

**Opinion of the Independent Financial Advisor
Concerning the Connected Transaction**

(Supporting Document for Shares Acquisition Transaction
which is a part of Agenda 2 of
the Extraordinary General Meeting of Shareholders No. 1/2023)

of



Star Petroleum Refining Public Company Limited

The Independent Financial Advisor



Capital Advantage Company Limited

December 29, 2022

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of Star Petroleum Refining Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

No. 158/2022

December 29, 2022

Subject: Opinion of the Independent Financial Advisor concerning the Connected Transaction of Star Petroleum Refining Public Company Limited

Attention: Shareholders
Star Petroleum Refining Public Company Limited

Attachments: 1) Information of Thai Petroleum Pipeline Company Limited
2) Overview of Fuel Retail Industry in Thailand

Business overview and operating performance of Star Petroleum Refining Public Company Limited is shown in Clause 17 of the Information Memorandum on the Connected Transaction (Enclosure 2), which is enclosed with the Notification of this Extraordinary General Meeting of Shareholders.

Business overview and operating performance of Bangkok Aviation Fuel Services Public Company Limited can be found on www.set.or.th and www.bafsthai.com

Business overview and operating performance of Chevron Corporation can be found on www.chevron.com

References:

- 1) Resolutions of the Board of Directors' Meeting No. 4A/2022 of Star Petroleum Refining Public Company Limited, held on December 6, 2022;
- 2) Information Memorandum on the Connected Transaction of Star Petroleum Refining Public Company Limited dated December 6, 2022;
- 3) Annual Registration Statement (Form 56-1) of Star Petroleum Refining Public Company Limited for the year ended December 31, 2019 – 2020 and 2021 Annual Registration Statement/Annual Report (Form 56-1 One Report) for the year ended December 31, 2021;
- 4) Audited financial statements of Star Petroleum Refining Public Company Limited for the 12-month period ended December 31, 2018 – 2021 and reviewed financial statements for the 9-month period ended September 30, 2022;
- 5) Audited financial statements of Chevron Lubricants (Thailand) Company Limited for the 12-month period ended December 31, 2019 – 2021;
- 6) Carve-out financial information of the Fuel Business for the 12-month period ended December 31, 2017 – 2021, reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited;
- 7) Audited financial statements of Thai Petroleum Pipeline Company Limited for the 12-month period ended December 31, 2017 – 2021;
- 8) Annual Registration Statement (Form 56-1) of Bangkok Aviation Fuel Services Public Company Limited for the year ended December 31, 2019 – 2020 and 2021 Annual Registration Statement/Annual Report (Form 56-1 One Report) for the year ended December 31, 2021;
- 9) Audited financial statements of Bangkok Aviation Fuel Services Public Company Limited for the 12-month period ended December 31, 2018 – 2021 and reviewed financial statements for the 9-month period ended September 30, 2022;
- 10) Annual Report of Chevron Corporation for the year ended December 31, 2019 – 2021;
- 11) Audited financial statements of Chevron (Thailand) Limited for the 12-month period ended December 31, 2020 – 2021;

- 12) Property Appraisal Report No. GEN-SIA65-09-005 dated September 26, 2022, No. GEN-SIA65-09-006 dated September 26, 2022, No. GEN-SIA65-09-007 dated September 26, 2022, No. GEN-SIA65-09-008 dated September 26, 2022, No. GEN-SIA65-09-009 dated September 23, 2022, No. GEN-SIA65-09-009 (M) dated September 23, 2022, No. GEN-SIA65-09-010 dated September 23, 2022, and No. GEN-SIA65-09-010 (M) dated September 23, 2022 of Star Holdings Company Limited, prepared by Siam Imperial Appraisal Company Limited for public purpose;
- 13) Legal Due Diligence Report of the assets being acquired dated December 1, 2022, prepared by Linklaters (Thailand) Limited;
- 14) Financial Due Diligence Report of the Fuel Business dated October 18, 2022, prepared by Finansia Securities Limited;
- 15) The Framework Agreement, dated December 6, 2022 (and Draft Land Sale and Purchase Agreement of Star Holdings Company Limited);
- 16) Shares Sale and Purchase Agreement of Chevron Lubricants (Thailand) Company Limited and Thai Petroleum Pipeline Company Limited dated December 6, 2022;
- 17) Company Affidavit, Memorandum of Association, and other information and documents, as well as interviews with the management and relevant staffs of Star Petroleum Refining Public Company Limited

Disclaimers: 1) Results of the study conducted by Capital Advantage Company Limited (the "Independent Financial Advisor" or the "IFA" or "CapAd") in this report are based on information and assumptions provided by management of Star Petroleum Refining Public Company Limited, as well as information disclosed to the public on the websites of the Securities and Exchange Commission (www.sec.or.th) and the Stock Exchange of Thailand (www.set.or.th).

2) The Independent Financial Advisor shall not be responsible for profits or losses and any impacts resulting from the transactions.

3) The Independent Financial Advisor conducted the study with knowledge, skills, and cautiousness in accordance with the professional ethics.

4) The Independent Financial Advisor considered and provided its opinions based on the situation and information at the present time. If such situation and information change significantly, the study results in this report may be affected.

The Board of Directors' Meeting of Star Petroleum Refining Public Company Limited ("the Company" or "SPRC") No. 4A/2022 on December 6, 2022 resolved to approve the investment in the Fuel Business, pending an approval from a shareholders' meeting. Such investment in the Fuel Business comprises of the following 3 transactions.

Transaction 1: The acquisition of all ordinary shares of the Target so as to acquire the Fuel Business ("Target Shares Acquisition Transaction")

The Company will acquire all ordinary shares of Chevron Lubricants (Thailand) Company Limited (the name of which may be changed prior to the Closing Date) (the "Target"), representing 100% of the Target's total issued and paid-up shares, from (1) Chevron Asia Pacific Holdings Limited ("CAPHL"), (2) CT Nominee Holdings (I) LLC ("CTN1"), and (3) CT Nominee Holdings (II) LLC ("CTN2") (collectively referred to as the "Sellers of the Target Shares"), which are members of Chevron Group, at a total value of USD 16.8 million (equivalent to Baht 599.6 million¹), and the actual net working capital of the Fuel Business, which will be operated by the Target as at the Closing Date of the Target Shares Acquisition Transaction². Transaction 1 is deemed as the connected transaction.

¹ The transaction price will be paid by the Company in US dollar currency. Thus, the Baht value expressed herein is merely for reference and for calculation of the transaction size, based on the Bank of Thailand's weighted average interbank exchange rates as of November 15, 2022 of USD/Baht 35.693. The actual Baht value is subject to change based on the effective exchange rate applied as at the Closing Date.

² The actual net working capital comprises of current assets (excluding the current portion of deferred marketing loan and advance payment) less current liabilities (excluding the current portion of employee benefits). The value of net working capital is based on net book value of each item, except for the hydrocarbon inventory (such as fuel) which will be based on the market value in accordance with the terms and conditions specified in the Share Sale and Purchase Agreement.

The Target, established as a Thai company in 2012, will acquire the Fuel Business³ currently operated under Chevron (Thailand) Limited ("CTL"), as well as related assets from CTL.

Transaction 2: The acquisition of 9.91% of Thappline shares ("Thappline Shares Acquisition Transaction")

The Company will acquire shares of Thai Petroleum Pipeline Company Limited ("Thappline"), a provider of fuel pipeline transportation service, in a proportion of 9.91% of total issued and paid-up shares, comprising of 2,877,500 ordinary shares with par value of Baht 100 per share and 5,528,430 preferred shares with par value of Baht 100 per share, at a total value of USD 45 million (equivalent to Baht 1,606.2 million) from Chevron Asia Pacific Holdings Limited (CAPHL), a member of Chevron Group. Transaction 2 is deemed as the connected transaction.

Transaction 3: The investment in up to 49% of and the provision of loans to 2 newly established companies, namely NewCo 1 and NewCo 2, in order for NewCo 1 to acquire 19 plots of land to be used for the Fuel Business's operation ("Equity Investment and Loan Provision to New Companies Transaction")

The Company will invest in equity of and provide loan to 2 newly established companies, namely New Company 1 ("NewCo 1") and New Company 2 ("NewCo 2") (to be collectively referred to as "New Companies"), in order for NewCo 1 to acquire 19 plots of land to be used for the Fuel Business's operation at a total investment value of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million), consisting of

- (a) Investment in up to 49% of NewCo 1's total shares: NewCo 1 will purchase land for use in the operation of the Fuel Business, comprising 6 items with 19 plots of land, at a total price of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million) from Star Holdings Company Limited ("SHC"), which is a member of Chevron Group. The Target will then lease such property from NewCo 1 for further use in its business operation. *(Please refer to details of the land in Part 1, Transaction 3, Clause 2.1) of this report)*
- (b) Investment in up to 49% of NewCo 2's newly-issued shares⁴: NewCo 2 will invest in the remaining balance of NewCo 1's registered and paid-up capital (approximately 51% of NewCo 1's total shares).

In this regard, Transaction 1 – Transaction 2 will be collectively referred to as the "Shares Acquisition Transaction".

And, Transaction 1 – Transaction 3 will be collectively referred to as the "Fuel Business Investment Transaction".

The total value of the Fuel Business Investment Transaction is equal to the sum of:

- (1) USD 90.0 million (equivalent to Baht 3,212.4 million), divided into (a) value of Target Shares Acquisition Transaction (Transaction 1) of USD 16.8 million (equivalent to Baht 599.6 million), (b) value of Thappline Share Acquisition Transaction (Transaction 2) of USD 45.0 million (equivalent to Baht 1,606.2 million), and (c) value of Equity Investment and Loan Provision to New Companies Transaction (Transaction 3) of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million); and
- (2) The actual net working capital of the Fuel Business to be operated by the Target as at the Closing Date of the Shares Acquisition Transaction.

For illustration purpose, based on the Fuel Business's net working capital of Baht 2,350.1 million (equivalent to USD 65.8 million) as of December 31, 2021 and an assumption that the actual net working

³ The Fuel Business consists of (a) fuel retail business through 427 "Caltex" gas stations nationwide (data as of September 30, 2022), (b) wholesale oil business (Bulk Sales) with large corporate customers, (c) commercial and industrial (C&I) oil products distribution to end-users in commercial, industrial, automotive, and merchant marine industries, (d) marketing and distribution of fleet card (Star Card) and asphalt, (e) management of 2 joint operation terminals, namely Surat Thani Oil Terminal and Songkhla Oil Terminal, and (f) supply of aviation fuel at Suvarnabhumi Airport and Don Mueang International Airport to both Thai and international carriers through Bangkok Aviation Fuel Services Public Company Limited ("BAFS"), which is Thailand's leading aviation refueling service provider and fuel transportation service through a pipeline network.

Moreover, the Target will accept the transfer of constructions and equipment used in the said business operation (Surface Assets) and investment in BAFS, equivalent to 2.51% of BAFS's issued and paid-up capital.

⁴ The remaining 51% will be held by a Thai investor who is not the Company's connected person.

capital remains unchanged on the Closing Date, value of the Fuel Business Investment Transaction will equal to USD 90.0 million + USD 65.8 million = USD 155.8 million (equivalent to Baht 5,562.5 million).

As such, the Shares Acquisition Transaction (Transaction 1 - 2) is deemed as the connected transaction, pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 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) (collectively referred to as the "Notifications on Connected Transaction"), because the counterparty to the transaction is a company in Chevron Group, one of the Company's major shareholders indirectly holding 60.56% of the Company's issued and paid-up shares as of August 25, 2022 (XD)⁵. The connected transaction size is equal to 15.6% of the net tangible assets of the Company as of September 30, 2022⁶. *(The Company had not entered into any other connected transactions with the Chevron Group during the 6-month period preceding to the date the Company's Board of Directors resolved to propose the shareholders' meeting to approve this the connected transaction.)*

Therefore, the Company is required to disclose the information memorandum on the entering into the connected transaction to the SET and appoint an independent financial advisor to render an opinion to the shareholders of the Company. It also must obtain approval from the shareholders' meeting with affirmative votes of at least three-fourths of the total votes of shareholders who attend the meeting and are eligible to vote, excluding shareholders with conflict of interests. **The connected transaction is a part of Agenda 2 of the Extraordinary General Meeting of Shareholders No. 1/2023.**

The Fuel Business Investment Transaction, as mentioned above, is deemed as the asset acquisition transaction according to the Notification of Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition and Disposition of Assets B.E. 2547 (2004) (and its amendments) (collectively referred to as the "Notifications on Acquisition or Disposition of Assets"), with the highest transaction size of 14.2% according to the net tangible assets criteria based on the Company's reviewed consolidated financial statements for the 9-month period ended September 30, 2022. *(The Company had not entered into any asset acquisition transaction during the 6-month period preceding to the date the Company's Board of Directors resolved to propose the shareholders' meeting to consider and approve to the entering into this Transaction).* Since the size of the Transaction is below 15% and no new share of the Company has been issued as the consideration for the asset acquisition, the Company is not required to disclose the information of the Transaction to the Stock Exchange of Thailand ("SET").

However, under Section 107 (2) (b) of the Public Limited Company Act B.E. 2535 (and subsequent amendments), the Target Shares Acquisition Transaction (Transaction 1) is deemed as a purchase of or an acceptance of a transfer of another company's or a private company's business and must be approved by the shareholders' meeting with affirmative votes of at least three-fourths of the total votes of shareholders who attend the meeting and are eligible to vote. Therefore, the Company's Board of Directors resolved to propose the shareholders' meeting to consider and approve the Fuel Business Investment Transaction under Agenda 2 of the Extraordinary General Meeting of Shareholders No. 1/2023, together with the approval of the connected transaction.

In addition, the Company's Board of Directors also resolved to approve the Company to enter into relevant agreements and documents to the Fuel Business Investment Transaction.

The Company has appointed Capital Advantage Company Limited as the independent financial advisor ("Independent Financial Advisor" or "IFA" or "CapAd") to render an opinion to the shareholders concerning the reasonableness and appropriateness of prices and conditions of **the Shares Acquisition Transaction, which is the connected transaction.**

⁵ Chevron Corporation owns 100% of CAPHL shares.

CAPHL owns 100% of Chevron South Asia Holdings Private Limited ("CSAHPL") shares.

CSAHPL owns 60.56% of the Company's paid-up capital as of August 25, 2022 (XD).

Therefore, Chevron Corporation is the Company's indirect major shareholder.

⁶ Total size of connected transaction of Transaction 1 – Transaction 3 is equal to 18.1% of net tangible asset of the Company as of September 30, 2022.

CapAd has studied details of the Information Memorandum on the Connected Transaction of the Company, Annual Registration Statement/Annual Report 2021 (Form 56-1 One Report), and information from interviews with management and executives of the Company, as well as documents from the Company and Chevron Group such as financial statements, business plan, financial projection, feasibility study, Property Appraisal Report, Legal Due Diligence Report, Financial Due Diligence Report, and agreements and other relevant documents, Framework Agreement, Shares Sale and Purchase Agreement of Chevron Lubricants (Thailand) Company Limited and Thai Petroleum Pipeline Company Limited ("Share Purchase Agreement"), and the draft agreement for the sale and purchase of land from Star Holdings Company Limited ("Draft Land Purchase Agreement"), including information disclosed to the public, information disclosed on websites of the SET and the Office of the Securities and Exchange Commission ("SEC"), and financial information available on various websites as a basis for rendering our opinion on such transactions.

The opinion of CapAd in this report is based on the assumption that all information and documents received from the Company's management are accurate and complete. CapAd is unable to assure or guarantee the accuracy or completeness of such information. In deriving its opinion, CapAd considered current operating environment and most up-to-date information at the time of this report. Any change or future incident may have a material impact on business operation, financial projection of Transaction 1 – Transaction 3, and assessment and analysis of the Independent Financial Advisor, as well as shareholders' decision on the above connected transaction.

In providing the opinion to shareholders, CapAd studied and analyzed information stated above by considering the reasonableness of the connected transaction and all relevant factors thoroughly and reasonably according to the professional standards for the best interests of shareholders.

The attachments to this report of the Independent Financial Advisor's opinion are deemed as integral parts of the report and are information that shareholders should consider in conjunction with this report.

After considering and studying all information on the connected transaction, CapAd would like to summarize the study results as follows:

Abbreviation	
The "Company" or "SPRC"	Star Petroleum Refining Public Company Limited
"Chevron"	Chevron Corporation
"Fuel Business Investment Transaction"	Transaction 1 – Transaction 3
"Shares Acquisition of Transaction"	Transaction 1 – Transaction 2, which are connected transactions
Transaction 1:	
"Transaction 1" or "Target Shares Acquisition Transaction"	The acquisition of all ordinary shares of Chevron Lubricants (Thailand) Company Limited, including the actual net working capital as of the Closing Date of the Shares Acquisition Transaction so as to acquire the Fuel Business, currently operated by Chevron (Thailand) Limited, and related assets.
"BAFS"	Bangkok Aviation Fuel Services Public Company Limited, in which the Target will hold 2.51% of registered and paid-up capital
"CAHPL"	Chevron Asia Pacific Holdings Limited
"C&I"	Commercial and industrial oil product distribution business, which distributes oil products to end-users in commercial, industrial, automotive, and marine merchant sectors
"CORO"	Company-Owned and Retailer-Operated Caltex service station
"CSAHL"	Chevron South Asia Holdings Private Limited, the Company's major shareholder
"CTL"	Chevron (Thailand) Limited, a foreign company
"CTN1"	CT Nominee Holdings (I) LLC
"CTN2"	CT Nominee Holdings (II) LLC
"FPT"	Fuel Pipeline Transportation Limited, a subsidiary of BAFS, provides fuel pipeline transport service in Bangkok and Northern region (Bangchak – Chong Nonsi – Bang Pa-in – Phichit – Lampang), and connected the fuel pipeline to Suvarnabhumi Airport and Don Mueang International Airport
"Fuel Business Unit"	The fuel marketing and distribution business, including service station business under "Caltex" brand and other related brands and distribution of petroleum products e.g. gasoline, unleaded gasoline, diesel, jet fuel, and asphalt, currently operated by CTL.
"Internal Reorganization"	CTL and SHC will carry out a business reorganization by transferring the Fuel Business and the related assets to the Target, including the transfer of employees, licenses and permits, contracts, surface assets, and other assets associated with the Fuel Business, as well as 16,000,000 ordinary shares (equivalent to 2.51% of total issued and paid-up shares) of Bangkok Aviation Fuel Services Public Company Limited (BAFS), which will be duly completed before entering into Transaction 1.
"RORO"	Retailer-Owned and Retailer-Operated Caltex service station
"Sellers of the Target shares"	comprise of (1) Chevron Asia Pacific Holdings Limited, (2) CT Nominee Holdings (I) LLC, and (3) CT Nominee Holdings (II) LLC
"Target"	Chevron Lubricants (Thailand) Company Limited (the name of which may be changed prior to the Closing Date)
Transaction 2:	
"Transaction 2" or "Thapline Shares Acquisition Transaction"	The acquisition of 9.91% of total shares of Thai Petroleum Pipeline Company Limited
"Thapline"	Thai Petroleum Pipeline Company Limited, the provider of fuel pipeline transport service in the Central and Eastern regions (Map Ta Phut – Si Racha – Lam Luk Ka – Saraburi), and connected the fuel pipeline to Suvarnabhumi Airport and Don Mueang International Airport
Transaction 3:	
"Transaction 3" or the "Equity Investment and Loan Provision to New Companies Transaction"	The investment in up to 49% of and the provision of loans to 2 newly established companies, namely NewCo 1 and NewCo 2, in order for NewCo 1 to purchase 19 plots of land to be used for the Fuel Business's operation
"BCP"	Bangchak Corporation Public Company Limited
"NewCo 1"	New Company 1, to be incorporated
"NewCo 2"	New Company 2, to be incorporated
"New Companies"	New Company 1 and New Company 2
"SHC"	Star Holdings Company Limited, the seller of the land under Transaction 3
"UID"	United Industry Development Company Limited, a company under Esso (Thailand) Public Company Limited Group
Others	
"AMSA"	Aviation Marketing and Technical Services Agreement
"Draft Land SPA"	Draft Land Sale and Purchase Agreement of the land for the operations of the Fuel Business from Star Holdings Company Limited, an annex to the Framework Agreement
"FA"	The Framework Agreement, comprising of Shares SPA and Draft Land SPA
"MSA"	Marketing Services Agreement
"PSTC"	Power Solution Technologies Public Company Limited

"Shares SPA"	Shares Sale and Purchase Agreement of the Target and Thappline
"TLA"	Trademark License Agreement
"TPN"	Thai Pipeline Network Company Limited (a subsidiary of PSTC), the provider of fuel pipeline transport service in the Northeastern region (Saraburi – Nakhon Ratchasima – Khon Kaen)
Independent Financial Advisor" or "IFA" or "CapAd"	Capital Advantage Company Limited
"SEC"	The Securities and Exchange Commission, Thailand
"SET"	The Stock Exchange of Thailand
"Notifications on Acquisition or Disposition of Asset"	The Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition or Disposition of Assets B.E. 2547 (2004) and its amendments
"Notifications on Connected Transaction"	The Notification of the Capital Market Supervisory Board No. TorChor. 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) and its amendments
"Independent Property Appraiser"	Siam Imperial Appraisal Company Limited
"IRR"	Internal Rate of Return
"NPV"	Net Present Value
"NTA"	Net Tangible Assets
"WACC"	Weighted Average Cost of Capital

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Executive Summary

The Board of Directors' Meeting of Star Petroleum Refining Public Company Limited ("the Company" or "SPRC") No. 4A/2022 on December 6, 2022 resolved to approve the investment in the Fuel Business, pending an approval from a shareholders' meeting. Such investment in the Fuel Business comprises of the following 3 transactions.

Transaction 1: The acquisition of all ordinary shares of the Target so as to acquire the Fuel Business ("Target Shares Acquisition Transaction")

The Company will acquire all ordinary shares of Chevron Lubricants (Thailand) Company Limited (the name of which may be changed prior to the Closing Date) (the "Target"), representing 100% of the Target's total issued and paid-up shares, from (1) Chevron Asia Pacific Holdings Limited ("CAPHL"), (2) CT Nominee Holdings (I) LLC ("CTN1"), and (3) CT Nominee Holdings (II) LLC ("CTN2") (collectively referred to as the "Sellers of the Target Shares"), which are members of Chevron Group, at a total value of USD 16.8 million (equivalent to Baht 599.6 million⁷), and the actual net working capital of the Fuel Business, which will be operated by the Target as at the Closing Date of the Target Shares Acquisition Transaction.⁸ Transaction 1 is deemed as the connected transaction.

The Target, established as a Thai company in 2012, will acquire the Fuel Business⁹ currently operated under Chevron (Thailand) Limited ("CTL"), as well as related assets from CTL.

Transaction 2: The acquisition of 9.91% of Thappline shares ("Thappline Shares Acquisition Transaction")

The Company will acquire shares of Thai Petroleum Pipeline Company Limited ("Thappline"), a provider of fuel pipeline transportation service, in a proportion of 9.91% of total issued and paid-up shares, comprising of 2,877,500 ordinary shares with par value of Baht 100 per share and 5,528,430 preferred shares with par value of Baht 100 per share, at a total value of USD 45.0 million (equivalent to Baht 1,606.2 million) from Chevron Asia Pacific Holdings Limited (CAPHL), a member of Chevron Group. Transaction 2 is deemed as the connected transaction.

Transaction 3: The investment in up to 49% of and the provision of loan to 2 newly established companies, namely NewCo 1 and NewCo 2, in order for NewCo 1 to acquire 19 plots of land to be used for the Fuel Business's operation ("Equity Investment and Loan Provision to New Companies Transaction")

The Company will invest in equity of and provide loan to 2 newly established companies, namely New Company 1 ("NewCo 1") and New Company 2 ("NewCo 2") (to be collectively referred to as "New Companies"), in order for NewCo 1 to acquire 19 plots of land to be used for the Fuel Business's operation at a total investment value of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million), consisting of

- (a) Investment in up to 49% of NewCo 1's total shares: NewCo 1 will purchase land for use in the operation of the Fuel Business (Fuel Business Land), comprising of 6 transactions with 19 plots of land, at a total price of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million) from Star Holdings Company Limited ("SHC"), which is a member of Chevron Group. The Target will then lease such property from NewCo 1 for further use in its business operation. *(Please refer to details of the land in Part 1, Transaction 3, Clause 2.1) of this report)*
- (b) Investment in up to 49% of NewCo 2's newly-issued shares:¹⁰ NewCo 2 will invest in the remaining balance of NewCo 1's registered and paid-up capital (approximately 51% of NewCo 1's total shares).

In this regard, Transaction 1 – Transaction 2 will be collectively referred to as the "Shares Acquisition Transaction".

And, Transaction 1 – Transaction 3 will be collectively referred to as the "Fuel Business Investment Transaction".

⁷ Please refer to Footnote 1 on page 2.

⁸ Please refer to Footnote 2 on page 2.

⁹ Please refer to Footnote 3 on page 3.

¹⁰ Please refer to Footnote 4 on page 3.

The total value of the Fuel Business Investment Transaction is equal to the sum of:

- (1) USD 90.0 million (equivalent to Baht 3,212.4 million), divided into (a) value of Target Shares Acquisition Transaction (Transaction 1) of USD 16.8 million (equivalent to Baht 599.6 million), (b) value of Thappline Shares Acquisition Transaction (Transaction 2) of USD 45.0 million (equivalent to Baht 1,606.2 million), and (c) value of Equity Investment and Loan Provision to New Companies Transaction (Transaction 3) of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million); and
- (2) The actual net working capital of the Fuel Business to be operated by the Target as at the Closing Date of the Shares Acquisition Transaction.

For illustration purpose, based on the Fuel Business's net working capital of Baht 2,350.1 million (equivalent to USD 65.8 million) as of December 31, 2021 and an assumption that the actual net working capital remains unchanged on the Closing Date, value of the Fuel Business Investment Transaction will equal to USD 90.0 million + USD 65.8 million = USD 155.8 million (equivalent to Baht 5,562.5 million).

The Shares Acquisition Transaction (Transaction 1 - 2) is deemed as the connected transaction, pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 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) (collectively referred to as the "Notifications on Connected Transaction"), because the counterparty to the transaction is a company in Chevron Group, one of the Company's major shareholders indirectly holding 60.56% of the Company's issued and paid-up shares as of August 25, 2022 (XD)¹¹. The connected transaction size is equal to 15.6% of the net tangible assets of the Company as of September 30, 2022¹². *(The Company had not entered into any other connected transactions with the Chevron Group during the 6-month period preceding to the date the Company's Board of Directors resolved to propose the shareholders' meeting to approve this the connected transaction.)*

Therefore, the Company is required to disclose the Information Memorandum on the Connected Transaction to the SET and appoint an independent financial advisor to render an opinion to the shareholders of the Company. It also must obtain approval from the shareholders' meeting with affirmative votes of at least three-fourths of the total votes of shareholders who attend the meeting and are eligible to vote, excluding shareholders with conflict of interests. **The connected transactions are parts of Agenda 2 of the Extraordinary General Meeting of Shareholders No. 1/2023.**

However, under Section 107 (2) (b) of the Public Limited Company Act B.E. 2535 (and subsequent amendments), the Target Shares Acquisition Transaction (Transaction 1) is deemed as an acquisition of or an acceptance of a transfer of another company's or a private company's business, which must be approved by the shareholders' meeting with affirmative votes of at least three-fourths of the total votes of shareholders who attend the meeting and are eligible to vote. Therefore, the Board of Directors of the Company resolved to propose the shareholders' meeting to consider and approve the Fuel Business Investment Transaction under Agenda 2 of the Extraordinary General Meeting of Shareholders No. 1/2023, together with the approval of the connected transactions.

In addition, the Board of Directors of the Company also resolved to approve the Company to enter into relevant agreements and documents to the Fuel Business Investment Transaction.

The Company has appointed Capital Advantage Company Limited as the independent financial advisor ("Independent Financial Advisor" or "IFA" or "CapAd") to render an opinion concerning reasonableness and appropriateness of prices and conditions of **the Shares Acquisition Transaction, which is considered as the connected transaction**. CapAd has considered objectives and necessities of the transactions, as well as their advantages, disadvantages, benefits, and risks as follows:

The Company operates only one core business as a leading producer of petroleum products in Thailand and an operator of one of the most efficient refineries in the Asia-Pacific region. Its refinery has a product quality improvement unit, with a crude oil refining capacity of 175,000 barrels per day. Among its products are liquefied petroleum gas, unleaded gasoline of premium and regular grades, aviation fuel, high speed diesel, and fuel oil. The products are mainly for local distribution, primarily

¹¹ Please refer to Footnote 5 on page 4.

¹² Please refer to Footnote 6 on page 4.

through Chevron Group, PTT Public Company Limited, and PTT Oil and Retail Business Public Company Limited, while chemical products are sold to petrochemical companies in Map Ta Phut Industrial Estate.

One of the Company's important missions and strategic objectives is to develop its competitiveness by making investments at the right timing to ensure sustainable worthiness and optimum return for shareholders and achieve the highest stakeholder satisfaction.

Chevron Corporation is planning to restructure its business units in Thailand by transferring the Fuel Business Unit, currently operated by CTL, and all assets used in such business operation to the Target (to be wholly owned by the Company as per Transaction 1), and transferring the Fuel Business Land from SHC to NewCo 1.

The Company accordingly deems this as a good opportunity of business expansion in line with its mission and goal by diversifying from its current sole activity in oil refining into the downstream petroleum industry, i.e., petroleum product distribution and related businesses. Furthermore, the Company will invest in the fuel pipeline transportation business through direct shareholding of 9.91% of Thapline total paid-up shares, and in the aviation fuel distribution business via an indirect investment in BAFS in the proportion of 2.51% of BAFS's paid-up shares through its shareholding in the Target. Such business expansion will not only increase its revenue generating capability and return on investment, but also form a complete supply chain of its petroleum business.

Therefore, the entering into the Fuel Business Investment Transaction will enable the Company to secure its customer base, generate stable income, increase its net profit, enhance future business opportunity, and add value to long-term investments, thereby strengthening the Company's and its shareholders' benefits.

Advantages and benefits of entering into the transactions are as follows:

- (1) The Company shall be able to maintaining its customer base and stabilize revenue generating capability of the refinery business. After completion of Transactions 1, the Target, which will become a subsidiary of the Company, will undertake the management of the Fuel Business in place of CTL. This allows the Company to maintain its customer base and stabilize revenue generating capability of its refinery business.
- (2) The Company shall be able to reduce the reliance on revenue from sale from the major customer (Chevron Group) and diversify risk by having more refinery customers. Under Transaction 1, the major customer of the Company's refinery business will change from the current sole customer, CTL, to (a) 24 CORO service stations and 403 RORO service stations nationwide, and (b) other customers in the manufacturing, transportation, airline (aviation fuel), shipping, construction, and agriculture sectors. Thus, the Company can reduce its reliance on sales derived from the major customer (Chevron Group: CTL) and diversify by having more refinery customers.
- (3) It supports the Company's growth and creates business expansion opportunity, which will enhance its competitiveness in the future.
 - (3.1) The Company can expand the investment to the downstream petroleum industry, which can support its refinery business.
 - (3.2) It creates an opportunity to diversify to non-fuel retail businesses through Caltex service stations in order to generate more revenue and return from these businesses, which include coffee shop, convenient store, fast food and beverages, car service, other commercial services, EV charging stations.
 - (3.3) The Company has an opportunity to receive consistent dividend income from investment in Thapline's fuel pipeline transport business, which has a definite customer base.
 - (3.4) The Company has an opportunity to receive consistent dividend income from investment in BAFS's aviation fuel business upon recovery of the aviation business from the COVID-19 pandemic.
 - (3.5) It is the acquisition of assets that can instantly generate revenues and do not have any financial liabilities.
 - (3.6) It is the enlargement of the Company's business size which will help to grow its asset base (in case the Transaction is financed by loan), and generate higher revenues from operation and investment.
- (4) Risk from sole reliance on the oil refinery business shall be mitigated.
- (5) The Target plans accept the transfer of Fuel Business's personnel who are knowledgeable, skilled, and highly experienced, which will result in smooth and continuous management of the Target.

- (6) There is the potential upside gain from the investment in Thappline if Thappline's pipeline can be utilized more than 40 years (or depreciating useful life).

However, the entering into Transactions is associated with the disadvantages and risks as follows:

- (1) The Company will have higher liabilities, interest expenses, and net IBD/E ratio (if the Transaction is financed by loan).
- (2) The Company has no direct experience in the management of Fuel Business.
- (3) The investment is still concentrated in the petroleum and supporting industries.
- (4) It is the investment in the industry that is vulnerable to impacts from the government's policy against global warming and the future technological changes.
- (5) Risks that the Fuel Business's performance fails to meet the projection.
 - (5.1) Risk from competition with nearby service stations
 - (5.2) Risk that employees of CTL's Fuel Business decline to work with the Company
- (6) Use of 4 plots of land of CORO service stations (which are located in the prime areas, adjacent to a main road and communities) for operation of other businesses may generate higher returns than service stations, which normally generate relatively low return.
- (7) Foreign exchange rate risk as at the Closing Date since the Company shall pay for the consideration of Transaction 1 – Transaction 3 in US dollar by June 2024
However, the currency used in the Company's operation is US dollar as most of its revenue, cost, and expenses are in US dollar.
- (8) The Company shall have more process, expenses, and time for preparation of the consolidated financial statements, as well as related policy setting such as policy on investment in subsidiaries and associated companies, monitoring of performance, internal control, and internal audit since the Company has never had any subsidiaries or associated companies.

Benefits and advantages of entering into the transactions with connected person in comparison with the transactions with the third parties are as follows:

- (1) The Company can reduce its reliance on revenue contribution from Chevron Group.
- (2) The transfer of the Fuel Business shall be in a smooth and rapid manner, without any leak of confidential information, under the support of Chevron Group.
- (3) The Company still gain indirect benefit from the extensive network of and mutual support among Chevron Group.
- (4) The Company shall be able to minimize the number of connected transactions and increase flexibility in operation. At present, the sales of petroleum products to CTL are considered transactions with the major shareholder, which are deemed as connected transactions. Upon the completion of Transaction 1, the sales of petroleum products to the Target will be transactions between the Company and its subsidiary (the Target). Therefore, such transactions are not deemed as connected transactions.

Disadvantages of the entering into the transactions with connected persons in comparison with the transactions with the third parties are as follows:

- (1) It is the reliance on the connected person (Chevron Group)'s support for the operation of the Fuel Business such as the Trademark License Agreement, the Marketing Services Agreement, and the Aviation Marketing and Technical Services Agreement.
- (2) The entering into Transaction 1 – Transaction 2 are considered as large-scale transactions under the Notifications on Connected Transaction, whereby the Company is required to obtain an approval from the shareholders' meeting and appoint an independent financial advisor to render opinion to the shareholders, thus necessitating disclosure of sufficient detailed information for the shareholders' decision-making and incurrance of extra expenses on holding a shareholders' meeting.

However, the entering into the Fuel Business Investment Transaction is the business restructuring of Chevron Group to integrate the potential of downstream businesses within the Group for higher efficiency. Furthermore, the opportunity to enter into similar transaction with another third party is rather limited. Therefore, it is not possible, in actual circumstance, to compare such transactions with the transactions entered into with the third party.

The appropriateness of conditions in the agreements relating the connected transactions

As regards to the agreements relating to Transaction 1 – Transaction 3, comprising of the Framework Agreement, the Sale and Purchase Agreement for Target and Thappline shares (Shares SPA), and the Draft Land Sale and Purchase Agreement with SHC (Draft Land SPA), the IFA is of the opinion that the conditions in these agreements are appropriate and in the normal course of business. Moreover, there is a condition prohibiting Chevron Group from operating any business that competes with the Fuel Business, unless otherwise approved under the Trademark License Agreement in Thailand.

However, in order to comply with the conditions and details proposed for the approval of this shareholders' meeting, the IFA would like to make the recommendation as follows: Since Transaction 1 – Transaction 3 are expected to be completed by June 2024, therefore, as at the date of transfer of the Target shares, the Board of Directors, Audit Committee, and management of the Company should examine details of the Fuel Business, number of CORO and RORO service stations, assets used in such business operation, and any other details to ensure that they are in line with the conditions and the details proposed for the approval of shareholders' meeting.

- The determination of the sale and purchase price for Transaction 1 is based on past performance of the Fuel Business of CTL up to the end of 2021. As at the end of Q3/2022, CTL had 24 CORO service stations and 403 RORO service stations.
- Under the Shares SPA, Chevron Group (by the Sellers of the Target Shares) is subject to a commitment relating to the operation of the Fuel Business of CTL, whereby Chevron Group shall exercise all of its rights and power to ensure that CTL is obligated to operate the day-to-day business without any material change.

