	3,973.02	7.76%	3,913.22	5.43%	5,657.90	6.99%
Current investments	940.31	2.56%	1,580.25	3.09%	1,479.75	2.05%	371.46	0.46%
Trade and other receivables and current portion of loans	5,008.72	13.63%	5,718.66	11.16%	4,289.29	5.95%	5,700.01	7.04%
Unbilled receivables	8,066.04	21.95%	9,988.37	19.50%	15,397.85	21.38%	14,400.98	17.80%
Inventories and construction supplies	1,026.80	2.79%	1,304.94	2.55%	2,496.18	3.47%	6,620.17	8.18%
Advance payment to subcontractors	2,712.11	7.38%	7,543.17	14.73%	12,621.82	17.52%	11,055.75	13.66%
Other current assets	336.59	0.92%	568.15	1.11%	937.50	1.30%	862.99	1.22%
Total current assets	22,109.34	60.16%	30,676.57	59.89%	41,135.60	57.11%	44,669.25	55.21%
Restricted bank deposits	291.37	0.79%	362.23	0.71%	33.09	0.05%	24.03	0.03%
Long-term loans, net of current portion	4,615.46	12.56%	4,665.66	9.11%	21.27	0.03%	22.12	0.03%
Investments in associated companies	3,239.36	8.81%	4,986.16	9.73%	7,270.77	10.09%	7,222.86	8.93%

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Unit : Million Baht	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Other long-term investments	2,304.63	6.27%	4,415.96	8.62%	11,906.40	16.53%	13,897.98	17.18%
Long-term trade receivable	138.20	0.38%	140.84	0.27%	3,152.39	4.38%	6,396.85	7.91%
Property, plant and equipment, and investment properties	3,332.93	9.07%	5,100.71	9.96%	7,901.40	10.97%	7,994.87	9.88%
Intangible assets	66.17	0.18%	77.08	0.15%	96.03	0.13%	89.49	0.11%
Other non-current assets	653.61	1.78%	795.49	1.55%	517.28	0.72%	592.42	0.73%
Total non-current assets	14,641.74	39.84%	20,544.13	40.11%	30,898.62	42.89%	36,240.62	44.79%
Total assets	36,751.08	100.00%	51,220.70	100.00%	72,034.23	100.00%	80,909.87	100.00%
Bank overdrafts and short-term loans from financial institutions	1,972.16	5.37%	2,484.36	4.85%	4,373.92	6.07%	3,503.94	4.33%
Trade and other payables	2,513.02	6.84%	5,461.97	10.66%	6,846.11	9.50%	6,847.44	8.46%
Current portion of long-term loans	5,324.10	14.49%	8,043.28	15.70%	9,321.76	12.94%	9,114.74	11.27%
Advances received from employers and construction revenue received in advance	3,827.93	10.42%	7,563.44	14.77%	7,971.50	11.07%	9,266.01	11.45%
Other current liabilities	823.12	2.24%	656.83	1.28%	1,037.83	1.44%	1,904.59	2.35%
Total current liabilities	14,460.33	39.35%	24,209.87	47.27%	29,551.12	41.02%	30,636.71	37.87%
Long-term loans, net of current portion	15,501.87	42.18%	17,946.98	35.04%	23,636.32	32.81%	28,501.05	35.23%
Provision for long-term employee benefits	82.31	0.22%	167.61	0.33%	346.34	0.48%	420.90	0.52%
Deferred tax liabilities	52.96	0.14%	387.64	0.76%	1,659.86	2.30%	2,045.50	2.53%
Total non-current liabilities	15,637.15	42.55%	18,502.23	36.12%	25,642.52	35.60%	30,967.44	38.27%
Total liabilities	30,097.48	81.90%	42,712.10	83.39%	55,193.63	76.62%	61,604.15	76.14%
Registered capital	1,652.59	4.50%	1,652.59	3.23%	1,652.59	2.29%	1,693.90	2.09%
Issued and fully paid up capital	1,652.59	4.50%	1,652.59	3.23%	1,652.59	2.29%	1,693.90	2.09%
Share premium	4,869.41	13.25%	4,869.41	9.51%	4,869.41	6.76%	4,869.41	6.02%
Appropriated retained earnings - statutory reserve	170.76	0.46%	170.76	0.33%	170.76	0.24%	170.76	0.21%
Unappropriated retained earnings (deficit)	137.63	0.37%	308.35	0.60%	7,011.43	9.73%	8,175.02	10.10%
Other components of shareholders' equity	(387.02)	-1.05%	1,220.02	2.38%	2,846.54	3.95%	4,080.12	5.04%

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Unit : Million Baht	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Equity attributable to owners of the Company	6,443.36	17.53%	8,221.12	16.05%	16,550.72	22.98%	18,989.21	23.47%
Non-controlling interests of the subsidiaries	210.24	0.57%	287.47	0.56%	289.87	0.40%	316.51	0.39%
Total shareholders' equity	6,653.60	18.10%	8,508.59	16.61%	16,840.59	23.38%	19,305.72	23.86%
Total liabilities and shareholders' equity	36,751.08	100.00%	51,220.70	100.00%	72,034.23	100.00%	80,909.87	100.00%

Statement of Comprehensive Income

Unit : Million Baht	2011		2012		2013		9-Month Period of 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues from construction services	10,812.79	75.04%	20,684.88	92.50%	32,570.45	78.44%	25,394.82	93.19%
Sales of construction materials	77.38	0.54%	79.19	0.35%	56.52	0.14%	0.79	0.00%
Project management income	69.86	0.48%	59.47	0.27%	50.20	0.12%	1.88	0.01%
Other income	2,879.69	19.98%	1,270.82	5.68%	9,332.80	22.48%	1,954.62	7.17%
Gain (loss) on sales of investments in associated companies	570.37	3.96%	267.66	1.20%	(488.59)	-1.18%	(102.39)	-0.38%
Total revenues	14,410.09	100.00%	22,362.02	100.00%	41,521.38	100.00%	27,249.72	100.00%
Cost of construction services, sales of construction materials and services	10,368.47	71.95%	18,456.67	82.54%	29,233.08	70.40%	22,849.21	83.85%
Administrative expenses	1,461.10	10.14%	1,571.42	7.03%	1,504.98	3.62%	1,117.34	4.32%
Total expenses	11,829.57	82.09%	20,028.09	89.56%	30,738.06	74.03%	24,026.55	88.17%
Profit (loss) before finance cost and income tax expenses	2,580.52	17.91%	2,333.93	10.44%	10,783.32	25.97%	3,223.17	11.83%
Finance cost	(1,079.08)	-7.49%	(1,420.51)	-6.35%	(1,538.10)	-3.70%	(1,109.75)	-4.07%
Corporate income tax	(563.93)	-3.91%	(296.17)	-1.32%	(1,533.25)	-3.69%	(198.21)	-0.73%
Profit (loss) for the period	937.51	6.51%	617.26	2.76%	7,711.97	18.57%	1,915.22	7.03%
Profit (loss) attributable to equity holders of the Company	927.40	6.44%	583.85	2.61%	7,673.85	18.48%	1,878.79	6.89%
Profit (loss) attributable to non-controlling interests of the subsidiaries	10.10	0.07%	33.40	0.15%	38.12	0.09%	36.42	0.13%

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Cash Flow Statement

Unit : Million Baht	2011	2012	2013	9-Month Period of 2014
	Amount	Amount	Amount	Amount
Net cash flows from (used in) operating activities	(4,393.47)	(3,435.49)	(8,409.47)	(3,115.75)
Net cash flows from (used in) investing activities	4,121.87	(2,199.39)	849.28	1,609.14
Net cash flows from (used in) financing activities	2,759.42	5,602.34	7,444.24	3,247.60
Effect of exchange rate changes on cash and cash equivalents	6.45	(13.21)	56.15	3.69
Net increase (decrease) in cash and cash equivalents	2,494.28	(45.76)	(59.80)	1,744.68
Cash and cash equivalents at beginning of period	1,524.50	4,018.78	3,973.02	3,913.22
Cash and cash equivalents at end of period	4,018.78	3,973.02	3,913.22	5,657.90

Source: The consolidated financial statements for 2011 - 2013 and the nine-month period ended September 30, 2014 of CK, audited or reviewed by Miss Waraporn Prapasirikul, Certified Public Accountant No. 4579, EY Office Limited (formerly "Ernst & Young Office Limited").

Remark: * The shareholders may view additional details of CK in Form 56-1 and the financial statements, as audited or reviewed by the auditor, on the website of the SEC Office (www.sec.or.th) or the Stock Exchange of Thailand (www.set.or.th).

2.3 Summary of Corporate Profile of Pathum Thani Water Company Limited

In 1989, the Provincial Waterworks Authority ("PWA") and Thai government had been provided assistance by Japanese International Corporation Association ("JICA") to conduct a feasibility study on finding other water resources to replace the groundwater in Pathum Thani Province, so as to help alleviate the problems of land subsidence, flood and saline water intrusion. JICA suggested the use of raw water from the Chao Phraya River for tap water production in replacement of the groundwater, PWA then arranged for a bidding process of the private sector to operate the tap water production project for use in Pathum Thani Province by using raw water from the Chao Phraya River.

Pathum Thani Water Company Limited ("PTW") registered its incorporation for the tap water business operation for PWA under such project. It was considered the first privatization project in the tap water production in replacement of the groundwater in accordance with the government's policy. On June 29, 2007, the Company acquired the ordinary shares in PTW, representing 98 percent of all issued and paid-up capital of PTW, in the

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investment value of Baht 3,998.3 Million, and as such, PTW is the Company's subsidiary. Currently, PTW's registered and paid-up capital amounts to Baht 1,200 Million. PTW entered into the Water Production and Distribution License Agreement with PWA, for a term of 25 years, on a Build-Own-Operate-Transfer ("BOOT") basis.

PTW's tap water production plant is located in Amphoe Sam Khok, Pathum Thani Province, by distributing tap water to PWA, Waterworks Office of Pathum Thani, Waterworks Office of Rangsit, Waterworks Office of Thanyaburi, and Waterworks Office of Khlong Luang. PTW currently has its maximum production capacity of 388,000 m³/day.