After considering objectives and necessities of the transactions as well as advantages, disadvantages, benefits, and risks, the Independent Financial Advisor is of the opinion that the entering into the connected transactions is beneficial to the Company (under the support from the connected person), while most of the associated risks are business risks that the Company normally encounters. Therefore, **the entering into the connected transactions is reasonable.**

In considering the appropriateness of price and conditions of the connected transactions, the Independent Financial Advisor has the following opinions:

Transaction 1: Target Shares Acquisition Transaction, divided into

Valuation of Target shares (exclusive of the investment in BAFS)

Value of Target shares (exclusive of the investment in BAFS shares) derived from various valuation approaches can be summarized as follows:

(Unit: Baht million)

Target Shares (Exclusive of the Investment in BAFS Shares)	Inclusive of the Assets of Songkhla Oil Terminal	Exclusive of the Assets of Songkhla Oil Terminal^{1/}
1. Book Value Approach	2,277.13	2,210.08
2. Adjusted Book Value Approach	2,308.40	2,209.41
3. Market Value Approach	Not applicable	Not applicable
4. Price to Book Value Ratio Approach	6,135.24 – 7,149.31	5,954.59 – 6,938.79
5. Price to Earnings Ratio Approach	15,137.97 – 19,270.32	15,137.97 – 19,270.32 ^{2/}
6. Discounted Cash Flow Approach	1,421.62 – 1,640.26	1,376.75 – 1,589.48

Remark:

1/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land and surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA will decrease by USD 4.34 million.

Therefore, book value of the assets (exclusive of the assets of Songkhla Oil Terminal) as of December 31, 2022 was equal to Baht 67.05 million.

2/ Historical performance of CTL included operating expenses of Songkhla Oil Terminal and land rental fee for Songkhla Oil Terminal. Thus, value of Target shares in both cases shall be indifferent.

CapAd is of the opinion that Discounted Cash Flow Approach is the most appropriate valuation approach for Target shares as it reflects future profitability of the Target. **Conclusively, CapAd viewed that fair value of Target shares (exclusive of the investment in BAFS shares), in case of the inclusive of the assets of Songkhla Oil Terminal, is equal to Baht 1,421.62 – 1,640.26 million, while fair value of Target shares (exclusive of the investment in BAFS shares), in**

case of the exclusive of the assets of Songkhla Oil Terminal, is equal to Baht 1,376.75 – 1,589.48 million.

Valuation of BAFS shares

Value of BAFS shares derived from various valuation approaches can be summarized as follows:

BAFS	Share Value	Equity Value at 2.51% ^{1/}
	(Baht/share)	(Baht million)
1. Book Value Approach	7.16	114.52
2. Adjusted Book Value Approach	7.16	114.52
3. Market Value Approach	30.30 – 30.45	484.82 – 487.20
4. Price to Book Value Ratio Approach	15.20 – 30.64	243.27 – 490.29
5. Price to Earnings Ratio Approach	Not applicable	Not applicable
6. Discounted Cash Flow Approach	Not applicable	Not applicable

Remark: 1/ CTL holds 16,000,000 BAFS shares with par value of Baht 1.00 per share, equivalent to 2.51% of total registered and paid-up capital of BAFS.

CapAd is of the opinion that the Market Value Approach is the appropriate valuation approach for BAFS shares because market value of BAFS shares reflects demand and supply of investors in the stock market after taking into consideration all publicly available information and the investors' expectation of future operating performance. **CapAd viewed that fair value of BAFS shares is in a range of Baht 30.30 – 30.45 per share, or value of BAFS shares at 2.51% shareholding is in a range of Baht 484.82 – 487.20 million.**

Transaction 2: Thappline Shares Acquisition Transaction

Value of Thappline shares derived from various valuation approaches can be summarized as follows:

(Unit: Baht million)

Thappline	Firm Value of Thappline (100%)	Firm Value of Thappline (9.93%) ^{1/}
1. Book Value Approach	10,185.93	1,010.98
2. Adjusted Book Value Approach	10,185.93	1,010.98
3. Market Value Approach	n.a.	n.a.
4. Price to Book Value Ratio Approach	19,252.08 – 22,118.55	1,910.82 – 2,195.33
5. Price to Earnings Ratio Approach	16,337.11 – 18,295.99	1,621.50 – 1,815.93
6. Discounted Cash Flow Approach	16,465.50 – 17,096.72	1,634.25 – 1,696.90

Remark: 1/ CAPHL holds 9.91% of total shares in Thappline (ordinary shares and preferred shares), representing 10% of voting right and 9.93% of right to receive dividend.

CapAd is of the opinion that the Discounted Cash Flow Approach is the most appropriate valuation approach for Thappline shares as it reflects future profitability of Thappline. **Conclusively, CapAd viewed that fair value of Thappline shares (9.93%) is equal to Baht 1,634.25 – 1,696.90 million.**

Transaction 3: Equity Investment and Loan Provision to New Companies Transaction

Comparison of the acquisition price of the Fuel Business Land and fair value as determined by the Independent Property Appraiser is as follows:

The Fuel Business Land	Land Area (rai-ngan-sq.wah)	Fair Value	Acquisition Price	Fair Value Higher (Lower) than Acquisition Price	
		(Baht million)	(Baht million)	(Baht million)	(%)
		(1)	(2)	(3) = (1) – (2)	(3)/(2)
1. CORO – Khon Kaen Land	2-1-33.60	93.36			
2. CORO – Bangkok Land (Pongsawat Service)	1-0-80.00	480.00			
3. CORO – Phuket Land (Siam Imp Phuket)	2-1-94.10	93.45			
4. CORO – Pathum Thani Land (Siam Imp Phetklongnueng)	5-0-31.00	132.02			
5. Songkhla Oil Terminal Land	52-2-39.90	150.73			
6. Surat Thani Oil Terminal Land	18-0-57.50	86.99			
Total 6 transactions (inclusive of Songkhla Oil Terminal)	81-3-36.10	1,036.54	1,006.54^{1/}	30.00	2.98%

The Fuel Business Land	Land Area (rai-ngan-sq.wah)	Fair Value	Acquisition Price	Fair Value Higher (Lower) than Acquisition Price	
		(Baht million)	(Baht million)	(Baht million)	(%)
		(1)	(2)	(3) = (1) – (2)	(3)/(2)
Total 5 transactions (exclusive of Songkhla Oil Terminal)	29-0-96.20	885.81	851.63^{2/}	34.17	4.01%

Remark 1/ The Company will acquire 19 plots of the Fuel Business Land from SHC with the total investment of not exceeding USD 28.2 million or equivalent to Baht 1,006.54 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

2/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of the Songkhla Oil Terminal Land and surface assets. As a result, the total consideration under the Draft Land SPA for the Fuel Business Land will be reduced by of USD 4.34 million. The net acquisition price will be USD 23.86 million or equivalent to of Baht 851.63 million.

In case of the inclusive of Songkhla Oil Terminal Land, the fair value of land appraised by the Independent Property Appraiser is higher than the acquisition price by Baht 30.00 million or 2.98% of the acquisition price. In case of the exclusive of Songkhla Oil Terminal Land, the fair value of land is higher than the acquisition price by Baht 34.17 million or 4.01% of the acquisition price .

The assessment of the acquisition of land from SHC for the Fuel Business operation of the Target is as follows:

(Unit: Baht million)

<u>Inclusive</u> of Songkhla Oil Terminal Land and Surface Assets	Discount Rate		
	8.03% p.a.	7.65% p.a. (Base Case)	7.27% p.a.
Value of Target shares (exclusive of BAFS shares) ^{1/}	1,421.62	1,526.48	1,640.26
Less: Acquisition price of Target shares (exclusive of BAFS shares) ^{2/}	(113.63)	(113.63)	(113.63)
Less: Acquisition price of land from SHC ^{3/}	(1,006.54)	(1,006.54)	(1,006.54)
NPV of cash flows from the acquisition of Target shares and land from SHC as of July 1, 2024	301.44	406.31	520.08
Internal rate of return	9.02% p.a.		
Payback period	9.85 years		

Remark:

1/ Please refer to details of the valuation in Part 3, Clause 1.1.5 of this report.

2/ The acquisition price of Target shares (inclusive of the investment in BAFS shares) is equal to USD 16.80 million or approximately Baht 599.64 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

After deducting fair value of BAFS shares of Baht 486.01 million (average market price of Baht 484.82 – 487.20 million) (Please refer to details in Part 3, Clause 1.2 of this report), net acquisition price of Target shares shall be Baht 113.63 million.

3/ The acquisition price of the Fuel Business Land is equal to USD 28.20 million or approximately Baht 1,006.54 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

(Unit: Baht million)

<u>Exclusive</u> of Songkhla Oil Terminal and Surface Assets	Discount Rate		
	8.03% p.a.	7.65% p.a. (Base Case)	7.27% p.a.
Value of Target shares (exclusive of BAFS shares) ^{1/}	1,376.75	1,478.83	1,589.48
Less: Acquisition price of Target shares (exclusive of BAFS shares) ^{2/3/}	(44.03)	(44.03)	(44.03)
Less: Acquisition price of land from SHC ^{2/4/}	(851.63)	(851.63)	(851.63)
NPV of cash flows from the acquisition of Target shares and land from SHC as of July 1, 2024	481.09	583.16	693.81
Internal rate of return	10.04% p.a.		
Payback period	9.00 years		

Remark:

1/ Please refer to details in Part 3, Clause 1.1.5 of this report.

If Songkhla Oil Terminal Land and surface assets are not transferred to the Target, SPRC and CTL shall arrange for the use of Songkhla Oil Terminal by the Target. The consideration payable by Target shall equal to actual costs of CTL. Therefore, in this case, the additional expenses shall be land rental fee for Songkhla Oil Terminal which is assumed at Baht 2.71 million per year, based on the current land rental rate (it is agreed that the consideration payable by NewCo 1 shall not be higher than the level of expenses incurred by CTL). The land rental fee is assumed to increase by 3.00% p.a.

2/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land

and its surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.

- 3/ The acquisition price for Target shares (inclusive of the investment in BAFS shares) is equal to USD 16.80 – 1.95 million = USD 14.85 million or equivalent to approximately Baht 530.04 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

After deducting fair value of BAFS shares of Baht 486.01 million (*average market price of Baht 484.82 – 487.20 million*) (Please refer to details in Part 3, Clause 1.2 of this report), net acquisition price of Target shares shall be Baht 44.03 million.

- 4/ The acquisition price of the Fuel Business Land is equal to USD 28.20 – 4.34 million = USD 23.86 million or equivalent to approximately Baht 851.63 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

From the feasibility study in the case of the inclusive of Songkhla Oil Terminal Land and surface assets, the IFA found that NPV of the investment in Target shares and the acquisition of land from SHC is in the range of Baht 301.44 – 520.08 million (Baht 406.31 million in the base case), IRR is equal to 9.02% p.a., and payback period is 9.85 years from the Closing Date (Closing Date is expected in mid-2024). **Therefore, the IFA is of the opinion that the investment in Target shares (exclusive of the investment in BAFS shares) and the acquisition of land from SHC is feasible and appropriate.**

Comparison of fair value of the assets to be acquired, determined by the Independent Financial Advisor in Part 3, Transaction 1 – Transaction 3, and acquisition price (Transaction 1 – Transaction 3) can be summarized as follows:

Transaction	Assets to be Acquired (<u>Inclusive</u> of Songkhla Oil Terminal Land and Surface Assets)	Fair Value	Acquisition Price ^{1/}	Fair Value is Higher (Lower) than Acquisition Price	
		(Baht million)	(Baht million)	(Baht million)	(%)
		(1)	(2)	(3)=(1)-(2)	(3)/(2)
1	Target Shares (exclusive of the investment in BAFS shares)	1,421.62 – 1,640.26 ^{2/}			
	Ordinary shares of BAFS	484.82 – 487.20 ^{3/}			
	Total value of Target shares	1,906.44 – 2,127.46	599.64		
3	Fuel Business Land	- ^{4/}	1,006.54		
	Transaction 1 + Transaction 3	1,906.44 – 2,127.46	1,606.19	300.25 – 521.27	18.69% - 32.45%
2	Thappline shares	1,634.25 – 1,696.90 ^{5/}	1,606.19	28.06 – 90.71	1.75% - 5.65%
	Total Transaction 1 – Transaction 3	3,540.69 – 3,824.35	3,212.37	328.32 – 611.98	10.22% - 19.05%

Remark:

- 1/ Calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022. (www.bot.or.th)
- 2/ Fair value of Target shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 1.1 of this report)
- 3/ Fair value of BAFS shares is derived from the Market Value Approach. (Please refer to details in Part 3, Clause 1.2 of this report)
- 4/ Land to be acquired from SHC is for operation of the Fuel Business of the Target. Therefore, fair value of such land is included in the valuation of Target shares in Transaction 1.
- 5/ Fair value of Thappline shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 2 of this report)

From the above table, total fair value of assets (Transaction 1 – Transaction 3), in the case of the inclusive of Songkhla Oil Terminal Land and surface assets, is equal to USD 99.20 – 107.15 million (Baht 3,540.69 – 3,824.35 million), higher than the acquisition price by USD 9.20 – 17.15 million (Baht 328.32 – 611.98 million) or higher than the acquisition price by 10.22% – 19.05%. **Therefore, the Independent Financial Advisor is of the opinion that the total acquisition price of the assets (Transaction 1 – Transaction 3), inclusive of Songkhla Oil Terminal Land and surface assets, of USD 90.00 million (approximately Baht 3,212.37 million, based on the exchange rate of USD/Baht 35.693) is considered appropriate as it is lower than fair value of the assets.**

Transaction	Assets to be Acquired (<u>Exclusive</u> of Songkhla Oil Terminal Land and Surface Assets)	Fair Value	Acquisition Price	Fair Value is Higher (Lower) than Acquisition Price	
		(Baht million)	(Baht million)	(Baht million)	(%)
		(1)	(2)	(3)=(1)-(2)	(3)/(2)
1	Target shares (exclusive of the investment in BAFS shares)	1,376.75 – 1,589.48 ^{2/}			
	Ordinary shares of BAFS	484.82 – 487.20 ^{3/}			
	Total value of Target shares	1,861.58 – 2,076.67	530.04 ^{5/}		
3	Fuel Business Land	- ^{4/}	851.63 ^{6/}		
	Transaction 1 + Transaction 3	1,861.58 – 2,076.67	1,381.68	479.90 – 695.00	34.73% - 50.30%
2	Thappline shares	1,634.25 – 1,696.90 ^{5/}	1,606.19	28.06 – 90.71	1.75% - 5.65%
	Total Transaction 1 – Transaction 3	3,495.82 – 3,773.57	2,987.86	507.96 – 785.71	17.00% - 26.30%

Remark:

- 1/ Calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022. (www.bot.or.th)
- 2/ Fair value of Target shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 1.1 of this report)
- 3/ Fair value of BAFS shares is derived from the Market Value Approach. (Please refer to details in Part 3, Clause 1.2 of this report)
- 4/ Land to be acquired from SHC is for operation of the Fuel Business of the Target. Therefore, fair value of such land is included in the valuation of Target shares in Transaction 1.
- 5/ Fair value of Thappline shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 2 of this report)
- 6/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land and surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.

From the above table, total fair value of assets (Transaction 1 – Transaction 3) in the case of the exclusive of Songkhla Oil Terminal Land and surface assets is equal to USD 97.94 – 105.72 million (Baht 3,495.82 – 3,773.57 million), higher than the acquisition price by USD 14.23 – 22.01 million (Baht 507.96 – 785.71 million) or higher than the acquisition price by 21.16% – 28.14%. **Therefore, the Independent Financial Advisor is of the opinion that the total acquisition price of assets (Transaction 1 – Transaction 3), exclusive of Songkhla Oil Terminal Land and surface assets, of USD 83.71 million (approximately Baht 2,987.86 million, based on the exchange rate of USD/Baht 35.693) is considered appropriate as it is lower than fair value of the assets.**

When considering reasonableness of the connected transactions and the appropriateness of price and conditions of the connected transactions, **the Independent Financial Advisor opines that shareholders should approve the entering into the connected transactions.**

The shareholders should study information in the documents attached to the notification of the shareholders' meeting prior to making the decision. The consideration to approve the connected transactions rests primarily on and is the sole discretion of the shareholders.

CapAd, as the Independent Financial Advisor, hereby certifies that the above opinion is rendered with due care in accordance with the professional standards for the benefits of shareholders.

Details of the Independent Financial Advisor's opinion are as follows:

Part 1: General Details of the Connected Transactions**1. Characteristics and Details of the Transactions****1.1 Objectives and Background of the Transactions**

The Board of Directors' Meeting of Star Petroleum Refining Public Company Limited ("the Company" or "SPRC") No. 4A/2022 on December 6, 2022 resolved to approve the investment in the Fuel Business, pending an approval from the shareholders' meeting. The investment in the Fuel Business comprises of the following 3 transactions.

Transaction 1: The acquisition of all ordinary shares of the Target so as to acquire the Fuel Business ("Target Shares Acquisition Transaction")

The Company will acquire all ordinary shares of Chevron Lubricants (Thailand) Company Limited (the name of which may be changed prior to the Closing Date) (the "Target"), representing 100% of the Target's total issued and paid-up shares, from (1) Chevron Asia Pacific Holdings Limited ("CAPHL"), (2) CT Nominee Holdings (I) LLC ("CTN1"), and (3) CT Nominee Holdings (II) LLC ("CTN2") (collectively referred to as the "Sellers of the Target Shares"), which are members of Chevron Group, at a total value of USD 16.8 million (equivalent to Baht 599.6 million), and adjusted by the actual net working capital of the Fuel Business, which will be operated by the Target as at the Closing Date of the Shares Acquisition Transaction. Transaction 1 is deemed as the connected transaction.

The Target, established as a Thai company in 2012, will acquire the Fuel Business, currently operated under Chevron (Thailand) Limited ("CTL"), and related assets from CTL.

The Company has been selling petroleum products from its production process to Chevron Group, whose revenue contribution accounted for 54.20%, 52.20% and 43.20% of the Company's total revenues in 2019 - 2021, respectively. The remainder is distributed to PTT Group and end-users in other industries, such as manufacturing, transportation, aviation, shipping, construction, and agriculture.

Transaction 2: The acquisition of 9.91% of Thappline shares, or "Thappline Shares Acquisition Transaction"

The Company will acquire shares of Thai Petroleum Pipeline Company Limited ("Thappline"), a provider of fuel pipeline transportation service, in a proportion of 9.91% of total issued and paid-up shares, comprising of 2,877,500 ordinary shares with par value of Baht 100 per share and 5,528,430 preferred shares with par value of Baht 100 per share, at a total value of USD 45.0 million (equivalent to Baht 1,606.2 million) from Chevron Asia Pacific Holdings Limited (CAPHL), a member of Chevron Group. Thus, Transaction 2 is deemed as the connected transaction.

Transaction 3: The investment in up to 49% of and the provision of loans to 2 newly established companies, namely NewCo 1 and NewCo 2, in order for NewCo 1 to purchase 19 plots of land to be used for the Fuel Business's operation ("Equity Investment and Loan Provision to New Companies Transaction")

The Company will invest in equity and provide loans to 2 newly established companies, namely New Company 1 ("NewCo 1") and New Company 2 ("NewCo 2") (to be collectively referred to as "New Companies"), in order for NewCo 1 to acquire 19 plots of land to be used for the Fuel Business's operation at a total investment value of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million), consisting of

- (a) Investment in up to 49% of NewCo 1's total shares: NewCo 1 will acquire land for use in the operation of the Fuel Business, comprising of 6 items with 19 plots of land, at a total price of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million) from Star Holdings Company Limited ("SHC"), which is a member of Chevron Group. The Target will then lease such property from NewCo 1 for further use in its business operation. *(Please refer to details of the land in Part 1, Transaction 3, Clause 2.1 of this report.)*
- (b) Investment in up to 49% of NewCo 2's newly issued shares: NewCo 2 will invest in the remaining balance of NewCo 1's registered and paid-up capital (approximately 51% of NewCo 1's total shares).

In this regard, Transaction 1 – Transaction 2 will be collectively referred to as the "Shares Acquisition Transaction".

And, Transaction 1 – Transaction 3 will be collectively referred to as the "Fuel Business Investment Transaction".

The total value of the Fuel Business Investment Transaction is equal to the sum of:

- (1) USD 90.0 million (equivalent to Baht 3,212.4 million), divided into (a) value of the Target Shares Acquisition Transaction (Transaction 1) of USD 16.8 million (equivalent to Baht 599.6 million), (b) value of the Thappline Shares Acquisition Transaction (Transaction 2) of USD 45.0 million (equivalent to Baht 1,606.2 million), and (c) value of the Equity Investment and Loan Provision to New Companies Transaction (Transaction 3) of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million); and
- (2) The actual net working capital of the Fuel Business to be operated by the Target as at the Closing Date of the Shares Acquisition Transaction.

For illustration purpose, based on the Fuel Business's net working capital of Baht 2,350.1 million (equivalent to USD 65.8 million) as of December 31, 2021 and an assumption that the actual net working capital remains unchanged on the Closing Date, value of the Fuel Business Investment Transaction will equal to USD 90.0 million + USD 65.8 million = USD 155.8 million (equivalent to Baht 5,562.5 million).

1.2 Date of the Transactions (Transaction 1 – Transaction 3)

The Board of Directors's Meeting of the Company No. 4A/2022 on December 6, 2022 passed the following resolutions.

- (1) The investment in the Fuel Business and the entering into agreements and documents in relation to the Fuel Business Investment Transaction (where the completion of Target Shares Acquisition Transaction and the Equity Investment and Loan Provision to New Companies Transaction are subject to approval of the shareholders' meeting of the Company).
- (2) The approval to propose the shareholders' meeting of the Company to consider and approve the entering into the Fuel Business Investment Transaction. The closing of the Fuel Business Investment Transaction will occur when all conditions precedent as specified in the relevant agreements, including obtaining the approval from the shareholders' meeting of the Company in relation to the Fuel Business Investment Transaction, have been completed or waived (as applicable).

The Company expects to complete the Fuel Business Investment Transaction by June 2024.

1.3 Contract Parties and Relationship with the Company (Transaction 1 – Transaction 3)

Transaction 1: Target Shares Acquisition Transaction

Buyer	: The Company
Seller	: (a) Chevron Asia Pacific Holdings Limited (CAPHL), incorporated in Bermuda Island, the UK, (b) CT Nominee Holdings (I) LLC (CTN1), incorporated in the USA, and (c) CT Nominee Holdings (II) LLC, incorporated in the USA. CAPHL, CTN1, and CTN2 are companies under Chevron Group.
Relationship with the Company	: <ul style="list-style-type: none"> Chevron^{1/} indirectly owns 100% of CAPHL shares. CAPHL owns 100% of Chevron South Asia Holdings Private Limited (CSAHPL) shares. CSAHPL owns 60.56% of the Company's total paid-up shares.^{2/} Chevron directly and indirectly owns 100% of shares in CTN1 and CTN2. 4 of the Company's directors (out of the total of 7) are representatives of Chevron Corporation, including (1) Mr. Brant Thomas Fish, (2) Mr. Brian Monaco Sutton, (3) Mr. Robert Joseph Dobrik, and (4) Mr. Ranga Rama Kumar Sreeramagiri <p>Therefore, the Sellers of the Target Shares are deemed as connected persons of the Company, pursuant to the Notifications on Connected Transaction.</p>

Remark:

- 1/ Chevron Corporation (Chevron) is a large international energy company listed on the New York Stock Exchange. On March 15, 2022, shareholders of Chevron holding more than 5% of the issued and paid-up capital were the Vanguard Group (8.48%), State Street Corporation (7.21%), and BlackRock, Inc (6.50%). (Source: Chevron Proxy Statement 2022 (www.chevron.com))
- 2/ Based on the information from the closing of share registration book (XD) of the Company on August 25, 2022. However, the list of shareholders eligible for attending the Extraordinary General Meeting of Shareholders of the Company No. 1/2023 will be from the closing of share registration book (XM) of the Company on December 20, 2022.

Transaction 2: Thappline Shares Acquisition Transaction

Buyer	: The Company
Seller	: Chevron Asia Pacific Holdings Limited (CAPHL), a company under Chevron Group
Relationship with the Company	: Similar to Transaction 1 Therefore, the seller of ordinary shares of Thappline is deemed as the connected person of the Company, pursuant to the Notifications on Connected Transaction.

Transaction 3: The Equity Investment and Loan Provision to New Companies Transaction

Investment in NewCo 1 and NewCo 2 ^{1/}	
Investor	: The Company The Company will invest in up to 49% of total shares of NewCo 1 and NewCo 2 (both of which will be incorporated under the Thai law). NewCo2 will invest in at least 51% of total shares of NewCo 1. Thai co-investor(s) who is(are) not connected person(s) of the Company will jointly invest in at least 51% of total shares of NewCo 2. In this regard, the Board of Directors will consider selecting the suitable co-investor(s) with financial stability and credibility for the co-investment in NewCo 2. Thai co-investor(s) for NewCo 2 will be not under the control of the Company. Hence, the Company will not have control over NewCo 1 and NewCo 2.
Share issuers	: NewCo 1 and NewCo 2
Relationship between the investor and the share issuers	: None

Remark: 1/ All shares of NewCo 1 and NewCo 2 will have one voting right per share. The Articles of Association of NewCo 1 and NewCo 2 will consist of a clause specifying that all transactions to be entered into by NewCo 1 and NewCo 2 must be approved by the resolution of the shareholders' meeting, which shall include the Company's vote. Since the Company has only 49% of the voting rights in NewCo 1 and NewCo 2, the Company will not have the right to appoint or remove at least half of NewCo 1 and NewCo 2's Board of Directors. However, the Articles of Association of NewCo 1 and NewCo 2 will consist of a clause specifying that all resolutions of the shareholders' meeting (including resolutions to appoint or remove directors) must be approved by the shareholders' meeting, which shall include the Company's vote. Hence, NewCo 1 and NewCo 2 are not considered as the Company's subsidiaries according to the Securities and Exchange Act B.E. 2535 (1992) (including any amendments thereto) and the Notification of the Capital Market Supervisory Board No. TorChor 21/2551 Re: Rules on Connected Transactions (including any amendments thereto).

Additionally, the Company will enter into an agreement with the other shareholder(s) of NewCo 2 to specify the Company's rights to purchase shares of NewCo 2 from such shareholder(s).

The Company will further consider whether it is necessary to consolidate the financial statements of NewCo 1 and NewCo 2 into its financial statements. However, regardless of whether the Company will consolidate NewCo 1 and NewCo 2 to its financial statements as subsidiaries, there will not be any impact on the Company's financial position.

NewCo 1 Acquire SHC's Land	
Buyer	: NewCo 1
Seller	: Star Holdings Company Limited (SHC), a company under Chevron Group
Relationship between the seller and the buyer	: <ul style="list-style-type: none"> The Company will invest in up to 49% of NewCo 1 shares. CAPHL, the Company's indirect major shareholder, holds 49% of SHC shares.

Loan Provision by The Company to NewCo 1	
Lender	: The Company
Borrower	: NewCo 1
Purpose of the loan	: Source of fund for the acquisition of the Fuel Business Land

Loan Provision by The Company to NewCo 2 (if any)	
Lender	: The Company
Borrower	: NewCo 2
Purpose of the loan	: Source of fund for the investment in NewCo 1

1.4 General Characteristics of the Transactions (Transaction 1 – Transaction 3)**1.4.1 General Characteristics of the Transactions**

The Company will acquire the Fuel Business from Chevron Group at a total value of USD 90.0 million (equivalent to Baht 3,212.4 million) and the actual net working capital of the Fuel Business, which will be operated by the Target as at the Closing Date of the Shares Acquisition Transaction, comprising of Transaction 1 – Transaction 3 as follows:

(1) Transaction 1: the Target Shares Acquisition Transaction. The Company will acquire all ordinary shares of the Target from CAPHL, CTN1, and CTN2, at a total value of USD 16.8 million (equivalent to Baht 599.6 million), and the actual net working capital of the Fuel Business, which will be operated by the Target as at the Closing Date of the Shares Acquisition Transaction.

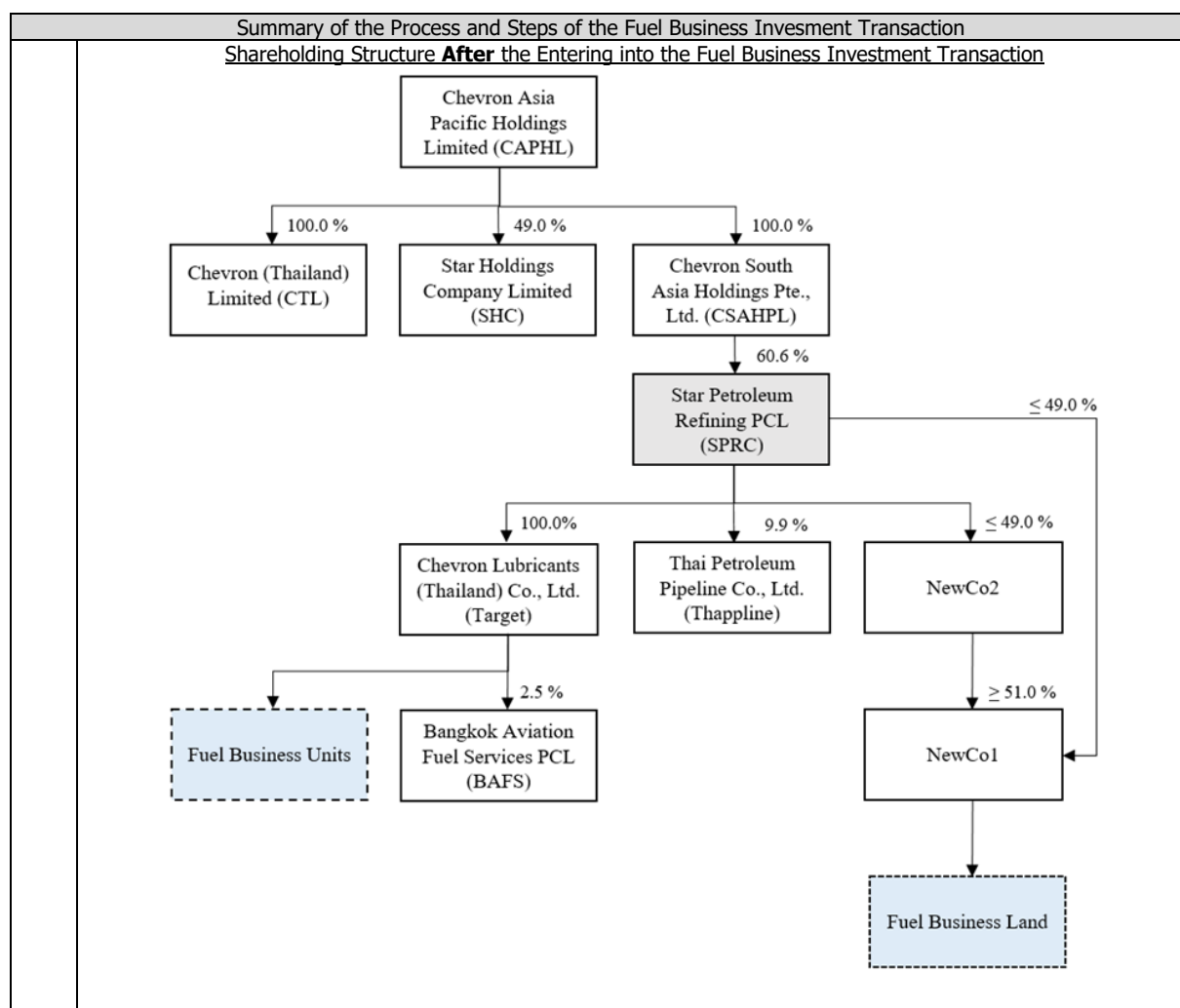
(2) Transaction 2: Thapline Shares Acquisition Transaction. The Company will acquire 9.91% of total issued and paid-up shares of Thapline at a total value of USD 45.0 million (equivalent to Baht 1,606.2 million) from CAPHL.

(3) Transaction 3: Equity Investment and Loan Provision to New Companies Transaction. The Company will invest in equity of and provide loan to 2 newly established companies, namely NewCo 1 and NewCo 2, at a total value of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million), in order for NewCo 1 to acquire the Fuel Business Land from SHC. The Target will then lease such land from NewCo 1.

The process and steps of the Fuel Business Investment Transaction can be summarized as follows:

Summary of the Process and Steps of the Fuel Business Investment Transaction	
Step 1: The Internal Reorganization of the Fuel Business Unit under CTL (prior to the entering into the Transaction)	
(1)	<ul style="list-style-type: none"> - At present, the Fuel Business is operated under CTL. - CTL and SHC will carry out a business reorganization by transferring the Fuel Business and the related assets to the Target (the "Internal Reorganization"), including the transfer of employees, licenses and permits, contracts, surface assets, and other assets associated with the Fuel Business, as well as 16,000,000 ordinary shares (equivalent to 2.51% of total issued and paid-up shares) of Bangkok Aviation Fuel Services Public Company Limited (BAFS) (the "Fuel Business Unit"). - After the completion of the Internal Reorganization, the Target will operate the fuel marketing and distribution of the Fuel Business, including service station business under "Caltex" and other related brands and distribution of petroleum products (e.g. gasoline, unleaded gasoline, diesel, jet fuel and asphalt). - As of September 30, 2022, the Fuel Business operated 427 Caltex gas stations in Thailand, comprising of 403 Retailer-Owned and Retailer-Operated (RORO) service stations and 24 Company-Owned and Retailer-Operated (CORO) service stations.
(2)	<p>Shareholding structures of the Target before and after the Internal Reorganization are as follows:</p> <p>Shareholding Structure Prior to the Internal Reorganization</p> <pre> graph TD CAPHL["Chevron Asia Pacific Holdings Limited (CAPHL)"] CAPHL -- 99.8% --> CL["Chevron Lubricants (Thailand) Co., Ltd. (Target)"] CAPHL -- 100.0% --> CTL["Chevron (Thailand) Limited (CTL)"] CAPHL -- 49.0% --> SHC["Star Holdings Company Limited (SHC)"] CAPHL -- 9.9% --> THP["Thai Petroleum Pipeline Co., Ltd. (Thappline)"] CAPHL -- 100.0% --> CSAHPL["Chevron South Asia Holdings Pte., Ltd. (CSAHPL)"] CL --> FBUs["Fuel Business Units"] CTL -- 2.5% --> FBUs CTL --> BAFS["Bangkok Aviation Fuel Services PCL (BAFS)"] SHC --> FBL["Fuel Business Land"] CSAHPL -- 60.6% --> SPRC["Star Petroleum Refining PCL (SPRC)"] </pre> <p>Remark: The remaining 0.2% of total shares of the Target are held by CTN1 and CTN2 (0.1% each).</p> <p>Shareholding Structure After the Internal Reorganization</p> <pre> graph TD CAPHL["Chevron Asia Pacific Holdings Limited (CAPHL)"] CAPHL -- 99.8% --> CL["Chevron Lubricants (Thailand) Co., Ltd. (Target)"] CAPHL -- 100.0% --> CTL["Chevron (Thailand) Limited (CTL)"] CAPHL -- 49.0% --> SHC["Star Holdings Company Limited (SHC)"] CAPHL -- 9.9% --> THP["Thai Petroleum Pipeline Co., Ltd. (Thappline)"] CAPHL -- 100.0% --> CSAHPL["Chevron South Asia Holdings Pte., Ltd. (CSAHPL)"] CL --> FBUs["Fuel Business Units"] CTL -- 2.5% --> FBUs CTL --> BAFS["Bangkok Aviation Fuel Services PCL (BAFS)"] SHC --> FBL["Fuel Business Land"] CSAHPL -- 60.6% --> SPRC["Star Petroleum Refining PCL (SPRC)"] </pre> <p>Remark: CAPHL, CTN1, and CTN2 will collectively own 100% of the Target shares upon the completion of the Internal Reorganization.</p>
Step 2: The entering into the Fuel Business Investment Transaction by the Company	
(1)	<p>Upon the completion of the Internal Reorganization and all conditions precedent as specified in the relevant agreements, including obtaining the approval from the shareholders' meeting of the Company in relation to the Fuel Business Investment Transaction, have been satisfied or waived (as applicable), the Company will:</p> <ol style="list-style-type: none"> Acquire all Target shares and 9.91% of Thappline shares; and Invest in up to 49% of shares in NewCo 1 and NewCo 2, and provide debt financing to NewCo 1 or NewCo 2, following which NewCo 1 will acquire the Fuel Business Land from SHC. After the acquisition of the Fuel Business Land, NewCo 1 will lease Fuel Business Land to the Target. <p>The key terms of the loan agreement and the lease agreement are as follows:</p>

Summary of the Process and Steps of the Fuel Business Investment Transaction	
Loan Agreement^{1/}	
Counterparties	Lender: The Company Borrower: NewCo 1 or NewCo 2
Key terms	<p><u>Total amount of loan(s)</u>: not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million)</p> <p><u>Purpose of loan(s)</u>: loan provided to NewCo 1 will be used for the acquisition of the Fuel Business Land, while loan provided to NewCo2 (if any) will be for the investment in shares of NewCo 1.</p> <p><u>Interest rate</u>: in line with market rate at the time of the loan agreement</p> <p><u>Principal repayment and interest payment</u>: to be determined later, by taking into consideration the conditions of loan from financial institutions</p>
<p>Remark: 1/ The Board of Directors have considered and viewed that the loan to be provided to NewCo 1 or NewCo 2 as the fund for the acquisition of the Fuel Business Land, which is a necessary asset in conducting the Fuel Business of the Target that will be invested by the Company in this transaction, must be on an arm's length basis with no transfer of benefits. Even though the loan provided to NewCo 1 or NewCo 2 may not be proportionate to the shareholding of the Company in NewCo 1 and NewCo 2, the provision of loan for such purpose is deemed reasonable, necessary, and facilitative to the Company in finding Thai co-investor(s) to co-invest in NewCo 2. Moreover, the Company has considered and viewed that the provision of loan will not affect the Company's liquidity and financial position. The Company will further obtain approval on the terms and conditions of such loan from the Board of Directors prior to granting the loan.</p>	
Land Lease Agreement	
Counterparties	Lessor: NewCo 1 Lessee: Target
Key terms	<p><u>Term</u>: 3 years with an option to extend (details of terms and conditions of the extension shall be mutually agreed by the counterparties)</p> <p><u>Rental fee</u>: in line with market rate at the time of the lease agreement</p>
(2)	<p>Shareholding structures of the Target before and after the Fuel Business Investment Transaction are as follows:</p> <p><u>Shareholding Structure Prior to the Entering into the Fuel Business Investment Transaction</u></p> <pre> graph TD CAPHL["Chevron Asia Pacific Holdings Limited (CAPHL)"] CL["Chevron Lubricants (Thailand) Co., Ltd. (Target)"] CTL["Chevron (Thailand) Limited (CTL)"] SHC["Star Holdings Company Limited (SHC)"] TPC["Thai Petroleum Pipeline Co., Ltd. (Thappline)"] CSAHPL["Chevron South Asia Holdings Pte., Ltd. (CSAHPL)"] FBUs["Fuel Business Units"] BAFS["Bangkok Aviation Fuel Services PCL (BAFS)"] FBL["Fuel Business Land"] SPRC["Star Petroleum Refining PCL (SPRC)"] CAPHL -- 99.8% --> CL CAPHL -- 100.0% --> CTL CAPHL -- 49.0% --> SHC CAPHL -- 9.9% --> TPC CAPHL -- 100.0% --> CSAHPL CL --> FBUs CTL -- 2.5% --> BAFS SHC --> FBL CSAHPL -- 60.6% --> SPRC </pre>



In conclusion, by entering into these transactions, the Company will acquire the Fuel Business and all assets for the operation of petroleum distribution, as well as invest in fuel transportation via pipeline business, and aircraft refueling services, all of which will provide the Company access to downstream businesses of the fully integrated petroleum industry. *(Please refer to details of each transaction in Part 1 of this report)*

1.4.2 Conditions and Relevant Agreements to the Transactions

For the Fuel Business Investment Transaction (which includes the Shares Acquisition Transaction), the Company will enter into the following agreements:

(1) Framework Agreement (the "**FA**") will be entered into between the purchaser (i.e. the Company) and the sellers (i.e. CAPHL, CTN1, CTN2, SHC, and CTL) for the purpose of governing the overall the Fuel Business Investment Transaction steps and relevant definitive agreements.

(2) Shares Sale and Purchase Agreement for the Target Shares and Thappline Shares (the "**Shares SPA**")

(3) Draft Land Sale and Purchase Agreement (the "**Draft Land SPA**"), into which the NewCo 1 will enter after its incorporation

The key terms of the Shares SPA and the Draft Land SPA are as follows:

	Shares SPA	Draft Land SPA
Counterparties	Buyer: The Company Sellers of Target shares: CAPHL, CTN1, and CTN2 Seller of Thappline shares: CAPHL	Buyer: NewCo 1 Seller: SHC
Number of shares/assets to be sold under the agreement	Comprising of: - 100% of total Target shares - 9.91% of total Thappline shares	Fuel Business Land, comprising of 19 plots of land with a combined area of 81-3-36.1 rai (Please refer to the details in Part 1, Transaction 3 of this report).

	Shares SPA	Draft Land SPA
Purchase price and payment date	<p><u>Target shares:</u></p> <ul style="list-style-type: none"> - The sum of (1) USD 16.8 million base consideration^{1/} and (2) the actual net working capital of the Fuel Business^{2/} as at the Closing Date of the Shares Acquisition Transaction - On the Closing Date of the Shares Acquisition Transaction, the Company will pay the consideration to the Sellers based on the estimated net working capital of the Fuel Business as at the Closing Date of the Shares Acquisition Transaction. - After the Closing Date of the Shares Acquisition Transaction, the parties will prepare and review the final net working capital as at the Closing Date of the Shares Acquisition Transaction and adjust the payment to reflect the actual new working capital in accordance with the terms and conditions specified in the Shares SPA. <p><u>Thapline shares:</u></p> <ul style="list-style-type: none"> - USD 45.0 million, payable on the Closing Date of the Shares Acquisition Transaction 	<ul style="list-style-type: none"> - USD 28.2 million^{1/} - The payment will be made on the transaction date of Fuel Business Land acquisition, which will be the same as the Closing Date of the Shares Acquisition Transaction.
Key conditions precedent	<ul style="list-style-type: none"> - The Company must obtain the approval from shareholders' meeting for the entering into the Fuel Business Investment Transaction and perform its obligations contemplated by the Shares SPA, including the incorporation of NewCo 1 to enter into the Land SPA; and - The Internal Reorganization is completed and the Target has entered into the Ancillary and Operative Agreements of the Fuel Business, of which the key conditions are shown in the table below. 	
Long stop date	<p>The Shares SPA specifies that key conditions precedent must be fulfilled or waived within 18 months after the date of the FA and the Shares SPA (December 6, 2022)</p> <p>In this regard, the Company has considered and viewed that the period of 18 months is appropriate and necessary to procure that conditions precedent (including the Internal Reorganization) be fulfilled. For the period from the signing date of the Shares SPA to the Closing Date of the Shares Acquisition Transaction, the sellers are obligated to ensure that CTL and the Target (after the completion of the Internal Reorganization) do not perform any action that significantly deviates from the ordinary course of business. If such action occurs during the period from the signing date of the Shares SPA to the completion of the Closing Date of the Shares Acquisition Transaction, the Company will have the right to claim with respect to such matter from the sellers according to the conditions of the Shares SPA.</p>	
Termination	<ul style="list-style-type: none"> - The Shares SPA and the Land SPA will be terminated automatically if the FA is terminated. - A party may terminate the FA by giving written notice to the other party following a termination event, which includes: <ul style="list-style-type: none"> o an insolvency of the other party or its ultimate shareholder; or o a change in control of the other party without prior written consent 	

Remark:

- 1/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "**Songkhla Oil Terminal Land**") are not transferred to NewCo 1 because the relevant third party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of the Songkhla Oil Terminal Land and property located at Songkhla Oil Terminal.
- As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.
- 2/ The actual net working capital is equal to current assets (excluding the current portion of deferred marketing loan and advance payment) less current liabilities (excluding the current portion of employee benefits). The value of net working capital is based on net book value of each item, except for the hydrocarbon inventory (such as fuel) which will be based on market value in accordance with the terms and conditions specified in the Shares SPA.

As mentioned above, the Target will enter into the following key Ancillary and Operative Agreements prior to the Shares Acquisition Transaction. A summary of these agreements is as follows:

Trademark License Agreement ("TLA") ^{1/}	
Counterparties	Service Receiver: Target Service Provider: Chevron Brands International LLC (a company under the Chevron Group)
Form/Scope of Services	Exclusive license to use trademarks (e.g. Caltex, Techron) for permitted purposes in Thailand
Validity period	10 years with an option to extend for another 10 years
Compensation	As specified in the agreement
Key termination conditions	<p>The TLA may be terminated if a termination event set out in the TLA occurs, including any of the following events:</p> <ul style="list-style-type: none"> - either party materially breaches the TLA; - either party provides a written notice of termination to the other party any time after 5 years from the effective date of the TLA;

Trademark License Agreement ("TLA") ^{1/}	
	<ul style="list-style-type: none"> - Service Provider becomes bankrupt, insolvent or goes into liquidation; and - A change in control of the Service Receiver and the Service Provider does not provide its written consent or the Service Receiver does not provide notice prior to its change in control

Remark: 1/ The Company considers this to be a reasonable period as it can gain experience and expertise in operating the Fuel Business. However, the Company still be able to make the decision based on the circumstances at the time, such as (a) negotiating an extension of the agreement with the Chevron Group, or (b) developing a new brand, or (c) obtaining a license or acquiring a new brand from another party. The Independent Financial Advisor considered that the Company has a supportive approach to prevent the impact on the operation of the Fuel Business.

Marketing Services Agreement ("MSA")	
Counterparties	Service Receiver: Target Service Provider: Chevron Singapore Private Limited (a company under the Chevron Group)
Form/Scope of Services	Marketing, technical, and other services relating to the retail business in Thailand
Validity period	5 years with an option to extend for another 5 years (service and other related fees will be mutually agreed between counterparties)
Compensation	As specified in the agreement
Key termination conditions	The MSA may be terminated if a termination event set out in the MSA occurs, including any of the following events: <ul style="list-style-type: none"> - if the TLA is terminated; - either party fails to comply to material provisions and fails to cure such non-compliance within 90 days after the other party has given notice; - either party takes any action to appoint a receiver, administrative receiver, administrator, trustee, or similar officer over all or a material part of its assets or undertaking; - either party has a winding-up or administration petition; - either party gives 12-month advance written notice to the other party; and - both parties agree to terminate the MSA

Aviation Marketing and Technical Services Agreement ("AMSA")	
Counterparties	Service Receiver: Target Service Provider: Chevron Singapore Private Limited (a company under Chevron Group)
Form/Scope of Services	Marketing, technical, and other services relating to the aviation fuel business in Thailand
Validity period	10 years with an option to extend for another 10 years
Compensation	As specified in the agreement
Termination	The AMSA may be terminated if a termination event set out in the AMSA occurs, including any of the following events: <ul style="list-style-type: none"> - either party fails to comply with any provisions and fails to cure such non-compliance within 30 days after the other party has given notice; - either party takes any action to appoint a receiver, administrative receiver, administrator, trustee, or similar officer over all or a material part of its assets or undertaking; - either party has a winding-up or administration petition; - Service Receiver is no longer insured or fails to maintain insurance coverage as required; - either party ceases its business or Service Receiver ceases to hold any required license or permit to conduct its business; and - force majeure has prevented a party from performing its obligations for a period of more than 90 continuous days

Details of each transaction are summarized as follows:

Transaction 1: Target Shares Acquisition Transaction (Connected Transaction)
1) General Characteristics of the Transaction (Transaction 1)

According to the details described in Part 1, Clause 1.4.1, of this report

Transaction 1: The Company will acquire all ordinary shares of Chevron Lubricants (Thailand) Company Limited (the "Target") from (1) Chevron Asia Pacific Holdings Limited ("CAPHL"), (2) CT Nominee Holdings (I) LLC ("CTN1"), and (3) CT Nominee Holdings (II) LLC ("CTN2") (collectively referred to as "Sellers of the Target Shares"), which are members of Chevron Group, at a total value of USD 16.8 million (equivalent to Baht 599.6 million), and the actual net working capital of the Fuel Business, which will be operated by the Target as at the Closing Date of the Shares Acquisition Transaction. The Target shall complete the acquisition of the Fuel Business from Chevron (Thailand) Limited ("CTL") prior to entering into the transaction.

Therefore, Transaction 1 is considered as the primary transaction to acquire the Fuel Business, which will give the Company access to downstream businesses in the fully integrated petroleum industry.

2) Details of the Assets being Acquired (Transaction 1)

The Company will acquire all ordinary shares of the Target, which will acquire the Fuel Business from CTL, including Surface Assets and the investment in 2.51% of Bangkok Aviation Fuel Services Public Company Limited (BAFS)'s total issued and paid-up capital. Details of the transaction can be summarized as follows:

2.1) Information of the Target

The Target is a company under Chevron Group and was incorporated under the Thai law on September 18, 2012 to operate lubricant distribution business. As of September 30, 2022, the Target has not commenced its operation. It has a registered and paid-up capital of Baht 35,100,000, divided into 351,000 ordinary shares with par value of Baht 100 per share.

Information of the Target (Current Status prior to the Internal Reorganization)			
Company name	Chevron Lubricants (Thailand) Company Limited		
Registered number	0105555138899		
Date of incorporation	September 18, 2022		
Registered office	1404 Rama III Road, Chong Nonsi Sub-District, Yannawa District, Bangkok 10120		
Country of incorporation	Thailand		
Registered capital	Baht 35,100,000		
Paid-up capital	Baht 35,100,000		
Number of shares	351,000 ordinary shares, with par value of Baht 100 per share		
Type of business	Procurement, distribution, and sale of lubricant products. As of December 31, 2021, the Target has not conducted any business activities.		
Board of Directors	1. Mrs. Puntip Vaivattana 2. Mr. Santisak Thaipat		
Shareholders (as of April 29, 2022)	1. Chevron Asia Pacific Holdings Limited (CAPHL)	350,298 shares	99.80%
	2. CT Nominee Holdings (I) LLC (CTN1)	351 shares	0.10%
	3. CT Nominee Holdings (II) LLC (CTN2)	351 shares	0.10%
Remarks	It is contemplated that the Target will increase its registered and paid-up capital and the number of its shares in connection with the Internal Reorganization. Following such increase of capital, its shares will be held by existing shareholders. Any changes to the registered and paid-up capital and the number of shares of the Target will not result in any change of the consideration payable by the Company for 100% of shares in the Target under the Fuel Business Investment Transaction.		

The Target's Income Statement (Baht thousand)	For the Year ended December 31,		
	2019	2020	2021
Total revenues	13.36	4.94	16.97
Earnings before interest and tax (EBIT)	(18.61)	(26.92)	(16.31)
Net profit	(18.61)	(26.92)	(16.31)

The Target's Statement of Financial Position (Baht thousand)	As of December 31,		
	2019	2020	2021
Total current assets	3,847.17	3,820.15	3,805.74
Total non-current assets	-	-	-
Total assets	3,847.17	3,820.15	3,805.74
Total current liabilities	30.00	29.90	31.80
Total non-current liabilities	-	-	-

The Target's Statement of Financial Position (Baht thousand)	As of December 31,		
	2019	2020	2021
Total liabilities	30.00	29.90	31.80
Total shareholders' equity	3,817.17	3,790.25	3,773.94

Source: Target's audited financial statements for 2020 and 2021.

Remark: Target's income statement and statement of financial position in the tables above presented the financial information at its current status prior to the Internal Reorganization.

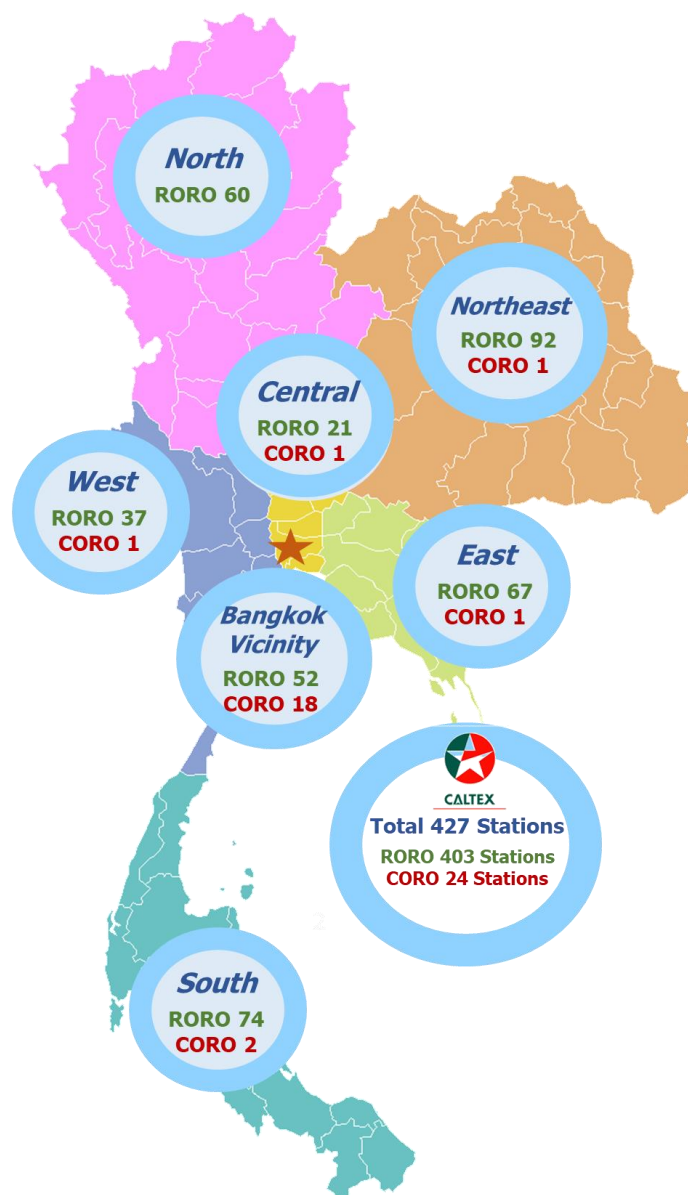
After the Internal Reorganization, the Target will operate the Fuel Business as described in Part 1, Transaction1, Clause 2.2) below, and own 2.51% of BAFS shares as described in Part 1, Transaction 1, Clause 2.4) of this report.

2.2) The Target's Fuel Business

It is a downstream business of the petroleum industry, which consists of:

- (a) Fuel retail business, which distributes fuel through a network of 427 Caltex service stations nationwide (as of September 30, 2022).

Caltex Service Stations in Each Region of Thailand



Source: Department of Energy Business, Ministry of Energy, and CTL (as of September 30, 2022)

- **Products:**
 - Fuel for benzene and diesel engines under Caltex brand, such as Gasohol 95 with Techron, Gasohol 91 with Techron, Gasohol E20, Unleaded Gasoline, and Diesel.
 - Caltex with Techron is a premium product that offers fuel economy, improved engine performance, lower emissions, a smoother ride, and greater efficiency.
 - **Caltex service station:**
 - 24 Company-Owned and Retailer-Operated (CORO) Caltex Service Station, where CTL owns or holds the leasehold rights to the land where these stations are located and retailers operate such stations under CORO agreements.
 - 403 Retailer-Owned and Retailer-Operated (RORO) Caltex Service Station, where retailers own or hold the leasehold rights to the land where these stations are located and operate them under RORO agreements.
- (b) Bulk sales of fuel to large corporate customers
- (c) Commercial and industrial (C&I) business which distributes fuel to customers in commercial, industrial, automotive, and merchant marine sectors
- (d) Marketing and distribution of fuel refill card (Star Card) and asphalt
- (e) Joint management of 2 oil terminals, namely Surat Thani Oil Terminal (capacity of 17.4 million liters) and Songkhla Oil Terminal (capacity of 100.0 million liters)
- (f) Aviation fuel business at both Suvarnabhumi Airport and Don Mueang International Airport for Thai and other international airlines is carried out by Bangkok Aviation Fuel Services Public Company Limited (BAFS), which provides aircraft refueling services and fuel transportation service through a pipeline network. *(Please refer to more details of BAFS in Part 1, Transaction 1, Clause 2.4) of this report)*

2.3) Carve-Out Financial Information of the Fuel Business and Key Assets

Carve-out financial information of CTL's Fuel Business unit, to be transferred to the Target, has been prepared in accordance to the Thai Financial Reporting Standard (TFRS) for non-publicly accountable entities (NPAEs) and reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, and are presented below.

Carve-Out Income Statement (Unit: Baht million)	For the Year ended December 31,		
	2019	2020	2021
Total revenues	123,477.11	83,036.50	86,975.56
Gross profit	2,587.85	1,515.81	2,476.07
Earnings (loss) before Interest and tax	780.28	(253.96)	952.40
Earnings (loss) before tax	778.67	(254.58)	951.92

Carve-Out Statement of Financial Position (Unit: Baht million)	For the Year ended December 31,		
	2019	2020	2021
Trade and other receivables	5,381.62	4,207.03	4,993.33
Inventories	2,775.68	2,185.29	2,819.59
Other current assets	-	150.21	172.48
Total current assets	8,157.30	6,542.53	7,985.40
Property, plant, and equipment	879.31	1,168.50	1,383.82
Other non-current assets	1,458.39	1,563.60	1,900.93
Total non-current assets	2,337.70	2,732.10	3,284.75
Total assets	10,495.00	9,274.63	11,270.15
Trade payables	6,374.57	4,966.75	5,345.31
Estimated employee benefits	1,039.97	908.61	775.87
Other current liabilities	198.79	213.97	235.07
Total liabilities	7,613.33	6,089.34	6,356.26

The key assets of the Fuel Business, as presented in the carve-out financial information, are property, plant, and equipment for the operations of the Fuel Business, including 24 Caltex CORO service stations and 2 oil terminals with book value, according to the carve-out financial information as of December 31, 2021, of Baht 1,383.82 million. Details of the key assets are summarized as follows:

Property, Plant, and Equipment (Unit: Baht million)	Book value as of December 31, 2021
Buildings/Constructions - 24 CORO service stations	305.81
Equipment - 24 CORO service stations	919.42
Buildings & equipment - Songkhla Oil Terminal ^{1/}	67.05
Buildings & equipment - Surat Thani Oil Terminal ^{2/}	78.72

Property, Plant, and Equipment (Unit: Baht million)	Book value as of December 31, 2021
Buildings & equipment - other oil terminals	12.82
Total	1,383.82

Remark: 1/ Please refer to details in Part 3, Clause 1.1.2.1 (a) and (b) of this report.

2/ Please refer to details in Part 3, Clause 1.1.2.1 (c) and (d) of this report.

2.4) Investment in 2.51% of BAFS

The Company will acquire ordinary shares of Bangkok Aviation Fuel Services Public Company Limited ("BAFS") through the acquisition of ordinary shares of the Target, which after the Internal Reorganization will hold 16,000,000 BAFS shares with par value of Baht 1 per share, representing 2.51% of BAFS's issued and paid-up capital.

BAFS is a listed company on the SET which provides aviation fuel storage and aircraft refueling services at Don Mueang, Suvarnabhumi, Samui, Sukhothai and Trat airports. According to BAFS' Sustainable Growth Strategy (2022 – 2026), its business has been divided into 3 business groups, as follows:

Operated by	Business Description	Ownership
Aviation Business		
1 Bangkok Aviation Fuel Services Public Company Limited (BAFS)	Provide full range of aviation fuel services, including fuel transportation via high-pressure pipeline, aviation fuel storage, and aircraft refueling.	-
2 Thai Aviation Refuelling Company Limited	Provide aviation fuel transportation service through hydrant pipeline network at Suvarnabhumi Airport	90.00%
3 BAFS INTECH Company Limited	Design, manufacture, and assemble aviation refueling vehicles and aviation ground service system	90.00%
4 Global Aero Associates Company Limited	Under engagement to construct aviation fuel service system at U-Tapao International Airport during 2022 – 2024, which is expected to be completed and ready for operation in 2025	55.00%
Utility & Power Business		
1 Fuel Pipeline Transportation Limited (FPT)	Store and transport fuel via underground pipeline from Bangchak's refinery and Chongnonsi Terminal to the service stations at Suvarnabhumi Airport, aviation fuel service station at Don Mueang International Airport, Bang Pa-in Oil Terminal, Pichit Oil Terminal, and Lampang Oil Terminal (terminal destination)	71.39%
2 BAFS Clean Energy Corporation Company Limited and its 7 subsidiaries	Invests in business or joint venture operating renewable energy and environmental businesses, both domestically and internationally, as well as provides managerial, technical, financial, and other supporting services related to renewable energy and environmental businesses	100.00%
Business Solutions & Services		
1 Into-plane Services Company Limited	Labor contracting service for aircraft refueling, currently operating at Samui, Sukhothai, and Trat Airport	83.33%
2 BAFS Innovation Development Company Limited	Study, research, develop, improve, design, manufacture, and sell innovative and digital products and services, as well as license the rights of those products and services	100.00%

Please refer to more details of Bangkok Aviation Fuel Service Public Company Limited at www.set.or.th or www.bafsthai.com.

3) Total Value of the Assets being Acquired, Payment of the Consideration, and Basis for Calculation of Total Value of the Assets being Acquired and Value of the Consideration (Transaction 1 – Transaction 3)

3.1) Total CVlue of the Consideration

Transaction 1:

Total value of the consideration of Transaction 1, comprises of the followings:

- (1) The total value of ordinary shares of the Target, as specified in the Shares SPA, of USD 16.8 million (equivalent to Baht 599.6 million), and
- (2) The value of the actual net working capital of the Fuel Business as at the Closing Date of the Shares Acquisition Transaction, as specified in the Shares SPA.

For illustration purposes, based on the Fuel Business's net working capital of Baht 2,350.1 million (equivalent to USD 65.8 million) as of December 31, 2021 and an assumption that the actual net working capital remains unchanged on the Closing Date of the Shares Acquisition Transaction, value of Transaction 1 will be USD 16.8 million + USD 65.8 million = USD 82.6 million (equivalent to Baht 2,949.7 million).

As at December 31, 2021 (prior to the Internal Reorganization), Target's book value was Baht 3.77 million, while the Fuel Business's book value (based on the carve-out financial information) was Baht 4,913.89 million. The total combined book value was Baht 4,917.66 million, which was equal to the net tangible assets (NTA).

Transaction 2:

Total value of the consideration of Transaction 2 is USD 45.0 million (equivalent to Baht 1,606.2 million).

As at December 31, 2021, Thappline's book value was Baht 10,185.93 million (or Baht 1,009.52 million, proportionately to 9.91% ownership) and its net tangible asset was Baht 10,057.02 million (or Baht 997.04 million, proportionately to 9.91% ownership).

Transaction 3:

Total value of the consideration of Transaction 3 is the value of the investment in NewCo 1 and NewCo 2 (equity and loan) of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million).

The market value of the land to be acquired by NewCo 1 from SHC is Baht 1,036.52 million, according to the Property Appraisal Report prepared by the Independent Property Appraiser.

Transaction 1 – Transaction 3	Total Value of the Consideration		Book Value/ Market Value (Baht million)
	USD million	Baht million equivalent ^{1/}	
Transaction 1:			
The acquisition of all Target shares	16.8	599.6	
The value of actual net working capital (estimated)	65.8 ^{1/}	2,350.1	
Sub-total - Transaction 1	82.6	2,949.7	4,917.66
Transaction 2: The acquisition of 9.91% of Thappline shares	45.0	1,606.2	1,009.52
Sub-total - Transaction 1 – Transaction 2 (connected transactions)	127.6	4,555.9	
Transaction 3: The value of the investment in NewCo 1 and NewCo 2 (equity and loan)	28.2	1,006.6	1,036.52
Total Transaction 1 – Transaction 3: total value of the Fuel Business Investment Transaction	155.8	5,562.5	

Remark:

1/ Based on an assumption of the exchange rate of USD/Baht 35.693, which is equal to the weighted average interbank exchange rates as of November 15, 2022.

2/ The value of the Fuel Business's net working capital as at the Closing Date of the Shares Acquisition Transaction may differ from the value as at December 31, 2021.

3.2) Payment of the Consideration

On the Closing Date of the Shares Acquisition Transaction, the Company will pay the consideration based on the estimated net working capital of the Fuel Business as at the Closing Date.

After such Closing Date, the parties will prepare and review the final net working capital as at the Closing Date and adjust the payment to reflect the actual new working capital in accordance with the terms and conditions specified in the Shares SPA. The payments will be made in cash in USD in full without any instalments.

3.3) Basis for Calculation of Total Value of the Assets being Acquired and Value of the Consideration

Value of the consideration for the Shares Acquisition Transaction (Transaction 1 – Transaction 2) and the Fuel Business Investment Transaction (Transaction 1 – Transaction 3) is from the negotiation between the Company and Chevron based on sum-of-the-parts valuation by the Company's financial advisor by using appropriate valuation approach for each business or asset including: (1) discounted cash flow (DCF) approach for the Fuel Business to be transferred to the Target (inclusive of Fuel Business Land which are operating assets required for the operation of the Fuel Business), (2) dividend discount model (DDM) approach for Thappline shares, and (3) market value approach for BAFS shares.

4) Calculation of Transaction Size (Transaction 1 – Transaction 2)**Connected transaction**

(Unit: Baht million)		Transaction 1: Acquisition of all Target Shares	Transaction 2: Acquisition of Thapline Shares	Total Transaction 1 – Transaction 2
Value of transaction	(1)	4,917.7 ^{1/}	1,606.2	6,523.9
Net tangible assets (NTA) of the Company ^{2/}	(2)	41,702.5	41,702.5	41,702.5
% of net tangible assets (NTA) of the Company	(1)/(2)	11.8	3.8	15.6^{3/}

Remark: There is no other connected transaction with Chevron during the preceding 6-month.

- 1/ The basis for determining value of the consideration for the acquisition of Target shares is the sum of book values of the Fuel Business's carve-out financial information as at December 31, 2021, which is higher than value of the consideration (Baht 2,949.7 million).
- 2/ Net tangible assets of the Company = total assets of Baht 75,430.1 million - net intangible assets of Baht 95.1 million - deferred income tax of Baht 746.7 million - total liabilities of Baht 32,885.8 million, based on the Company's reviewed consolidated financial statements for the 9-month period ended September 30, 2022.
- 3/ Size of the connected transaction for the Fuel Business Investment Transaction (Transaction 1 – Transaction 3) is equal to 18.1% of net tangible assets of the Company as at September 30, 2022.

Transaction 2: Thappline Shares Acquisition Transaction (Connected Transaction)

1) General Characteristics of the Transaction (Transaction 2)

According to the details described in Part 1, Clause 1.4.1 of this report

Transaction 2: The Company will acquire shares in Thappline Company Limited (Thappline) in the proportion of 9.91% of total paid-up shares, comprising of 2,877,500 ordinary shares with par value of Baht 100 per share and 5,528,430 preferred shares with par value of Baht 100 per share, at a total value of approximately USD 45 million (equivalent to Baht 1,606.2 million) from Chevron Asia Pacific Holdings Limited (CAPHL), which is a connected person of the Company since it is a member of Chevron Group.

2) Details of the Assets being Acquired (Transaction 2)

The Company will acquire 8,405,930 shares of Thappline, with par value of Baht 100 per share, comprising of 2,877,500 ordinary shares, 1,300,000 preferred shares (Group A), and 4,228,430 preferred shares (Group B), representing 9.91% of Thappline's total paid-up shares, or 10% of voting rights, or 9.93% of the total rights to dividend. Details of the transaction can be summarized as follows:

Information of Thappline

Thai Petroleum Pipeline Company Limited (Thappline) was incorporated on January 9, 1991 by the Cabinet's resolution to provide fuel transportation services through a pipeline network, starting from oil refineries and oil terminals in Thailand's eastern region (Si Racha District, Chonburi and Rayong) to Thappline's Lam Luk Ka Oil Terminal and Saraburi Oil Terminal, which serve as oil reserve and center for further distribution to other parts of the country, as well as Suvarnabhumi Airport and Don Mueang International Airport.

At present, Thappline operates 3 main pipeline routes, covering 360-km. combined distance, comprising of:

- (a) Si Racha – Saraburi Pipeline: This 225-km. pipeline was designed to accommodate a maximum annual capacity of 26,000 million liters. The route starts from the pumping station in Si Racha, Chonburi, which receives fuel from Esso Refinery, Thai Oil Refinery, PTT Oil Terminal, and Chonburi Terminal Company Limited's Oil Terminal, to the downstream terminals in Lam Luk Ka District, Pathumthani and Sao Hai District, Saraburi, with the dedicated pipeline to Don Mueang Airport Oil Terminal.
- (b) Map Ta Phut – Si Racha Pipeline: This 67-km. pipeline connects the Si Racha service station with PTT Global Chemical Refinery and Star Petroleum Refinery at Map Ta Phut Industrial Estate and can accommodate a maximum annual capacity of 10,600 million liters.
- (c) Suvarnabhumi Pipeline: Thappline extends its network from Lam Luk Ka Oil Terminal to Suvarnabhumi Airport Oil Terminal by 38-km. pipeline, with an annual capacity to accommodate 100 million passengers.

Thappline operates 2 oil terminals, located in Lam Luk Ka District, Pathumthani and Sao Hai District, Saraburi, that can store various types of fuel. They serve as oil reserves and distribution centers for the Greater Bangkok Metropolitan area, the Central, the North, and the Northeast region of the country. Each depot has a storage capacity of 170 million liters.

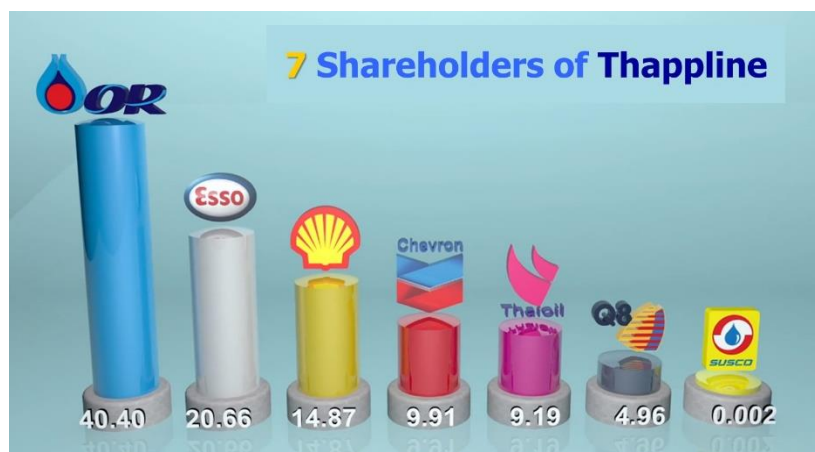


Source: www.thappline.co.th

At present, Thappline's pipeline network at Saraburi has been connected with the Northeastern pipeline network (Saraburi – Nakhon Ratchasima – Khon Kaen) of Thai Pipeline Network Company

Limited ("TPN"), which has been completely built and accepted fuel for the commissioning of the pipeline system on September 5, 2022. It is expected to start commercial operation (COD) in Q4/2022. (Source: <https://www.moneyclub.asia/pstc-เผยท่อส่งน้ำมัน-เริ่ม-cod-ข/>)

As of May 5, 2022, Thappline's registered and paid-up capital amounted to Baht 8,479 million, divided into (a) 28,775,000 ordinary shares, with par value of Baht 100 per share and 1 voting right per share, (b) 13,000,000 preferred shares (Group A), with par value of Baht 100 per share, 2 voting rights per share, and right to receive 2 times of dividend of ordinary share (such dividend shall not be accumulated for the year of no dividend payment), and (c) 43,015,000 preferred shares (Group B), with par value of Baht 100 per share, 2 voting rights per share, and right to receive 1 time of dividend of ordinary share (such dividend shall not be accumulated for the year of no dividend payment). Shareholders of Thappline consist of 7 companies in refinery and fuel businesses.



Source: www.thappline.co.th

Remark: Shareholding proportions are based on paid-up shares.

(Please refer to details of Thappline in Attachment 1 of this report)

3) Total Value of the Assets being Acquired, Payment of the Consideration, and Basis for Calculation of Total Value of the Assets being Acquired and Value of the Consideration (Transaction 2)

3.1) Total Value of the Consideration

- Please refer to details in Part 1, Transaction 1, Clause 3.1) of this report -

3.2) Payment of the Consideration

- Please refer to details in Part 1, Transaction 1, Clause 3.2) of this report -

3.3) Basis for Calculation of Total Value of the Assets being Acquired and Value of the Consideration

- Please refer to details in Part 1, Transaction 1, Clause 3.3) of this report -

4) Calculation of Transaction Size (Transaction 1 – Transaction 2)

- Please refer to details in Part 1, Transaction 1, Clause 4) of this report -

Transaction 3: Equity Investment and Loan Provision to New Companies Transaction
1) General Characteristics of the Transaction (Transaction 3)

According to the details described in Part 1, Clause 1.4.1 of this report

The Company will invest in equity of and provide loan to 2 newly established companies, namely New Company 1 (NewCo 1) and New Company 2 (NewCo 2) (to be collectively referred to as New Companies), in order for NewCo 1 to acquire 19 plots of land to be used for the Fuel Business's operation (Fuel Business Land) at a total value of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million), consisting of

- (a) Investment in up to 49% of NewCo 1's total shares: NewCo 1 will acquire the Fuel Business Land, comprising six items with 19 plots of land, at a total price of not exceeding USD 28.2 million (equivalent to Baht 1,006.6 million) from SHC, which is a member of Chevron Group. The Target will then lease such property from NewCo 1 for further use in its business operation.
- (b) Investment in up to 49% of NewCo 2's newly-issued shares: NewCo 2 will invest in the remaining shares of NewCo 1 (approximately 51% of NewCo 1's total shares).

2) Details of the Assets being Acquired (Transaction 3)

The Company will acquire ordinary shares of NewCo 1 and NewCo 2, as well as provide loan to NewCo 1 and/or NewCo 2, for the combined amount (equity and debt) of not exceeding USD 28.2 million (equivalent to Baht 1,006.5 million).

2.1) Information and Key Assets of NewCo 1

NewCo 1 is to be established under the Thai law with an objective to own the land where the 2 oil terminals (Songkhla Oil Terminal and Surat Thani Oil Terminal) and 4 CORO service stations are located.

Shareholders of NewCo 1 comprise of the Company and NewCo 2, holding up to 49% and approximately 51% of total NewCo 1 shares, respectively. All shares of NewCo 1 have 1 voting right per share. The Article of Association of NewCo 1 will consist of a clause specifying that all transactions to be entered into by NewCo 1 must be approved by the resolution of the shareholders' meeting, which shall include the Company's vote.