PTW's Board of Directors comprise:

List of Directors	Position
1. Mr. Thaworn Nitipavachon	Director
2. Mr. Techapit Sangsingkeo	Director
3. Mr. Phairuch Mekarporn	Director
4. Mr. Somkiat Pattamamongkolchai	Director
5. Mr. Chaiwat Utaiwan	Director
6. Mr. Tomoaki Matsumoto	Director

Source: PTW's Affidavit as at October 31, 2014

PTW's shareholders comprise:

Name	Amount of Shares (shares)	% of Paid-up Capital
1. TTW Public Company Limited	11,759,733	98.00
2. Provincial Waterworks Authority	240,262	2.00
3. Mr. Nopadol Intralib	1	0.00
4. Capital Rice Co., Ltd.	1	0.00
5. Mr. Prasert Marittanaporn	1	0.00
6. Mr. Vorapote Uchupaiboonvong	1	0.00
7. Mr. Sompodh Sripoom	1	0.00
รวม	12,000,000	100.00

Source: PTW's Share Register as at October 31, 2014

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Summary of Financial Position and Operational Results

Statement of Financial Position

(Unit : Million Baht)	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets								
Cash and cash equivalents	545.77	12.89%	557.01	13.35%	476.21	12.28%	259.45	7.48%
Current investments	0.00	0.00%	0.00	0.00%	0.00	0.00%	180.00	5.19%
Trade and other receivables	135.93	3.21%	151.56	3.63%	152.80	3.94%	140.65	4.05%
Raw materials and supplies	8.27	0.20%	7.66	0.18%	9.14	0.24%	9.93	0.29%
Other current assets	2.32	0.05%	2.62	0.06%	10.12	0.26%	3.81	0.11%
Total current assets	692.29	16.35%	718.86	17.23%	648.27	16.72%	593.84	17.11%
Non-current assets								
Other long-term investments	0.00	0.00%	200.00	4.79%	200.00	5.16%	0.00	0.00%
Investment in associate	220.90	5.22%	206.09	4.94%	192.29	4.96%	183.14	5.28%
Assets for production of treated water which must be transferred at end of concession	3,315.33	78.32%	3,040.98	72.90%	2,808.70	72.45%	2,660.89	76.67%
Equipment	4.55	0.11%	5.36	0.13%	5.81	0.15%	32.55	0.94%
Advance payment for assets for production of treated water that must be transferred at end of concession	0.00	0.00%	0.00	0.00%	21.51	0.55%	0.00	0.00%
Other non-current assets	0.01	0.00%	0.01	0.00%	0.01	0.00%	0.01	0.00%
Total non-current assets	3,540.80	83.65%	3,452.44	82.77%	3,228.31	83.28%	2,876.59	82.89%
Total assets	4,233.09	100.00%	4,171.31	100.00%	3,876.58	100.00%	3,470.43	100.00%
Liabilities and shareholders' equity								
Current liabilities								
Trade and other payables	24.89	0.59%	29.01	0.70%	56.98	1.47%	34.54	1.00%
Current portion of long-term loans from related parties	310.00	7.32%	310.00	7.43%	310.00	8.00%	310.00	8.93%

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(Unit : Million Baht)	2011*		2012*		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax payable	91.04	2.15%	74.87	1.79%	65.57	1.69%	35.07	1.01%
Other current liabilities	22.00	0.52%	24.35	0.58%	18.31	0.47%	16.94	0.49%
Total current liabilities	447.93	10.58%	438.24	10.51%	450.86	11.63%	396.54	11.43%
Non-current liabilities								
Long-term loans from related parties, net of current portion	2,092.50	49.43%	1,782.50	42.73%	1,472.50	37.98%	1,240.00	35.73%
Deferred tax liabilities	6.37	0.15%	8.08	0.19%	6.70	0.17%	6.90	0.20%
Provision for long-term employee benefits	2.18	0.05%	2.66	0.06%	3.21	0.08%	2.02	0.06%
Total non-current liabilities	2,101.04	49.63%	1,793.23	42.99%	1,482.41	38.24%	1,248.92	35.99%
Total liabilities	2,548.97	60.22%	2,231.47	53.50%	1,933.27	49.87%	1,645.47	47.41%
Shareholders' equity								
Share capital								
Registered capital	1,200.00	28.35%	1,200.00	28.77%	1,200.00	30.96%	1,200.00	34.58%
Issued and fully paid-up capital	1,200.00	28.35%	1,200.00	28.77%	1,200.00	30.96%	1,200.00	34.58%
Retained earnings								
Appropriated - statutory reserve	120.00	2.83%	120.00	2.88%	120.00	3.10%	120.00	3.46%
Appropriated - other reserve	46.34	1.09%	74.14	1.78%	161.81	4.17%	274.89	7.92%
Unappropriated	317.77	7.51%	545.69	13.08%	461.50	11.90%	230.08	6.63%
Total shareholders' equity	1,684.11	39.78%	1,939.83	46.50%	1,943.31	50.13%	1,824.97	52.59%
Total liabilities and shareholders' equity	4,233.09	100.00%	4,171.31	100.00%	3,876.58	100.00%	3,470.43	100.00%

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Statement of Comprehensive Income

(Unit : Million Baht)	2011		2012		2013		9-Month Period of 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Profit or loss:								
Revenues								
Sales of treated water	1,473.13	99.57%	1,618.99	90.49%	1,667.11	82.03%	1,248.01	99.22%
Other income								
Interest income	6.34	0.43%	12.85	0.72%	17.52	0.86%	7.73	0.61%
Others	0.05	0.00%	157.23	8.79%	347.57	17.10%	2.13	0.17%
Total revenues	1,479.51	100.00%	1,789.06	100.00%	2,032.20	100.00%	1,257.87	100.00%
Expenses								
Cost of sales of treated water	528.47	35.72%	579.06	32.37%	598.47	29.45%	435.19	34.60%
Administrative expenses	34.02	2.30%	41.09	2.30%	43.20	2.13%	24.55	1.95%
Total expenses	562.49	38.02%	620.15	34.66%	641.67	31.58%	459.74	36.55%
Profit before share of profit from investment in associate, finance cost and income tax expenses	917.02	61.98%	1,168.91	65.34%	1,390.53	68.42%	798.13	63.45%
Share of profit from investment in associate	-18.21	-1.23%	-14.81	-0.83%	-13.81	-0.68%	-9.15	-0.73%
Profit before finance cost and income tax expenses	898.81	60.75%	1,154.10	64.51%	1,376.72	67.75%	788.99	62.72%
Finance cost	-122.13	-8.25%	-116.97	-6.54%	-100.81	-4.96%	-62.29	-4.95%
Profit before income tax expenses	776.68	52.50%	1,037.13	57.97%	1,275.91	62.78%	726.70	57.77%
Income tax expenses	-210.94	-14.26%	-162.41	-9.08%	-144.43	-7.11%	-115.68	-9.20%
Profit for the period	565.74	38.24%	874.72	48.89%	1,131.48	55.68%	611.02	48.58%
Other comprehensive income for the period	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Other comprehensive income for the year	565.74	38.24%	874.72	48.89%	1,131.48	55.68%	611.02	48.58%
Earnings per share								
Basic earnings per share								
Profit attributable to equity holders of the Company	47.15		72.89		94.29		50.92	

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Cash Flow Statement

Unit : Million Baht	2011	2012	2013	9-Month Period of 2014
Net cash from (used in) operating activities	875.70	1,142.56	1,407.68	788.86
Net cash from (used in) investing activities	-31.11	-202.31	-50.48	-43.76
Net cash from (used in) financing activities	-849.40	-929.00	-1,438.00	-961.86
Net increase (decrease) in cash and cash equivalents	-4.82	11.24	-80.80	-216.76
Cash and cash equivalents at beginning of period	550.58	545.77	557.01	476.21
Cash and cash equivalents at end of period	545.77	557.01	476.21	259.45

Source: The financial statements for 2011 - 2013 of PTW, audited by Mr. Khitsada Lerdwana, Certified Public Accountant No. 4958, EY Office Limited (formerly "Ernst & Young Office Limited").

The financial statements for the nine-month period ended September 30, 2014 of PTW, reviewed by Miss Manee Rattanabannakit, Certified Public Accountant No. 5313, EY Office Limited (formerly "Ernst & Young Office Limited").

Remark: * Accounting transactions have been reclassified to ensure consistency with new accounting transactions in the financial statements for 2013 and nine-month period of 2014 and indicate effects from compliance with Accounting Standard No. 12 Income Tax.

3.1 Assessment of the Feasibility of Investment in Construction of the Company's 2nd Tap Water Production Plant for Production Capacity Expansion

According to the forecast of tap water usage demand in Samut Sakhon - Nakhon Pathom area which is the Company's service area, the tap water usage demand is continuously rising to approximately 881,000 m³/day in the next 20 years or in 2034. Therefore, to ensure that the Company's tap water production remains efficient and sufficiently meets such increasing demand, the Company needs to construct the 2nd Water Treatment Plant to increase the total production capacity of approximately 400,000 m³/day, divided into four phases, at 100,000 m³/day each, in order to satisfy the increasing demand in the future in each period. In this regard, this transaction represents the production capacity expansion in Phase 1 with an additional production capacity of 100,000 m³/day, including structures to accommodate the production capacity expansion up to 400,000 m³/day in the future, and improvements in relation to rights and privileges obtained from the Board of Investment (BOI) (collectively the "Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion").

In considering the feasibility of investment in such Project, the Independent Financial Advisor has prepared financial models to forecast cash flows to be received throughout the operation period, covering all four phases of the production capacity expansion, to accommodate this investment in the structures, totaling 400,000 m³/day, with the total period for construction and operation of approximately 19 years and 7 months, from January 2015 to July 2034, which is the end of the term of the Water Purchase and Sale Agreement with PWA. It is expected that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will commence the commercial operation from January 2017 onwards.