Key assets of NewCo 1 comprise of 6 items of land transferred from SHC, totaling 19 plots with a combined area of 81-3-36.10 rai. The combined market value of land, appraised by the Independent Property Appraiser approved by the SEC, is equal to Baht 1,036.53 million. Details of the key assets can be summarized as follows:

	Item	Plot of Land	Total Area (rai-ngan-sq. wah)	Current and Future Use of Land
1	Land: CORO – Khon Kaen	1	2-1-33.60	Site of Caltex service station
2	Land: CORO – Bangkok	1	1-0-80.00	Site of Caltex service station
3	Land: CORO – Phuket	3	2-1-94.10	Site of Caltex service station
4	Land: CORO – Pathumthani	1	5-0-31.00	Site of Caltex service station
5	Land: Songkhla Oil Terminal	8	52-2-39.90	Oil terminal
6	Land: Surat Thani Oil Terminal	5	18-0-57.50	Oil terminal
	Total	19	81-3-36.10	

Summary of the Land
(1) Land: CORO – Khon Kaen (1 plot)

Source: Property Appraisal Report No. GEN-SIA65-09-005, dated September 26, 2022, prepared by Siam Imperial Appraisal Company Limited

Location	Klang Mueang Road, Nai Mueang Sub-District, Mueang Khon Kaen District, Khon Kaen
GPS coordinates	Lat: 16.421906 Long: 102.83432
Detail of the land	A plot of land with an area of 2-1-33.6 rai, situated on land title deed No. 926, parcel No. 430, and dealing file No. 527
Land description and usage	The land shape is rectangular. The site is fully filled and 0.5 meter higher than the frontal road. It is currently the location of a Caltex service station.
Land owner	Star Holdings Company Limited (SHC)
Encumbrance	None
Law affecting the property	The land is located in the Residential Community Zone (Pink Zone), according to Khon Kaen Comprehensive City Plan 2017 (B.E. 2560).

Summary of the Land	
Appraisal value	Baht 93.36 million, based on the appraisal under the market approach conducted by Siam Imperial Appraisal Company Limited for public purpose on September 23, 2022
(2) Land: CORO – Bangkok (1 plot) Source: Property Appraisal Report No. GEN-SIA65-09-006, dated September 26, 2022, prepared by Siam Imperial Appraisal Company Limited	
Location	Phahon Yothin Road, Samsen Nai (North) Sub-district, Phaya Thai District, Bangkok
Detail of the land	A plot of land with an area of 1-0-80 rai, situated on land title deed No. 2385, parcel No. 39, dealing file No. 99
GPS coordinates	Lat: 13.77774836 Long: 100.54432392
Land description and usage	The land shape is rectangular. The site is fully filled to the level of the frontal road. It is currently the location of a Caltex service station.
Land owner	Star Holdings Company Limited (SHC)
Encumbrance	None
Law affecting the property	The land is located in the High Density Residential Zone (Brown Zone), according to Bangkok Comprehensive City Plan 2013 (B.E. 2556).
Appraisal value	Baht 480.00 million, based on the appraisal under the market approach conducted by Siam Imperial Appraisal Company Limited for public purpose on September 22, 2022
(3) Land: CORO – Phuket (3 plots) Source: Property Appraisal Report No. GEN-SIA65-09-007, dated September 26, 2022, prepared by Siam Imperial Appraisal Company Limited	
Location	Kathu - Patong Road, Kathu Sub-district, Kathu District, Phuket
Detail of the land	3 adjacent plots of land with a combined area of 2-1-94.1 rai, comprising of <ul style="list-style-type: none"> - Land title deed No. 518, parcel No. 37, dealing file No. 499, with an area of 0-1-51.6 rai - Land title deed No. 2315, parcel No. 51, dealing file No. 1501, with an area of 0-3-68.5 rai - Land title deed No. 2316, parcel No. 38, dealing File No. 1502, with an area of 1-0-74 rai
GPS coordinates	Lat: 7.910045 Long: 98.333178
Land description and usage	The land shape is rectangular. The site is fully filled and 0.5 meter higher than the frontal road. It is currently the location of a Caltex service station.
Land owner	Star Holdings Company Limited (SHC)
Encumbrance	None
Law affecting the property	The land is located in the Commercial Zone (Red Zone), according to Phuket Comprehensive City Plan.
Appraisal value	Baht 93.45 million, based on the appraisal under the market approach conducted by Siam Imperial Appraisal Company Limited for public purpose on September 22, 2022
(4) Land: CORO – Pathum Thani (1 plot) Source: Property Appraisal Report No. GEN-SIA65-09-008, dated September 26, 2022, prepared by Siam Imperial Appraisal Company Limited	
Location	Adjacent to Phahon Yothin Road, Khlong Nueng Sub-district, Khlong Luang District, Pathum Thani
GPS coordinates	Lat: 14.101944 Long: 100.619361
Detail of the land	A plot of land with an area of 5-0-31 rai, situated on land title deed No. 46569, parcel No. 53, dealing file No. 12700
Land description and usage	The land shape is rectangular. The site is fully filled to the level of the frontal road. It is currently the location of a Caltex service station.
Land owner	Star Holdings Company Limited (SHC)
Encumbrance	None
Law affecting the property	The land is located in the Commercial Zone (Pink Zone), according to Pathum Thani Comprehensive City Plan.
Appraisal value	Baht 132.00 million, based on the appraisal under the market approach conducted by Siam Imperial Appraisal Company Limited for public purpose on September 22, 2022
(5) Land: Songkhla Oil Terminal (8 plots) Source: Property Appraisal Report No. GEN-SIA65-09-010, dated September 23, 2022, prepared by Siam Imperial Appraisal Company Limited	
Location	Adjacent to Ranod – Songkhla Road (Highway No. 408), Sathing Mo Sub-district, Singha Nakhon District, Songkhla
GPS coordinates	Lat: 7.237177 Long: 100.556269
Detail of the land	8 adjacent plots of land with a combined area of 52-2-39.9 rai, comprising of <p>Group 1: 4 plots of land with a combined area of 24-0-18.6 rai (owned by SHC)</p> <ul style="list-style-type: none"> (1) Land title deed No. 1034, parcel No. 7, dealing file No. 771, with an area of 21-3-70.9 rai (2) Land title deed No. 46274 (16370), parcel No. 5, dealing file No. 264, with an area of 1-3-14.1 rai (3) Land title deed No. 47443 (24082), parcel No. 4, dealing file No. 629, with an area of 0-0-74.3 rai (4) Land title deed No. 47444 (24083), parcel No. 5, dealing file No. 630, with an area of 0-0-59.3 rai <p>Group 2: 4 plots of land with a combined area of 28-2-21.3 rai (jointly owned by SHC and United Industry Development Company Limited ("UID"))</p> <ul style="list-style-type: none"> (5) Land title deed No. 1044, parcel No. 3, dealing file No. 772, with an area of 25-0-97.5 rai (6) Land title deed No. 47445 (24089), parcel No. 6, dealing file No. 636, with an area of 0-3-51.1 rai

Summary of the Land	
	<p>(7) Land title deed No. 47446 (24090), parcel No. 4, dealing file No. 637, with an area of 1-0-60.6 rai</p> <p>(8) Land title deed No. 48620 (34170), parcel No. 8, dealing file No. 778, with an area of 1-1-12.1 rai</p> <p>Remark: Total area of <u>appraised land</u> is 51-1-27.8 rai, of which 38-1-29.25 rai is owned by SHC and 14-1-10.65 rai is owned by UID.</p> <p><i>(Please refer to additional detail in Part 3, Clause 3.1.5 of this report)</i></p> <p>(UID is a company under Esso (Thailand) Public Company Limited Group.)</p>
Land description and usage	The land shape is trapezium. The site is fully filled to the level of the frontal road. It is currently the location of Songkhla Oil Terminal, surrounded by industrial and commercial areas, with office buildings and gas stations.
Land owner	Group 1: owned by SHC Group 2: jointly owned by SHC and UID
Encumbrance	<ul style="list-style-type: none"> - Land servitude of the land title deed No. 48620 (34170) with an area of 1-1-12.1 rai for the adjacent plot of land (land title deed No. 21572) - 2 lease agreements (Group 2) for a 30-year period, ending on March 2, 2024 and January 25, 2025, between the lessors (SHC and UID) and the lessees (CTL and Esso Standard Thailand Limited)
Law affecting the property	The land is located in the Residential and Commercial Zone (Pink Zone), according to Songkhla Comprehensive City Plan.
Appraisal value	Baht 150.73 million (in proportion to SHC's ownership), based on the appraisal under the market approach conducted by Siam Imperial Appraisal Company Limited for public purpose on September 14, 2022
(6) Land: Surat Thani Oil Terminal (5 plots) Source: Property Appraisal Report No. GEN-SIA65-09-009, dated September 23, 2022, prepared by Siam Imperial Appraisal Company Limited	
Location	Surat Thani – Pak Nam Tapi Road, Bang Kung Sub-district, Mueang Surat Thani District, Surat Thani
GPS coordinates	<p>Group 1: Lat: 9.167732 Long: 99.351249</p> <p>Group 2: Lat: 9.166795 Long: 99.351394</p>
Detail of the land	<p>5 plots of land with a combined area of 18-0-57.5 rai</p> <p>Group 1: 3 plots of land with a combined area of 6-2-20.4 rai</p> <p>(jointly owned by SHC and Bangchak Corporation Public Company Limited ("BCP"))</p> <p>(1) Land title deed No. 6323, parcel No. 14, dealing file No. 6921, with an area of 2-0-24.4 rai</p> <p>(2) Land title deed No. 6454, parcel No. 15, dealing file No. 6923, with an area of 3-0-89.1 rai</p> <p>(3) Land title deed No. 6455, parcel No. 16, dealing file No. 6924, with an area of 1-1-6.9 rai</p> <p>Land Group 1 and Group 2 are divided by Surat Thai – Pak Nam Tapi Road (or Pak Nam Road).</p> <p>Group 2: 2 plots of land with a combined area of 11-2-37.1 rai</p> <p>(jointly owned by SHC and BCP)</p> <p>(4) Certificate of ownership in lieu of title deed No. 98, parcel No. - dealing file No. 10, with an area of 5-1-8.8 rai</p> <p>(5) Land title deed No. 6324, parcel No. 35, dealing file No. 6922, with an area of 6-1-28.3 rai</p> <p>Remark: The plot of land with a combined area of 9-0-28.75 rai is owned by SHC and the plot of land with a combined area of 9-0-28.75 rai is owned by BCP.</p> <p><i>(Please refer to additional detail in Part 3, Clause 3.1.6 of this report)</i></p>
Land description and usage	The land shape is polygon. The site is fully filled to the level of the frontal road. It is currently the location of Surat Thani Oil Terminal, surrounded by residential areas, office buildings, showrooms, and gas stations.
Land owner	Jointly owned by SHC and BCP
Encumbrance	None
Law affecting the property	The land is located in the Residential and Commercial Zone (Pink Zone 1.11), according to Surat Thani Comprehensive City Plan.
Appraisal value	Baht 86.99 million (in proportion to SHC's ownership), based on the appraisal under the market approach conducted by Siam Imperial Appraisal Company Limited for public purpose on September 15, 2022

2.2) Information and Key Assets of NewCo 2

NewCo 2 is to be established under the Thai law with an objective to invest in shares of NewCo 1, representing 51% of total NewCo 1 shares.

Shareholders of NewCo 2 comprise of the Company and other Thai co-investor(s) (who is(are) not connected persons and not under control of the Company), holding 49% and 51% of NewCo 2 shares, respectively. In this regard, the Board of Directors will consider selecting the suitable co-investor(s) with financial stability and credibility for the co-investment.

All shares of NewCo 2 have 1 voting right per share. The Article of Association of NewCo 2 will consist of a clause specifying that all transactions to be entered into by NewCo 2 must be approved by the resolution of the shareholders' meeting, which shall include the Company's vote.

Key assets of NewCo 2 are the investment in 51% of NewCo 1 shares.

2.3) Details of Loan to NewCo 1 and/or NewCo 2

The Company will provide loan to NewCo 1 and/or NewCo 2 (the proportion of equity investment and loan provision will be determined later) for (a) NewCo 1's payment of the Fuel Business Land to SHC, comprising of the lands currently used as the locations of 2 oil terminals (Songkhla Oil Terminal and Surat Thani Oil Terminal) and 4 CORO service stations, and (2) NewCo 2's equity investment in 49% of total NewCo 1 shares. Interest rates of such loans will be based on the prevailing market rates at the time of the loan agreements. Principal repayment and interest payment will be determined later, taking into consideration the conditions of loan from financial institutions.

3) Total Value of the Assets being Acquired, Payment of the Consideration, and Basis for Calculation of Total Value of the Assets being Acquired and Value of the Consideration (Transaction 3)**3.1) Total Value of the Assets being Acquired**

- Please refer to details in Part 1, Transaction 1, Clause 3.1) of this report -

3.2) Payment of the Consideration

- Please refer to details in Part 1, Transaction 1, Clause 3.2) of this report -

3.3) Basis for Calculation of Total Value of the Assets being Acquired and Value of the Consideration

- Please refer to details in Part 1, Transaction 1, Clause 3.3) of this report -

4) Calculation of Transaction Size (Transaction 3)

- Please refer to details in Part 1, Transaction 1, Clause 4) of this report -

1.5 Sources of Funds for the Entering into the Transactions (Transaction 1 – Transaction 3)

The Company will use internal cash flows and/or loan from financial institutions as sources of fund for the transactions. If the Company decides to procure loan from financial institutions, such borrowing shall not have any terms and conditions which affect right of the shareholders such as dividend payment restriction.¹³

1.6 Conditions on the Entering into the Transactions (Transaction 1 – Transaction 3)

The Company shall enter into connected transactions after the Extraordinary General Meeting of Shareholders No. 1/2023 of the Company, which will be held on January 31, 2023, approves the entering into the transactions in agenda 2 with affirmative votes of at least three-fourths of the total votes of the shareholders who attend the meeting and are eligible to vote, excluding shareholders with conflict of interests.

In addition, all conditions precedent specified in relevant agreements (Transaction 1 – Transaction 2: Shares SPA and Transaction 3: Draft Land SPA) must be satisfied and/or waived by the counterparties. Details of the conditions precedent are shown in Part 1, Clause 1.4.2 of this report.

1.7 Connected Persons and/or Persons with Conflict of Interests who are Ineligible to Vote

List of connected persons and/or persons with conflict of interests who are ineligible to vote on Agenda 2 of the Extraordinary General Meeting of Shareholders No. 1/2023 of the Company, to be held on January 31, 2023, is shown in Clause 18 of the Information Memorandum on Connected Transactions (Enclosure 2), enclosed with the Notification of this shareholders' meeting.

2. Information of Chevron Lubricants (Thailand) Company Limited, which is in connection with Transaction 1

Please refer to Part 1, Transaction 1, Clause 2) of this report

3. Information of Thai Petroleum Pipeline Company Limited, which is in connection with Transaction 2

Please refer to Attachment 1 of this report

4. Information and Key Assets of New Companies (NewCo 1 and NewCo 2), which is in connection with Transaction 3

Please refer to Part 1, Transaction 3, Clause 2) of this report

5. Overview of Fuel Retail Industry in Thailand

Please refer to Attachment 2 of this report

¹³ The review by the Independent Financial Advisor can be summarized as follows:

- After obtaining approval from the shareholders' meeting, the Company will apply for credit facilities from financial institutions in US Dollar and/or Thai Baht currency. The Company has been using credit facilities in both currencies for its operation.
- The borrowing in US Dollar currency has limited foreign exchange rate risk because US Dollar is the Company's operating currency. Its revenues, costs, and most of other expenses are denominated in US Dollar. Normally, the Company does not engage in any foreign exchange hedging transaction.
- For loan in other currencies, such as JPY, the Company has entered into currency and interest rate swap agreements to hedge against future risks and obligations.

Part 2: Opinion of the Independent Financial Advisor on Reasonableness of the Connected Transactions

In determining the reasonableness of the transactions, the IFA has taken the following key factors into consideration:

1. Objective and Necessity of the Transactions

The Company operates only one core business as a leading producer of petroleum products in Thailand and an operator of one of the most efficient refineries in the Asia-Pacific region. Its refinery has a product quality improvement unit, with a crude oil refining capacity of 175,000 barrels per day. Among its products are liquefied petroleum gas, unleaded gasoline of premium and regular grades, aviation fuel, high speed diesel, and fuel oil. The products are mainly for local distribution, primarily through Chevron Group, PTT Public Company Limited., and PTT Oil and Retail Business Public Company Limited, while chemical products are sold to petrochemical companies in Map Ta Phut Industrial Estate.

One of the Company's important missions and strategic objectives is to develop its competitiveness by making investments at the right timing to ensure sustainable worthiness and optimum return for shareholders and achieve the highest stakeholder satisfaction.

Chevron Corporation is planning to restructure its business units in Thailand by transferring the Fuel Business Unit, currently operated by CTL, and all assets used in such business operation to the Target (to be wholly owned by the Company as per Transaction 1), and transferring the Fuel Business Land from SHC to NewCo1.

The Company accordingly deems this as a good opportunity of business expansion in line with its mission and goal by diversifying from its current sole activity in oil refining into the downstream petroleum industry, i.e. petroleum product distribution and related businesses. Furthermore, the Company will invest in the fuel pipeline transportation business through direct shareholding of 9.91% of Thapline's paid-up shares, and in the aviation fuel distribution business via an indirect investment in BAFS in the proportion of 2.51% of BAFS's paid-up shares through its shareholding in the Target. Such business expansion will not only increase its revenue generating capability and return on investment, but also form a complete supply chain of its petroleum business.

Therefore, the entering into the Fuel Business Investment Transaction will enable the Company to secure its customer base, generate stable income, increase its net profit, enhance future business opportunity, and add value to long-term investments, thereby strengthening the Company's and its shareholders' benefits.

The Board of Directors' Meeting of the Company No. 4A/2022 on December 6, 2022 resolved to approve the acquisition of assets by investment in the Fuel Business from Chevron Group and the execution of relevant agreements, which were signed on December 6, 2022, and also resolved to propose the Extraordinary General Meeting of Shareholders No. 1/2023 of the Company, to be held on January 31, 2023, to consider and approve the Company to enter into a connected transactions with Chevron Group.

2. Comparison of Advantages and Disadvantages of the Transactions

2.1 Advantages and Benefits of the Transactions

(1) The Company shall be able to maintain customer base and stabilize revenue generating capability of the refinery business

In 2017 – 2021 and 9M/2022, the Company sold products from its production process to Chevron Group in the proportion of 57.5%, 52.4%, 54.2%, 52.2%, 43.2% and 41.0% of the Company's total revenue from sale of petroleum products, respectively. The remainder was distributed to PTT Group and others in manufacturing, transportation, airline (aviation refueling), shipping, construction, and agriculture sectors.

Target Group	Revenue Structure of Petroleum Products (%)					
	2017	2018	2019	2020	2021	9M/2022
1.Chevron ^{1/}	57.5	52.4	54.2	52.2	43.2	41.0
2.PTT Group ^{1/}	31.3	35.0	34.2	35.1	40.7	45.0
3.Others	11.2	12.6	11.6	12.7	16.1	14.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Form 56-1 and Form 56-1 One Report of the Company

Remark: 1/ The Company entered into the Offtake Agreement with PTT and CTL on July 1, 1996, which was the commercial operation date, and has constantly amended the agreement with respect to the term (extension), minimum offtake,

product prices, and addition of PTT affiliated companies as the purchasers. The latest amendment has taken effect since January 1, 2021.

Therefore, after completion of Transactions 1, the Target, which will become a subsidiary of the Company, will undertake the operation of the Fuel Business in place of CTL. This allows the Company to maintain its customer base and stabilizing revenue generating capability of its refinery business.

In normal business practice, if the Company decides not to enter into this Transaction, there is a possibility that Chevron will consider disposing the Fuel Business to another party, which would consequently have an adverse impact on the Company's oil refinery business.

(2) The Company shall be able to reduce the reliance on sales derived from the major customer (Chevron Group) and diversify risk by having more refinery customers

Under Transaction 1, the major customer of the Company's refinery business will change from the current sole customer, CTL, to (a) 24 CORO service stations and 403 RORO service stations nationwide; and (b) other end-users in the manufacturing, transportation, airline (aviation fuel), shipping, construction, and agriculture sectors. Thus, the Company can reduce its reliance on sales derived from the major customer (Chevron Group, CTL) and diversify risk from growth in refinery customers.

(3) It supports the Company's growth and creates business expansion opportunity, which will enhance its competitiveness in the future

(3.1) The Company can expand the investment to the downstream petroleum industry which can support its refinery business

By entering into Transaction 1 and Transaction 3, the Company will have its own Fuel Business Unit, as well as land and property used in business operation and related businesses covering the downstream petroleum business and oil refinery supporting businesses.

- For the retail business, the products will be sold through 427 Caltex service stations nationwide, resembling the distribution structure of the major competitors and other players such as PTT Refinery through PTT Oil and Retail Business Public Company Limited (OR)'s service stations; Bangchak Refinery through Bangchak service stations; and ESSO Refinery through ESSO service stations.
- For the wholesale business (Bulk Sales), the products will be sold to large corporate customers.
- For the commercial and industrial (C&I) sectors, the products will be sold to customers in commerce, industrial, automotive, and marine merchant sectors.
- The Company's refinery in Map Ta Phut is connected to Thappline's pipeline system, which is used by the Company's customers to transport gasoline, aviation fuel, and diesel to Lam Luk Ka Oil Terminal, Saraburi Oil Terminal, Suvarnabhumi Airport, and Don Mueang International Airport.
- Most of aviation fuel is sold through BAFS and its subsidiary, namely FPT, which offers fuel pipeline transport service from Bangchak and Chong Nonsi to Suvarnabhumi Airport and Don Mueang International Airport, Bang Pa-in Oil Terminal, Pichit Oil Terminal, and Lampang Oil Terminal.
- It is an investment in 2 companies that operate the fuel pipeline transport business in Thailand.¹⁴
- At present, Thappline's pipeline network is connected with the Northeastern pipeline network (Saraburi – Nakhon Ratchasima – Khon Kaen) of Thai Pipeline Network Company Limited (TPN), which has been completely built and accepted fuel for the commissioning of the pipeline system on September 5, 2022. It is expected to commence the commercial operation (COD) in Q4/2022. (Source: <https://www.moneyclub.asia/pstc-เผยท่อส่งน้ำมัน-เริ่ม-cod-ข/>)

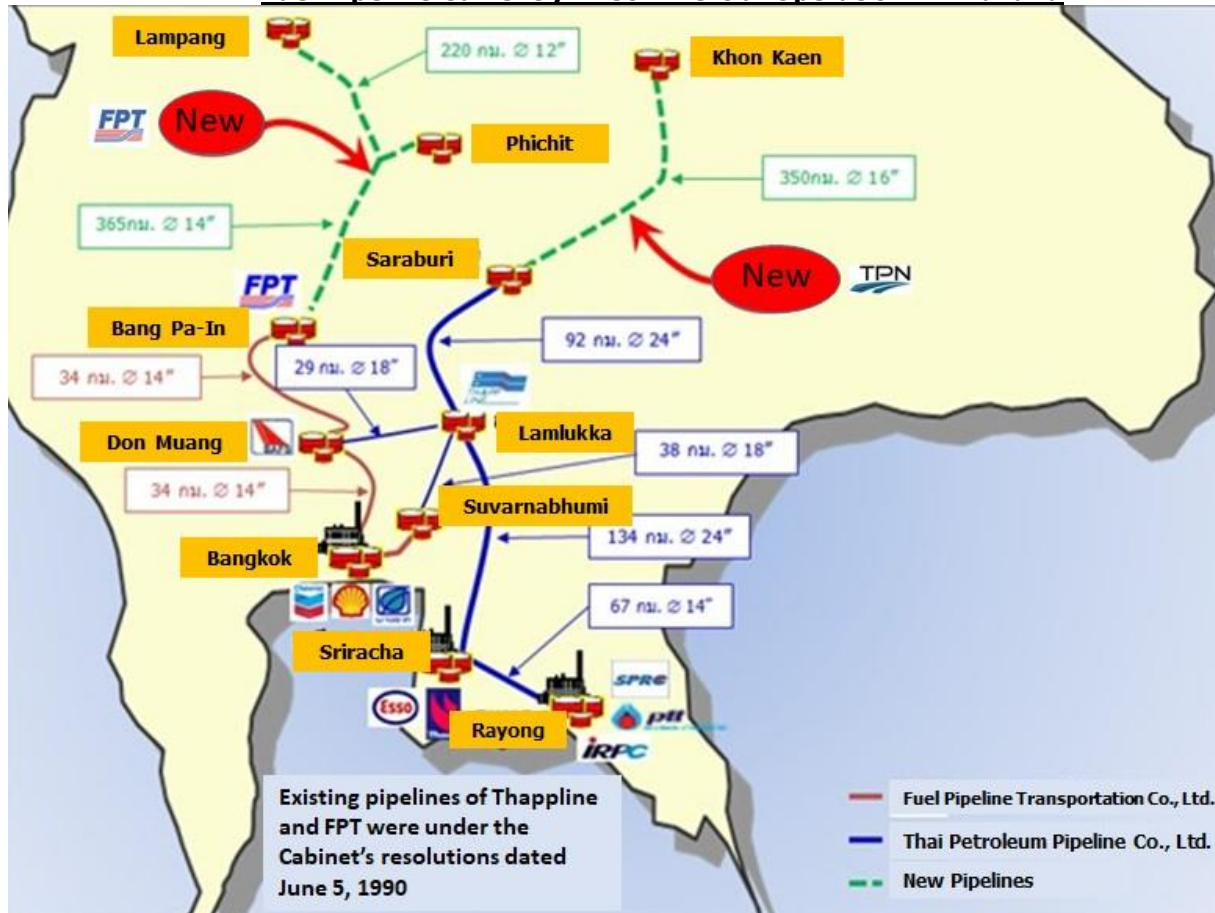
¹⁴ Currently, there are 3 providers of fuel pipeline transport service in Thailand, namely:

(1) Thappline, providing the fuel pipeline transport service in the Central and Eastern regions with Map Ta Phut – Si Racha – Lam Lukka – Saraburi pipeline route, with the dedicated pipeline to Suvarnabhumi Airport and Don Mueang International Airport

(2) FPT (a subsidiary of BAFS), providing the fuel pipeline transport service in the Northern region with Bangchak – Chong Nonsi – Bang Pa-in – Pichit and Lampang pipeline route, with the dedicated pipeline to Suvarnabhumi Airport and Don Mueang International Airport

(3) TPN (a subsidiary of PSTC), providing the fuel pipeline transport service in the Northeastern region with Saraburi – Nakhon Ratchasima – Khon Kaen pipeline route

Fuel Pipeline Currently in Commercial Operation in Thailand



Source: http://www.thailandindustry.com/indust_newweb/news_preview.php?cid=22659

(3.2) It creates an opportunity to diversify to non-fuel retail businesses through Caltex service stations

In the modern service station operation, an area will be provided for a variety of non-fuel retail businesses to attract customers in order to generate more revenue and return from these businesses, which include coffee shop, convenient store, fast food and beverages, car service, and other commercial services. Currently, the offer of these non-fuel retail businesses is available at Caltex service stations, but varies with the size of each station. There is still an opportunity to push for a full-scale commercial operation and size-based station designing to ensure the optimized area management and increase the station attractiveness. At the same time, this will help to stimulate sales of fuel products and bring in incremental returns for both CORO and RORO service stations. The Company plans to acquire more business partners to support the non-fuel retail business operation.

Therefore, the entering into the transactions will create the opportunity to expand the business and diversify risk to non-fuel retail businesses, which can be built upon the retail business through Caltex service stations, generating positive impact on the Company's revenue and future operating performance.

(3.3) The Company has an opportunity to receive consistent dividend income from investment in Thapline's fuel pipeline transport business, which has a definite customer base

Thapline provides fuel pipeline transport service from large oil refineries and terminals in the Eastern region (Si Racha District, Chon Buri and Map Ta Phut District, Rayong) of Thapline's shareholders (including the Company, after the execution of the Transaction), to oil terminals in other areas, including Suvarnabhumi Airport and Don Mueang International Airport. Based on Thapline's performance and dividend payment in the previous 5 years (2017 - 2021), Thapline has consecutively earned net profit and made dividend payment at 95% of its annual net profit, with the remaining 5% appropriated for legal reserve, as follows:

Description	Unit	2017	2018	2019	2020	2021
Total revenue	Baht million	3,504.34	3,584.99	3,638.51	2,965.01	2,583.12
Net profit	Baht million	1,781.89	1,844.25	1,806.29	1,370.91	1,091.42
Dividend paid from annual operating performance^{1/}	Baht million	1,692.80	1,752.04	1,715.97	1,302.37	1,036.85
Dividend payout ratio	%	95	95	95	95	95
Legal reserve as at end of period ^{1/}	Baht million	268.83	357.92	450.14	540.45	609.00
Registered capital as at end of period	Baht million	8,479.00	8,479.00	8,479.00	8,479.00	8,479.00
Dividend paid on a pro rata basis at 9.93%^{2/}	Baht million	168.02	173.89	170.32	129.26	102.91

Source: Thappline's financial statements from Department of Business Development, Ministry of Commerce, and IFA's analysis
Remark:

- 1/ In making dividend payment, Thappline must appropriate at least 5% of its retained earnings for legal reserve until the reserve is not less than 10% of its capital.
- 2/ Transaction 2: 8,405,930 Thappline shares with par value of Baht 100 per share, consist of 2,877,500 ordinary shares, 1,300,000 preferred shares (Group A), and 4,228,430 preferred shares (Group B), representing 9.91% of total paid-up shares or 10% of voting rights or 9.93% of total rights to dividend.

Upon completion of the appropriation of not less than 10% of its capital for legal reserve, Thappline will be able to pay dividend from all of its annual net profit, thus creating additional benefit in the future.

Moreover, Thappline will likely grow its performance from (a) the connection with FPT's pipeline for distribution to the Northern region, which terminates at Phichit Oil Terminal and Lampang Oil Terminal; and (b) the connection with TPN's pipeline transport system at the oil terminal in Sao Hai District, Saraburi, which terminates at TPN's oil terminal in Ban Phai District, Khon Kaen, for further distribution to the Upper Northeastern, Middle Northeastern, and some parts of Lower Northeastern, and Lao PDR. Thappline will generate additional income from TPN, including pipeline transport system connection fee, management fee, and Saraburi Oil Terminal rental fee¹⁵, as well as extra benefit from the spread of pipeline service fee for the additional volume of Thappline that is transported through TPN's pipeline to Khon Kaen Oil Terminal.

Therefore, Thappline's business has a definite client and income base, allowing the Company to receive consistent dividend income from investment in Thappline's fuel pipeline business in proportion to its shareholding of 9.91% of Thappline's total paid-up shares. In this respect, the Company will be entitled to receive dividend at the rate of 9.93% of total rights to dividend throughout the shareholding period.

(3.4) The Company has an opportunity to receive consistent dividend income from investment in BAFS's aviation fuel business upon recovery in the aviation business from the COVID-19 pandemic

BAFS has a policy to pay dividend to its shareholders at the rate of not less than 50% of profit after deduction of corporate income tax, legal reserve, and other reserves at the rate of at least 10%, calculated from net profit according to its separate financial statements. The dividend payout ratio is also subject to BAFS's liquidity and expansion plan. BAFS has consistently paid dividend in accordance to such policy, except in 2020 and 2021 when the dividend payment was omitted due to BAFS suffering a loss amid the COVID-19 pandemic. Its historical dividend payment is as follows:

Dividend Payment	2015	2016	2017	2018	2019	2020 - 2021
Dividend payout ratio (% of net profit) (separate financial statements)						
- Before other reserves	82%	68%	93%	93%	64%	0%
- After other reserves	103%	85%	116%	116%	81%	0%
Dividend per share (Baht)	1.10	1.50	1.25	1.37	1.25	0.00
Dividend income (calculated from 16,000,000 shares or 2.51% of BAFS's registered and paid-up capital)						
Dividend received (Baht million)	17.60	24.00	20.00	21.92	20.00	0.00

Source: Form 56-1 and Form 56-1 One Report of BAFS

However, according to the Civil Aviation Authority of Thailand (CAAT)'s forecast¹⁶ under the assumption of global aviation recovery, economic factors, country reopening policy, and COVID-19 situations in the target tourist countries, Thai aviation industry has been predicted to return to normal

¹⁵ Based on the MOU on Fuel Pipeline Transport System Connection between Thappline and TPN, dated May 23, 2017, disclosed via the SET.

¹⁶ Thai Aviation Report 2021, dated June 2022

in 3 scenarios: (a) best case scenario with recovery expected in 2023; (b) moderate case scenario with recovery in 2025; and (c) worst case scenario with recovery in 2026, along with a gradual pickup in local petroleum consumption, notably in the aviation sector. The key factor driving the aviation recovery is the control over the pandemic and spreading of coronavirus variants. Besides, the Russia - Ukraine war has triggered global oil price hikes with a relative impact on aviation fuel costs.

Thus, the Company will have the opportunity to receive consistent dividend from the investment in BAFS's aviation fuel business after recovery in the aviation business from the COVID-19 pandemic.

(3.5) It is the acquisition of assets that can instantly generate revenues and do not have any financial liabilities

As regards to the acquisition of the Target shares (Transaction 1), the Target primarily operates the Fuel Business, which shall be purchased from CTL. CTL has engaged in this business since 1948 and has consistently earned revenues and profits from operation without any financial liabilities. CTL has provided services to customers in Thailand, both service station customers and commercial customers, under Caltex brand for more than 70 years.

As for the acquisition of Thappline shares (Transaction 2), Thappline has operated business since 1991 and has a definite customer base, which includes oil refineries in Thailand and Thappline's shareholders, thus ensuring its consistent revenues and profits from operation. Thappline has paid dividend every year at the rate of 95% of its annual profit and does not incur any financial liabilities.

Therefore, by entering into the Shares Acquisition Transaction (Transactions 1 and Transaction 2), the Company will acquire the assets that can instantly generate revenue. Besides, since the Target and Thappline do not have any financial liabilities, the Company will obtain favorable returns from such investment. It can also place those assets as collateral for loan in the future (if necessary).

(3.6) It is the enlargement of the Company's business size which will help to grow its asset base (in case the Transaction is financed by loan), and generate higher revenues from operation and investment

If Transaction 1 – Transaction 3 are financed by loan, the Company's total assets will increase by Baht 5,562.5 million from Baht 75,430.15 million as of September 30, 2022, based on the Company's consolidated financial statements, to approximately Baht 80,992.65 million, excluding additional assets from other operations of the Company.

Moreover, after completion of the Transaction, the Company's revenue from sale and dividend income will also increase, which will further expand its business size, cash flow, and capital base for expansion of potential businesses in the future.

(4) Risk from sole reliance on the oil refinery business is mitigated

At present, the Company has no subsidiary and operates only the oil refinery business. Therefore, the entering into Transaction 1 – Transaction 3 will expand the Company's revenue stream to include revenues from the Fuel Business and dividend income from Thappline and BAFS, thus reducing the risk from relying solely on the oil refinery business.

(5) The Target plans to accept the transfer of the Fuel Business's personnel who are knowledgeable, skillful, and highly experienced, which will result in smooth and continuous management of the Target

In the restructuring of business units, the Fuel Business and related assets will be transferred from CTL to the Target, along with a transfer of relevant employees, permits and licenses, agreements, surface assets, and other assets relating to the Fuel Business.

The transfer of Fuel Business's personnel who are knowledgeable, skillful, and highly experienced will result in smooth and continuous management of the Target.

(6) There is the potential upside gain from investment in Thappline if Thappline's pipeline can be utilized for more than 40 years (or depreciating useful life)

Based on Thappline's financial statements, the pipeline's maximum useful life is set at 40 years. The depreciation is calculated under the straight-line method over the estimated useful life of the assets. From a cross-check by the IFA on the pipeline's expected useful life compared with the data of listed companies on foreign exchanges, the IFA found that the maximum useful life of fuel pipeline and other

equipment, including oil terminals, is in a range of 70 - 77 years,¹⁷ with periodical major maintenance and depreciation is calculated under the straight-line method over the estimated useful life of the assets.

The actual useful of a pipeline is longer than 40 years subject to good and regular maintenance. For instance, many pipelines in the US that were erected and have been in use since 1940 – 1950, or aged around 70 – 80 years, remain in service at present.

- Big Inch Pipeline, commenced commercial operation in 1942 (B.E. 2485)
(https://en.wikipedia.org/wiki/Big_Inch)
- Plantation Pipeline, commenced commercial operation in 1942 (B.E. 2485)
(https://en.wikipedia.org/wiki/Plantation_Pipeline)
- Platte Pipeline, commenced commercial operation in 1952 (B.E. 2495)
(<https://www.offshore-technology.com/marketdata/platte-oil-pipeline-the-us> and https://www.gem.wiki/Platte_Crude_Oil_Pipeline)
- Trans Mountain Pipeline, commenced commercial operation in 1953 (B.E. 2496)
(<https://www.transmountain.com/existing-pipeline> and https://en.wikipedia.org/wiki/Trans_Mountain_pipeline)
- Yellowstone Pipeline, commenced commercial operation in 1954 (B.E. 2497)
(<https://www.offshore-technology.com/marketdata/yellowstone-product-pipeline-the-us/>)
- Jayhawk Pipeline, commenced commercial operation in 1957 (B.E. 2500)
(https://www.gem.wiki/Jayhawk_Oil_Pipeline และ <http://consumerenergyalliance.org/cea-shares-insight-keystone-xl-pipeline-meeting/>)
- Colonial Pipeline, commenced commercial operation in 1963 (B.E. 2506)
(https://en.wikipedia.org/wiki/Colonial_Pipeline)

Therefore, given that Thappline's pipeline and related equipment can be used for longer than their useful life adopted in its financial statements¹⁸, and/or Thappline and the auditor have reviewed and extended such useful life, the Company will likely receive potential upside gain from investment in Thappline in case the pipeline's useful life is longer than 40 years, including steady dividend from continuous operation and higher profit from lower annual depreciation expense.