The Independent Financial Advisor has also set the indicators of the justification of the Project to consider the project feasibility and its return on investment, based on the following three approaches:

- Net Present Value (NPV) is a method to calculate the net present value of cash flows, which will be derived from the present value of cash inflow, less the present value of cash outflow, using the weighted average cost of capital (WACC) as the discounted rate to identify the net present value of such cash flows throughout the operation period of the Company's production capacity expansion.
- Internal Rate of Return (IRR) is a method to calculate the rate of return on investment in the Company's production capacity expansion, which will be derived from the present value of cash inflow and outflow throughout the operation period of the Project, whereby the rate derived from the calculation will cause the net present value (NPV) of the Project to equal zero, or in other words, the

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IRR is the rate of return which will render the investment equal to the return on investment, taking into account the value of money based on the operation period of the Company's production capacity expansion.

- Payback Period (PB) is a method to identify the break-even point of the Project by ascertaining how much time the Company's production capacity expansion will take to break even, which will be calculated from the accumulated cash flows to be received in the future, regardless of the value of money based on the operation period of the Company's production capacity expansion.

The Independent Financial Advisor has prepared the financial projections based on such business and financial data and assumptions made available by the Company, as follows:

- The Company's financial statements for 2011 - 2013 and the nine-month period of 2014;
- The Company's business and financial data and other information disclosed to the public;
- Information in the summaries of various agreements, such as, the tap water business concession in 2003, the Water Purchase and Sale Agreement with PWA in 2000, and the Amendment Agreement to the Water Purchase and Sale Agreement with PWA in 2008, and the Company's draft EPC Contract, etc.
- Information, documents and analysis on other factors from the interviews with the executives and working groups of the Company.

In addition, the Independent Financial Advisor has set other related assumptions which may affect the cash flows and the operational results, as well as the future operations of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion. Should there be any factor causing changes to such assumptions, the return on investment as assessed on this occasion will be affected. The assumptions are as follows:

1. The forecast period in this financial model is approximately 19 years 7 months, namely, from January 2015 to July 2034, when the Water Purchase and Sale Agreement with PWA will expire; while the tap water business concession from the Ministry of Natural Resources and Environment will end in March 2030. The Company's management believes that the Company can apply for renewal of the tap water business concession from the Ministry of Natural Resources and Environment to cover and end at the same time as the Water Purchase and Sale Agreement with PWA. Therefore, the financial model assumes that the Company is able to produce and distribute tap water until the expiration of the Water Purchase and Sale Agreement with PWA, and that upon the expiration of the Water Purchase and Sale Agreement with PWA, the Company still owns the land and the tap water

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- production and distribution systems in accordance with the terms on the Build-Own-Operate (“BOO”) basis. However, on a conservative basis, the Independent Financial Advisor will not include the value of assets as at the expiry date of the Water Purchase and Sale Agreement and/or the operational results after the expiry date of the Water Purchase and Sale Agreement in the calculation of the return on investment in the Company’s 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion.
2. It is assumed that the Company is able to produce and distribute tap water to PWA throughout the term of the Water Purchase and Sale Agreement with PWA, without any change, cancellation or revocation during such period.
 3. It is assumed that the Company invests in the Company’s 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, with the total production capacity expansion of 400,000 m³/day, and the value and time of investment for the production capacity expansion will be divided into four phases, as follows:
 - Phase 1 Investment in the construction of the 2nd Water Treatment Plant and structures in 2015 - 2016 in a total amount of Baht 3,383 Million for a production capacity expansion of 100,000 m³/day for Phase 1, whereby it is expected to commence the production capacity expansion in Phase 1 in 2017;
 - Phase 2 Additional investment in 2022 in a total amount of Baht 746 Million for a production capacity expansion of another 100,000 m³/day, whereby it is expected to commence the production capacity expansion in Phase 2 in 2023;
 - Phase 3 Additional investment in 2027 in a total amount of Baht 1,222 Million for a production capacity expansion of another 100,000 m³/day, whereby it is expected to commence the production capacity expansion in Phase 3 in 2028;
 - Phase 4 Additional investment in 2031 in a total amount of Baht 818 Million for a production capacity expansion of another 100,000 m³/day, whereby it is expected to commence the production capacity expansion in Phase 4 in 2032.
- In this regard, the amount of investment in Phase 1 is estimated by the Company. The additional investments in Phases 2 - 4 are estimated by EPSILON Co., Ltd. and increased by the inflation rate at 3.06 percent per annum, including the finance cost projection.
4. The Notification of the National Executive Council. No. 58 specifies that the operation of tap water business is considered as trading business of infrastructure subject to concession from the Ministry

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- of Natural Resources and Environment. Based on this reasoning, the renewal of the concession or granting of a new concession for new area or a production capacity expansion shall be subject to the consideration and sole discretion of the concession grantor. Therefore, the projections in the financial model assume that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will be approved by the Ministry of Natural Resources and Environment.
5. In the investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, PWA does not set any additional Minimum Offtake Quantity (MOQ) for this production capacity expansion of the Company. At present, PWA agrees to guarantee MOQ from the Company at the maximum volume of 354,000 m³/day from September 2015 onwards. However, the Company's management believes that given the government's policy encouraging the service users to use tap water instead of groundwater to minimize the consequential impact, namely, land subsidence, therefore, as the water usage demand in the Company's service area exceeds its current production capacity, PWA shall agree to purchase the tap water volume in excess of MOQ as specified in the Agreement from the Company, in order to accommodate the increasing demand in response to growth in terms of population, communities, residences, economy and society. Based on this reasoning, the financial model then assumes that PWA agrees to purchase additional tap water volume from the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion throughout the forecast period. The tap water selling price and its adjustment will be based on the Amendment Agreement to the Water Purchase and Sale Agreement with PWA on December 29, 2008.
 6. In the previous business operation, the Company mainly used water from the Tha Chin River as the raw water resource for tap water production and distribution to PWA, the Company received the written reply from the Office of the National Water Resources Commission, No. NorRor. 0110/423 dated April 27, 2001, for raw water pumping for tap water production and distribution to PWA in the amount of 320,000 m³/day. With respect to the production capacity expansion of 120,000 m³/day, being a total of 440,000 m³/day, the Company submitted an application for additional raw water pumping of another 120,000 m³/day since May 2009. However, to date, the Company has not yet received any reply from the Office of the National Water Resources Commission, which is currently no longer active and pending the enactment of the National Water Act, and as such, there is no regulatory agency directly in charge of this matter. The analysis and consideration of the

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- sustainability in the long run prepared by the Company shows that the raw water source in the Tha Chin River is adequate for continued production of tap water in the long run without any impact on the production process. Therefore, the financial model then assumes that the Company is able to pump water from the Tha Chin River to accommodate this production capacity expansion, and that the water volume in the Tha Chin River around Wat Don Wai is sufficient for the requirement of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion throughout the forecast period.
7. As the Company's Bulk Transmission Main (BTM) and pipeline for the business operation at present and this production capacity expansion are mostly located in the areas under the responsibility of the Department of Highways, State Railway of Thailand, and local administrative organization, the Company will pay a consideration to the Department of Highways at the rate as specified by the Department of Highways on a yearly basis. The State Railway of Thailand and local administrative organization do not have any condition requiring the Company to pay the consideration for use of the areas. However, certain agencies reserve their right on the permission conditions to collect a consideration for granting permission for use of the areas. At present, the Company does not pay any such consideration and cannot estimate a possible applicable rate in the future, therefore, the financial model then assumes that the Company is required to pay such consideration for use of the areas in the existing manner which remains unchanged throughout the forecast period.
 8. The Office of the Board of Investment (BOI) issued Promotional Certificate No. 5177(2)/2556 on May 27, 2013 to the Company for investment promotion in Category 7.1 Public Utilities and Basic Services, in replacement of the original Promotional Certificate No. 1382 (2)/2545 dated June 19, 2002 (for the initial production capacity of 320,000 m³/day which ended in 2012), divided into 2 portions, namely, repair works due to the flood crisis in the amount of Baht 24.01 Million (the Company has been granted 150 percent of the repair costs which accounted for Baht 36.02 Million), and improvements on the tap water transmission and distribution systems in the amount of Baht 891.40 Million, totaling Baht 927.42 Million. The Company can exercise the corporate income tax exemption for eight years from May 27, 2013 - May 27, 2021. At present, the Company already exercised the corporate income tax exemption in 2013 in the amount of Baht 244.30 Million (total repair costs of Baht 36.02 Million). It is expected to exercise the corporate income tax exemption in 2014 and 2015 in the amount of Baht 357.07 Million and Baht 326.04 Million, respectively.

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In this regard, as the value of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, Phase 1, in the amount of Baht 2,903.70 Million has already included the value of improvements on the tap water transmission and distribution systems in order to obtain the rights and privileges in relation to the corporate income tax exemption in the amount of Baht 891.40 Million, therefore, the financial model will treat the rights and privileges in relation to the corporate income tax exemption in the amount of Baht 891.40 Million as the working capital for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion. The working capital as at December 31, 2014 is thus equivalent to the rights and privileges in relation to the corporate income tax exemption incurred in 2013 and 2014 altogether, or Baht 565.36 Million (excluding the privileges in respect of repair costs in the amount of Baht 36.02 Million), and the remaining Baht 326.04 Million is treated as the working capital to be incurred in 2015.

In addition, the financial model assumes that the Company pays the corporate income tax at the normal rate throughout the forecast period, without any rights and privileges in relation to the corporate income tax exemption for the improved operational results of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion. This is because at present, the Company has not yet submitted an application for investment promotion in Category 7.1 Public Utilities and Basic Services to the BOI.