2.2 Disadvantages and Risks of the Transactions

(1) The Company will have higher liabilities, interest expenses, and net IBD/E ratio (if the Transaction is financed by loan)

The Company will make a lump-sum payment for the total investment value of the Fuel Business Investment Transaction of approximately Baht 5,562.50 million¹⁹ by June 2024. Such payment shall be made from its internal cash flow and/or loans from financial institutions. Given that the Company opts for the loan from financial institutions to finance the entire amount of Transaction 1 – Transaction 3, it will incur additional liabilities and financial costs, which will accordingly increase its debt to equity ratio (D/E ratio) and net interest-bearing debt to equity ratio (net IBD/E ratio).

According to its consolidated financial statements as of September 30, 2022, the Company recorded total liabilities of Baht 32,885.78 million, shareholders' equity of Baht 42,544.37 million, net IBD/E ratio of 0.24 times.

In case the Fuel Business Investment Transaction (Transactions 1 – Transaction 3) is financed entirely by loan from financial institutions, after completion of the Transaction (expected by June 2024), the Company's net IBD/E ratio, calculated based on the Company's consolidated financial statements as of September 30, 2022 and taking no consideration of its future performance, will increase to 0.37 times, which does not exceed the financial covenants set out at not more than 1 time (*the actual ratio depends on financial information at the closing of the transaction*).

¹⁷ Source: Annual report of TC Pipelines, L.P., which is a listed company on New York Stock Exchange (NYSE), and financial statements of Plains GP Holdings, L.P., a listed company on NASDAQ Stock Market.

¹⁸ Thappline started pumping fuel into its pipeline network at its Si Racha station on June 23, 1994 and the pipeline system will be depreciated over a 40-year period. Therefore, as at the end of 2021, Thappline's pipeline system had already been in operation for 27 years and had a remaining useful life of 13 years.

¹⁹ The total investment value may change as a result of the difference between the Fuel Business's net working capital value as at the Closing Date and as at December 31, 2021.

(2) The Company has no direct experience in management of the Fuel Business

The Fuel Business comprises of fuel retail business through Caltex service stations, wholesale business (Bulk Sales), commercial and industrial (C&I) oil distribution, aviation fuel distribution, and asphalt distribution, thus entailing varied management methods. Besides, the competition in the service station business is considered intense, based on Krungsri Research's analysis: "Amid stiff competition with marketing margins of merely Baht 1-2/liter, service stations therefore need to be more cautious about their businesses management and income base expansion. In addition, they need to expand investments in non-fuel activities such as rental of retail space to increase their competitiveness and opportunity to generate additional revenue"²⁰ As a result, the management of fuel retail business through service stations requires a well-rounded understanding of this business in terms of oil market and revenue and cost management in order for each gas station to perform favorably and remain competitive with its surrounding rivals.

Nonetheless, the transfer of management and employees relevant to the Fuel Business from CTL to the Target will help to reduce the operational risk associated with the Fuel Business to some extent. At the same time, the Company plans to set up a team to gear up for the transitional period of business transfer and connection so as to ensure smooth and uninterrupted operation and cushion against any potential impacts that may arise.

(3) The investment is still concentrated in the petroleum and supporting industries

By entering into Transaction 1 - 3, the Company will acquire the Fuel Business and all assets used in such business operation such as Caltex service stations and oil terminals, while the investment in BAFS and Thapline is considered the investment in downstream of the Company's oil refinery business. As such, its primary business remains in the petroleum and related industries. The Company, therefore, will accordingly be affected by the industry's positive and negative factors in the same direction, including the positive factors such as growth in oil demand and oil price hikes, and the negative factors such as the decline oil demand, growth in electric vehicles and other alternative fuel vehicles to replace petrol-powered vehicles, and higher oil prices.

However, if the Company's proportion of revenue from non-fuel retail businesses is higher in the future, this risk will be automatically mitigated.

(4) It is the investment in the industry that is vulnerable to impacts from the government's policy against global warming and the future technological changes

To cope with the worsening global warming and climate change which have affected both humans and animals on earth, several governments, notably in Europe and the US, have launched an array of policies such as clean energy, power generation using wind, solar, biomass and geothermal energy, net zero emissions of greenhouse gas, reduction of petroleum product consumption, promotion of electric vehicles (EV) or alternative fuel vehicles (e.g. hydrogen cars), phase-out of internal combustion engine (ICE) vehicles or petrol cars, and others. At the same time, the technological advancement, which leads to cheaper battery prices and optimum battery management, helps to lower prices of electric vehicles with a longer driving range. As such, electric vehicles are gaining increased popularity, prompting several carmakers to consistently develop and manufacture their products. These two factors may affect the petroleum-related industries in terms of, for instance, a decline in future oil consumption and slower growth in the petroleum industry.

However, the analysis of overall market in Thailand and usable technology reveals that growth in the electric vehicle market and impacts on the petroleum-related industries may not be as fast as expected due to the following factors:

- Prices of battery and insurance premium of electric vehicles remain high.
- Charging stations are insufficient and mostly are concentrated in the urban areas.
- The installation of home charging station requires supporting capacity (a 3-phase DC fast charger).
- Thai government has introduced measures for reduction of import duty on electric vehicles and electric vehicle subsidy program, but has not yet enacted any legislation to ban the production of petrol vehicles.
- The government has pegged diesel prices to assist entrepreneurs and transport sector.
- The lithium-ion battery used in electric vehicles are deemed as the best battery as at present. However, lithium-ion battery has some weaknesses as it can catch fire easily; the raw material

²⁰ Source: Industry Outlook 2019 - 2021: Refinery Industry, March 29, 2019, by Krungsri Research

production capacity is insufficient and concentrate only in some countries; there are environmental and child labor issues in the raw material production; and the battery power to weight ratio remains inefficient for large vehicles and aircrafts.

- Pick-up truck, truck, tractor, and aircraft still need to run on fuel due to unavailability of electric vehicles and aircraft with adequate efficiency.
- Electric motorcycles have long been introduced, but not become popular.
- Hydrogen cars are still expensive, without widespread commercial production and with very few hydrogen fueling stations and high hydrogen production costs.

Thus, electric vehicles are unable to enter into the mass market in the short run. The petrol cars are expected to remain the primary type of vehicle for the daily life. Besides, people are familiar with the conventional platform. The introduction of technology may have to be gradual and will take some time to substitute the traditional one.

(5) Risks that the Fuel Business performance fails to meet the projection

(5.1) Risk from competition with nearby service stations

CTL has been focusing on local site marketing in order to build a loyal customer base. Most of 427 Caltex service stations, equivalent to 5.4% compared with the major rivals²¹ (data as of September 30, 2022), are located in the urban and community areas. Market share was roughly 4.2% of total sales of distillate fuel through service stations in 2021 (based on average monthly sales in liters per month), which is deemed insignificant when compared with major competitors in this industry where there are diverse options for customers. Each brand offers a unique selling point, combined with non-fuel retail businesses operated in collaboration with reputable partners so as to boost the service station's overall image and sales and generate additional profits from those non-fuel retail businesses.



Source: Department of Energy Business, Ministry of Energy

Other factors that may affect the competitiveness of Caltex service stations are as follows:

- Increase in number of service stations by the principal traders: Part of such expansion is made through dealers to avoid investment in the new stations, which may overlap with the area of Caltex service station and, hence, potentially lower market share of Caltex service stations;
- Competition in the non-fuel retail businesses through collaboration with well-known partners: The Target has to continuously adjust its business strategy in a bid to maintain its customer base;
- Promotion campaigns launched by each brand in a selected time period in order to stimulate sales.

From the above analysis, the Company is still encounter with risk from competition with other nearby service stations. The Company, by the Target, should consistently follow up and analyze the data on customers' use of service and focus on local site marketing in order to build a loyal customer base.

²¹ Consisting of service stations of PTT Group (including OR), PTG, Bangchak, ESSO, Shell, SUSCO, and Caltex.

(5.2) Risk that employees of CTL's Fuel Business decline to work with the Company

In conducting the Internal Reorganization, there will be a transfer of employees in the Fuel Business from CTL to the Target, which results in changes in employment conditions from being directly employed by Chevron Group to being employed by the Company Group (or indirectly employed by Chevron Group). As such, some employees in the Fuel Business may decline to be transferred to the Company Group.

However, the Company believes that Chevron Corporation will assure its employees and be able to transfer all staff members as planned. Besides, the Company will form a working group for business transfer to ensure smooth and uninterrupted operation.

(6) Use of 4 plots of land of CORO service stations for operation of other businesses that may generate higher return

The land lots on which 4 CORO service stations are located are owned by NewCo1 and are in the prime areas, adjacent to a main road and communities. One of them is in Bangkok's business zone and could be used by the Company for operation of other businesses that may generate higher profit and return on investment than that from the service station whose income hinges on marketing margin, which is not at a very high level, and revenue from non-fuel retail businesses. The combined market value of such 4 plots of land is approximately Baht 798.81 million, as follows:

- Land: CORO service station – Bangkok, covering an area of 1-0-80 rai located on Phaya Thai Road, Bangkok, close to Ari BTS Station, office buildings, and large residential projects, having an appraised value based on market price of Baht 480 million;
- Land: CORO service station – Pathum Thani, covering an area of 5-0-31 rai located on Phahon Yothin Road (frontage road), Khlong Nueng Sub-district, Khlong Luang District, Pathum Thani, close to residential areas in Rangsit Khlong Nueng, having an appraised value based on market price of Baht 132 million;
- Land: CORO service station – Khon Kaen, covering an area of 2-1-33.6 rai located on Klang Mueang Road, Nai Mueang Sub-district, Mueang District, Khon Kaen, having an appraised value based on market price of Baht 93.36 million; and
- Land: CORO service station – Phuket, covering an area of 2-1-94.1 rai located on Kathu – Patong Road, Kathu Sub-district, Kathu District, Phuket, close to Wichit Songkhram Intersection, having an appraised value based on market price of Baht 93.45 million.

In view of the potential of such areas, the Company and NewCo1 may utilize those 4 plots of land of CORO service stations to operate other businesses that may generate higher return in the future.

(7) Foreign exchange rate risk as at the Closing Date

The Company will pay for the consideration of Transaction 1 – Transaction 3 in US dollar currency by June 2024.

The return on investment is uncertain, depending on the exchange rate as at the Closing Date. According to the financial forecast prepared by the Independent Financial Advisor in Part 3 of this report, if the Baht depreciates to the level of USD/Baht 39.34, the return on investment from the entering into Transaction 1 – Transaction 3 will not be worthwhile.

The Company, therefore, should closely monitor the USD/THB exchange rate. If the rate tends to depreciate to USD/Baht 39.34, the Company should execute risk management measures, such as entering into currency swap agreements or any other measures deemed appropriate.

However, the currency used in the Company's operation is US dollar as most of its revenue, cost, and expenses are in US dollar.

(8) The Company shall have more process, expenses, and time for preparation of the consolidated financial statements, as well as related policy setting

Since its listing on the SET in 2015, the Company has never had any subsidiaries or associated companies. Therefore, it has to prepare only the separate financial statements and does not require any policy on subsidiaries and associated companies. However, after completion of Transactions 1 – Transaction 3, the Company will have to proceed with the following:

- Prepare the consolidated financial statements by incorporating the performance of its subsidiary, the Target, therein so as to conform with TFRS 10 (Revised 2018): Consolidated Financial Statements

- Prepare the financial statements in accordance with the relevant financial reporting standards (as the case may be) such as TFRS 12 (Revised 2018): Disclosure of Interests in Other Entities, TFRS 28 (Revised 2018): Investments in Associates and Joint Ventures
- Devise a policy on investment in subsidiaries and associated companies, monitoring of performance, internal control, and internal audit
- Form a team to undertake the above workload

This will accordingly lead to additional process and period required for preparation of the consolidated financial statements and incremental expenses on preparation of the financial statements and audit process, including formulation of all relevant policies such as the policy on investment in subsidiaries and associated companies. In this regard, the Company has at least 1 year to prepare for such tasks prior to entering into Transactions 1 – Transaction 3, which are scheduled for June 2024.

3. Comparison of Advantages and Disadvantages between Entering into the Transactions with the Connected Person and the Transaction with the Third Party

3.1 Benefits and Advantages between Entering into the Transactions with the Connected Person and the Transaction with the Third Party

(1) The Company can reduce its reliance on revenue contribution from Chevron Group

By entering into Transaction 1 – Transaction 3, the Company will acquire the Fuel Business, which is operated by CTL (a member of Chevron Group). In 2019 – 2021, revenues derived from Chevron Group accounted for 54.2%, 52.2% and 43.2% of the Company's total revenue from sale, respectively. Therefore, the entering into the Transactions will enable the Company to reduce its reliance on revenue contribution from Chevron Group.

(2) The transfer of the Fuel Business shall be in a smooth and rapid manner without any leak of business secret under the support of Chevron Group

The Company, by the Target, will receive cooperation in the transfer of business and all related functions for the operation of the Fuel Business. Moreover, the Target will accept the transfer of employees who are knowledgeable, skillful, and highly experienced in the Fuel Business, as well as the agreements relating to and necessary for the business operation under the support of Chevron Group. Thus, the management of the Fuel Business by the Target will be undertaken smoothly and uninterruptedly, while protecting the business secret, which is the priority of the Company. After all, Chevron Group will remain as the Company's major shareholder holding the unchanged percentage of shares, signifying its continued support of the Company's operation.

Therefore, the entering into the transactions with Chevron Corporation, which is the connected person, will allow for the restricted access to confidential information within the group, which will positively affect the Company's competitiveness.

(3) The Company still gain indirect benefit from the extensive network of and mutual support among Chevron Group

Chevron Group is one of the global leaders in oil and gas industry, having experience in this business for more than a century and a worldwide network. The Company's longstanding relationship with Chevron Corporation and the group's network helps to strengthen the Company's competitive edge from the access to sources of crude oil and other raw materials at competitive prices, the agreement on petroleum product distribution, and the access to Chevron Corporation's technology and system for refinery business operation.

Therefore, the Company will still indirectly benefit from the extensive network of and mutual business support among Chevron Group so that they could support each other and grow together.

(4) Minimize the amount of connected transactions and increased flexibility in operation

At present, the sales of petroleum products to CTL are considered transactions with the major shareholder, which are deemed as connected transactions. Upon the completion of Transaction 1, the sales of petroleum products to the Target will be transactions between the Company and its subsidiary (the Target). Therefore, such transactions are not considered as connected transactions, thus simplifying the Company's internal process and improve its operational flexibility.

3.2 Disadvantages between the Entering into the Transactions with the Connected Person and the Transactions with the Third Party

(1) It is the reliance on the connected person (Chevron Group)'s support for the operation of the Fuel Business

The Target continues to rely on Chevron Group to support the operation of the Fuel Business, including the Trademark License Agreement (TLA), the Marketing Services Agreement (MSA), and the Aviation Marketing and Technical Services Agreement (AMSA), which are the essential agreements and services that CTL has been receiving continuously.

(2) The entering into Transaction 1 – Transaction 2 is considered as large-scale transactions under the Notifications on Connected Transaction, which requires the approval and appointment of an independent financial advisor to render opinion to the shareholders, thus, necessitating disclosure of sufficient detailed information for decision-making and incurrance of extra expenses on holding a shareholders' meeting

The entering into Transaction 1 – Transaction 2 is considered as a material connected transaction, whereby the Company is required to hold a shareholders' meeting to consider and approve the transactions and appoint an independent financial advisor to render opinion on the transaction. The Company must also disclose sufficient information relating to its business, detailed financial projection, and conditions of all relevant agreements for the shareholders' decision-making. As such, its competitors could learn of the Company's move and may thereby adjust their strategies for competition. The Company will, moreover, incur additional costs of holding a shareholders' meeting to consider and approve the said transactions, compared to the transaction with the third party which is not deemed as a connected transaction.

However, the entering into Fuel Business Investment Transaction is the business restructuring of Chevron Group to integrate the potential of downstream businesses within the Group for higher efficiency. Furthermore, the opportunity to enter into similar transaction with the third party is rather limited. Therefore, it is not possible, in actual circumstance, to compare such transactions with the transactions entered into with the third party.

4. Other Analyses

The Appropriateness of Conditions in the Agreements Relating the Connected Transactions

As regards to the agreements relating to Transaction 1 – Transaction 3, comprising of the Framework Agreement, the Sale and Purchase Agreement for Target and Thapline shares (Shares SPA), and the Draft Land Sale and Purchase Agreement with SHC (Draft Land SPA), the IFA is of the opinion that the conditions in these agreements are appropriate and in the normal course of business. Moreover, there is a condition prohibiting Chevron Group from operating any business that competes with the Fuel Business, unless otherwise approved under the Trademark License Agreement in Thailand.

However, in order to comply with the conditions and details proposed for the approval of this shareholders' meeting, the IFA would like to make the recommendation as follows: Since Transaction 1 – Transaction 3 are expected to be completed by June 2024. Therefore, as at the date of transfer of the Target shares, the Board of Directors, Audit Committee, and management of the Company should examine details of the Fuel Business, number of CORO and RORO service stations, assets used in such business operation, and any other details to ensure that they are in line with the conditions and the details proposed for the approval of shareholders' meeting.

- The determination of the sale and purchase price for Transaction 1 is based on past performance of the Fuel Business of CTL up to the end of 2021. As at the end of Q3/2022, CTL had 24 CORO service stations and 403 RORO service stations.
- Under the Shares SPA: Chevron Group (by the Sellers of the Target Shares) is subject to a commitment relating to the operation of the Fuel Business of CTL, whereby Chevron Group shall exercise all of its rights and power to ensure that CTL is obligated to operate the day-to-day business without any material change.

(Please refer to the summary of agreements related to the entering into the Fuel Business Investment Transaction (Transaction 1 – Transaction 3) in Part 1, Clause 1.4.2 of this report and Clause 4 of the Information Memorandum on the Connected Transaction (Enclosure 2), enclosed with the Notification of the meeting of shareholders)

5. Summary of the Opinion of the Independent Financial Advisor on the Reasonableness of the Connected Transactions

The Company operates only one core business as a leading producer of petroleum products in Thailand and an operator of one of the most efficient refineries in the Asia-Pacific region. Its refinery has product quality improvement unit, with a crude oil refining capacity of 175,000 barrels per day. Among its products are liquefied petroleum gas, unleaded gasoline of premium and regular grades, aviation fuel, high speed diesel, and fuel oil. The products are mainly for local distribution, primarily through Chevron Group, PTT Public Company Limited, and PTT Oil and Retail Business Public Company Limited, while chemical products are sold to petrochemical companies in Map Ta Phut Industrial Estate.

One of the Company's important missions and strategic objectives is to develop its competitiveness by making investments at the right timing to ensure sustainable worthiness and optimum return for shareholders and achieve the highest stakeholder satisfaction.

Chevron Corporation is planning to restructure its business units in Thailand by transferring the Fuel Business Unit, currently operated by CTL, and all assets used in such business operation to the Target (to be wholly owned by the Company as per Transaction 1), and transferring the Fuel Business Land from SHC to NewCo1.

The Company accordingly deems this as a good opportunity of business expansion in line with its mission and goal by diversifying from its current sole activity in oil refining into the downstream petroleum industry, i.e. petroleum product distribution and related businesses. Furthermore, the Company will invest in the fuel pipeline transportation business through direct shareholding of 9.91% of Thappline's paid-up shares, and in the aviation fuel distribution business via an indirect investment in BAFS in the proportion of 2.51% of BAFS's paid-up shares through its shareholding in the Target. Such business expansion will not only increase its revenue generating capability and return on investment, but also form a complete supply chain of its petroleum business.

Therefore, the entering into the Fuel Business Investment Transaction will enable the Company to secure its customer base, generate stable income, increase its net profit, enhance future business opportunity, and add value to long-term investments, thereby strengthening the Company's and its shareholders' benefits.

Advantages and benefits of entering into the transactions are as follows:

- (1) The Company shall be able to maintaining its customer base and stabilize revenue generating capability of the refinery business. After completion of Transactions 1, the Target, which will become a subsidiary of the Company, will undertake the management of the Fuel Business in place of CTL. This allows the Company to maintain its customer base and stabilize revenue generating capability of its refinery business.
- (2) The Company shall be able to reduce the reliance on revenue from sale from the major customer (Chevron Group) and diversify risk by having more refinery customers. Under Transaction 1, the major customer of the Company's refinery business will change from the current sole customer, CTL, to (a) 24 CORO service stations and 403 RORO service stations nationwide, and (b) other customers in the manufacturing, transportation, airline (aviation fuel), shipping, construction, and agriculture sectors. Thus, the Company can reduce its reliance on sales derived from the major customer (Chevron Group: CTL) and diversify by having more refinery customers.
- (3) It supports the Company's growth and creates business expansion opportunity, which will enhance its competitiveness in the future.
 - (3.1) The Company can expand the investment to the downstream petroleum industry, which can support its refinery business.
 - (3.2) It creates an opportunity to diversify to non-fuel retail businesses through Caltex service stations in order to generate more revenue and return from these businesses, which include coffee shop, convenient store, fast food and beverages, car service, other commercial services, EV charging stations.
 - (3.3) The Company has an opportunity to receive consistent dividend income from investment in Thappline's fuel pipeline transport business, which has a definite customer base.
 - (3.4) The Company has an opportunity to receive consistent dividend income from investment in BAFS's aviation fuel business upon recovery in the aviation business from the COVID-19 pandemic.

- (3.5) It is the acquisition of assets that can instantly generate revenues and do not have any financial liabilities.
- (3.6) It is the enlargement of the Company's business size which will help to grow its asset base (in case the Transaction is financed by loan), and generate higher revenues from operation and investment.
- (4) Risk from sole reliance on the oil refinery business shall be mitigated.
- (5) The Target plans accept the transfer of Fuel Business's personnel who are knowledgeable, skillful, and highly experienced, which will result in smooth and continuous management of the Target.
- (6) There is the potential upside gain from the investment in Thapline if Thapline's pipeline can be utilized more than 40 years (or depreciating useful life).

However, the entering into Transactions is associated with the disadvantages and risks as follows:

- (1) The Company will have higher liabilities, interest expenses, and net IBD/E ratio (if the Transaction is financed by loan).
- (2) The Company has no direct experience in the management of Fuel Business.
- (3) The investment is still concentrated in the petroleum and supporting industries.
- (4) It is the investment in the industry that is vulnerable to impacts from the government's policy against global warming and the future technological changes.
- (5) Risks that the Fuel Business's performance fails to meet the projection.
 - (5.3) Risk from competition with nearby service stations
 - (5.4) Risk that employees of CTL's Fuel Business decline to work with the Company
- (6) Use of 4 plots of land of CORO service stations (which are located in the prime areas, adjacent to a main road and communities) for operation of other businesses may generate higher returns than service stations, which normally generate relatively low return.
- (7) Foreign exchange rate risk as at the Closing Date since the Company shall pay the consideration for Transaction 1 – Transaction 3 in US dollar by June 2024
However, the currency used in the Company's operation is US dollar as most of its revenue, cost, and expenses are in US dollar.
- (8) The Company shall have more process, expenses, and time for preparation of the consolidated financial statements, as well as related policy setting such as policy on investment in subsidiaries and associated companies, monitoring of performance, internal control, and internal audit since the Company has never had any subsidiaries or associated companies.

Benefits and advantages of entering into the transactions with connected person in comparison with the transactions with the third parties are as follows:

- (1) The Company can reduce its reliance on revenue contribution from Chevron Group.
- (2) The transfer of the Fuel Business shall be in a smooth and rapid manner without any leak of business secret under the support of Chevron Group.
- (3) The Company still gain indirect benefit from the extensive network of and mutual support among Chevron Group.
- (4) Minimize the amount of connected transactions and increased flexibility in operation. At present, the sales of petroleum products to CTL are considered transactions with the major shareholder, which are deemed as connected transactions. Upon the completion of Transaction 1, the sales of petroleum products to the Target will be transactions between the Company and its subsidiary (the Target). Therefore, such transactions are not deemed as connected transactions.

Disadvantages of entering into the transactions with connected persons in comparison with the transactions with the third parties are as follows:

- (1) It is the reliance on the connected person (Chevron Group)'s support for the operation of the Fuel Business such as the Trademark License Agreement, the Marketing Services Agreement, and the Aviation Marketing and Technical Services Agreement.
- (2) The entering into Transaction 1 – Transaction 2 is considered as large-scale transactions under the Notifications on Connected Transaction, whereby the Company is required to obtain an approval from the shareholders' meeting and appoint an independent financial advisor to render opinion to the shareholders, thus necessitating disclosure of sufficient detailed information for the shareholders' decision-making and incurrance of extra expenses on holding a shareholders' meeting.

However, the entering into the Fuel Business Investment Transaction is the business restructuring of Chevron Group to integrate the potential of downstream businesses within the Group for higher efficiency. Furthermore, the opportunity to enter into similar transaction with another third party is rather limited. Therefore, it is not possible, in actual circumstance, to compare such transactions with the transactions entered into with the third party.

The appropriateness of conditions in the agreements relating the connected transactions

As regards to the agreements relating to Transaction 1 – Transaction 3, comprising of the Framework Agreement, the Sale and Purchase Agreement for Target and Thappline shares (Shares SPA), and the Draft Land Sale and Purchase Agreement with SHC (Draft Land SPA), the IFA is of the opinion that the conditions in these agreements are appropriate and in the normal course of business. Moreover, there is a condition prohibiting Chevron Group from operating any business that competes with the Fuel Business, unless otherwise approved under the Trademark License Agreement in Thailand.

However, in order to comply with the conditions and details proposed for the approval of this shareholders' meeting, the IFA would like to make the recommendation as follows: Since Transaction 1 – Transaction 3 are expected to be completed by June 2024. Therefore, as at the date of transfer of the Target shares, the Board of Directors, Audit Committee, and management of the Company should examine details of the Fuel Business, number of CORO and RORO service stations, assets used in such business operation, and any other details to ensure that they are in line with the conditions and the details proposed for the approval of shareholders' meeting.

- The determination of the sale and purchase price for Transaction 1 is based on past performance of the Fuel Business of CTL up to the end of 2021. As at the end of Q3/2022, CTL had 24 CORO service stations and 403 RORO service stations.
- Under the Shares SPA: Chevron Group (by the Sellers of the Target Shares) is subject to a commitment relating to the operation of the Fuel Business of CTL, whereby Chevron Group shall exercise all of its rights and power to ensure that CTL is obligated to operate the day-to-day business without any material change.

After considering objectives and necessities of the transactions as well as advantages, disadvantages, benefits, and risks, the Independent Financial Advisor is of the opinion that the entering into the Connected Transaction benefits the Company's business (under the support from the connected person), while most of the associated risks are business risks that the Company normally encounters. Therefore, **the entering into the Connected Transactions is reasonable.**

Part 3: Opinion of the Independent Financial Advisor on Appropriateness of Price of Connected Transactions

The Company will enter into 3 transactions as follows:

- Transaction 1: Target Shares Acquisition Transaction
- Transaction 2: Thapline Shares Acquisition Transaction
- Transaction 3: Equity Investment and Loan Provision to New Companies Transaction

The Independent Financial Advisor's opinion is based on the assumptions that information and documents provided are true, complete, and accurate. Additionally, the rendered opinion is based on the situation and information at the time of issuance of this report. Any change of such information or any incurrence of events may significantly affect the Company, assets to be acquired, the assessment and analysis of the Independent Financial Advisor, as well as shareholders' decision.

1. Transaction 1: Target Shares Acquisition Transaction

After completion of the Internal Reorganization, the Target will accept a transfer of Fuel Business from CTL, and the Company will acquire (a) 100% of Target issued and paid-up shares in the amount of USD 16.8 million (equivalent to Baht 599.6 million), and (b) the actual net working capital of the Fuel Business, to be operated by the Target, as at the Closing Date of the Shares Acquisition Transaction.

In the evaluation of fair value of Target shares (value of Target shares + the Fuel Business of CTL), the IFA considered only value of Target shares (in comparison with the acquisition price of USD 16.8 million). The IFA has not evaluated value of net working capital as it is based on the net book value of each item, except for the hydrocarbon inventory (such as petroleum) which will be based on the market value in accordance with the terms and conditions specified in the Shares SPA.

The IFA applied 6 valuation approaches in evaluating fair value of Target shares, namely:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach: P/BV Ratio
- 5) Price to Earnings Ratio Approach: P/E Ratio
- 6) Discounted Cash Flow Approach

However, the IFA was unable to evaluate value of ordinary shares of Target by the Market Value Approach because it is not listed on the SET or any other secondary market, hence, there is no reference market value available. Therefore, only the rest 5 approaches are employed in valuation of the ordinary shares of Target.

Core assets of the Target comprise of:

- (1) Assets at the present *(Please refer to details of the valuation in Part 3, Clause 1.1 of this report)*
- (2) Fuel business to be transferred from CTL consists of 2 groups as follows:
 - Assets used in fuel retail business *(Please refer to details of the valuation in Part 3, Clause 1.1 of this report)*
 - 16,000,000 ordinary shares of BAFS (equivalent to 2.51% of BAFS's total issued and paid-up shares) with par value of Baht 1.00 per share *(Please refer to details of the valuation in Part 3, Clause 1.2 of this report)*

After considering the information and documents, as well as other relevant information, opinion of the Independent Financial Advisor on the appropriateness of acquisition price of Target shares can be summarized as follows:

1.1 Valuation of Target Shares (Exclusive of the Investment in BAFS Shares)

1.1.1 Book Value Approach

This approach determines value of Target shares at a certain period. In this case, the calculation is based on Target's latest financial statement as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC. In addition, the IFA has considered book value of assets used in the Fuel Business (exclusive of the investment in BAFS shares) which will be transferred from CTL, as of December 31, 2021, reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The summary of shares value is as follows:

- **Book value of the Target**

Book value of the Target based on the audited financial statement as of December 31, 2021 is as follows:

Target	(Unit: Baht million)
Registered and paid-up capital	35.10
Retained losses	(31.33)
Total shareholders' equity	3.77
No. of registered and paid-up capital as of December 31, 2021 (shares)	351,000.00 ^{1/}
Book value per share (Baht)	10.75

Remark: 1/ Par value of Baht 100.00 per share.

- **Book value of the Fuel Business (or business to be transferred to the Target)**

Based on carve-out financial information of CTL as of December 31, 2021, book value of the Fuel Business Unit (or business to be transferred to the Target) are as follows:

(Unit: Baht million)

Carve-out Financial Information of The Fuel Business Unit		Assets and liabilities – the Fuel Business ^{1/} As of December 31, 2021 Book Value	Assets to be transferred (excluding working capital) ^{2/} As of December 31, 2021 Book Value
Assets			
Trade and other account receivables		3,934.35	-
Oil fund subsidy receivables		879.78	-
Inventory - net		2,819.59	-
Other current assets		179.20	-
Current portion of deferred marketing loan		172.48	172.48 ^{5/}
Total current assets		7,985.39	172.48
Investment in BAFS shares	(1)	408.00 ^{3/}	408.00 ^{3/}
Property, plant and equipment		1,383.82 ^{4/}	1,383.82 ^{4/}
Deferred marketing loan		1,181.99 ^{5/}	1,181.99 ^{5/}
Other non-current assets		310.95 ^{6/}	310.95 ^{6/}
Total non-current assets		3,284.75	3,284.75
Total assets		11,270.15	3,457.23
Liabilities			
Trade and other payables		5,345.31	-
Other current liabilities		235.07	-
Employee benefits		775.87	775.87
Total liabilities		6,356.26	775.87
Net assets – Fuel Business	(2)	4,913.89	2,681.36
Net assets – Fuel Business (exclusive of the investment in BAFS shares)	(2)-(1)	-	2,273.36

Remark:

- 1/ Carve-out financial information of CTL dated April 29, 2022, reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited.
- 2/ Share value of Target is exclusive of net working capital as value of net working capital is based on the book value of each item, except for the hydrocarbon inventory (such as petroleum) which will be based on the market value in accordance with the terms and conditions specified in the Shares SPA.
- 3/ Investment in 16,000,000 ordinary shares of BAFS with par value of Baht 1.00 per share. (Please refer to the valuation of BAFS shares in Part 3, Clause 1.2 of this report)
- 4/ Property, plant and equipment is the investment in assets of the fuel retail business (427 service stations, comprising of 403 RORO service stations and 24 CORO service stations), 2 oil terminals, and others.
- 5/ Marketing loans to RORO service stations.
- 6/ Other current assets comprise of advance payment of Baht 258.64 million and others of Baht 52.31 million.

Book value of the Target and net asset value of the Fuel Business to be transferred from CTL as of December 31, 2021 can be summarized as follows:

(Unit: Baht million)

Target (Exclusive of the Investment in BAFS Shares)	Inclusive of Assets of Songkhla Oil Terminal	Exclusive of Assets of Songkhla Oil Terminal ^{2/}
Book value of the Target as of December 31, 2021	3.77	3.77
Net asset – the Fuel Business (exclusive of the investment in BAFS shares) as of December 31, 2021	2,273.36	2,206.31 ^{2/}
Book value of the Target as of December 31, 2021 (exclusive of the investment in BAFS shares)^{1/}	2,277.13	2,210.08

Remark: 1/ The IFA has evaluated fair value of BAFS shares in Part 3, Clause 1.2 of this report.

- 2/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of the

Songkhla Oil Terminal Land and surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA will decrease by USD 4.34 million.

Therefore, book value of the assets (exclusive of property, plant and equipment of Songkhla Oil Terminal) as of December 31, 2022 was equal to Baht 67.05 Million.

Under this approach, value of Target shares inclusive of assets of Songkhla Oil Terminal is equal to **Baht 2,277.13 million**, and value of Target shares exclusive of assets of Songkhla Oil Terminal is equal to **Baht 2,210.08 million**.

1.1.2 Adjusted Book Value Approach

Under this approach, share value is calculated by deducting the Target's total assets by total liabilities including commitments and contingent liabilities as shown in the latest financial statements as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC, and net assets value of the Fuel Business to be transferred from CTL based on the carve-out financial information as of December 31, 2021, then adjusted by items occurred after financial statement date or items that may reflect actual value of assets and liabilities such as unrealized gain or loss from assets revaluation and tax saving from losses carried forward. The derived value is then divided by total paid-up shares of the Target.

1.1.2.1 Surplus (Deficit) on Asset Appraisal

The appraised assets are property, plant and equipment of 2 oil terminals (Songkhla Oil Terminal and Surat Thani Oil Terminal). The Company and the Sellers of the Target Shares did not arrange a property appraisal of machinery and equipment of 427 service stations as most of the assets of retail business are at 427 gas stations across the country.

The book value of the appraised assets as of December 31, 2021 was equal to Baht 145.77 million, which represented 10.53% of the property, plant and equipment of the Fuel Business to be transferred in this transaction.

Detail of appraised assets

1.2.1.1 (a) Buildings and Constructions – Songkhla Oil Terminal

The appraised assets are buildings and constructions of Songkhla Oil Terminal located at 171/2 Moo 1, Songkhla - Ranod Road, Sathing Mo Sub-district, Singha Nakhon District, Songkhla. The assets situated on land title deed No. 1034, 1044, 24090, 46274, 47443, and 47444, where CTL has leased from Star Holdings Company Limited and United Industry Development Company Limited.

The Company appointed Siam Imperial Appraisal Company Limited ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate building and constructions. The Independent Property Appraiser surveyed and appraised such property on September 14, 2022 as per the report dated September 23, 2022 (No. GEN-SIA65-09-010) for public proposes by employing the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

	Buildings and Constructions (Songkhla Oil Terminal)	Useable Area (sq.m.)	Replacement Cost New		Useful Life (years)	Depreciation (%)	Depreciated Replacement Cost New (Baht million)
			Average per Unit (Baht/sq.m.)	Total Value (Baht million)			
1	Office building	160.00	12,000.00	1.92	28	56%	0.84
2	Maintenance and repair building	177.00		0.68			0.30
	Indoor area	125.00	5,000.00	0.63	28.00	56%	0.28
	Terrace	52.00	1,000.00	0.05	28.00	56%	0.02
3	Refueling building (Gantry)	990.00	4,000.00	3.96	28.00	56%	1.74
4	Warehouse	1,170.00		8.21			3.61
	Indoor area	1,050.00	7,700.00	8.09	28.00	56%	3.56
	Terrace	120.00	1,000.00	0.12	28.00	56%	0.05
5	Office building 2	299.75		3.15			1.39
	Indoor area	252.50	12,000.00	3.03	28.00	56%	1.33
	Terrace	47.25	2,500.00	0.12	28.00	56%	0.05
6	Guard house 1	48.00		0.10			0.04
	Indoor area	13.50	5,000.00	0.07	28.00	56%	0.03
	Terrace	34.50	1,000.00	0.03	28.00	56%	0.02
7	Guard house 2	48.00		0.10			0.04
	Indoor area	13.50	5,000.00	0.07	28.00	56%	0.03
	Terrace	34.50	1,000.00	0.03	28.00	56%	0.02
8	Fire pump shed	40.00	4,000.00	0.16	28.00	56%	0.07
9	Car park shed	240.00	2,500.00	0.60	28.00	56%	0.26
10	Driver room	54.00		0.27			0.12
	Indoor area	32.00	7,000.00	0.22	28.00	56%	0.10

	Buildings and Constructions (Songkhla Oil Terminal)	Useable Area (sq.m.)	Replacement Cost New		Useful Life (years)	Depreciation (%)	Depreciated Replacement Cost New (Baht million)
			Average per Unit (Baht/sq.m.)	Total Value (Baht million)			
	Open space area	8.00	2,500.00	0.02	28.00	56%	0.01
	Covered area	14.00	2,000.00	0.03	28.00	56%	0.01
11	Metal roof building 1	40.00	3,000.00	0.12	28.00	56%	0.05
12	Metal roof building 2	36.00	3,000.00	0.11	28.00	56%	0.05
13	Others	21,501.50		12.23			5.38
	Road and reinforced concrete patio	18,420.00	500.00	9.21	28.00	56%	4.05
	Fence (1) size 2.5*639 m.	1,597.50	500.00	0.80	28.00	56%	0.35
	Fence (2) size 2.0*742 m.	1,484.00	1,500.00	2.23	28.00	56%	0.98
	Total value of buildings and constructions			31.61			13.91
	Total value of buildings and constructions of CTL^{1/}						6.96

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-010 dated September 23, 2022.