9. The Royal Decree issued under the Revenue Code governing Reduction and Exemption from Revenue Taxes (No. 530) B.E. 2554 (2011) provides for reduction of the corporate income tax rate to 23 percent in 2012 and 20 percent in 2013 and 2014. On September 16, 2014, the Council of Ministers has passed a resolution to approve the draft Royal Decree governing reduction of corporate income tax by extending the tax rate of 20 percent to the year 2015. Furthermore, the Federation of Accounting Professions under the Royal Patronage of His Majesty the King has considered the announcement for tax rate reduction and is of the view that the tax rates which are rather certain for use in the valuation of assets and liabilities in relation to deferred income tax should be such rates approved by the Council of Ministers' resolution, namely, 23 percent for the accounting period of 2012, and 20 percent for the accounting period of 2013 onwards. In this connection, the Independent Financial Advisor sets the corporate income tax at the rate of 20 percent of net profit from year 2015 onwards until the end of the forecast period.
10. The Company's actual volume of tap water production on average during 2010 - the nine-month period of 2014 is summarized as follows:

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Unit : m ³ /Day	2010		2011	2012	2013	9- Months of 2014
	Jan - Aug	Sep - Dec				
Tap water production capacity	320,000	440,000	440,000	440,000	440,000	440,000
Actual volume of production on average	328,692	336,075	328,606	357,894	372,731	393,558
Production capacity rate (%)	102.7	76.4	74.7	81.3	84.7	89.5

Source: The Company

Based on the forgoing table, the Company's volume of tap water production continues to increase. In the past, the production capacity rate in excess of 100 percent occurred in 2010. However, the financial model assumes that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will not produce and distribute tap water in excess of the maximum production capacity in each period of time throughout the forecast period.

Moreover, the Independent Financial Advisor has prepared the financial projections in order to identify the value and rate of return on investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion based on such assumptions. Should the economic circumstances and other external factors which affect the operation of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion and/or the said Project be materially changed from the forgoing assumptions, including such factors which affect the variables used in the calculation, the value and rate of return on investment in this Project may vary accordingly. It is noted that the value and rate of return on investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion may not be used as reference price, other than for the purpose as specified above.

Key assumptions used in the forecast cash flows from the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion include:

External Factors

1. Inflation Rate

The inflation rate for Baht expenses is fixed at 3.06 percent per year throughout the forecast period, based on the annual average Consumer Price Index (CPI) during 2009 - 2013 (CAGR) as published by the Bank of Thailand.

Operating Revenues

2. Operating Revenues

2.1 Sales of treated water

Sales of treated water will be calculated based on the volume of tap water produced and distributed to PWA in respect of the production capacity expansion and the water tariffs based on the price and tariffs as specified in the Amendment Agreement to the Water Purchase and Sale Agreement with PWA on December 29, 2008, subject to the following assumptions:

a) Tap water distribution volume

According to the study conducted by the Water Resources Development Division, PWA (Source: Website of Water Resources Development Division, Water Resources Department, PWA), it forecasts that the water usage volume in the Company's areas will continue to increase in both current and future service areas. The growth rate of the number of tap water users in the areas of Samut Sakhon - Om Noi - Sam Phran in 2014 - 2018 will increase at the rate ranging between 6.38 percent and 17.97 percent per year; while upon considering the actual volume of tap water distribution from 2010 onwards, it is found that the average growth is approximately 6.83 million m³ per year or representing CAGR of approximately 4.23 percent per annum. In the nine months of 2014, the average volume of water distribution is approximately 382,928 m³/day, therefore, on a conservative basis, the financial model then assumes that the Company's tap water distribution volume from 2015 onwards will increase by 6.5 million m³ per year or representing CAGR of approximately 3.05 percent per annum throughout the forecast period, and as a result, the average volume of tap water distribution to PWA during 2017 - 2034 will range approximately 475,616 - 778,356 m³/day. The Company will recognize revenue from sales of treated water only for that in excess of 440,000 m³/day, which refers to the volume of tap water distribution which the Company can recognize as revenues in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, ranging 35,616 - 338,356 m³/day during 2017 - 2034.

b) Water tariffs

The water tariffs and the adjustment rate of the water tariffs shall be in accordance with the conditions as specified in the Amendment Agreement to the Water Purchase and Sale Agreement with PWA on December 29, 2008. The water tariff in 2014 is Baht 11.93/m³, and shall be adjusted based on the Consumer Price Index (CPI) for Central Region for November every year as announced by the Bureau of Trade and Economic Indices, Department of Business Economics, Ministry of Commerce.

However, at the time of preparation of this Report, the Bureau of Trade and Economic Indices, Department of Business Economics, Ministry of Commerce, has not yet announced the Consumer Price Index for November 2014 for use in the calculation for price adjustment in 2015, therefore, the Independent Financial Advisor has considered the Company's water tariffs during 2010 - Quarter 3 of 2014, and found that CAGR was 2.64 percent per annum. On a conservative basis, the adjustment of the water tariffs of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion is specified to increase at a fixed rate of 2.50 percent per annum throughout the forecast period. In this regard, subject to the forgoing assumption, the water selling price to PWA accounts for approximately Baht 12.85 - 19.55/m³ during the forecast period.

2.2 Other income

It is assumed that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion has no other income throughout the forecast period than revenue from sales of treated water based on the foregoing assumptions.

3. Cost of Sales

In the projection, the cost of sales is divided into variable cost and fixed cost, as follows:

3.1 Variable cost of sales

The variable cost of sales varies on the volume of tap water production which comprises electricity cost, chemical cost, staff-related expenses in the production, and other production expenses, as per the following details:

1) The electricity cost is the main cost of sales in tap water production, representing 69 percent of the variable cost of sales in 2013. The Company's current tap water production project incurs the electricity cost in the tap water production system from the water pumping from the Tha Chin River at Amphoe Bang Len, Nakhon Pathom Province, for transmission through pipeline to the tap water production plant, and the water pumping for distribution to the Company's both Distribution Stations, namely, Phutthamonthon Distribution Station and Mahachai Distribution Station, for a total distance of approximately 51 kilometers. In the past, the electricity cost has been increasing based on the rates of energy payment and FT charge. The electricity cost for the nine-month period of 2014 amounts to approximately Baht 2.82/m³.

However, in the calculation of the electricity cost for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, the Company's engineering team has calculated from the raw water pumping, tap water production and distribution. The electricity cost is

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mostly incurred from the process of tap water distribution, starting from water pumping from the Tha Chin River at a new raw water intake station around Wat Don Wai, Nakhon Pathom Province, which is located adjacent to the 2nd Tap Water Production Plant for transmission through pipeline to the tap water production plant and distribution of tap water to Krathum Baen Booster Station, for a total distance of 14.79 kilometers, which is shorter than before, thereby enabling the Company to save the electricity cost in the transmission and distribution of tap water. In addition, the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will use the hybrid technology for tap water production, which combines the conventional filtration with the UF (Ultra Filtration) Membrane technology, instead of the conventional filtration alone as currently used by the Company, thereby consuming less power in the low pressure driven process. The Company has estimated the electricity consumption of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion at 0.5513 kilowatt-hour/m³, and upon calculation of such electricity consumption based on the tariff rate⁵ under the announcement of the Provincial Electricity Authority ("PEA"), the electricity cost in 2014 will be forecast at Baht 1.94/m³, whereby the growth rate of the electricity cost is fixed at 3.19 percent per annum throughout the forecast period, based on the increase in energy payment and FT charge during 2010 - 2014. In this regard, subject to the forgoing assumption, the electricity cost accounts for approximately Baht 2.13 - 3.63/m³ during the forecast period.

2) The cost of chemicals used in tap water production for the Company's current tap water production project comprise alum, lime, polyelectrolyte and liquid chlorine, which are used in the conventional filtration; while the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion will use the hybrid technology, which combines the conventional filtration with the UF (Ultra Filtration) Membrane technology, without using any chemicals, such as, alum as coagulant in the tap water production, thereby enabling the Company to save the chemical cost in the production process. However, on a conservation basis, the chemical cost in 2014 is fixed at Baht 0.61/m³, which is an average actual rate of chemical cost during 2010 - the nine-month period of 2014, and such cost shall be increased at the rate of 3.06 percent per annum based on the inflation rate throughout the forecast period. In this regard, subject to the forgoing assumption, the chemical cost accounts for approximately Baht 0.67 - 1.11/m³ during the forecast period.

⁵ The tariff rate under the announcement of PEA can be divided into 2 parts, namely, (1) base tariff is based on the time of use rate (TOU) which is a fixed rate comprising demand charge and energy payment, and (2) fuel adjustment charge or FT which is an adjusted ratio to be included in the base tariff.

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3) The staff-related expenses in the production for the Company's current tap water production project include salary, bonus, staff welfare, and other staff-related expenses in the tap water production and distribution. The staff-related expenses in the production for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in 2014 is fixed at Baht 0.11/m³, which is an average actual rate of expenses during 2010 - the nine-month period of 2014, and such expenses shall be increased at the rate of 5.00 percent per annum throughout the forecast period in accordance with the projections by the Company's management. In this regard, subject to the forgoing assumption, the staff-related expenses account for approximately Baht 0.13 - 0.30/m³ during the forecast period.

4) Other production expenses for the Company's current tap water production project comprise spare parts and materials and other expenses. Other production expenses for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in 2014 is fixed at Baht 0.55/m³, which is an average actual rate of expenses during 2010 - the nine-month period of 2014, and such expenses shall be increased at the rate of 3.06 percent per annum based on the inflation rate throughout the forecast period. In this regard, subject to the forgoing assumption, other production expenses account for approximately Baht 0.61 - 1.01 /m³ during the forecast period.

3.2 Fixed cost of sales

Fixed cost of sales includes rental of land for pipeline with the Department of Highways. The Company's management has estimated the rental of land for pipeline with the Department of Highways, which is the connection of tap water pipeline in the vicinity of highways of the Department of Highways, from the new raw water intake station around Wat Don Wai, Nakhon Pathom Province, to the 2nd Tap Water Production Plant and through the pipeline to Waterworks Office of Om Noi. The rental is fixed at approximately Baht 6.70 Million per year from 2017 and shall be increased at the rate of 15 percent every 5 years, which is similar to the lease conditions per the letter of permission previously received by the Company from the Department of Highways for the Company's current tap water production project.

4. Selling and Administrative Expenses

Selling and administrative expenses include insurance premium, staff-related expenses and other expenses, as per the following details:

- 1) Insurance premium covers property damage and business interruption, whereby the insurance premium is fixed at the rate of 0.15 percent of the resultant between the book value after

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deduction of the accumulated depreciation of the fixed assets and net profit of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in each year throughout the forecast period. This refers to an insurance company's proposal in December 2013 which issued an insurance policy covering the foregoing damages for the Company's current tap water production project.