Remark: 1/ The surface assets are jointly owned by CTL and Esso (Thailand) Public Company Limited

The IFA is of the opinion that the Depreciated Replacement Cost Approach is an appropriate valuation method for the buildings and constructions because the property were designed for specific use and there were adjustment for depreciation according to their existing stage and useful life as of the survey date in order to reflect their current status. Therefore, value of the building and constructions of Songkhla Oil Terminal appraised by the Independent Property Appraiser according to the report No. GEN-SIA65-09-010 dated September 23, 2022, under the Depreciated Replacement Cost Approach, is at Baht 13.91 million, while the assets owned by CTL is equal to Baht 6.96 million.

1.1.2.1 (b) Machinery and Equipment – Songkhla Oil Terminal

The appraised assets are machinery and equipment of Songkhla Oil Terminal located at 171/2 Moo 1, Songkhla - Ranod Road, Sathing Mo Sub-district, Singha Nakhon District, Songkhla.

The Company appointed Siam Imperial Appraisal Company Limited ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate machinery and equipment. The Independent Property Appraiser surveyed and appraised such property on September 14, 2022 as per the report dated September 23, 2022 (No. GEN-SIA65-09-010 (M)) for public proposes by employing the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Machinery and Equipment (Songkhla Oil Terminal)	Quantity (Items)	Life of Assets (years)	Replacement Cost New (Baht million)	Market Value of Assets (Baht million)	Market Value of Assets of CTL ^{1/} (Baht million)
Tank farm	116	2 - 30	322.03	99.63	19.37
Gantry	123	2 - 44	154.96	81.08	22.45
Firefighting	37	2 - 29	107.21	62.01	14.74
Jetty	42	2 - 30	142.92	76.06	23.26
Pumper house	27	2 - 29	62.91	36.78	7.60
Accessory	42	22 - 32	10.95	2.19	0.75
Drainage	13	23 - 42	12.31	2.46	0.66
Instrument	26	2 - 30	34.48	12.22	2.80
Pipe	3	23 - 29	4.17	0.83	0.40
Total	429^{2/}		851.95	373.26	92.03

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-010 (M) dated September 23, 2022.

Remark: 1/ Allocation of facilities and joint facilities based on the Joint Operating Agreement among Esso (Thailand) Public Company Limited, Chevron (Thailand) Limited (formerly Caltex Oil (Thailand) Limited), and The Shell Company of Thailand Limited, dated May 25, 1998.

2/ The Independent Property Appraiser was unable to check 11 items and did not evaluate such assets in this Property Appraisal Report.

The IFA is of the opinion that the Depreciated Replacement Cost Approach is an appropriate valuation method for the machinery and equipment because the property were designed for specific use and there were adjustment for depreciation according to their existing stage and useful life as of the survey date in order to reflect their current status. Therefore, the machinery and equipment of Songkhla Oil Terminal appraised by the Independent Property Appraiser according to the report No. GEN-SIA65-

09-010 (M) dated September 23, 2022, under the Depreciated Replacement Cost Approach, is at Baht 373.26 million, while the assets owned by CTL is equal to Baht 92.03 million.

1.1.2.1 (c) Buildings and Constructions – Surat Thani Oil Terminal

The appraised assets are buildings and constructions of Surat Thani Oil Terminal located at 104/1, Surat Thani - Paknam Ta Pi Road, Bang Kung Sub-district, Mueang Surat Thani District, Surat Thani. The assets situated on land title deed No. 6323, 6454, 6455, and 98, where CTL has leased from Star Holdings Company Limited.

The Company appointed Siam Imperial Appraisal Company Limited ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate building and constructions. The Independent Property Appraiser surveyed and appraised such properties on September 15, 2022 as per the report dated September 23, 2022 (No. GEN-SIA65-09-009) for public proposes by employing the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

	Buildings and Construction (Surat Thani Oil Terminal)	Useable Area (sq.m.)	Replacement Cost New		Useful Life (years)	Depreciation (%)	Depreciated Replacement Cost New (Baht Million)
			Average per Unit (Baht/sq.m.)	Total Value (Baht million)			
1	Office building	256.00		2.86			1.26
	Indoor area	232.00	12,000.00	2.78	28.00	56%	1.22
	Terrace	24.00	3,000.00	0.07	28.00	56%	0.03
2	Laboratory building	192.00	7,000.00	1.34	28.00	56%	0.59
3	Refueling building (Gantry)	480.00	4,000.00	1.92	28.00	56%	0.84
4	Fire pump shed building	27.00	6,000.00	0.16	28.00	56%	0.07
5	Pump shed building 1	270.00	2,000.00	0.54	28.00	56%	0.24
6	Pump shed building 2	48.00	2,000.00	0.10	28.00	56%	0.04
7	Open-roofed building 1	45.00	1,500.00	0.07	28.00	56%	0.03
8	Open-roofed building 2	16.00	1,500.00	0.02	28.00	56%	0.01
9	Bathroom building	4.80	6,000.00	0.03	28.00	56%	0.01
10	Others	3,276.00					1.03
	Road and reinforced concrete patio	3,276.00	500.00	0.77	28.00	56%	0.34
	Fence (1) size 2.5*440 m.	1,545.00	500.00	0.52	28.00	56%	0.23
	Fence (2) size 2.0*348 m.	1,035.00	1,500.00	1.04	28.00	56%	0.46
	Total buildings and constructions – Group 1			9.37			4.12
11	Car park shed	250.00	310.00	0.08	5.00	10%	0.07
12	Bathroom building	13.20	6,000.00	0.08	7.00	14%	0.07
13	Truck inspection building	63.00	2,500.00	0.16	7.00	14%	0.14
14	Others	9,850.00		8.43			3.71
	Road and reinforced concrete patio	4,550.00	500.00	2.28	28.00	56%	1.00
	Fence (1) size 2.5*717 m.	1,792.00	500.00	0.90	28.00	56%	0.39
	Fence (2) size 2.0*1,754 m.	3,508.00	1,500.00	5.26	28.00	56%	2.32
	Total buildings and constructions – Group 2			20.48			3.98
	Total buildings and constructions – Group 1 + Group 2			29.85			8.11
	Total buildings and constructions of CTL^{1/}			14.92			4.05

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-009 dated September 23, 2022.

Remark: 1/ Joint facilities based on the Surat Thani Terminal Joint Operating Agreement between Chevron (Thailand) Limited (formerly Caltex Oil (Thailand) Limited) and Bangchak Corporation Public Company Limited, dated February 1, 1996.

The IFA is of the opinion that the Depreciated Replacement Cost Approach is an appropriate valuation method for the buildings and constructions because the property were designed for specific use and there were adjustment for depreciation according to their existing stage and useful life as of the survey date in order to reflect their current status. Therefore, the buildings and constructions of Surat Thani Oil Terminal appraised by the Independent Property Appraiser according to the report No. GEN-SIA65-09-0109 dated September 23, 2022, under the Depreciated Replacement Cost Approach, is at Baht 8.11 million, while the assets owned by CTL is equal to Baht 4.05 million.

1.1.2.1 (d) Machinery and Equipment – Surat Thani Oil Terminal

The appraised assets are machinery and equipment of Surat Thani Oil Terminal located at 104/1, Surat Thani - Paknam Ta Pi Road, Bang Kung Sub-district, Mueang Surat Thani District, Surat Thani.

The Company appointed Siam Imperial Appraisal Company Limited ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate machinery and equipment. The Independent Property Appraiser surveyed and appraised such properties on September 14, 2022 as per the report dated September 23, 2022 (No. GEN-SIA65-09-009 (M)) for public proposes by employing the Depreciated Replacement Cost Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Machinery and Equipment (Surat Thani Oil Terminal)	Quantity (Items)	Life of Assets (years)	Replacement Cost New (Baht million)	Market Value of Assets (Baht million)	Market Value of Assets of CTL ^{1/} (Baht million)
Tank farm	80.00	1 - 19	89.00	51.44	25.72
Gantry	79.00	1 - 18	59.51	34.67	17.34
Firefighting	22.00	1 - 15	18.82	11.65	5.82
Jetty	24.00	1 - 15	15.09	9.27	4.63
Pump house	22.00	2 - 18	11.67	5.96	2.98
Active pump house	15.00	1 - 18	13.06	8.39	4.19
Accessory	17.00	9	0.40	0.05	0.02
Instrument	64.00	1 - 15	31.37	13.51	6.76
Pipe line	18.00	2 - 16	30.60	8.10	4.05
Office building/structure	47.00 ^{2/}	1 - 11	9.38	4.99	2.49
Total	388.00^{3/}		278.88	148.00^{4/}	74.00^{4/}

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-009 (M) dated September 23, 2022.

Remark:

- 1/ Joint facilities based on the Surat Thani Terminal Joint Operating Agreement between Chevron (Thailand) Limited (formerly Caltex Oil (Thailand) Limited) and Bangchak Corporation Public Company Limited, dated February 1, 1996.
- 2/ Total 6 items were included in the appraisal of buildings and constructions in the Property Appraisal Report No. GEN-SIA65-09-009
- 3/ The Independent Property Appraiser was unable to check 50 items and did not evaluate such assets in this Property Appraisal Report.
- 4/ Rounded

The IFA is of the opinion that the Depreciated Replacement Cost Approach is an appropriate valuation method for the machinery and equipment because the properties were designed for specific use and there were adjustment for depreciation according to their existing stage and useful life as of the survey date in order to reflect their current status. Therefore, the machinery and equipment of Surat Thani Oil Terminal appraised by the Independent Property Appraiser according to the report No. GEN-SIA65-09-009 (M) dated September 23, 2022, under the Depreciated Replacement Cost Approach, is at Baht 148.00 million, while the assets owned by CTL is equal to Baht 74.00 million.

Summary of book value of fixed asset of CTL as of December 31, 2021 is as follows:

Property, Plant and Equipment	(Unit: Baht million)		
	Book Value as of December 31, 2021	Appraisal Value	Appraisal Value higher (lower) than Book Value
	(1)	(2)	(2) – (1)
<u>Appraised assets</u>			
Surface assets – Songkhla Oil Terminal	67.05	98.99 ^{1/2/}	31.94
Surface assets – Surat Thani Oil Terminal	78.72	78.05 ^{3/4/}	(0.67)
Total value of appraised assets	145.77	177.04	31.27
<u>Non-appraised assets</u>			
Surface assets – other oil terminals	12.83		
Buildings and constructions – Fuel Business	305.81		
Machinery and equipment – Fuel Business	919.42		
Total value of non-appraised assets	1,238.06		
Total property, plant and equipment	1,383.83		
Value of PPE increase (decrease) after adjustment for fair value of assets – inclusive of assets of Songkhla Oil Terminal			31.27
Value of PPE increase (decrease) after adjustment for fair value of assets – exclusive of assets of Songkhla Oil Terminal			(0.67)

Source:

- 1/ Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-010 dated September 23, 2022

- 2/ Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-010 (M) dated September 23, 2022
- 3/ Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-009 dated September 23, 2022
- 4/ Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-009 (M) dated September 23, 2022

Therefore, the IFA has adjusted the property, plant equipment of CTL to be acquired by the Company to increase (decrease) by the difference between the appraised value and the book value of assets – inclusive of the assets of Songkhla Oil Terminal of Baht 31.27 million, and adjusted the property, plant equipment of CTL to be acquired by the Company to increase (decrease) by the difference between the appraised value and the book value of assets – exclusive of the assets of Songkhla Oil Terminal of Baht (0.67) million.

1.1.2.2 Summary of Adjustment to Book Value of the Target + Assets to be Transferred from CTL (Exclusive of Investment in BAFS Shares)

According to the adjustment items described above, the IFA has evaluated Target shares and assets to be transferred from CTL using the Adjusted Book Value Approach as follows:

(Unit: Baht million)

Target (Exclusive of Investment in BAFS shares)	Inclusive of Assets of Songkhla Oil Terminal	Exclusive of Assets of Songkhla Oil Terminal ^{1/}
Shareholders' equity of the Target as of December 31, 2021	3.77	3.77
Net asset – Fuel Business (exclusive of the investment in BAFS shares) as of December 31, 2021	2,273.36	2,206.31 ^{1/}
Book value of the Target as of December 31, 2021 (exclusive of the investment in BAFS shares)^{2/}	2,277.13	2,210.08
Adjustment		
Surplus (Discount) from property appraisal ^{3/}	31.27	(0.67)
Adjusted book value of the Target (exclusive of the investment in BAFS shares)^{1/}	2,308.40	2,209.41

Remark: 1/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of the Songkhla Oil Terminal Land and surface assets. As a result, the total consideration for Target Shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.

Therefore, book value of the asset to be transferred, exclusive of property, plant and equipment of Songkhla Oil Terminal as of December 31, 2022 was Baht 67.05 million.

2/ Please refer to details of BAFS share valuation in Part 3, Clause 1.2 of this report.

3/ Please refer to details in Part 3, Clause 1.1.2.1 of this report.

Under this approach, value of Target shares inclusive of the assets of Songkhla Oil Terminal is equal to **Baht 2,308.40 million**, and value of Target shares exclusive of the assets of Songkhla Oil Terminal is equal to **Baht 2,209.41 million**.

1.1.3 Market Value Approach

The IFA is unable to evaluate value of ordinary shares of the Target by the Market Value Approach because it is not listed on the SET or any other secondary market, hence, there is no reference market value available.

1.1.4 Price to Book Value Ratio Approach: P/BV Ratio

In this approach, the IFA evaluated Target shares (exclusive of the investment in BAFS shares) by using book value as shown in the latest financial statements as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC and carve-out financial information of the Fuel Business Unit (or the business to be transferred to the Target) of CTL as of December 31, 2021, of Baht 2,277.13 million (inclusive of the assets of Songkhla Oil Terminal) or Baht 2,210.07 million (exclusive of the assets of Songkhla Oil Terminal) (Please refer to details in Part 3, Clause 1.1.1 of this

report), and multiplied by a median of P/BV ratio of 3 SET-listed companies.²² The information is for the period up to November 4, 2022 which can be summarized as follows:

Name	Symbol	Type of Business
1. PTT Oil and Retail Business PCL.	OR	The company operates an integrated fuel and non-fuel retail platform in Thailand and abroad, including the sales and distribution of petroleum products and other products in retail and commercial marketing, coffee shops, other food and beverage outlets, convenience stores, and space management service.
2. PTG Energy PCL.	PTG	PTG's business can be categorized into 7 groups as follows: (1) Oil businesses (PTG's core and original business) and retail business, (2) LPG business, (3) Transportation and warehouse businesses; oil transportation business for PT service stations and inventory management, (4) Renewable energy, biodiesel production, and palm oil for consumption businesses, (5) Management system business and equipment maintenance business in service stations, (6) Food and beverage business, (7) Auto care and maintenance service business for automobiles and commercial trucks, (8) Electronic money business.
3. SUSCO PCL.	SUSCO	SUSCO and its subsidiaries have focused on retail business via service stations under its brand and to a variety of industrial end-users such as aviation, electricity generation, construction, transportation, and service sectors, other oil traders, and distributors in neighboring countries.

Source: The Stock Exchange of Thailand

Financial information of comparable companies

(Unit: Baht million)

Company	Market Capitalization as of November 4, 2022	Total Assets as of September 30, 2022	Shareholders' Equity as of September 30, 2022	Total Revenue of the Previous 4 Quarters	Net Profit (Loss) of the Previous 4 Quarters
1. PTT Oil and Retail Business PCL.	292,800.00	225,338.22	105,292.13	744,986.82	13,467.32
2. PTG Energy PCL.	23,714.00	45,408.53	8,589.45	168,406.14	851.99
3. SUSCO PCL.	5,250.00	8,162.02	3,758.99	31,055.87	405.59
Target (exclusive of the investment in BAFS shares)	n.a.	3,053.04^{1/}	2,273.13^{2/}	86,975.58^{3/}	761.52^{4/}

Source: SETSMART

Remark:

- 1/ Total assets of the Target as of December 31, 2021 = Baht 3.81 million + assets to be transferred from CTL (exclusive of investment in BAFS shares) as of December 31, 2021 according to the carve-out financial information, which comprise of PP&E of Baht 1,383.82 million, deferred marketing loan to RORO service stations of Baht 1,354.46 million, and other assets of Baht 310.95 million.
- 2/ Shareholders' equity of the Target as of December 31, 2021 = Baht 3.77 million + net assets to be transferred from CTL (exclusive of investment in BAFS shares) as of December 31, 2021 according to the carve-out financial information, which comprise of PP&E of Baht 1,383.82 million, deferred marketing loan to RORO service stations of Baht 1,354.46 million, other assets of Baht 310.95 million, and employee benefit of Baht 775.87 million.
- 3/ Total revenue of the Target in 2021 = Baht 0.02 million + total revenue of the business to be transferred from CTL (exclusive of investment in BAFS shares) as of December 31, 2021 according to the carve-out financial information, equal to Baht 86,975.56 million.
- 4/ Net loss of the Target in 2021 = Baht (0.02) million + earning before tax from the business to be transferred from CTL (exclusive of investment in BAFS shares) as of December 31, 2021 according to the carve-out financial information, equal to Baht 951.92 million, and adjusted with corporate income tax of Baht 190.38 million.

Summary of Target shares valuation is as follows:

Target	Historical Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. PTT Oil and Retail Business PCL.	2.69	2.76	2.82	2.91	2.94	2.98	3.01	3.24
2. PTG Energy PCL.	2.76	2.77	2.94	2.99	2.95	2.94	2.91	3.14
3. SUSCO PCL.	1.29	1.31	1.28	1.15	1.09	1.06	1.03	0.97
Median of 3 companies	2.69	2.76	2.82	2.91	2.94	2.94	2.91	3.14
Value of the Target shares – inclusive of the assets of Songkhla Oil Terminal (Baht million)	6,135.24	6,295.51	6,429.10	6,629.11	6,695.52	6,696.47	6,635.31	7,149.31
Value of the Target shares – exclusive of the assets of Songkhla Oil Terminal (Baht million)	5,954.59	6,110.14	6,239.79	6,433.91	6,498.37	6,499.30	6,439.93	6,938.79

Source: SETSMART

²² The IFA has considered only the comparable listed companies having core revenue from retail and wholesale distribution of petroleum products. The IFA did not include companies that operate oil refinery business and petroleum products distribution business, namely, PPT Public Company Limited, Esso (Thailand) Public Company Limited, Bangchak Corporation Public Company Limited, Thai Oil Public Company Limited, and Star Petroleum Refining Public Company Limited, since the refinery business is initial capital intensive while fuel retail business requires considerably lower investment in service stations and oil terminals.

Under this approach, value of Target shares – inclusive of the assets of Songkhla Oil Terminal is equal to **Baht 6,135.24 – 7,149.31 million**, and value of Target shares – exclusive of the assets of Songkhla Oil Terminal is equal to **Baht 5,954.59 – 6,938.79 million**.

1.1.5 Price to Earnings Ratio Approach: P/E Ratio

In this approach, the IFA evaluated Target shares by using net profit as shown in the latest financial statements of the Target as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC, and carve-out financial information of the Fuel Business of CTL as of December 31, 2021 after adjustment for corporate income tax, which equal to Baht 761.52 million,²³ and multiplied by a median of P/E ratio of 3 SET-listed companies who operates the sales and distribution of petroleum products and retail business. The information is for the period up to November 4, 2022 which can be summarized as follows:

Target	Historical Average P/E Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. PTT Oil and Retail Business PCL.	19.88	20.39	20.83	21.73	23.64	24.79	25.31	26.55
2. PTG Energy PCL.	31.55	31.64	33.62	34.38	35.32	35.48	30.47	21.95
3. SUSCO PCL.	13.33	13.57	13.31	12.10	12.48	12.70	13.13	11.56
Median of 3 companies	19.88	20.39	20.83	21.73	23.64	24.79	25.31	21.95
Value of the Target shares (Baht million)	15,137.97	15,529.47	15,863.01	16,551.43	18,004.24	18,881.24	19,270.32	16,715.52

Source: SETSMART

Under this approach, value of Target shares is equal to **Baht 15,137.97 - 19,270.32 million**.

1.1.6 Discounted Cash Flows Approach

This approach takes into account the Target's future operating performance by deriving present value of future cash flow using an appropriate discount rate. The IFA calculated the weighted average cost of capital (WACC) to be used as the discount rate and constructed a 29-year financial projection of the Target (2023 - 2050²⁴) based on an assumption that the Target's operation is on a going-concern basis without any significant changes under the current economic condition and circumstances.

The IFA has prepared a financial projection of the Target based on information and assumptions received from the Company and Chevron Group for the sole purpose of determining fair value of Target Shares. If there is any material change in the overall economic condition and other internal and external factors that affect the Target's business operation from the assumptions used herein, fair value derived from this approach may change accordingly.

Key assumptions of the financial projection are as follows:

In preparing the financial projection, the IFA has considered historical performance based on the carve-out financial information of CTL dated April 29, 2022, prepared by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited.

CTL operates a petroleum downstream business, by which it distributes a wide range of fuels, including premium and regular gasohol, unleaded gasoline, diesel fuel, commercial and industrial fuels, aviation fuel, and asphalt. Additionally, CTL markets and distributes an extensive range of lubricants.

In preparing this financial forecast of the Target, the IFA referred to historical performance of CTL for the Fuel Business that will be transferred to the Target after the Internal Reorganization. The business to be transferred comprises of:

- Retail business through 427 Caltex service stations, comprising of 403 RORO service stations and 24 CORO service stations
- Bulk sales
- Commercial and industrial business
- Aviation fuel business
- Asphalt business

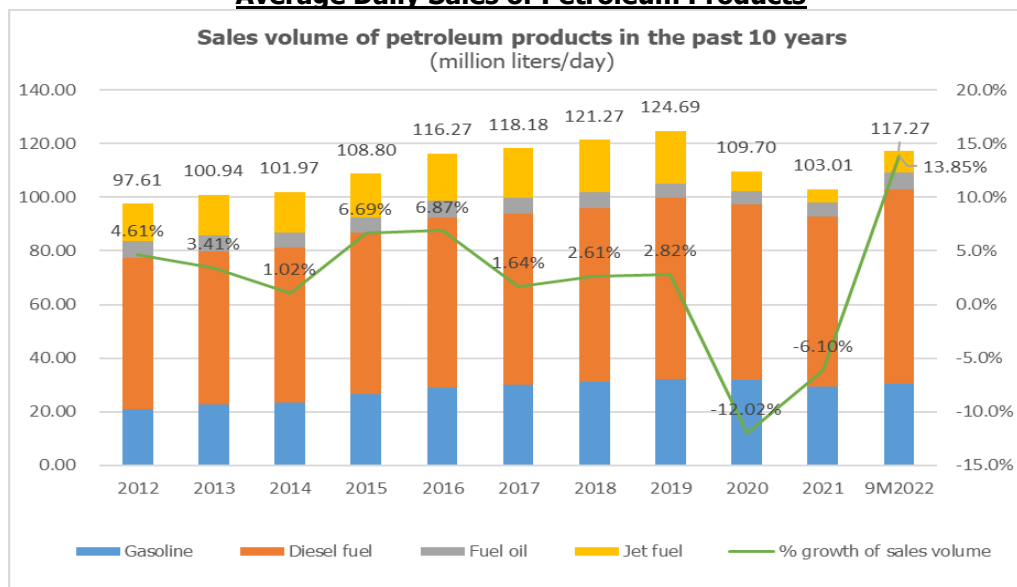
²³ Based on net loss of the Target in 2021 = Baht (0.02) million + earning before tax from the business to be transferred from CTL (exclusive of investment in BAFS shares) as of December 31, 2021 according to the carve-out financial information, equal to Baht 951.92 million, and adjusted by corporate income tax of Baht 190.38 million.

²⁴ Year 2050 is the last year of the projection period in the World Energy Outlook 2002 prepared by International Energy Agency (IEA), which is used as information for the preparation of this report.

Sales of petroleum products in Thailand

In the past 10 years, sales volume of petroleum products was in the range of 100.94 – 124.69 million liters per day. Sales volume decreased from 124.69 million liters per day in 2019 to 103.01 million liters per day in 2021 due to the COVID-19 pandemic, especially the sales volume of aviation fuel which decrease from 19.60 million liters per day in 2019 to 4.86 million liters per day in 2021.

Average Daily Sales of Petroleum Products



Source: Information collected from Department of Energy Business, Ministry of Energy (www.doeb.go.th)

Remark: Sales volume of gasoline, diesel fuel, fuel oil, and jet fuel in the past 10 years.

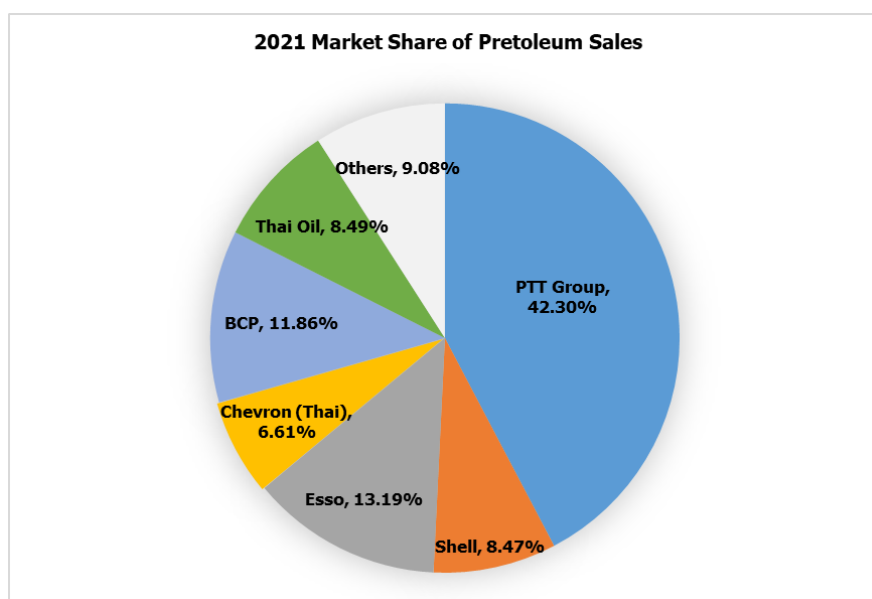
In January – September 2022, average sales volume of petroleum products increased to 117.27 million liters per day as a result of economic recovery. Average sales volume of gasoline was 30.40 million liters per day, slightly higher than those of 2021 but lower than those of 2018 – 2020 as the demand of gasoline has not fully recovered due to high price of gasoline. Average sales volume of diesel fuel was 72.41 million liters per day, the highest level in the past 10 years. Such increase in demand was from economic recovery and the government policy that set the selling price of diesel fuel to not exceeding Baht 30 per liter. However, sales volume of jet fuel was 8.13 million liters per day, slightly increased from 2021 but still lower than pre COVID-19 level.

The compound annual growth rate (CAGR) of petroleum products during the previous 10 years (2012 – 9M2022) was 1.85% p.a., while the CAGR of gasoline, diesel fuel, and fuel oil was 2.7% p.a., and the CAGR of jet fuel was 5.2% p.a.

Market share

In 2021, market share of PTT Group represented 42.30%, followed by Esso and Bangchak of 13.19% and 11.86%, respectively. Chevron (Thailand) Limited was ranked No. 6 with the market share of 6.61% and average sales of 6.81 million liters per day.

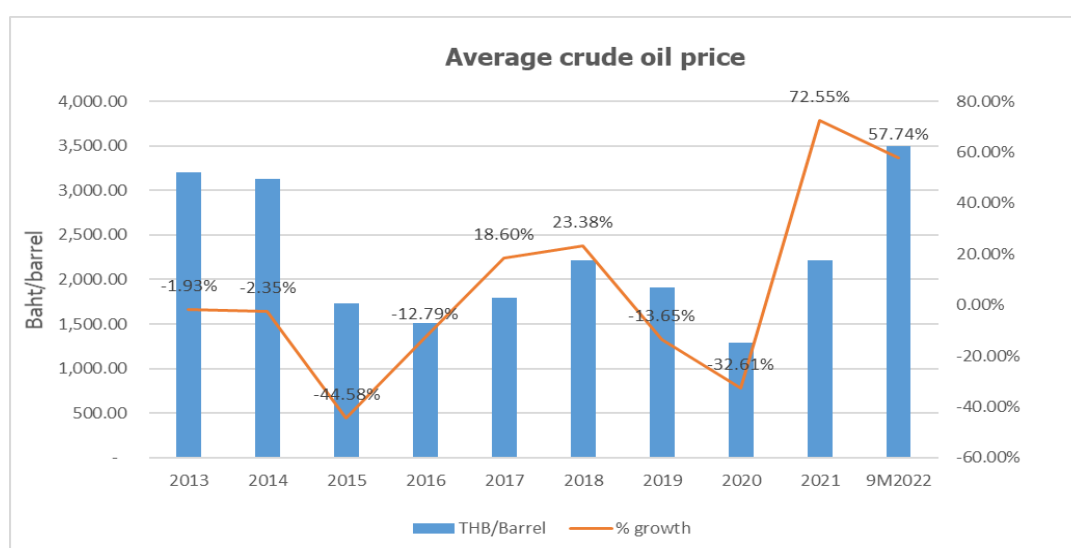
Market share of CTL was 6.25% for gasoline, diesel fuel, and fuel oil, while market share for jet fuel was 13.92% (ranked No. 3 after PTT Group and Esso who had market share of 51.22% and 15.15%, respectively).



Source: Information collected from Department of Energy Business, Ministry of Energy (www.doeb.go.th)
 Remark: Sales volume of gasoline, diesel fuel, fuel oil, and jet fuel in 2021.

Crude oil price

Crude oil price had been volatile in the past 10 years. In 2020, crude oil price dropped to the lowest at the average of Baht 1,285 per barrel as a result of lower demand due to COVID-19 pandemic. However, in 2022, crude oil price significantly increased as the effects from Russia – Ukraine war and the economic recovery after the COVID-19 pandemic with the average price in January – September 2022 of Baht 3,499 per barrel. The 10-year CAGR (2012 – 9M2022) was of 0.7% p.a.



Source: <https://www.indexmundi.com/commodities/?commodity=crude-oil&months=180¤cy=thb>

Remark: Average spot price of crude oil in Brent, Dubai and West Texas Intermediate and converted to Thai Baht.

▪ Revenue from sales

In 2019 – 2021, CTL had revenue from sales (including oil fund subsidy) of Baht 123,393.09 million, Baht 82,980.78 million, and Baht 86,925.22 million, respectively, or decreased by 32.75% in 2020 and increased by 4.75% in 2021. Revenue from sales dramatically dropped in 2020 – 2021 mainly from declining of sales volume as the effect of COVID-19 pandemic.

Sales volume

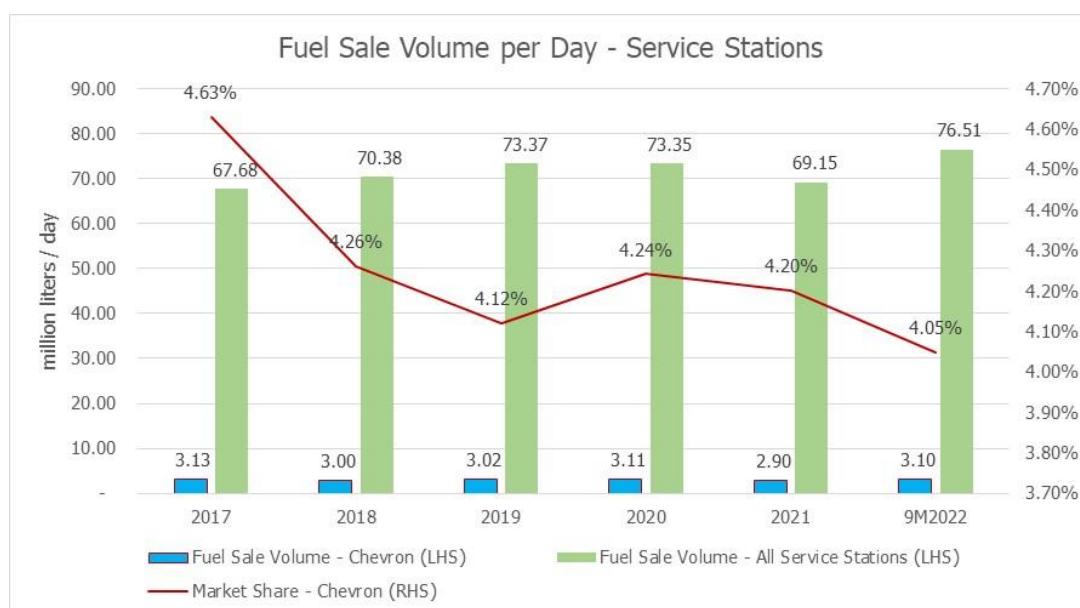
Sales volume (retail and bulk sales) in 2019 – 2021 was 15.65 million liters per day, 12.59 million liters per day, and 10.16 million liters per day, respectively. The declining of sales volume in 2021

resulted from lower bulk sales due to higher completion and lower demand of jet fuel from COVID-19 travel restriction measurements.

Based on the government policy, technology, and situation in Thailand at the present, the IFA has taken into consideration the effect of electric vehicle to demand of petroleum products in the future. The IFA has determined that electric vehicles shall have an impact on demand of gasoline only since at the current battery power to weight ratio of lithium-ion battery is still inefficient for pick-up truck, truck, and large vehicles (using diesel fuel) and aircrafts (using jet fuel). *(Please refer to details in Part 2.2, Clause (4) of this report)*

Key assumptions on sales volume of petroleum products are as follows:

- **Retail sales volume:** Average sales volume in 2024 is assumed at 3.10 million liters per day (comprised of 1.01 million liters per day of gasoline and 2.09 million liters per day of diesel fuel), based on the average sales volume of CTL in January – September 2022. (Reference data on sales volume of gasoline and diesel fuel of service stations from the Department of Energy Business, Ministry of Energy).



Source: Information collected from the Department of Energy Business, Ministry of Energy (www.doeb.go.th)

Diesel fuel²⁵

From the industry information, the 10-year CAGR (2012 – 9M2022) of sales volume of diesel fuel increased was 2.57% p.a., and the 5-year CAGR (2017 – 9M2022) was 2.59% p.a.

In 2025 – 2050, sales volume of diesel fuel (use mostly in transportation sector) is assumed to increase by 2.50% p.a. *(Please refer to the figure of sales volume of petroleum products in the past 10 years on page 63)*

Gasoline²⁶

From the industry information, the 10-year CAGR (2012 – 9M2022) of sales volume of gasoline was 3.74% p.a., while the 5-year CAGR (2017 – 9M2022) was 0.12% p.a. In addition, the IFA takes into consideration the trend of electric vehicle (EV) market and the awareness of net zero emission target in many countries.

Therefore, the IFA viewed that demand of gasoline will be affected by the growth of electric vehicles in the future and the government policy. The IFA, then, assumed sales volume of gasoline to decrease by 4.00% p.a. in 2025 – 2050 based on conservative basis, or the sales volume of gasoline to decline at the CAGR of 3.59% p.a. from 2021 to 2050.

The IFA collected the forecast of oil demand in Southeast Asia by 2050 and found that the growth rate shall be in the range of (0.78)% – 2.15% p.a., as follows:

²⁵ Diesel fuel is used for the diesel engines in cars, trucks, tractors, passenger boats, fishing boats, trains, and industrial factories.

²⁶ Gasoline is a type of fuel that is widely used in cars and motorcycles.

- Estimated by OPEC: Oil demand in Southeast Asia (excluding India) is expected to increase at the CAGR of 2.15% p.a.²⁷ (2021 – 2045)
- Estimated by International Energy Agency (IEA)²⁸ for STEP: Oil demand in Southeast Asia is expected to increase at the CAGR of 1.43% p.a.²⁹ (2021 – 2050)
- Estimated by International Energy Agency (IEA) for APS: Oil demand in Southeast Asia is expected to decrease at the CAGR of (0.78)% p.a.³⁰ (2021 – 2050)

According to the IFA's forecast, sale volumes of service stations (gasoline and diesel fuel) increase at the CAGR of 1.39% p.a. from 2021 to 2050, which is in the range of the forecast of oil demand in Southeast Asia which is in the range of (0.78)% – 2.15% p.a.