- 2) Staff-related expenses for additional staff of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion are fixed to start at Baht 3.30 Million in 2017 and shall be increased at the rate of 5.00 percent per annum throughout the forecast period, which is in accordance with the estimation of the Company's management.
 - 3) Other additional expenses of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion are fixed to start at Baht 2.50 Million in 2017 and shall be increased in accordance with the inflation rate at the rate of 3.06 percent per annum throughout the forecast period.
5. Corporate Income Tax Rate

As the Company has not yet submitted an application for investment promotion in the tap water business in Category 7.1 Public Utilities and Basic Services for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, therefore, the Company is required to pay the corporate income tax on its operating profit at the normal rate, namely, 20 percent per annum throughout the forecast period.

Working Capital, Capital Expenditure and Depreciation

6. Working Capital for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion*
 - 6.1 Average Collection Period = 30 days
 - 6.2 Average Sale Period = 0 day**
 - 6.3 Average Debt Servicing Period = 11 days

Remarks:

- * *It is assumed that all trade accounts receivable and payable are settled at the end of the forecast period or July 20, 2034.*
- ** *It is assumed that all treated water can be promptly sold and delivered to PWA, therefore, the sale period is zero.*

(Translation)

The foregoing projection of the working capital is calculated based on the Company's financial ratios in 2013.

7. Capital Expenditure

EPSILON Co., Ltd. ("EPSILON"), the Company's consulting company, has prepared the report on review of CK's price proposal for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion dated October 1, 2014, in which EPSILON has made projections of capital expenditure for the production capacity expansion for Phases 1-4 (excluding finance cost), which may be summarized as follows:

	Phase 1	Phase 2	Phase 3	Phase 4
Year of Production Capacity Expansion	2015- 2016	2022	2027	2031
Increased Capacity (m ³ /day)	100,000	100,000	100,000	100,000
Total Production Capacity (m ³ /day)	540,000	640,000	740,000	840,000
Capital Expenditure (excluding finance cost) (Million Baht)	3,243 ^{1/}	729 ^{2/}	1,193 ^{2/}	818 ^{2/}
Projections of Finance Cost (Million Baht) ^{3/}	139	17	29	- ^{4/}
Total Capital Expenditure (Million Baht)	3,382	746	1,222	818

Remarks:

1/ This has included the construction cost under the EPC Contract, costs of land, improvements, consulting service fee and others. The Independent Financial Advisor has adjusted the construction cost under the EPC Contract to be Baht 2,903.70 Million, in line with CK's price proposal, and as a result, the capital expenditure in Phase 1 as stated in EPSILON's report reduces from Baht 3,255 Million to Baht 3,243 Million.

2/ The capital expenditure appraised by EPSILON is adjusted to increase in accordance with the inflation rate at the rate of 3.06 percent per annum in accordance with the year of investment in the financial model.

3/ This is estimated by the Independent Financial Advisor.

4/ No finance cost is incurred since the working capital of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion is used for investment.

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Other than the foregoing investment, it is assumed that the Company will not make any other investment in this Project throughout the forecast period since the repair and maintenance costs have been included in other production expenses throughout the forecast period.

8. Depreciation of Assets for Water Production and Distribution

The depreciation of assets for water production and distribution in respect of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion is calculated in accordance with the term of the Water Purchase and Sale Agreement with PWA, using the units of production method, as follows:

Depreciation for the period	= Cost of invested assets at beginning of period x Production rate for the period
Production rate for the period	= <u>Actual treated water for the period</u> (Actual treated water for the period + Projections of treated water in the future until end of the Agreement)
Net invested assets at beginning of period	= Total invested assets – Accumulated depreciation at beginning of period

Source of Fund

9. Long-Term Loans from Financial Institutions

According to the interviews with the Company's management, the Company will use the long-term loans from financial institutions and/or proceeds from issuance of debt instruments for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Phases 1-3, while in Phase 4, the Company will use the working capital from the Project. Therefore, the financial model assumes that the production capacity expansion in Phases 1-3 will use long-term loans from financial institutions, as follows:

	Phase 1	Phase 2	Phase 3
Loans (Million Baht)	3,000	746	1,222
Year of Drawdown	2015-2016	2022	2027
Number of Years for Repayment	10	5	5
Year of Repayment	2017-2026	2023-2027	2028-2032

10. Interest Rate on Loans from Financial Institutions

It is assumed that the interest on loans during construction and after the commercial operation date is at the fixed rate of 4.50 percent per annum throughout the term of the loan agreements, based on the average finance cost in the Company's financial statements as at the end of the third quarter of 2014.

11. The Company's Working Capital

It is assumed that the Company's working capital is used for investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion in Phase 1, in the total amount of Baht 382 Million for land acquisition, improvements and other expenses, and that the working capital from this Project is used in Phase 4 in the amount of approximately Baht 818 Million for construction and installation of additional equipment. The production capacity expansion in Phases 2 and 3 will use loans from financial institutions in full.

It is assumed further that the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion accounts for the additional working capital from the rights and privileges in relation to the corporate income tax exemption as at December 31, 2014 in the amount of Baht 565.36 Million, which is the sum of the rights and privileges in relation to the corporate income tax exemption exercised in 2013 and to be exercised in 2014, with the remaining Baht 326.04 Million which is regarded as the working capital in 2015.

Valuation of Securities

12. Terminal Value

It is assumed that no Terminal Value is set in the final forecast year during which the Water Purchase and Sale Agreement with PWA, and the value of land and assets in the final year of the forecast is not included in the calculation to ensure compliance with the conservative basis.

13. Discounted Rate

The Independent Financial Advisor has applied the weighted average cost of capital (WACC) as the discounted rate to calculate the net present value of cash flows expected to be received from the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, with the details and variables used in the calculation as follows:

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

(Translation)

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= 5.34 – 10.07 percent, subject to change by the debt to equity structure throughout the forecast period or representing an average fixed rate of approximately 6.67 percent throughout the forecast period.

Whereas,

D = Long-term loans from financial institutions for the Company's Production Capacity Expansion

E = The Company's working capital for the Company's Production Capacity Expansion

V = All investment funds (D + E)

t = Corporate income tax rate (20%)

Kd = Interest rate on long-term loans during construction and interest rate after the commercial operation date

Calculation of cost of equity

The Independent Financial Advisor calculates the cost of equity on the Capital Asset Pricing Model (CAPM), with the following formula:

$$K_e = R_f + \beta(R_m - R_f) = 10.07 \text{ percent}$$

Whereas, R_f Risk free rate of return based on the rate of interest on 20-year government bonds, at 3.86 percent (Source: www.thaibma.or.th as at October 13, 2014) (one working day prior to the Board of Directors' Meeting)

β Beta coefficient at 0.575 based on average variance of daily return on the SET, compared with the closing price of the Company's ordinary shares (Source: Bloomberg over the past one year until October 13, 2014) (one working day prior to the Board of Directors' Meeting)

R_m Average Market Return, calculated from the SET indices since 1975, the year in which the Stock Exchange of Thailand was opened until October 13, 2014 (one working day prior to the Board of Directors' Meeting) equal to 14.67 percent

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Based on the above assumptions, the net cash flows may be calculated as follows:

Unit : Million Baht	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales of treated water	-	-	-	167.01	256.79	350.94	450.87	517.61	530.55	774.74
Cost of sales of treated water	-	-	-	-52.61	-77.78	-104.52	-133.25	-153.00	-158.72	-229.77
Gross profit	-	-	-	114.40	179.00	246.42	317.62	364.61	371.83	544.97
Administrative expenses	-	-	-	-10.65	-10.63	-10.77	-10.86	-10.93	-10.95	-12.09
Depreciation	-	-	-	-71.70	-107.55	-143.40	-179.75	-201.32	-201.32	-232.00
Profit before finance cost and income tax expenses	-	-	-	32.05	60.82	92.25	127.01	152.36	159.56	300.88
Income tax expenses	-	-	-	-6.41	-12.16	-18.45	-25.40	-30.47	-31.91	-60.18
Profit before finance cost after income tax expenses	-	-	-	25.64	48.66	73.80	101.61	121.89	127.65	240.70
<u>Adjusted entries</u>										
Depreciation	-	-	-	71.70	107.55	143.40	179.75	201.32	201.32	232.00
Working capital	-	-	-	-12.35	-6.73	-7.05	-7.47	-4.97	-0.91	-18.23
Capital expenditure	-243.00	-1,538.07	-1,601.00	-	-	-	-	-	-746.10	-
Tax privileges	565.36	326.04	-	-	-	-	-	-	-	-

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Unit : Million Baht	2025	2026	2027	2028	2029	2030	2031	2032	2033
Sales of treated water	1,017.46	1,147.18	1,200.53	1,428.30	1,572.32	1,726.74	1,887.90	2,061.68	2,231.41
Cost of sales of treated water	-303.46	-343.53	-362.79	-432.92	-479.00	-528.84	-581.43	-639.93	-696.66
Gross profit	713.99	803.66	837.74	995.38	1,093.32	1,197.89	1,306.47	1,421.74	1,534.75
Administrative expenses	-12.25	-12.32	-12.46	-14.30	-14.20	-14.09	-13.93	-14.96	-14.61
Depreciation	-257.74	-270.61	-273.58	-353.38	-396.97	-441.53	-486.08	-575.80	-902.13
Profit before finance cost and income tax expenses	444.00	520.73	551.71	627.70	682.16	742.28	806.45	830.97	618.01
Income tax expenses	-88.80	-104.15	-110.34	-125.54	-136.43	-148.46	-161.29	-166.19	-123.60
Profit before finance cost after income tax expenses	355.20	416.58	441.36	502.16	545.72	593.83	645.16	664.78	494.41
Adjusted entries									
Depreciation	257.74	270.61	273.58	353.38	396.97	441.53	486.08	575.80	902.13
Working capital	-9.03	-9.62	-3.87	-16.89	-10.63	-11.38	-11.86	-12.74	-12.45
Capital expenditure	-	-	-1,221.77	-	-	-	-817.84	-	-
Tax privileges	-	-	-	-	-	-	-	-	-
Cash flow for the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion	603.91	677.58	-510.69	838.65	932.07	1,023.97	301.54	1,227.85	1,384.09

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	2014	Basis of Consideration
Net Present Value (NPV) (Unit: Million Baht)	Baht 1,385.71 Million	The value is more than zero.
Internal Rate of Return (IRR) (Unit: percent)	11.29 percent	The rate of return is more than the discounted rate.
Payback Period (Unit: years)	9.41 years	The payback period occurs within the operation period.