- **Commercial and industrial sales volume:** In 2024 – 2050, sales volume is assumed at 4.37 million liters per day, which is equivalent to the average sales volume of 2019 – 2021.
- **Bulk sales volume:** In 2024 – 2050, sales volume is assumed at 2.22 million liters per day, based on the average sales volume of 2021. Bulk sales tend to decrease from 2019 – 2020 due to higher competition in the sector.
- **Asphalt sales volume:** In 2024 – 2050, sales volume is assumed at 0.25 million liters per day, based on the average sales volume of 2019 – 2021. Asphalt sales tends to decrease from 2019 – 2020 due to higher competition in the sector.
- **Aviation fuel sales volume:** The IFA assumed sales of aviation fuel to return to pre-COVID-19 level in 2024 at the average sales volume of 2.69 million liter per day (equivalent to aviation sales volume of CTL in 2019), based on the forecast that passengers/travelling return to pre-COVID-19 level in 2024.³¹

Subsequently, in the next 5 years (2025 – 2029), sales of aviation fuel is expected to increase by 5.00% p.a., which is close to the 5-year CAGR of aviation fuel sales volume before COVID-19 pandemic (2014 – 2019) of 5.35% p.a.

In 2030 – 2050, sales volume of aviation fuel is assumed to increase by 2.50% p.a. based on conservative basis. In addition, development of the alternative fuel in aviation at the present does not reach commercial level.

Average selling price

The IFA assumed the average selling price of Baht 21.05 per liter in 2024, which is equivalent to the average selling price of 2017 – 2021.

In 2025 – 2050, the average selling price is assumed to increase by 0.50% p.a., slightly lower than the 10-year CAGR of crude oil price (2012 – 9M2022) which was at 0.70% p.a. and based on conservative basis.

Fuel margin

In 2019 – 2021, fuel margin was equal to Baht 2,503.84 million, Baht 1,460.08 million, and Baht 2,425.73 million, accounting for 2.03%, 1.76%, and 2.79% of revenue from sales, respectively.

In this financial forecast, the IFA assumed fuel margin of 1.99% of revenue from sales, based on the average fuel margin of 2017 – 2021.

Summary of revenue from sales in 2024 – 2050 is as follows:

Target – Revenue	2019A	2020A	2021A	2024F ^{1/}	2025F	2026F	2027F	2028F	2029F	2030F
No. of days (days)	365	366	365	366	365	365	365	366	365	365
Average sales volume	15.65	12.59	10.16	12.75	12.90	13.06	13.23	13.41	13.60	13.71

²⁷ Source: 2022 World Oil Outlook 2045, prepared by Organization of Petroleum Exporting Countries (OPEC)

²⁸ International Energy Agency (IEA) comprises of 31 member countries and 11 association countries.

²⁹ Source: World Energy Outlook 2002, prepared by International Energy Agency (IEA). The Stated Policies Scenario (STEPS) provide the estimates based on today's policy setting on global warming and clean energy of each country.

³⁰ Source: World Energy Outlook 2002, prepared by International Energy Agency (IEA). The Announced Pledges Scenario (APS) provide the estimates based on the case that aspirational targets announced by the government of each country can be completed within the specified timeframe, including the long-term net zero emissions and energy access goals.

³¹ Reference: AOT newsletters No. 16/2565, Subject: "AOT 43rd anniversary ready toward full digital platform", published by Corporate Communications Department of AOT on July 1, 2022. Part of the newsletter mentioned that:

"AOT expected to serve 45 million passengers from 6 airports in 2022 with a recovery around 33%. It also expected the number of passengers to return to pre-COVID-19 level in the fiscal year 2024 at 142 million passengers, which was in the same direction with the forecast of International Air Transport Association (IATA), International Civil Aviation Organization (ICAO), and S&P Global."

(Source: www.airportthai.co.th/th/aot-ครบรอบ-43-ปี-พร้อมก้าวสู่/)

Target – Revenue	2019A	2020A	2021A	2024F ^{1/}	2025F	2026F	2027F	2028F	2029F	2030F
(million liters/day)										
Growth of average sales volume (%)	-7.13%	-19.53%	-19.32%	7.01% ^{2/}	1.17%	1.23%	1.30%	1.36%	1.42%	0.85%
Average selling price (Baht/liter)	21.61	18.01	23.45	21.05	21.16	21.26	21.37	21.47	21.58	21.69
Revenue from sales ^{3/} (Baht million)	123,393.09	82,980.78	86,925.22	98,229.07	99,604.93	101,338.58	103,165.29	105,376.79	107,113.41	108,562.49
Cost of sales (Baht million)	(120,889.26)	(81,520.69)	(84,499.49)	(96,269.66)	(97,618.08)	(99,317.15)	(101,107.42)	(103,274.80)	(104,976.79)	(106,396.96)
Fuel margin (Baht million)	2,503.84	1,460.08	2,425.73	1,959.40	1,986.85	2,021.43	2,057.87	2,101.98	2,136.62	2,165.53

Target – Revenue	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	2039F – 2050F
No. of days (days)	365	366	365	365	365	366	365	365	365 - 366
Average sales volume (million liters/day)	13.83	13.96	14.09	14.23	14.37	14.51	14.66	14.82	14.98 – 17.15
Growth of average sales volume (%)	0.88%	0.91%	0.94%	0.96%	0.99%	1.02%	1.04%	1.07%	1.10% - 1.35%
Average selling price (Baht/liter)	21.80	21.91	22.02	22.13	22.24	22.35	22.46	22.57	22.69 – 23.96
Revenue from sales ^{3/} (Baht million)	110,063.29	111,922.61	113,224.09	114,886.24	116,604.41	118,704.12	120,213.64	122,107.27	124,062.03 – 150,045.41
Cost of sales (Baht million)	(107,867.83)	(109,690.05)	(110,965.57)	(112,594.57)	(114,278.46)	(116,336.29)	(117,815.70)	(119,671.56)	(121,587.32) – (147,052.41)
Fuel margin (Baht million)	2,195.47	2,232.55	2,258.51	2,291.67	2,325.94	2,367.83	2,397.94	2,435.71	2,474.70 – 2,993.00

Remark: 1/ Financial forecast starts from 2024 as the Company expects the closing of the Fuel Business Investment Transaction within June 2024.

2/ Comparison with the estimated sale volume of 2023 of 11.91 million liter per day.

3/ Revenue from sales + oil fund subsidy.

▪ **Other incomes (exclusive of dividend from BAFS)**

In 2019 – 2021, other incomes were Baht 62.05 million, Baht 39.37 million, and Baht 50.34 million, respectively, or decreased by 36.56% and increased by 27.87% from prior year. The decrease of other incomes in 2020 due mainly to lower Star Card fee. Besides, CTL received damaged claim in 2019 which is one-time item.

In this financial forecast, the IFA assumed other incomes of 0.05% of revenue from sales, which is equivalent to the average other incomes in 2017 – 2021.

▪ **Selling and administrative expenses (exclusive of depreciation and amortization expenses)**

Selling and administrative expenses comprise of employee expenses, rental fee, intra-company expenses, inter-company expenses, transportation expenses, travel and entertainment expenses, taxes, and other selling and administrative expenses.

In 2019 – 2021, selling and administrative expenses were Baht 1,667.22 million, Baht 1,551.43 million, and Baht 1,226.18 million, or decreased by 6.95% and 20.96% from prior year, respectively. The decrease of selling and administrative expenses in 2020 due mainly to the decrease in employee expenses from reorganization. The decrease of selling and administrative expenses in 2021 due mainly to the decrease in employee expenses and allowance for doubtful account, which was a one-time expense in 2020.

The IFA's assumptions on selling and administrative expenses can be summarized as follows:

- Employee expenses in 2019 - 2021 were Baht 710.52 million, Baht 495.64 million, and Baht 367.02 million, respectively. The decrease of employee expenses was a result of the reorganization of CTL.

The IFA assumed employee expenses to increase by 3.00% - 5.00% p.a. in 2024 – 2028 (the first 5 years), and by 2.15% p.a. in 2029 – 2050, which is equivalent to the average 20-year historical growth rate of Consumer Price Index (2003 – 10M2022), in order to control expenses to be consistent with revenue growth of approximately 1.2% - 2.1% p.a.

- Intra-company expenses are service fees charged by Chevron Group for finance & credit, human resource, legal, IT, engineering, procurement, and other works. The allocated expense in 2019 – 2021 were Baht 163.55 million, Baht 177.10 million, and Baht 121.62 million, respectively. The decrease of intra-company expenses in 2021 due mainly to the lower IT service fee from Chevron Group's IT cost policy.

Intra-company expenses in 2024 – 2050 are assumed to increase by 2.15% p.a. based on the average 20-year historical growth rate of Consumer Price Index (2003 – 10M2022).

- Inter-company expenses in 2022 - 2023 are assumed at Baht 310.98 million per year, based on the average inter-company expenses in 2021. However, after the Company acquires Target shares in 2024, the inter-company expenses shall no longer exist.
- Rental fee comprises of land rental fee, equipment rental fee, and vessel rental fee. Rental fee in 2019 – 2021 was Baht 74.58 million, Baht 87.65 million, and Baht 113.89 million, respectively. Estimated rental fee in 2022 is equal to Baht 123.58 million, based on CTL's current land rental rate of 2022 and adjusted by additional land rental fee of the land rented from SHC. In this financial forecast, the IFA assumed rental fee to increase by 3.00% p.a. in 2024 – 2050, based on normal growth of rental fee. In addition, it is assumed that rental fee in 2024 shall decrease by Baht 17.42 million as the Target shall acquire land from SHC in Transaction 3.
- Other selling and administrative expenses
 - Other selling and administrative expenses are assumed at Baht 234.36 million in 2024, based on other selling and administrative expenses in 2021 and deducted by approximately Baht 42.33 million which is the duplicate expense in accordance with Trademark License Agreement, Marketing Service Agreement, and Aviation Marketing Service Agreement.
 - In 2025 – 2050, other selling and administrative expenses are assumed at 0.24% of revenue from sales, which is equivalent to the ratio of other selling and administrative expenses to revenue from sales in 2024.
 - Transportation expenses are assumed at 0.01% of revenue from sales, which is equivalent to the average ratio of transportation expenses to revenue from sales in 2017 – 2021.
 - Travel and entertainment expenses are assumed at Baht 27.71 million in 2024, based on the travel and entertainment expenses in 2019 (higher than those of 2020 – 2021 which were at Baht 13.16 million and Baht 7.33 million, respectively, due to COVID-19 travel restrictions). In 2025 – 2050, travel and entertainment expenses are assumed to increase by 2.15% p.a. based on the average 20-year historical growth rate of Consumer Price Index (2003 – 10M2022).
 - Import duty and other taxes are assumed to increase by 2.15% p.a. based on the average 20-year historical growth rate of Consumer Price Index (2003 – 10M2022).
- Office rental fee and IT expenses are post-transaction additional expenses. The management of the Company estimated office rental fee at Baht 16.66 million per year in 2024. The IFA assumed office rental fee to increase by 3.00% p.a. in 2025 – 2031. The management of the Company also estimated that IT expenses in 2024 shall equal to Baht 60.10 million and the IFA assumed that IT expenses shall increase by 2.15% p.a. in 2025 – 2031.
- Additional expenses for the use of other oil terminals to replace CTL's Chong Nonsi Oil Terminal are estimated based on historical information.
- After the entering into the transactions, the Target will enter into Trademark License Agreement, Marketing Service Agreement, and Aviation Marketing Service Agreement (*Please refer to the scope of these agreement in Part 1, Clause 1.4.2 of this report*) with service fees and terms as set out in the agreements. The expenses comprise of fixed and variable expenses based on sale volume. In addition, the IFA assumed fixed expenses and service fees per unit to increase by 2.15% p.a.
- Additional expenses of NewCo 1 comprise of land tax of 2 oil terminals and 4 service stations owned by NewCo 1, and other administrative expenses of approximately Baht 3.00 million. In addition, such expenses are assumed to increase by 2.15% p.a.

Moreover, the IFA assumed dividend payment shareholders of preferred shares of NewCo 2 who are the third parties at approximately Baht 0.09 million per year, based on the shareholders' agreement and the Memorandum of Association of NewCo 2.

Summary of selling and administrative expenses (exclusive of depreciation and amortization expenses) of the Target in 2024 – 2050 is as follows:

(Unit: Baht million)

Target – SG&A	2019A	2020A	2021A	2024F ^{1/}	2025F	2026F	2027F	2028F	2029F	2030F
Employee expenses	710.52	495.64	367.02	437.57	457.26	475.55	492.19	506.96	517.86	528.99
Intra-company expenses	163.55	177.10	121.62	129.63	132.42	135.26	138.17	141.14	144.18	147.28
Inter-company expenses	368.86	307.66	310.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rental fee	74.58	87.65	113.89	106.16	109.34	112.62	116.00	119.48	123.06	126.76
Other SG&A ^{2/}	163.55	177.10	121.62	129.63	132.42	135.26	138.17	141.14	144.18	147.28
Office rental and IT expenses	-	-	-	76.76	78.55	80.39	82.26	84.19	86.16	88.17
Additional expenses to replace Bangkok Oil Terminal	-	-	-	84.56	90.41	96.93	103.93	111.73	119.47	125.07

Target – SG&A	2019A	2020A	2021A	2024F ^{1/}	2025F	2026F	2027F	2028F	2029F	2030F
Marketing service, trademark license, and transition service fee	-	-	-	286.55	185.48 ^{3/}	190.72	196.25	202.18	208.10	213.67
Additional expenses for New Companies	-	-	-	3.09	3.16	3.22	3.29	3.36	3.43	3.50
Total SG&A	1,667.22	1,551.43	1,226.18	1,415.23	1,351.96	1,395.38	1,438.36	1,481.88	1,520.51	1,556.42
Ratio of SG&A to revenue from sales (%)	1.35%	1.87%	1.41%	1.44%	1.36%	1.38%	1.39%	1.41%	1.42%	1.43%
Growth of SG&A (%)	14.81%	-6.95%	-20.96%	9.01% ^{4/}	-4.47%	3.21%	3.08%	3.03%	2.61%	2.36%

(Unit: Baht million)

Target – SG&A	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	2039F – 2050F
Employee expenses	540.37	551.99	563.85	575.98	588.36	601.01	613.93	627.13	640.61 – 809.50
Intra-company expenses	150.44	153.68	156.98	160.36	163.81	167.33	170.93	174.60	178.35 – 225.37
Inter-company expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rental fee	130.56	134.48	138.51	142.67	146.95	151.35	155.89	160.57	165.39 – 228.94
Other SG&A ^{2/}	327.84	333.63	338.06	343.40	348.92	355.41	360.46	366.49	372.70 – 454.25
Office rental and IT expenses	90.24	92.35	94.52	96.73	99.00	101.33	103.71	106.15	108.64 – 140.42
Additional expenses to replace Bangkok Oil Terminal	130.93	137.44	143.49	150.22	157.26	165.08	172.35	180.44	188.90 – 312.78
Marketing service, trademark license, and transition service fee	219.50	225.72	231.85	238.30	245.04	252.25	259.34	266.81	274.62 – 382.75
Additional expenses for New Companies	3.57	3.65	3.72	3.80	3.88	3.96	4.05	4.13	4.22 – 5.31
Total SG&A	1,593.45	1,632.94	1,670.99	1,711.46	1,753.22	1,797.72	1,840.66	1,886.31	1,933.43 – 2,559.32
Ratio of SG&A to revenue from sales (%)	1.45%	1.46%	1.48%	1.49%	1.50%	1.51%	1.53%	1.54%	1.56% – 1.71%
Growth of SG&A (%)	2.38%	2.48%	2.33%	2.42%	2.44%	2.54%	2.39%	2.48%	2.50% – 2.65%

Remark: 1/ Financial forecast starts from 2024 as the Company expects the closing of the Fuel Business Investment Transaction within June 2024.

2/ Comprise of other expenses, transportation expenses, travel and entertainment expenses, import duty and other taxes.

3/ Decreased in 2025 due to one-time expense of transition fee payables in the first acquisition year of Target Share (2024).

4/ Comparison with the estimated selling and administrative expenses of 2023, which is equal to Baht 1,298.28 million.

▪ **Corporate income tax**

The IFA assumed corporate income tax rate of 20% throughout the projection period.

▪ **Capital expenditures and deferred marketing loans to RORO service stations**

Capital expenditures for service stations comprise of maintenance expenses (for CORO and RORO service stations), site replacement deferred marketing loans to RORO stations, and site renewal deferred marketing loans to RORO stations. However, in this financial forecast, it is assumed that the number of service stations remain constant at 427 gas stations (403 RORO service stations and 24 CORO service stations) throughout the projection period.

- Maintenance expenses are equivalent to the average ratio of maintenance expenses to retail sales volume of 2019 - 2021.
- Deferred marketing loans to RORO service stations are equivalent to the average ratio of deferred marketing loans to sales volume of RORO service stations in 2019 - 2021.
- Capital expenditures, site replacement deferred marketing loans to RORO service stations, and site renewal deferred marketing loans to RORO service stations in 2023 are assumed at Baht 191.79 million. In 2024 – 2050, capital expenditures for new service stations are assumed to increase by 2.15% p.a., and the deferred marketing loans are assumed to increase by 1.35% - 2.34% p.a., which is in line with the growth of revenue from sale.

Capital expenditures for other business units, which are Songkhla Oil Terminal, Surat Thani Oil Terminal and other business units, are assumed at Baht 57.00 million in 2023, which is equivalent to the average capital expenditures of other business units in 2019 - 2021. In 2024 – 2050, capital expenditures of other business units are assumed to increase by 2.15% p.a., based on the average 20-year historical growth rate of Consumer Price Index (2003 – 10M2022).

IT capital expenditures are additional expenses to support the operation of gas stations. The Company estimated IT capital expenditures in 2024 at Baht 223.90 million. In 2025 – 2050, the IFA assumed IT capital expenditures of Baht 22.39 million per year, or approximately 10% of initial capital expenditures.

▪ **Asset and liability turnover**

Projection is made based on historical data of the Target in 2017 - 2021 as follows:

Trade receivables	16 days on average
Inventory	10 days on average
Trade and other current payables	21 days on average

Summary of financial projection of the Target in 2024 - 2050 is as follows:

(Unit: Baht million)

Target	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Income Statement									
Fuel margin	1,959.40	1,986.85	2,021.43	2,057.87	2,101.98	2,136.62	2,165.53	2,195.47	2,232.55
Other incomes	46.76	47.41	48.24	49.11	50.16	50.99	51.68	52.39	53.28
Selling and administrative expenses ^{1/}	(1,675.23)	(1,659.85)	(1,721.29)	(1,606.33)	(1,584.51)	(1,641.85)	(1,696.71)	(1,752.97)	(1,811.97)
EBIT	330.93	374.41	348.38	500.65	567.63	545.76	520.49	494.89	473.86
EBITDA	773.77	886.65	893.29	902.54	919.43	823.51	758.31	767.84	782.52
Net profit	264.75	299.53	278.71	400.52	454.11	436.61	416.40	395.91	379.09

(Unit: Baht million)

Target	2033F	2034F	2035F	2036F	2037F	2038F	2039F	2040F	2041F
Income Statement									
Fuel margin	2,258.51	2,291.67	2,325.94	2,367.83	2,397.94	2,435.71	2,474.70	2,521.83	2,556.46
Other incomes	53.89	54.69	55.50	56.50	57.22	58.12	59.05	60.18	61.00
Selling and administrative expenses ^{1/}	(1,869.80)	(1,930.34)	(1,967.24)	(2,032.47)	(2,088.38)	(2,142.37)	(2,202.90)	(2,257.05)	(2,309.58)
EBIT	442.61	416.01	414.20	391.86	366.78	351.46	330.86	324.97	307.88
EBITDA	787.42	797.51	807.71	820.89	826.17	827.32	833.19	834.92	825.57
Net profit	354.09	332.81	331.36	313.49	293.43	281.17	264.69	259.97	246.30

(Unit: Baht million)

Target	2042F	2043F	2044F	2045F	2046F	2047F	2048F	2049F	2050F
Income Statement									
Fuel margin	2,599.28	2,643.45	2,696.35	2,735.92	2,784.31	2,834.17	2,893.45	2,938.47	2,993.00
Other incomes	62.03	63.08	64.34	65.29	66.44	67.63	69.05	70.12	71.42
Selling and administrative expenses ^{1/}	(2,365.36)	(2,422.94)	(2,484.27)	(2,543.78)	(2,606.95)	(2,672.17)	(2,741.64)	(2,808.85)	(2,880.00)
EBIT	295.95	283.58	276.42	257.43	243.80	229.63	220.86	199.75	184.42
EBITDA	821.60	817.35	818.68	808.36	803.71	798.77	799.67	788.24	782.71
Net profit	236.76	226.87	221.14	205.94	195.04	183.70	176.68	159.80	147.54

Remark: 1/ Including depreciation and amortization expenses.

▪ **Terminal value growth**

The IFA assumed terminal value growth of 0.00% p.a.

▪ **Discount rate**

The IFA has adopted the weighted average cost of capital (WACC), derived from a weighted average of cost of debt (K_d) and cost of equity (K_e), as a discount rate for the calculation of present value of net cash flow of the Target, as follows:

$$WACC = K_e \cdot E / (D + E) + K_d \cdot (1 - T) \cdot D / (D + E)$$

K_e	=	Cost of equity or required rate of return (R_e)
K_d	=	Cost of debt or interest rate on loan of the Target
T	=	Corporate income tax
E	=	Shareholders' equity
D	=	Interest-bearing debt

Cost of equity (K_e) or required rate of return (R_e) is calculated by using the capital asset pricing model (CAPM) as follows:

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Where:

Risk free rate (R_f) = 4.31% p.a., based on 30-year government bond yield (information as of November 4, 2022), which is currently the longest government bond continually issued and offered in the market under the assumption that the business is on a going concern basis

Beta (β)	=	0.5162 times, based on median of unlevered beta of 3 SET-listed companies ³² who operates the sales and distribution of petroleum products and retail business (Please refer to details of the comparable companies in Part 3, Clause 1.1.3 of this report) (1-year beta up to November 4, 2022), and adjusted by the estimated interest-bearing debt to equity ratio of the Target as of the Closing Date
Market risk (R_m)	=	10.78% p.a., which is the 30-year average rate of annual return from investment in the Stock Exchange of Thailand from 1992 – 2021 and 10M2022 (period from the enforcement of the Securities and Exchange Act B.E. 2535) as it is the most suitable period to reflect average return from the SET
K_d	=	0% p.a. (no loan)
D/E ratio	=	0 times as of the Closing Date
T	=	The assumed corporate income tax rate of 20% p.a.

Based on the above assumptions, the discount rate or WACC ($WACC = K_e$) is equal to 7.65% p.a. (rounded).

However, the Company will enter into the transactions around mid-2024. Thus, the IFA has considered cash flows of the Target in 2H2024 and during 2025 – 2050. Target's future cash flows can be projected as follows:

(Unit: Baht million)									
Target	2H2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
EBITDA	340.43	886.65	893.29	902.54	919.43	823.51	758.31	767.84	782.52
Corporate income tax	(23.80)	(74.88)	(69.68)	(100.13)	(113.53)	(109.15)	(104.10)	(98.98)	(94.77)
Working capital	(1,288.79)	(176.41)	(23.25)	(24.51)	(29.85)	(23.14)	(19.22)	(19.90)	(24.88)
Capital expenditures	(413.71)	(406.65)	(412.42)	(418.50)	(425.76)	(431.64)	(437.39)	(443.38)	(450.52)
Free cash flow to firm	(1,385.87)	228.70	387.95	359.40	350.29	259.58	197.60	205.58	212.34
PV of FCFF	(1,335.72)	204.76	322.66	277.67	251.40	173.06	122.37	118.27	113.48
(Unit: Baht million)									
Target	2033F	2034F	2035F	2036F	2037F	2038F	2039F	2040F	2041F
EBITDA	787.42	797.51	807.71	820.89	826.17	827.32	833.19	834.92	825.57
Corporate income tax	(88.52)	(83.20)	(82.84)	(78.37)	(73.36)	(70.29)	(66.17)	(64.99)	(61.58)
Working capital	(17.03)	(22.05)	(22.79)	(28.08)	(19.78)	(25.11)	(25.91)	(31.56)	(22.75)
Capital expenditures	(456.08)	(462.80)	(469.77)	(477.94)	(484.46)	(492.19)	(500.19)	(509.47)	(516.99)
Free cash flow to firm	225.78	229.46	232.31	236.50	248.58	239.72	240.91	228.90	224.26
PV of FCFF	112.09	105.82	99.52	94.11	91.89	82.32	76.85	67.83	61.73
(Unit: Baht million)									
Target	2042F	2043F	2044F	2045F	2046F	2047F	2048F	2049F	2050F
EBITDA	821.60	817.35	818.68	808.36	803.71	798.77	799.67	788.24	782.71
Corporate income tax	(59.19)	(56.72)	(55.28)	(51.49)	(48.76)	(45.93)	(44.17)	(39.95)	(36.88)
Working capital	(28.44)	(29.32)	(35.38)	(25.99)	(32.10)	(33.07)	(39.58)	(29.55)	(36.12)
Capital expenditures	(525.80)	(534.89)	(545.36)	(553.94)	(563.90)	(574.17)	(585.92)	(593.60)	(602.72)
Free cash flow to firm	208.16	196.43	182.66	176.94	158.95	145.61	130.00	125.14	106.97
PV of FCFF	53.23	46.66	40.30	36.27	30.27	25.75	21.36	19.10	15.17
(Unit: Baht million)									
Target (Base Case)							(Baht million)		
PV of FCFF							1,328.22		
PV of Terminal Value							198.27		
PV of total free cash flow							1,526.48		

Under this approach, value of Target shares is equal to **Baht 1,526.48 million**.

Sensitivity analysis

The Independent Financial Advisor conducted sensitivity analysis on cash flows of Target by adjusting the significant variables as follows:

Scenario 1: Adjust WACC upward/downward by 5.0% from base case (Base case: WACC = 7.65% p.a.)

Scenario 2: The Target will cease its operation after 2034 (projection period of 10.5 years from 2H2023 - 2034), and sell all lands of NewCo 1 (6 transactions for a total of 19 plots

³² The IFA has considered only the comparable listed companies having core revenue from retail and wholesale sale of petroleum products. The IFA did not include companies that operate oil refinery and petroleum product distribution business, namely, PPT Public Company Limited, Esso (Thailand) Public Company Limited, Bangchak Corporation Public Company Limited, Thai Oil Public Company Limited, and Star Petroleum Refining Public Company Limited, since the refinery business requires intensive initial capital while fuel retail business requires considerably less investment.

of land that the Company will acquire in Transaction 3) at the end of 2034. (This is for information only)

Summary of the sensitivity analysis is as follows:

(Unit: Baht million)

Share Value of the Target (Inclusive of the Assets of Songkhla Oil Terminal)	Discount Rate		
	8.03% p.a.	7.65% p.a. (Base Case)	7.27% p.a.
Scenario 1 – Ongoing business	1,421.62	1,526.48	1,640.26
Scenario 2 – Cease business operation after 2034 and sell 6 transactions comprised of 19 plots of land at the end of 2034 ^{1/}	1,710.64	1,788.15	1,868.50

Remark: 1/ Scenario 2 is for information only.

From the sensitivity analysis, value of Target shares is in the range of Baht 1,421.62 – 1,868.50 million.

However, the IFA shall consider value of Target shares only in the case of Scenario 1 (inclusive of the assets of Songkhla Oil Terminal), where value of Target shares is in the range of **Baht 1,421.62 – 1,640.26 million**.

In addition, the IFA has performed an analysis on the value of Target shares in the case that Songkhla Oil Terminal Land and surface assets cannot be transferred. In such case, the Target shall pay land rental fee for Songkhla Oil Terminal Land. Value of Target shares can be summarized as follows:

(Unit: Baht million)

Share Value of the Target (Exclusive of the Assets of Songkhla Oil Terminal) ^{1/}	Discount Rate		
	8.03% p.a.	7.65% p.a. (Base Case)	7.27% p.a.
Scenario 1 – Ongoing business	1,376.75	1,478.83	1,589.48
Scenario 2 – Cease business operation after 2034 and sell 6 transactions comprised of 19 plots of land at the end of 2034 ^{2/}	1,690.75	1,767.87	1,847.82

Remark: 1/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land and the surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.

Therefore, book value of the assets (exclusive of the assets of Songkhla Oil Terminal) as of December 31, 2022 was equal to Baht 67.05 million.

If Songkhla Oil Terminal Land and surface assets are not transferred to the Target, SPRC and CTL shall arrange for the use of Songkhla Oil Terminal by the Target. The consideration payables by Target shall equal to actual costs of CTL. Therefore, in this case, the additional expenses shall be the land rental fee for Songkhla Oil Terminal which is assumed at Baht 2.71 million per year, based on the current land rental rate (it is agreed that the consideration payables by NewCo 1 shall not be higher than the level of expenses incurred by CTL). The land rental fee is assumed to increase by 3.00% p.a.

2/ Scenario 2 is for information only.

From the above sensitivity analysis, value of Target shares (exclusive of the assets of Songkhla Oil Terminal) is in the range of Baht 1,376.75 – 1,847.82 million.

However, the IFA shall consider the value of Target shares only in Scenario 1 (exclusive of the assets of Songkhla Oil Terminal), where value of Target shares is in the range of **Baht 1,376.75 – 1,589.48 million**.

The Discounted Cash Flow Approach determines future cash flow based on assumptions provided by CTL and the Company, and adjusted by the Independent Financial Advisor based on conservative basis under the current economic conditions and circumstance. If there is any change in the business plan, government policy, economic condition, or technology that materially affect the assumptions and variables used herein, future operating results of the Target might not be as projected and share value of the Target evaluated under this approach may change accordingly.

1.1.7 Summary of Opinion of the Independent Financial Advisor on the Fair Value of Target Shares (Exclusive of the Investment in BAFS Shares)

Value of Target shares (exclusive of the investment in BAFS shares) derived from various valuation approaches can be summarized as follows:

(Unit: Baht million)

Target Shares (Exclusive of the investment in BAFS Shares)	Inclusive of the Assets of Songkhla Oil Terminal	Exclusive of the Assets of Songkhla Oil Terminal ^{1/}
1. Book Value Approach	2,277.13	2,210.08
2. Adjusted Book Value Approach	2,308.40	2,209.41
3. Market Value Approach	Not applicable	Not applicable
4. Price to Book Value Ratio Approach	6,135.24 – 7,149.31	5,954.59 – 6,938.79
5. Price to Earnings Ratio Approach	15,137.97 – 19,270.32	15,137.97 – 19,270.32 ^{2/}
6. Discounted Cash Flow Approach	1,421.62 – 1,640.26	1,376.75 – 1,589.48

Remark:

1/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land and surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA will decrease by USD 4.34 million.

Therefore, book value of the assets (exclusive of the assets of Songkhla Oil Terminal) as of December 31, 2022 was equal to Baht 67.05 million.

2/ Historical performance of CTL included operating expenses of Songkhla Oil Terminal and land rental fee for Songkhla Oil Terminal. Thus, value of Target shares in both cases shall be indifferent.

As shown in the above table, value of Target shares (exclusive of the investment in BAFS shares) is in the range of Baht 2,277.13 – 19,270.32 million (inclusive of the assets of Songkhla Oil Terminal).

As shown in the above table, value of Target shares (exclusive of the investment in BAFS shares) is in the range of Baht 2,209.41 – 19,270.32 million (exclusive of the assets of Songkhla Oil Terminal).

The Book Value Approach reflects operating results and status of the company at a given period based on its past performance, without taking into account its real asset value and future profitability, as well as the overall economic and industry outlook. Thus, the valuation of Target shares under this approach could not reflect its actual value.

The Adjusted Book Value Approach, under which adjustments are made to certain accounting items, reflects current market value of Target's assets better than the Book Value Approach. This approach reflects market value of assets, tax saving from losses carried forward, and events after the financial statement date which is profit from property appraisal in this case. However, this approach does not reflect future profitability of the Target. Therefore, share valuation under the Adjusted Book Value Approach might not reflect an appropriate value of the Target.

The Market Value Approach, the IFA is unable to evaluate value of Target shares by the Market Value Approach because it is not listed on the SET or any other secondary market, hence, there is no reference market value available

The Price to Book Value Ratio Approach estimates value of Target shares using book value as shown in the latest financial statements as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC, and carve-out financial information of CTL's Fuel Business (or the business to be transferred to the Target) as of December 31, 2021, to compare with P/BV ratio of 3 SET-listed companies who operates the sales and distribution of petroleum products and retail business (*Please refer to details of the comparable companies in Part 3, Clause 1.1.3 of this report*). However, book value represents past operating performance which may not reflect future profitability of the Target. Therefore, share valuation under this approach might not reflect an appropriate value of the Target.

The Price to Earnings Ratio Approach uses historical data on earnings per share over 12-month period ended December 31, 2021, which is past performance of CTL, to compare with P/E ratios of 3 comparable SET-listed companies who operates the sales and distribution of petroleum products and retail business. Nonetheless, the IFA deems that share valuation under this approach may not reflect an appropriate value of the Target as it used historical operating results of CTL, which may not reflect future profitability of Target.

The Discounted Cash Flow Approach analyzes the historical operating results, cash flow generating capability, and future operating performance of Target. The approach calculates future cash flow stream from financial projection based on assumptions under the current economic condition and circumstances. If there is any change that will materially affect the said assumptions, the future

operating results of the Target might not be as projected or the variables used in the share valuation might change accordingly, hence, leading to a relative change in the share value.

CapAd is of the opinion that the Discounted Cash Flow Approach is the most appropriate valuation approach for Target shares as it reflects future profitability of the Target. Conclusively, **CapAd viewed that fair value of Target shares (exclusive of the investment in BAFS shares), in case of the inclusive of the assets of Songkhla Oil Terminal, is equal to Baht 1,421.62 – 1,640.26 million, while fair value of Target shares (exclusive of the investment in BAFS shares), in case of the exclusive of the assets of Songkhla Oil Terminal, is equal to Baht 1,376.75 – 1,589.48 million (exclusive of the assets of Songkhla Oil Terminal).**

1.2 Valuation of Bangkok Aviation Fuel Services Public Company Limited (BAFS) Shares

The IFA applied 6 approaches in evaluating fair value of BAFS shares, namely:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach: P/BV Ratio
- 5) Price to Earnings Ratio Approach: P/E Ratio
- 6) Discounted Cash Flow Approach

However, the IFA was unable to evaluate value of BAFS shares under the Discounted Cash Flow Approach due to (1) CTL owns only 2.51% of registered and paid-up capital of BAFS and cannot access historical performance and internal information of BAFS, and (2) the historical performance of BAFS shown in the financial statement may not reflect future performance of BAFS because (a) BAFS has invested in power plant business and started to recognize revenue from sale of electricity since 2021, and (b) Fuel Pipeline Transportation Limited (FPT), a subsidiary of BAFS who provide multi-product pipeline transportation services, completed phase 2 of the fuel pipeline transportation system to the Northern region in late 2021. Therefore, only the rest 5 approaches are employed in valuation of the ordinary shares of BAFS.

CapAd evaluated fair value of BAFS shares based on publicly-disclosed information of BAFS such as Form 56-1 One Report, audited and reviewed financial statements, financial information from various websites, and information from the SEC's website (www.sec.or.th) and the SET's website (www.set.or.th).

The Independent Financial Advisor's opinion is based mainly on the assumptions that information and documents provided are true, complete, and accurate. Additionally, the rendered opinion is based on the situation and information at the time of issuance of this report. Therefore, any change of such information or any incurrence of events may significantly affect the Company and/or the assets to be acquired as well as shareholders' decision in considering the appropriateness of the transactions.

After considering such information and documents, opinion of the Independent Financial Advisor on the appropriateness of fair value of BAFS shares can be summarized as follows:

1.2.1 Book Value Approach

This approach determines value of BAFS shares at a certain period. In this case, the calculation is based on BAFS's latest consolidated financial statement as of September 30, 2022, reviewed by a certified public accountant who is on the approved list of the SEC. The summary of shares value is as follows:

BAFS	(Unit: Baht million)
Registered and paid-up capital	637.50
Share premium	434.98
Surplus (deficit) from changes in the interest in subsidiary	412.72
Retained earnings	
Appropriated – statutory reserve	63.75
Appropriated – other reserve	2,553.71
Unappropriated	459.76
Other component of equity	0.27
Shareholder's equity	4,562.69
No. of ordinary shares as of September 30, 2022	637,496,657.00^{1/}
Book value per share (Baht/share)	7.16

Remark: 1/ Par value of Baht 1.00 per share.

Share value of BAFS based on this approach is equal to Baht 7.16 per share.

1.2.2 Adjusted Book Value Approach

Under this approach, share value is calculated by deducting BAFS's total assets by total liabilities including commitments and contingent liabilities as shown in the latest consolidated financial statements as of September 30, 2022, reviewed by a certified public accountant who is on the approved list of the SEC, and adjusted by items occurred after financial statement date or items that may reflect actual value of assets and liabilities such as unrealized gain or loss from assets revaluation and tax saving from losses carried forward. The derived value is then divided by total paid-up shares of BAFS.

However, the Independent Financial Advisor did not make any adjustment to the book value as CTL holds only 2.51% of BAFS, and there is limitation on data access to publicly-disclosed information of BAFS only.