Based on the foregoing assumptions, the net present value of cash of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion as at December 31, 2014 is Baht 1,385.71 Million, which is more than zero; it is expected that the rate of return on investment in the Project is at 11.29 percent, which is more than the discounted rate (an average of approximately 6.67 percent); and the payback period is approximately 9.41 years from the year of commencement of the Company's production capacity expansion.

In addition, in order to provide more information to the shareholders, the Independent Financial Advisor has conducted a sensitivity analysis by changing key factors to identify any impact on the return of the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion, which may be summarized as follows:

Case 1 Weighted average cost of capital (WACC) changes by 5 percent from forecast.

Case 2 The investment value in the 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion (excluding the costs of land which has already been acquired) changes by 5 percent from forecast.

Case 3 Recognition of revenue from sales of treated water is delayed from 2017 to 2018.

Case 4 The Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion enjoys the corporate income tax exemption for the first eight years of operation.

Case 5 The corporate income tax rate is at 30 percent throughout the forecast period.

	Case 1		Case 2		Case 3	Case 4	Case 5
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%	1-year delayed recognition of revenue	BOI tax exemption	Tax at 30%
NVP (Million)	1,251.76	1,527.39	1,160.11	1,616.76	524.90	1,389.68	1,178.38

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	Case 1		Case 2		Case 3	Case 4	Case 5
Baht)							
IRR (%)	11.29%	11.29%	10.53%	12.12%	8.19%	11.85%	10.40%
PB (years)	9.41	9.41	9.68	9.14	12.60	9.03	9.73

Based on the foregoing table, the factor relating to the 1-year delayed recognition of revenue from year 2017 to 2018 will affect the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion the most.

Therefore, according to the calculation to identify the rate of return on investment in the Project by the foregoing approaches, the Independent Financial Advisor is of the view that based on such assumptions, the investment in the Company's 2nd Tap Water Production Plant Construction Project for Production Capacity Expansion is feasible and justifiable for investment.

3.2 Assessment of the Feasibility of Investment in Construction of PTW's Production Capacity Expansion Project

According to the forecast of tap water usage demand in Pathum Thani - Rangsit area which is PTW's service area, the tap water usage demand is continuously rising to approximately 467,580 m³/day in 2023. At present, PTW produces tap water at the rate of 391,172 m³/day. Therefore, to prevent the potential damage which may arise from the tap water production beyond the design capacity for a long time, and to ensure that PTW's tap water production remains efficient and sufficiently meets such increasing demand, PTW needs to construct PTW's Production Capacity Expansion Project to increase the total production capacity of approximately 100,000 m³/day, divided into two phases, in order to satisfy the increasing demand in the future in each period, with an initial production capacity of 57,000 m³/day. In this regard, this transaction represents the production capacity expansion in Phase 1 with an additional production capacity of 57,000 m³/day, including structures to accommodate the production capacity expansion up to 100,000 m³/day in the future (collectively "PTW's Production Capacity Expansion Project").

In considering the feasibility of investment in such Project, the Independent Financial Advisor has prepared financial models to forecast cash flows to be received throughout the operation period, covering both phases of the production capacity expansion, to accommodate this investment in the structures, totaling 100,000 m³/day, with the total period for construction and operation of approximately 8 years and 10 months, from January 2015 to October 2023, which is the end of the term of the Water Production and Distribution Agreement and the Water Purchase and Sale Agreement with the Provincial Waterworks Authority (PWA). It is expected that PTW's Production Capacity Expansion Project will commence the commercial operation from January 2016 onwards.

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The Independent Financial Advisor has also set the indicators of the justification of the Project to consider the project feasibility and its return on investment, based on the following three approaches:

- Net Present Value (NPV) is a method to calculate the net present value of cash flows, which will be derived from the present value of cash inflow, less the present value of cash outflow, using the weighted average cost of capital (WACC) as the discounted rate to identify the net present value of such cash flows throughout the operation period of PTW's production capacity expansion.
- Internal Rate of Return (IRR) is a method to calculate the rate of return on investment in PTW's production capacity expansion, which will be derived from the present value of cash inflow and outflow throughout the operation period of the Project, whereby the rate derived from the calculation will cause the net present value (NPV) of the Project to equal zero, or in other words, the IRR is the rate of return which will render the investment equal to the return on investment, taking into account the value of money based on the operation period of PTW's production capacity expansion.
- Payback Period (PB) is a method to identify the break-even point of the Project by ascertaining how much time PTW's production capacity expansion will take to break even, which will be calculated from the accumulated cash flows to be received in the future, regardless of the value of money based on the operation period of PTW's production capacity expansion.

The Independent Financial Advisor has prepared the financial projections based on such business and financial data and assumptions made available by the Company and PTW, as follows:

- PTW's financial statements for 2011 - 2013 and the nine-month period of 2014;
- PTW's business and financial data and other information disclosed to the public;
- Information in the summaries of various agreements, such as, the tap water business concession in 2000, the Water Production and Distribution Agreement with PWA in 1995, the Water Purchase and Sale Agreement with PWA in 2006, and PTW's draft EPC Contract, etc.
- Information, documents and analysis on other factors from the interviews with the executives and working groups of the Company and PTW.

In addition, the Independent Financial Advisor has set other related assumptions which may affect the cash flows and the operational results, as well as the future operations of the PTW's Production Capacity Expansion Project. Should there be any factor causing changes to such assumptions, the return on investment as assessed on this occasion will be affected. The assumptions are as follows:

1. The forecast period in this financial model is approximately 8 years 10 months, namely, from January 2015 to July 2023, when the Water Purchase and Sale Agreement with PWA will expire; while the tap

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- water business concession from the Ministry of Interior will end in March 2025. On a conservative basis, the financial model assumes that PTW is able to produce and distribute tap water until the expiration of the Water Production and Distribution Agreement and the Water Purchase and Sale Agreement with PWA (October 2023), and that upon the expiration of the said Agreements with PWA, PTW's tap water production system will become the property of PWA in accordance with the terms on the Build-Own-Operate-Transfer ("BOOT") basis. However, although PTW is entitled to request to take on lease of the tap water production system from PWA on two occasions for a lease term of 10 years each, totaling 20 years, the financial model will not include the operations by way of lease of the tap water production system in the calculation.
2. It is assumed that PTW is able to produce and distribute tap water to PWA throughout the term of the Water Production and Distribution Agreement and the Water Purchase and Sale Agreement with PWA, without any change, cancellation or revocation during such period.
 3. It is assumed that PTW invests in PTW's Production Capacity Expansion Project, with the total production capacity expansion of 100,000 m³/day, and the production capacity expansion will be divided into two phases, as follows:
 - Phase 1 Investment in the construction of structures and installation of equipment in 2015 in a total amount of Baht 545 Million for a production capacity expansion of 57,000 m³/day, whereby it is expected to commence the production capacity expansion in Phase 1 in 2016;
 - Phase 2 Investment in the installation of additional equipment in 2021 in a total amount of approximately Baht 15 Million for a production capacity expansion of another 43,000 m³/day, whereby it is expected to commence the production capacity expansion in Phase 2 in 2022.
 4. The Notification of the National Executive Council. No. 58 specifies that the operation of tap water business is considered as trading business of infrastructure subject to concession from the Ministry of Natural Resources and Environment (PTW was originally awarded the concession from the Ministry of Interior prior to transfer of its power and authority with respect to the tap water business to the Ministry of Natural Resources and Environment). Based on this reasoning, the renewal of the concession or granting of a new concession for new area or a production capacity expansion shall be subject to the consideration and sole discretion of the concession grantor. Therefore, the

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- projections in the financial model assume that PTW's Production Capacity Expansion Project will be approved by the Ministry of Natural Resources and Environment.
5. In the investment in PTW's Production Capacity Expansion Project, PWA does not set any additional Minimum Offtake Quantity (MOQ) for this production capacity expansion of PTW. At present, PTW's MOQ has been increased to 330,000 m³/day from August 1, 2010 onwards. However, PTW's management believes that given the government's policy encouraging the service users to use tap water instead of groundwater to minimize the consequential impact, namely, land subsidence, therefore, as the water usage demand in PTW's service area exceeds its current production capacity, PWA shall agree to purchase the tap water volume in excess of MOQ as specified in the Agreement from PTW, in order to accommodate the increasing demand in response to growth in terms of population, communities, residences, economy and society. Based on this reasoning, the financial model then assumes that PWA agrees to purchase additional tap water volume from PTW's Production Capacity Expansion Project throughout the forecast period. The tap water selling price and its adjustment will be based on the Amendment Agreement to the Water Purchase and Sale Agreement with PWA in 2006.
 6. In the previous business operation, PTW mainly used water from the Chao Phraya River as the raw water resource for tap water production and distribution to PWA, PTW received the written reply from the Office of the National Water Resources Commission, No. NorRor. KorThorChor./070 dated January 24, 1996, for raw water pumping for tap water production and distribution to PWA in the amount of 300,000 m³/day, which was expanded by another 100,000 m³/day. PTW submitted an application for additional raw water pumping of another 100,000 m³/day since May 2007. However, to date, PTW has not yet received any reply from the Office of the National Water Resources Commission, which is currently no longer active and pending the enactment of the National Water Act, and as such, there is no regulatory agency directly in charge of this matter. The analysis and consideration of the sustainability in the long run prepared by the Company shows that the raw water source in the Chao Phraya River is adequate for continued production of tap water in the long run without any impact on the production process. Therefore, the financial model then assumes that PTW is able to pump water from the Chao Phraya River to accommodate this production capacity expansion, and that the water volume in the Chao Phraya River is sufficient for the requirement of PTW's Production Capacity Expansion Project throughout the forecast period.

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7. As PTW's Production Capacity Expansion Project on this occasion will be carried out on PTW's existing premises, and in the past, PTW has never paid any consideration for installation of water pipelines through such areas under the care of any government authorities, it cannot estimate a possible applicable rate in the future, therefore, the financial model then assumes that PTW has no rentals for installation of water pipelines in the existing manner which remains unchanged throughout the forecast period.
8. The financial model assumes that PTW pays the corporate income tax at the normal rate throughout the forecast period, without any rights and privileges in relation to the corporate income tax exemption for the improved operational results of PTW's Production Capacity Expansion Project. This is because at present, the Company has not yet submitted an application for investment promotion in Category 7.1 Public Utilities and Basic Services to the BOI.
9. The Royal Decree issued under the Revenue Code governing Reduction and Exemption from Revenue Taxes (No. 530) B.E. 2554 (2011) provides for reduction of the corporate income tax rate to 23 percent in 2012 and 20 percent in 2013 and 2014. On September 16, 2014, the Council of Ministers has passed a resolution to approve the draft Royal Decree governing reduction of corporate income tax by extending the tax rate of 20 percent to the year 2015. Furthermore, the Federation of Accounting Professions under the Royal Patronage of His Majesty the King has considered the announcement for tax rate reduction and is of the view that the tax rates which are rather certain for use in the valuation of assets and liabilities in relation to deferred income tax should be such rates approved by the Council of Ministers' resolution, namely, 23 percent for the accounting period of 2012, and 20 percent for the accounting period of 2013 onwards. In this connection, the Independent Financial Advisor sets the corporate income tax at the rate of 20 percent of net profit from year 2015 onwards until the end of the forecast period.
10. PTW's actual volume of tap water production on average during 2010 - the nine-month period of 2014 is summarized as follows:

Unit : m ³ /Day	2010	2011	2012	2013	9-Months of 2014
Tap water production capacity	388,000	388,000	388,000	388,000	388,000
Actual volume of production on average	343,458	354,967	373,919	375,983	391,172
Production capacity rate (%)	88.52%	91.49%	96.37%	96.90%	100.82%

Source: PTW

Based on the forgoing table, PTW's volume of tap water production continues to increase, and currently, the production capacity rate has exceeded 100 percent during the nine months of 2014. However, the financial model assumes that PTW will not produce and distribute tap water in excess of the maximum production capacity in each period of time throughout the forecast period.

Moreover, the Independent Financial Advisor has prepared the financial projections in order to identify the value and rate of return on investment in PTW's Production Capacity Expansion Project based on such assumptions. Should the economic circumstances and other external factors which affect the operation of PTW's Production Capacity Expansion Project and/or the said Project be materially changed from the forgoing assumptions, including such factors which affect the variables used in the calculation, the value and rate of return on investment in this Project may vary accordingly. It is noted that the value and rate of return on investment in PTW's Production Capacity Expansion Project may not be used as reference price, other than for the purpose as specified above.

Key assumptions used in the forecast cash flows from PTW's Production Capacity Expansion Project include:

External Factors

1. Inflation Rate

The inflation rate for Baht expenses is fixed at 3.06 percent per year throughout the forecast period, based on the annual average Consumer Price Index (CPI) during 2009 - 2013 (CAGR) as published by the Bank of Thailand.

Operating Revenues

2. Operating Revenues

2.1 Sales of treated water

Sales of treated water will be calculated based on the volume of tap water produced and distributed to PWA in respect of PTW's Production Capacity Expansion Project and the water tariffs based on the price and tariffs as specified in the Amendment Agreement to the Water Purchase and Sale Agreement with PWA on September 15, 2006, subject to the following assumptions:

a) Tap water distribution volume

According to the study conducted by the Water Resources Development Division, PWA (Source: Website of Water Resources Development Division, Water Resources Department, PWA), it forecasts that the water usage volume in PTW's areas will continue to increase in both current and future service areas. The growth rate of the number of tap water users in the areas of Pathum Thani - Rangsit in 2014 - 2018

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will increase at the rate ranging between 10.25 percent and 9.95 percent per year, respectively; while upon considering the actual volume of tap water distribution from 2010 onwards, it is found that the average growth is 4.99 million m³ per year or representing CAGR of approximately 3.06 percent per annum. In the nine months of 2014, the average volume of water distribution is approximately 368,963 m³/day. At present, PWA and PTW have adjusted the tap water distribution to other areas encountering tap water shortage, e.g., Thammasat Distribution Station, Rangsit Distribution Station, and particularly PTW's new distribution station to Muang Ake Village, where PWA has prepared for installation of tap water pipeline directly to Muang Ake Village. PTW has already made preparations for investment in PTW's Production Capacity Expansion Project, which will help increase the tap water usage demand in PTW's service area in the future. Therefore, on a conservative basis, in setting out the assumption regarding PTW's tap water distribution volume, management estimates that PTW's tap water distribution volume will increase by 3.5 million m³ per year or representing CAGR of approximately 2.36 percent per annum throughout the forecast period. Under the foregoing assumption, the average volume of tap water distribution of PTW's Production Capacity Expansion Project to PWA during 2016 - 2023 will range approximately 388,141 - 455,264 m³/day. PTW will recognize revenue from sales of treated water only for that in excess of 388,000 m³/day, which refers to the volume of tap water distribution which PTW can recognize as revenues in PTW's Production Capacity Expansion Project, ranging 141 - 67,264 m³/day during 2016 - 2023.

b) Water tariffs

The water tariffs and the adjustment rate of the water tariffs shall be in accordance with the conditions as specified in the Amendment Agreement to the Water Purchase and Sale Agreement with PWA on September 15, 2006. The water tariff in 2014 is Baht 12.39/m³, and shall be adjusted based on the Consumer Price Index (CPI) for Central Region for July every year as announced by the Bureau of Trade and Economic Indices, Department of Business Economics, Ministry of Commerce.

However, the Consumer Price Index for July 2014 is 2.16 percent, therefore, the water tariffs will be adjusted at such rate throughout the forecast period, on a conservative basis, and the water tariffs of PTW during 2010 – the third quarter of 2014 increased at an average rate of approximately 3.04 percent per annum.

In this regard, subject to the forgoing assumption, the water selling price to PWA accounts for approximately Baht 12.93 - 15.02/m³ during the forecast period.

2.2 Other income

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It is assumed that PTW has no other income throughout the forecast period than revenue from sales of treated water based on the foregoing assumptions.

3. Cost of Sales

In the projection, the cost of sales is divided into variable cost and fixed cost. However, PTW's Production Capacity Expansion Project will use PTW's existing water sources, the water treatment plan and pipelines in connection with PWA, PTW's cost of sales will increase due to variable cost only, as follows:

Variable cost of sales

The variable cost of sales varies on the volume of tap water production which comprises electricity cost, chemical cost, staff-related expenses in the production, and other production expenses, as per the following details:

1) The electricity cost is the main cost of sales in tap water production, representing 75 percent of the variable cost of sales in 2013. PTW's current tap water production project and PTW's Production Capacity Expansion Project are located in the same area, and thus incur the electricity cost in the same manner in the tap water production system from the water pumping from the Chao Phraya River for transmission through pipeline to the tap water production plant at Amphoe Sam Khok, Pathum Thani Province, and the water pumping for distribution to Thammasat Distribution Station, Rangsit Distribution Station and Pathum Thani Distribution Station. In the past, the electricity cost has been increasing based on the rates of energy payment and FT charge. The electricity cost for the nine-month period of 2014 amounts to approximately Baht 1.65/m³. Therefore, the average electricity cost in 2014 is fixed at Baht 1.65/m³ and shall be increased at the rate of 3.19 percent per annum throughout the forecast period, based on the increase in energy payment and FT charge during 2010 - 2014. In this regard, subject to the forgoing assumption, the electricity cost accounts for approximately Baht 1.76 - 2.19/m³ during the forecast period.

2) The cost of chemicals used in tap water production comprise alum, lime, polyelectrolyte and liquid chlorine. Since PTW's Production Capacity Expansion Project will use the conventional filtration like its current system, using the same raw water source, the cost of chemicals used in the tap water production will not be different between the current system and PTW's Production Capacity Expansion Project. Therefore, the chemical cost in 2014 is fixed at Baht 0.32/m³, which is an average actual rate of chemical cost during 2010 - the nine-month period of 2014, and such cost shall be increased at the rate of 3.06 percent per annum based on the inflation rate throughout the forecast period. In this regard,

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subject to the forgoing assumption, the chemical cost accounts for approximately Baht 0.34 - 0.42/m³ during the forecast period.

3) The staff-related expenses in PTW's production include salary, bonus, staff welfare, and other staff-related expenses in the tap water production and distribution. The staff-related expenses in the production PTW's Production Capacity Expansion Project in 2014 is fixed at Baht 0.08/m³, which is an average actual rate of expenses during 2010 - the nine-month period of 2014, and such expenses shall be increased at the rate of 5.00 percent per annum throughout the forecast period in accordance with the projections by the Company's management. In this regard, subject to the forgoing assumption, the staff-related expenses account for approximately Baht 0.09 - 0.13/m³ during the forecast period.

4) Other production expenses comprise spare parts and materials and other expenses. Other production expenses for PTW's Production Capacity Expansion Project in 2014 is fixed at Baht 0.06/m³, which is an average actual rate of expenses during 2010 - the nine-month period of 2014, and such expenses shall be increased at the rate of 3.06 percent per annum based on the inflation rate throughout the forecast period. In this regard, subject to the forgoing assumption, other production expenses account for approximately Baht 0.07 - 0.08 /m³ during the forecast period.

4. Selling and Administrative Expenses

According to the interviews with PTW's management, selling and administrative expenses in respect of PTW's Production Capacity Expansion Project include insurance premium against property damage and business interruption, whereby the insurance premium is fixed at the rate of 0.15 percent of the resultant between the book value after deduction of the accumulated depreciation of the fixed assets and net profit of PTW's Production Capacity Expansion Project in each year throughout the forecast period. This refers to an insurance company's proposal in December 2013 which issued an insurance policy covering the foregoing damages for the Company's current tap water production project.

5. Corporate Income Tax Rate

As PTW has not yet submitted an application for investment promotion in the tap water business in Category 7.1 Public Utilities and Basic Services for PTW's Production Capacity Expansion Project, therefore, PTW is required to pay the corporate income tax on its operating profit at the normal rate, namely, 20 percent per annum throughout the forecast period.

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Working Capital, Capital Expenditure and Depreciation

6. Working Capital*

6.1 Average Collection Period = 32 days

6.2 Average Sale Period = 0 day**

6.3 Average Debt Servicing Period = 6 days

Remarks:

* It is assumed that all trade accounts receivable and payable are settled at the end of the forecast period or October 14, 2023.

** It is assumed that all treated water can be promptly sold and delivered to PWA, therefore, the sale period is zero.

The foregoing projection of the working capital is calculated based on PTW's financial ratios in 2013.

7. Capital Expenditure

PTW's management has made projections of capital expenditure for the production capacity expansion in Phase 1 in the amount of approximately Baht 534 Million (excluding finance cost), and it is expected to invest another Baht 15 Million for M&E installation (water pump and electrical system) to enhance the distribution capacity to 100,000 m³/day in Phase 2, which may be summarized as follows:

	Phase 1	Phase 2
Year of Production Capacity Expansion	2015	2021
Increased Capacity (m ³ /day)	57,000	43,000
Total Production Capacity (m ³ /day)	445,000	488,000
Capital Expenditure (excluding finance cost) (Million Baht)	534*	15
Projections of Finance Cost (Million Baht)	11	-
Total Capital Expenditure (Million Baht)	545	15

Remarks:

* This has included the construction cost under the EPC Contract in the amount of Baht 367.10 Million per CK's proposal.

Other than the foregoing investment, it is assumed that PTW will not make any other investment in this Project throughout the forecast period since the repair and maintenance costs have been included in other production expenses throughout the forecast period.

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8. Amortization of PTW's Operating Rights

Since PTW entered into the Water Production and Distribution Agreement and the Water Purchase and Sale Agreement with PWA, pursuant to which, upon expiration of the term of the said Agreement with PWA, PTW's water production system shall become property of PWA on the Build-Own-Operate-Transfer ("BOOT") basis. Therefore, PTW's operating rights shall be amortized in accordance with the term of the Water Purchase and Sale Agreement with PWA, using the units of production method, and in line with the policy on depreciation for assets for water production of the Company, as PTW's parent company.

Source of Fund

9. Long-Term Loan from the Company, as PTW's Parent Company

According to the interviews with PTW's management, PTW's Production Capacity Expansion Project in Phase 1 will use the long-term loan in the amount of Baht 400 Million from the Company, as its parent company, while in Phase 2, PTW will use the working capital from the Project, as follows:

	Phase 1
Loan (Million Baht)	400
Year of Drawdown	2014-2015
Number of Years for Repayment	7
Year of Repayment	2016-2022

10. Interest Rate on Loan from the Company, as PTW's Parent Company

According to the interviews with the Company's management, the Company will borrow loans from financial institutions for further financing to PTW in PTW's Production Capacity Expansion Project in Phase 1 at the interest rate based on the Company's finance cost in respect of such loans from financial institutions plus margin 0.50 percent during construction and after the commercial operation date. It is assumed that the interest on loans borrowed by the Company is at the rate of 4.50 percent per annum, based on the average finance cost in the Company's financial statements as at the end of the third quarter of 2014. When combined with margin 0.50 percent, the interest rate is 5.00 percent per annum. It is thus assumed that the interest rate is at the fixed rate of 5.00 percent throughout the term of the loan agreement, which is close the average finance cost in PTW's financial statements as at the end of the

third quarter of 2014, where PTW borrowed a loan from the Company with an average rate of approximately 4.98 percent per annum.

11. PTW's Working Capital

It is assumed that PTW's working capital is used for investment in various expenses, e.g., design cost, clarifier tanks and consulting service fee, prior to PTW's Production Capacity Expansion Project in Phase 1, in the amount of Baht 145 Million in 2014, and that the working capital from PTW is used in Phase 2 in the amount of Baht 15 Million in 2021.

Valuation of Securities

12. Terminal Value

It is assumed that no Terminal Value is set in the final forecast year during which the Water Production and Distribution Agreement and the Water Purchase and Sale Agreement with PWA, whereby PTW shall transfer all water production systems to PWA in accordance with the Agreement.

13. Discounted Rate

The Independent Financial Advisor has applied the weighted average cost of capital (WACC) as the discounted rate to calculate the net present value of cash flows expected to be received from PTW's Production Capacity Expansion Project, with the details and variables used in the calculation as follows:

$$\begin{aligned} \text{WACC} &= (D/V)*K_d*(1-t) + (E/V)*K_e \\ &= 5.07 - 9.81 \text{ percent, subject to change by the debt to equity structure} \\ &\quad \text{throughout the forecast period or representing an average fixed rate of} \\ &\quad \text{approximately 6.61 percent throughout the forecast period.} \end{aligned}$$

Whereas,

- D = Long-term loan from TTW, its parent company, for PTW's Production Capacity Expansion Project
- E = PTW's working capital for PTW' Production Capacity Expansion Project
- V = All investment funds (D + E)
- t = Corporate income tax rate (20%)
- Kd = Interest rate on long-term loan during construction and interest rate after the commercial operation date

(Translation)

Calculation of cost of equity

The Independent Financial Advisor calculates the cost of equity on the Capital Asset Pricing Model (CAPM), with the following formula:

$$K_e = R_f + \beta(R_m - R_f) = 9.81 \text{ percent}$$

Whereas, R_f Risk free rate of return based on the rate of interest on 9-year government bonds, at 3.25 percent (Source: www.thaibma.or.th as at October 13, 2014) (one working day prior to the Board of Directors' Meeting)

β Beta coefficient at 0.575 based on average variance of daily return on the SET, compared with the closing price of the ordinary shares of the Company, as its parent company (Source: Bloomberg over the past one year until October 13, 2014) (one working day prior to the Board of Directors' Meeting)

R_m Average Market Return, calculated from the SET indices since 1975, the year in which the Stock Exchange of Thailand was opened until October 13, 2014 (one working day prior to the Board of Directors' Meeting) equal to 14.67 percent

(Translation)

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Based on the assumptions and discounted rate above, the calculation will be as follows:

Unit : Million Baht	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales of treated water	-	-	0.67	46.92	95.17	145.48	197.92	252.56	309.47	289.92
Cost of sales of treated water	-	-	-0.12	-8.29	-16.99	-26.24	-36.08	-46.53	-57.62	-54.56
Gross profit	-	-	0.55	38.63	78.18	119.24	161.84	206.03	251.84	235.36
Administrative expenses	-	-	-0.82	-0.74	-0.75	-0.73	-0.67	-0.58	-0.49	-0.35
Depreciation	-	-	-0.30	-20.52	-40.73	-60.95	-81.17	-101.39	-121.11	-134.26
Profit before finance cost and income tax expenses	-	-	-0.57	17.38	36.70	57.56	80.00	104.05	130.24	100.75
Income tax expenses	-	-	-	-3.48	-7.34	-11.51	-16.00	-20.81	-26.05	-20.15
Profit before finance cost after income tax expenses	-	-	-0.57	13.90	29.36	46.05	64.00	83.24	104.19	80.60
<i>Adjusted entries</i>										
Depreciation	-	-	0.30	20.52	40.73	60.95	81.17	101.39	121.11	134.26
Working capital	-	-	-0.06	-4.03	-4.20	-4.38	-4.56	-4.75	-4.94	26.93
Capital expenditure	-168.12	-377.31	-	-	-	-	-	-15.00	-	-
Cash flow for PTW's Production Capacity Expansion Project	-168.12	-377.31	-0.33	30.39	65.89	102.62	140.61	164.88	220.36	241.78

(Translation)

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	2014	Basis of Consideration
Net Present Value (NPV) (Unit: Million Baht)	Baht 107.81 Million	The value is more than zero.
Internal Rate of Return (IRR) (Unit: percent)	10.18 percent	The rate of return is more than the discounted rate.
Payback Period (Unit: years)	6.19 years	The payback period occurs within the operation period.

Based on the foregoing assumptions, the net present value of cash of the Project as at December 31, 2014 is Baht 107.81 Million, which is more than zero; it is expected that the rate of return on investment in the Project is at 10.18 percent, which is more than the discounted rate; and the payback period is approximately 6.19 years from the year of commencement of PTW's production capacity expansion.

In addition, in order to provide more information to the shareholders, the Independent Financial Advisor has conducted a sensitivity analysis by changing key factors to identify any impact on the return of the Project, which may be summarized as follows:

Case 1 Weighted average cost of capital (WACC) changes by 5 percent from forecast.

Case 2 The investment value in PTW's Production Capacity Expansion Project changes by 5 percent from forecast.

Case 3 Recognition of revenue from sales of treated water is delayed from 2016 to 2017.

Case 4 PTW's Production Capacity Expansion Project enjoys the corporate income tax exemption for the first eight years of operation.

Case 5 The corporate income tax rate is at 30 percent throughout the forecast period.

	Case 1		Case 2		Case 3	Case 4	Case 5
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%	1-year delayed recognition of revenue	BOI tax exemption	Tax at 30%
NVP (Million Baht)	96.27	119.66	76.17	141.08	105.88	153.63	83.78
IRR (%)	10.18%	10.18%	9.34%	11.08%	10.12%	12.22%	9.11%
PB (years)	6.19	6.19	6.30	6.07	6.20	5.90	6.34

(Translation)

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Based on the foregoing table, the factor relating to the corporate income tax at the rate of 30 percent throughout the forecast period will negatively affect the Project the most.

Therefore, according to the calculation to identify the rate of return on investment in the Project by the foregoing approaches, the Independent Financial Advisor is of the view that based on such assumptions, the investment in PTW's Production Capacity Expansion Project is feasible and justifiable for investment.