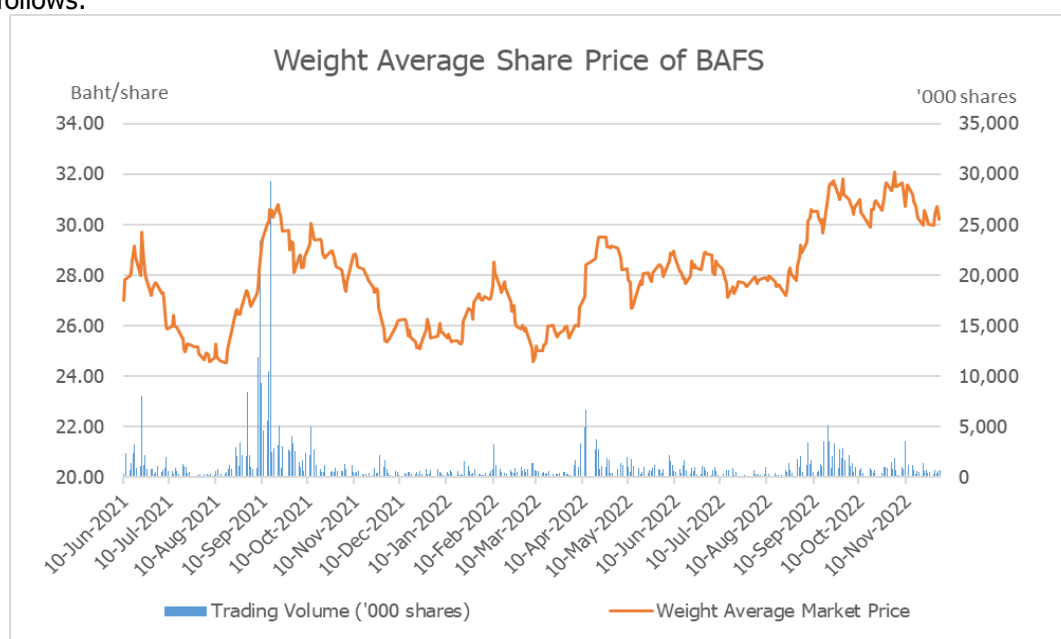
Therefore, the value of BAFS shares under this approach is equivalent to share value under the Book Value Approach which is Baht 7.16 per share.

1.2.3 Market Value Approach

This approach determines value BAFS shares by using weighted average historical trading prices on the SET at a different point in time. CapAd referred to the SEC's definition of market price which is the weighted average closing price during at least 7 consecutive trading days but no more than 15 consecutive trading days. In this case, CapAd adopt the historical market price of BAFS shares prior to December 6, 2022, which is the date that the Board of Director of the Company approved to propose the shareholders' meeting to consider and approve this transaction.

The IFA has determined value of BAFS shares based on the historical market price of BAFS shares during 7 days (November 24, 2022 to December 2, 2022) and 15 days (November 14, 2022 to December 2, 2022) up to December 2, 2022 which is the last business day prior to the date that the Board of Director of the Company approved to propose the shareholders' meeting to consider and approve this transaction. The derived share value of BAFS was **Baht 30.30 – 30.45 per share**.

During 360 business days from June 10, 2021 to December 2, 2022, the weighted average price of the BAFS shares was at the highest of Baht 32.07 per share (November 2, 2022) and the lowest of Baht 24.52 per share (August 16, 2021). The figure illustrating weighted average price of BAFS shares is as follows:



Source: SETSMART

Market price of BAFS shares traded on the SET should reflect share value according to demand and supply of investors in the stock market after taking into consideration all publicly available information and the investors' expectation of future operating performance. The IFA has considered information regarding market price of BAFS shares until December 2, 2022, which was last business day prior to the date that the Board of Director of the Company approved to propose the shareholders' meeting to consider and approve this transaction. Trading volume of BAFS shares was relatively liquid when compared with top active listed shares, in which the average trading volume of BAFS share was at approximately 1,270,930 shares per day or equivalent to 0.20% of total paid-up shares of BAFS during the 360-business day period up to December 2, 2022. Thus, share valuation under the Market Value Approach should reflect an appropriate value of BAFS shares and the shareholders' expectations of future performance of BAFS.

1.2.4 Price to Book Value Ratio Approach: P/BV Ratio

In this approach, the IFA evaluated BAFS shares by using book value per share as shown in the latest consolidated financial statements as of September 30, 2022, reviewed by a certified public accountant, of Baht 7.16 per share and multiplied by a median of P/BV ratio of 3 SET-listed companies³³ who provide airline services and operate airport business since core revenue of BAFS was from aviation fuel storage and refueling services.³⁴ The information is for the period up to November 4, 2022 which can be summarized as follows:

Name	Symbol	Type of Business
Asia Aviation PCL.	AAV	AAV operates as a holding company. Presently, AAV holds only Thai AirAsia Company Limited, a low fare airline. Its revenues are mainly from scheduled passenger services and ancillary services.
Airports of Thailand PCL.	AOT	AOT is the operator of airport business in Thailand, the core tasks of which are airport management and development of country's 6 international airports, namely Suvarnabhumi, Don Mueang, Chiang Mai, Mae Fah Luang-Chiang Rai, Phuket, and Hat Yai. All 6 airports serve both domestic and international flights with Suvarnabhumi Airport designated as the country's main airport.
Bangkok Airways PCL.	BA	BA provides airline, airport and airport-related services including ground and passenger, in-flight catering, and cargo terminal services to its own flights and those of other airlines.

Source: www.set.or.th

Financial information of comparable companies

(Unit: Baht million)

Company	Market Capitalization as of November 4, 2022	Total Assets as of September 30, 2022	Total Revenue of the Previous 4 Quarters	Net Profit (Loss) of the Previous 4 Quarters
1. Asia Aviation PCL.	37,319.57	66,670.81	11,404.25	(11,950.78)
2. Airports of Thailand PCL.	1,064,284.65	183,812.92	17,891.86	(11,087.87)
3. Bangkok Airways PCL.	28,560.00	62,179.47	10,323.04	(2,401.76)
BAFS^{1/}	20,081.13	24,026.60	2,197.13	(617.59)

Source: SETSMART

Remark: Total assets as of September 30, 2022 and total revenue/net profit of the previous 12 months up to September 30, 2022.

Summary of BAFS's share valuation is as follows:

BAFS	Historical Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. AAV	4.28	4.12	4.02	3.80	3.32	3.04	2.72	2.12
2. AOT	10.33	10.20	10.16	10.10	9.94	9.78	9.40	8.49
3. BA	2.12	2.01	1.94	1.80	1.70	1.67	1.66	1.44
Median of 3 companies	4.28	4.12	4.02	3.80	3.32	3.04	2.72	2.12
Share value of BAFS (Baht)	30.64	29.46	28.75	27.20	23.76	21.75	19.44	15.20

Source: SETSMART

Under this approach, the share value of BAFS is Baht 15.20 – 30.65 per share.

1.2.5 Price to Earnings Ratio Approach: P/E Ratio

Under this approach, the IFA evaluated value of BAFS shares by using earnings per share of BAFS as shown on the latest consolidated financial statements for the last 12-month ended September 30, 2022, reviewed by a certified public accountant, and multiplied by a median P/E ratio of 3 SET-listed companies who provide airline services and operate airport business as core revenue of BAFS was from aviation fuel storage and refueling services. The information is for the period up to November 4, 2022 which can be summarized as follows:

³³ Excluding Thai Airways International Public Company Limited and Nok Airlines Public Company Limited as these 2 companies have a possibility to be delisted from the SET, and have negative shareholders' equity as well as operating loss for the last 12-month period ended September 30, 2022.

³⁴ The IFA considered comparable SET-listed companies who provide airline services and operate airport business as most of the revenue of BAFS were from aviation refueling services (For 9M2022, revenue from aviation fuel storage and refueling services, revenue from sale of electricity, and revenue of fuel pipeline transportation service to total revenue accounted for 66%, 19%, and 16% of total revenue, respectively). As a result, its revenue was directly affected by aviation fuel volume and number of flights. In 2020 – 2021, when there was a travel restriction due to COVID-19 pandemic, revenue from service of BAFS decreased significantly from 2019 (pre COVID-19 pandemic) similar to those in airlines and airport business.

BAFS	Historical Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. AAV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. AOT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. BA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Median of 3 companies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Share value of BAFS (Baht)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: SETSMART

Remark: Unable to calculate P/E ratio of 3 companies as they generated net operating loss.

However, The IFA was unable to evaluate value of BAFS shares under this approach since it was unable to calculate P/E ratio of the comparable companies because they generated operating loss during the past 12-month periods.

1.2.6 Discounted Cash Flows Approach

the IFA was unable to evaluate value of BAFS shares under the Discounted Cash Flow Approach as (1) CTL owns only 2.51% of registered and paid-up capital of BAFS and cannot access historical performance and internal information of BAFS, and (2) the historical performance of BAFS shown in the financial statements may not reflect future performance of BAFS because (a) BAFS has invested in power plant business and started to recognize revenue from sale of electricity since 2021, and (b) Fuel Pipeline Transportation Limited (FPT), a subsidiary of BAFS who provide multi-product pipeline transportation services, completed phase 2 of the fuel pipeline transportation system to the Northern region in late 2021. Therefore, publicly-disclosed historical financial performance of BAFS may be inadequate to appropriately forecast future performance of BAFS.

Besides, the IFA has considered the evaluation of BAFS shares by employing the Dividend Discount Model since BAFS had made regular dividend payment in the past 10 years (2010 – 2019) of approximately Baht 0.54 – 1.50 per share, equivalent to approximately 60% - 87% of net profit. However, in 2020 – present, BAFS has made no dividend payment as it incurred operating losses, and invested in power plant business and completed phase 2 of the fuel pipeline transportation system to the Northern region in late 2021 as mentioned above. Therefore, the IFA was also unable to evaluate BAFS shares under the Dividend Discount Model.

1.2.7 Summary of Opinion of the Independent Financial Advisor on the Fair Value of BAFS Shares

Value of BAFS shares derived from various valuation approaches can be summarized as follows:

BAFS	Share Value	Equity Value at 2.51% ^{1/}
	(Baht/share)	(Baht million)
1. Book Value Approach	7.16	114.52
2. Adjusted Book Value Approach	7.16	114.52
3. Market Value Approach	30.30 – 30.45	484.82 – 487.20
4. Price to Book Value Ratio Approach	15.20 – 30.64	243.27 – 490.29
5. Price to Earnings Ratio Approach	Not applicable	Not applicable
6. Discounted Cash Flow Approach	Not applicable	Not applicable

Remark: 1/ CTL holds 16,000,000 BAFS shares with par value of Baht 1.00 per share, equivalent to 2.51% of total registered and paid-up capital of BAFS.

As shown in the above table, share value of BAFS derived from various valuation approaches is in a range of Baht 7.16 – 30.64 per share, or firm value of BAFS at 2.51% is in the range of Baht 114.52 – 490.29 million.

The Book Value Approach reflects operating results and status of BAFS at a given period based on its past performance, without taking into account its real asset value and future profitability, as well as overall economic and industry outlook. Thus, the valuation of BAFS shares using this approach could not reflect its actual value.

The Adjusted Book Value Approach, under which adjustments are made to certain accounting items, reflects current market value of BAFS's assets better than the Book Value Approach. This approach reflects market value of assets, tax saving from losses carried forward, and events after the financial statement date. However, there is no adjustment in this case. Therefore, share valuation under

the Adjusted Book Value Approach might not reflect an appropriate value of BAFS similar to the Book Value Approach.

The Market Value Approach Market price of BAFS shares traded on the SET should reflect share value according to demand and supply of investors in the stock market after taking into consideration all publicly available information and the investors' expectation of future operating performance. The IFA has considered information regarding market price of BAFS shares before December 6, 2022, which was the date that the Board of Director of the Company approved to propose the shareholders' meeting to consider and approve this transaction. Trading volume of BAFS shares was relatively liquid when compared with top active listed shares, in which the average trading volume of BAFS share was at approximately 1,270,930 shares per day or equivalent to 0.20% of total paid-up shares of BAFS during the 360-business day period up to December 2, 2022.

The Price to Book Value Ratio Approach estimates value of BAFS shares using past financial figures of BAFS to compare with P/BV ratio of 3 comparable SET-listed companies³⁵ who provide airline services and operate airport business as core revenue of BAFS was from aviation fuel storage and refueling services.³⁶ However, there are only 3 comparable companies as a benchmark and the range of P/BV ratios of these companies is too wide. Thus, the reference ratios of the 3 comparable listed companies are not an appropriate benchmark for determination of fair value of BAFS shares. Besides, book value represents past operating performance which may not reflect future profitability of BAFS. Therefore, share valuation under this approach might not reflect an appropriate value of BAFS.

The Price to Earnings Ratio Approach uses historical data on earnings per share over 12-month period ended September 30, 2022, which is past performance of BAFS, to compare with P/E ratio of 3 comparable SET-listed companies who provide airline services and operate airport business. However, The IFA was unable to evaluate value of BAFS shares under this approach since BAFS incurred operating loss during the past 12-month periods.

The Discounted Cash Flow Approach is not application in this case as (1) CTL owns only 2.51% of registered and paid-up capital of BAFS and cannot access historical performance and internal information of BAFS, and (2) the historical performance of BAFS shown in the financial statements may not reflect future performance of BAFS because (a) BAFS has invested in power plant business and started to recognize revenue from sale of electricity since 2021, and (b) Fuel Pipeline Transportation Limited (FPT), a subsidiary of BAFS who provide multi-product pipeline transportation services, completed phase 2 of the fuel pipeline transportation system to the Northern region in late 2021.

CapAd is of the opinion that the Market Value Approach is the appropriate valuation approach for BAFS shares because market value of BAFS shares reflects demand and supply of investors in the stock market after taking into consideration all publicly available information and the investors' expectation of future operating performance. **CapAd viewed that fair value of BAFS shares is in a range of Baht 30.30 – 30.45 per share, or value of BAFS shares at 2.51% shareholding is in a range of Baht 484.82 – 487.20 million.**

³⁵ Please refer to Footnote 32 on page 71.

³⁶ Please refer to Footnote 33 on page 77.

2. Transaction 2: Thappline Shares Acquisition Transaction

The Company will acquire 2,877,500 ordinary shares with par value of Baht 100 per share and 5,528,430 preferred shares with par value of Baht 100 share, representing 9.91% of total shares of Thai Petroleum Pipeline Company Limited ("Thappline"), with a total consideration of USD 45 million (equivalent to Baht 1,606.2 million) from CAPHL.

The IFA applied 6 approaches in evaluating fair value of Thappline shares, namely:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach: P/BV Ratio
- 5) Price to Earnings Ratio Approach: P/E Ratio
- 6) Discounted Cash Flow Approach

However, the IFA was unable to evaluate value of Thappline shares under the Market Value Approach because it is not listed on the SET or any other secondary market, hence, there is no reference market value available. Therefore, only the rest 5 approaches are employed in valuation of Thappline shares.

CapAd evaluated the fair value of Thappline shares based on information and documents received from the Company and Chevron Group and publicly-disclosed information of Thappline such as audited financial statements for the year ended 2017 - 2021, Information Memorandum on the Connected Transaction, industry information and financial information from various websites, and information from the SEC's website (www.sec.or.th), the SET's website (www.set.or.th), Thappline's website (www.thappline.co.th), and industry information and statistics from the Ministry of Energy's website (www.energy.go.th).

The Independent Financial Advisor's opinion is based on the assumptions that the provided information and documents are true, complete, and accurate. Additionally, the rendered opinion is based on the situation and information at the time of issuance of this report. Therefore, any change of such information or any incurrence of events may significantly affect the Company and/or the assets to be acquired as well as shareholders' decision in considering this transaction.

After considering such information and documents, opinion of the Independent Financial Advisor on the appropriateness of fair value of Thappline shares can be summarized as follows:

2.1 Book Value Approach

This approach determines value of Thappline shares at a certain period. In this case, the calculation is based on Thappline's latest financial statement as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC. The summary of shares value is as follows:

Thappline	(Unit: Baht million)
Registered and paid-up capital	8,479.00
Share premium	6.51
Retained earnings	
Appropriated – statutory reserve	609.00
Unappropriated	1,091.42
Shareholders' equity (100%)	10,185.93
Shareholders' equity (9.93%)^{1/}	1,010.98

Remark: 1/ CAPHL holds 9.91% of total shares in Thappline (ordinary shares and preferred shares), representing 10% of voting right and 9.93% of right to dividend.

Under this approach, firm value of Thappline (100%) is equal to Baht 10,185.93 million, and firm value at 9.93% shareholding is equal to **Baht 1,010.98 million**.

2.2 Adjusted Book Value Approach

Under this approach, share value is calculated by deducting Thappline's total assets by total liabilities including commitments and contingent liabilities as shown in the latest financial statements as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC, and adjusted by items occurred after financial statement date or items that may reflect actual value of assets and liabilities such as unrealized gain or loss from assets revaluation and tax saving from losses carried forward. The derived value is then divided by number of paid-up shares of Thappline.

However, the Independent Financial Advisor did not make any adjustment to the book value as CAPHL holds only 9.91% of total shares of Thappline, which represents 10% of voting right. In addition, there is limitation on data access to publicly-disclosed information of Thappline only.

Therefore, the value of Thappline shares based on this approach is equivalent to that derived under the Book Value Approach. Firm value of Thappline (100%) is equal to Baht 10,185.93 million, and firm value at 9.93% shareholding is equal to **Baht 1,010.98 million**.

2.3 Market Value Approach

The IFA was unable to evaluate value of Thappline shares under the Market Value Approach because it is not listed on the SET or any other secondary market, hence, there is no reference market value available.

2.4 Price to Book Value Ratio Approach: P/BV Ratio

Under this approach, the IFA evaluated Thappline shares by using book value as shown in the latest financial statements as of December 31, 2021, audited by a certified public accountant, of Baht 10,185.93 million and multiplied by a median of P/BV ratio of 11 listed companies in the stock exchange in USA and Canada, who operates fuel/natural gas pipeline transportation business.³⁷ The information is for the period up to November 4, 2022 which can be summarized as follows:

Company	Symbol	Type of Business
Enbridge Inc.	ENB:CN	Enbridge Inc. provides fuel transportation and distribution service across North America and internationally, as well as the natural gas transportation and midstream fuel products business. It also involves in retail distribution of natural gas, electricity, and fuel products.
Kinder Morgan, Inc.	KMI:US	Kinder Morgan, Inc. operates pipeline transportation and fuel storage business. It owns pipeline network that transport natural gas, gasoline, carbon dioxide, and other products, as well as terminals for petroleum products and chemicals and handle such products as coal and petroleum coke.
Plains GP Holdings LP	PAGP:US	Plains GP Holdings LP involves in the transportation, storage, terminal, and marketing of crude oil, refined products and LPG, as well as develops and operates natural gas storage facilities. PAGS owns an extensive network of pipeline transportation, terminal, storage facilities in the United States and Canada.
TC Energy Corporation	TRP:CN	TC Energy Corporation operates fuel/natural gas pipeline transportation business, oil terminals, and power plants in North America. It owns natural gas pipeline network with 92,600-km. length and fuel pipeline network with 4,900-km. length.
Targa Resources Corp.	TRGP:US	Targa Resources Corp. provides midstream natural gas and natural gas liquid services. It offers the transportation and storage service for natural gas and liquefied natural gas to domestic and international markets, as well as pipeline transportation service via 2,100-mile pipeline connecting Permian Basin, North Texas, and South Oklahoma.
The Williams Companies, Inc.	WMB:US	The Williams Companies, Inc. is an energy infrastructure company in the United States. Its core business involves the processing and transportation of natural gas, as well as crude oil transportation. WMB owns 30,000-mile pipeline, 29 processing facilities, 7 fractional facilities, and natural gas terminal with storage capacity of 23 million barrels.
DCP Midstream, LP	DCP:US	DCP Midstream, LP provides management, transportation, marketing, and storage service for natural gas and liquefied natural gas in the United States. It owns 4,500-mile NGL pipeline and 2,100-mile natural gas pipeline.
EnLink Midstream, LLC	ENLC:US	EnLink Midstream, LLC operates midstream business regarding natural gas, liquefied natural gas, and crude oil. It provides pipeline transportation service in the United States through 12,000-mile pipeline.
ONEOK, Inc.	OKE:US	ONEOK, Inc. operates midstream business in North America and provides transportation and storage service for natural gas and liquefied natural gas.
Energy Transfer LP	ET:US	Energy Transfer LP operates midstream business in North America and provides transportation and storage service for crude oil, liquefied natural gas, refined products. It is the owner of approximately 120,000-mile pipeline.
Enterprise Products Partners, L.P.	EPD:US	Enterprise Products Partners, L.P. operates midstream business regarding natural gas, liquefied natural gas, refined products, and petrochemical products via its over 50,000-mile pipeline network and 260-million barrel storage.

Source: Bloomberg and website of each company

³⁷ Excluding BAFS as core revenue of BAFS is from aviation refueling services, where its revenue was directly affected by aviation fuel volume and number of flights when compared with the fuel pipeline transportation business.

The fuel pipeline transportation business delivers various types of petroleum products, not only the aviation fuel.

Financial information of the comparable companies

Company	Unit	Market Capitalization as of November 4, 2022	Total Assets as of June 30, 2022 / September 30, 2022	Total Revenue of the Previous 4 Quarters	Net Profit (Loss) of the Previous 4 Quarters
ENB:CN	CAD million	98,119.27	181,775.00	52,405.00	6,012.00
KMI:US	USD million	46,567.69	69,992.00	19,046.00	2,515.00
PAGP:US	USD million	3,563.65	28,788.00	57,379.00	858.00
TRP:CN	CAD million	62,314.79	109,133.00	13,961.00	3,271.00
TRGP:US	USD million	9,532.37	19,389.90	21,816.40	650.10
WMB:US	USD million	28,277.10	48,672.00	11,292.00	2,002.00
DCP:US	USD million	3,359.36	13,882.00	15,440.00	1,106.00
ENLC:US	USD million	3,254.80	8,813.30	9,738.90	256.10
OKE:US	USD million	29,709.05	24,439.24	22,775.35	1,616.67
ET:US	USD million	33,205.23	105,735.00	88,032.00	4,522.00
EPD:US	USD million	58,337.01	70,350.00	55,906.20	5,099.30
Thappline	Baht million	n.a.	11,835.18^{1/}	2,583.12^{1/}	1,091.42^{1/}

Source: Bloomberg, YahooFinance, SETSMART, and website of each company

Remark: 1/ Based on Thappline's latest financial statement as of December 31, 2021, audited by a certified public accountant who is on the approved list of the SEC.

Summary of Thappline's share valuation is as follows:

Thappline	Historical Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. ENB:CN	1.86	1.83	1.82	1.92	1.96	1.99	2.04	1.97
2. KMI:US	1.32	1.30	1.28	1.31	1.31	1.32	1.34	1.29
3. PAGP:US	1.64	1.61	1.54	1.55	1.50	1.48	1.47	1.48
4. TRP:CN	1.96	1.93	1.89	1.99	2.05	2.13	2.21	2.16
5. TRGP:US	13.07	12.90	12.54	13.08	12.90	12.79	12.44	9.17
6. WMB:US	3.56	3.45	3.32	3.48	3.50	3.54	3.57	3.24
7. DCP:US	1.46	1.46	1.44	1.45	1.38	1.38	1.38	1.30
8. ENLC:US	4.48	4.26	3.88	3.84	3.70	3.71	3.68	3.08
9. OKE:US	4.22	4.09	3.96	4.24	4.25	4.33	4.56	4.49
10. ET:US	1.44	1.41	1.36	1.37	1.32	1.32	1.31	1.25
11. EPD:US	2.01	2.01	2.00	2.11	2.13	2.15	2.17	2.09
Median of 11 companies	1.96	1.93	1.89	1.99	2.05	2.13	2.17	2.09
Firm value of Thappline (100%) (Baht million)	19,925.27	19,614.36	19,252.08	20,221.64	20,881.54	21,665.34	22,118.55	21,260.13
Firm value of Thappline (9.93%) (Baht million)	1,977.64	1,946.78	1,910.82	2,007.05	2,072.55	2,150.35	2,195.33	2,110.13

Source: Bloomberg

Under this approach, firm value of Thappline (100%) is equal to Baht 19,252.08 – 22,118.55 million, and firm value (9.93%) is equal to **Baht 1,910.82 – 2,195.33 million.**

2.5 Price to Earnings Ratio Approach: P/E Ratio

Under this approach, the IFA evaluated share value of Thappline by using earnings per share of Thappline as shown on the latest financial statements for the last 12-month ended December 31, 2021, audited by a certified public accountant, and multiplied by a median of 11 listed companies in the stock exchange in USA and Canada, who operates fuel/natural gas pipeline transportation business. The information is for the period up to November 4, 2022 which can be summarized as follows:

Thappline	Historical Average P/E Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. ENB:CN	18.09	17.77	17.70	18.61	18.96	19.13	19.42	19.91
2. KMI:US	16.45	16.22	15.94	16.52	16.45	16.76	16.76	14.97
3. PAGP:US	11.45	11.22	10.26	8.62	7.80	6.91	5.94	5.06
4. TRP:CN	14.15	13.93	13.68	14.37	14.83	15.16	15.53	14.77
5. TRGP:US	16.78	16.56	16.46	18.57	18.72	22.36	27.42	30.92
6. WMB:US	18.16	17.60	17.54	20.71	21.49	22.90	24.42	24.44
7. DCP:US	6.85	6.83	6.80	7.13	6.83	7.15	7.69	11.27
8. ENLC:US	39.69	37.70	37.64	50.20	52.16	99.71	119.97	63.74
9. OKE:US	16.63	16.12	15.59	16.64	16.64	17.04	18.08	18.38
10. ET:US	9.56	9.36	9.07	9.34	9.08	9.25	8.95	7.11
11. EPD:US	10.33	10.37	10.28	10.83	10.89	11.16	11.39	11.12
Median of 11 companies	16.45	16.12	15.59	16.52	16.45	16.76	16.76	14.97
Firm value of Thappline (100%) (Baht million)	17,955.04	17,598.70	17,013.99	18,034.02	17,953.99	18,294.93	18,295.99	16,337.11
Firm value of Thappline (9.93%) (Baht million)	1,782.09	1,746.72	1,688.69	1,789.93	1,781.98	1,815.82	1,815.93	1,621.50

Source: Bloomberg

Under this approach, firm value of Thappline (100%) is equal to Baht 16,337.11 – 18,295.99 million, and firm value (9.93%) is equal to **Baht 1,621.50 – 1,815.93 million.**

2.6 Discounted Cash Flow Approach

This approach takes into account Thappline's future operating performance by deriving present value of future cash flow using an appropriate discount rate. The IFA calculated weighted average cost of capital (WACC) to be used as the discount rate and constructed a 13-year financial projection of Thappline (2023 - 2034) to be consistent with estimated useful life (for depreciation) of fuel pipeline of 40 years, while, at the present, the fuel pipeline has been used for 27 years (the first batch of oil was pumped into the pipeline system from the Sriracha Station on June 23, 1994). It is also assumed that Thappline will cease its operations after 2034 and there is no significant change under the current economic conditions and circumstances.

CapAd constructed the financial projection for Thappline based on information and documents derived from the Company and Chevron Group, publicly-disclosed information of Thappline, industry information from various websites. The objective of the financial projection is to evaluate fair value of Thappline shares and the appropriateness of the selling price of Thappline shares only. If there is any change in overall economic outlook and other internal and external factors that materially affect Thappline's business operation or assumptions used herein, fair value derived from financial projection may change accordingly.

Key assumptions of the financial projection are as follows:

Thappline operates fuel pipeline transportation business. At the present, Thappline operates 3 main routes of fuel pipeline, as follows:

- (1) Sriracha – Saraburi Pipeline: This 255-km. pipeline was designed to accommodate a maximum annual capacity of 26,000 million liters. The route starts from the pumping station in Sriracha, Chonburi, which receive fuel from Esso Refinery, Thai Oil Refinery, PTT Oil Terminal, and Chonburi Terminal Company Limited's Oil Terminal, to the downstream terminals in Lum Luk Ka District, Pathum Thani and in Sao Hai District, Saraburi, with the dedicated pipeline to Don Mueang Airport Oil Terminal. (The first batch of oil was pumped into the pipeline system from Sriracha Station on June 23, 1994.)
- (2) Map Ta Phut – Sriracha Pipeline: This 67-km. pipeline connects Sriracha service station with PTT Global Chemical Refinery and Star Petroleum Refinery in Map Ta Phut Industrial Estate and can accommodate a maximum annual capacity of 10,600 million liters. (Map Ta Phut - Sriracha Pipeline commenced operation on September 15, 2005.)
- (3) Suvarnabhumi Pipeline: Thappline extends its network from Lum Luk Ka Oil Terminal to Suvarnabhumi Airport Terminal by 38-km. pipeline, with an annual capacity to accommodate 100 million passengers. (Jet fuel transport to Suvarnabhumi Airport began on September 16, 2006.)

Thappline has 2 oil terminals, located in Lum Luk Ka District, Pathum Thani and Sao Hai District, Saraburi, that can store various types of fuel. They serve as oil reserves and distribution centers for the Greater Bangkok Metropolitan area, the Central, North, and Northeast regions of the country.

Lum Luk Ka Oil Terminal has a storage capacity of approximately 170 million liters and can distribute oil up to 4 trucks at a time while Saraburi Oil Terminal has a capacity of approximately 170 million liters and can distribute oil up to 11 trucks at a time and up to 14 railway tankers at a time. Moreover, Thappline has built bio-fuel tanks to store B-100 and ethanol, together with the automatic injection and blending system to support the government policy to promote the use of gasohol 91, gasohol 95 and biodiesel.

Pipeline Rout of Thappline



Coverage areas of Thappline are the Greater Bangkok Metropolitan area, Central, North, Northeastern region, Suvarnabhumi Airport, and Don Mueang International Airport, representing approximately 60% of total demand. The remaining demand are covered by other operators, both fuel pipeline transportation service providers and oil truck transportation service providers. In 2019, Thappline delivered over 14,000 million liters per year. (Reference: an interview with Mr. Chumchanit Chitman, Managing Director of Thappline, on January 14, 2020) (Source: <https://www.thansettakij.com/economy/418828>)

Please refer to industry analysis - sale of petroleum products in Thailand in Part 3, Clause 1.1.6 and Attachment 2 of this report.

▪ **Revenue from services**

In 2017 – 2021, revenue from services was Baht 3,427.03 million, Baht 3,512.65 million, Baht 3,551.03 million, Baht 2,889.01 million, and Baht 2,518.47 million, respectively, or increased by 2.50% and 1.09% from 2017 and 2018, respectively, and decreased by 18.64% and 12.83% from 2019 and 2020, respectively. The decrease of revenue from services was due to the declining of demand of petroleum products as an effect from COVID-19 pandemic.

Throughput volume

- Market share of Thappline

Based on publicly-disclosed information, the IFA estimated throughput volume of approximately 14,000 million liters in 2019 (Reference: an interview with Mr. Chumchanit Chitman, Managing Director of Thappline, on January 14, 2020) (Source: <https://www.thansettakij.com/economy/418828>), equivalent to an average of 38.36 million liters per day, representing 30.76% market share in 2019 (from a total demand of 124.69 million liters per day, comprised of demand for diesel of 67.40 million liters per day, demand for gasoline of 32.30 million liters per day, demand for fuel oil of 5.53 million liters per day, and demand for jet fuel of 19.60 million liters/day). Therefore, in this financial forecast, the IFA assumed that market share of Thappline equal to 30.76% of total demand in 2022 – 2031.

- Demand of petroleum products (industry)

In this financial forecast, the IFA assumed that demand of petroleum products (industry) in 2022 equal to the average daily demand in January – September 2022 which was 117.74 million liters per day, comprising of demand for diesel fuel of 72.41 million liters per day, demand for gasoline of 30.40 million liters per day, demand for fuel oil of 6.34 million liters per day, and demand for jet fuel of 8.13 million liters per day.

Diesel fuel

In 2023 – 2034, demand of diesel fuel (use mostly in transportation sector) is assumed to increase by 2.50% p.a., which is close to the cumulative average growth rate (CAGR) of demand in the past 10 years (2012 – 9M2022) of 2.57% p.a. (Please refer to more details in Part 3, Clause 1.1.6 of this report)

Gasoline

According to the industry information, 10-year CAGR of demand for gasoline (2012 – 9M2022) was 3.74% p.a., while the 5-year CAGR (2017 – 9M2022) was 0.12% p.a. In addition, the IFA has taken into consideration the trend of electric vehicle (EV) market and the awareness of net zero emission target in many countries. (Please refer to more details in Part 3, Clause 1.1.6 of this report)

The IFA has considered the demand for gasoline which is likely to be affected by the growth of EV market and the government's policy in the future, thus, the demand of gasoline is assumed to decrease by 4.00% p.a. in 2025 – 2034, based on conservative basis.

Fuel oil

The IFA assumed demand of fuel oil to be constant at 6.34 million liters per day throughout the projection period.

Jet fuel

The IFA assumed that demand for jet fuel would return to pre-COVID-19 pandemic level in 2024 to the average of 19.60 million liters per day (equivalent to the demand of jet fuel in 2019), based on the prediction that Thailand's aviation shall recover to the pre-COVID-19 level in 2024.³⁸

Subsequently, in the next 5 years (2025 – 2029), demand of jet fuel is expected to grow by 5.00% p.a., which is close to the 5-year CAGR of demand before COVID-19 pandemic (2014 – 2019) of 5.35% p.a.

In 2030 – 2034, demand of jet fuel is assumed to increase by 2.50% p.a. based on conservative basis. In addition, development of the alternative fuel in aviation at the present does not reach commercial level.

Pipeline tariff

The IFA assumed pipeline tariff at Baht 0.25 per liter in 2022, based on estimated revenue from services of Thappline in 2019 and the estimated throughput volume of 14,000 million liters per year.

In 2023 – 2034, the pipeline tariff is assumed to increase by 0.50% p.a. based on conservative basis. However, in general for fuel pipeline transportation business, the price adjustment is to be made according to a calculation formula agreed upon in the agreement with oil traders.

Summary of financial projection for revenue from services of Thappline in 2022 – 2034 is as follows:

Thappline	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F	2025F
No. of days (days)	365	365	365	366	365	365	365	366	365
Average daily demand of petroleum products (industry)									
Diesel (million liters/days)	30.22	31.16	32.30	31.99	29.49	30.40	30.40	30.40	29.18
Gasoline (million liters/days)	63.73	64.67	67.40	65.43	63.13	72.41	74.22	76.07	77.97
Fuel oil (million liters/days)	5.76	6.01	5.39	4.78	5.53	6.34	6.34	6.34	6.34
Jet fuel (million liters/days)	18.47	19.44	19.60	7.50	4.86	8.13	13.86	19.60	20.58
Total (million liters/days)	118.18	121.27	124.69	109.70	103.01	117.27	124.82	132.41	134.07
Demand growth (%)	1.64%	2.61%	2.82%	-12.02%	-6.10%	13.85%	6.43%	6.08%	1.26%
Thappline's throughput volume (million liters/days) ^{1/}	n.a.	n.a.	38.36 ^{2/}	n.a.	n.a.	36.07	38.40	40.73	41.24
Revenue from services (Baht million)	3,427.03	3,512.65	3,551.03	2,889.01	2,518.47	3,291.78	3,521.06	3,764.13	3,820.08
Revenue growth (%)	0.31%	2.50%	1.09%	-18.64%	-12.83%	30.71%	6.97%	6.90%	1.49%

Thappline	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
No. of days (days)	365	365	366	365	365	365	366	365	365
Average daily demand of petroleum products (Industry)									
Diesel (million liters/days)	79.92	81.92	83.97	86.07	88.22	90.43	92.69	95.00	97.38
Gasoline (million liters/days)	28.01	26.89	25.82	24.78	23.79	22.84	21.93	21.05	20.21
Fuel oil (million liters/days)	6.34	6.34	6.34	6.34	6.34	6.34	6.34	6.34	6.34
Jet fuel (million liters/days)	21.61	22.69	23.82	25.01	25.64	26.28	26.93	27.61	28.30
Total (million liters/days)	135.89	137.84	139.95	142.21	143.99	145.89	147.89	150.01	152.23
Demand growth (%)	1.35%	1.44%	1.53%	1.61%	1.26%	1.32%	1.37%	1.43%	1.48%
Thappline's throughput volume (million liters/days) ^{1/}	41.80	42.40	43.05	43.74	44.29	44.88	45.49	46.14	46.83

³⁸ Please refer to Footnote 31 on page 66.

Thappline	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Revenue from services (Baht million)	3,891.04	3,966.83	4,058.69	4,133.46	4,206.29	4,282.94	4,375.44	4,447.97	4,536.47
Revenue growth (%)	1.86%	1.95%	2.32%	1.84%	1.76%	1.82%	2.16%	1.66%	1.99%

Remark: 1/ It is assumed that market share of Thappline accounted for 30.76% of demand for diesel fuel, gasoline, fuel oil, and jet fuel (calculated from the daily demand of 38.36 million liter per day / 124.69 million liters per day).

2/ Based on publicly-disclosed information, the IFA estimated throughput volume in 2019 of 14,000 million liters, equivalent to an average of 38.36 million liters per day. (Reference: an interview with Mr. Chumchanit Chitman, Managing Director of Thappline, on January 14, 2020)

▪ **Other incomes**

Other incomes comprise of interest income and other incomes.

In 2017 – 2021, other incomes were Baht 77.32 million, Baht 72.34 million, Baht 86.48 million, Baht 76.00 million, and Baht 64.65 million, respectively, or equivalent to 2.26%, 2.06%, 2.44%, 2.63%, and 2.57% of revenue from services, respectively.

The IFA assumed that interest incomes in 2022 – 2034 equal to 1.57% of financial assets, which is equivalent to the average interest rate in 2017 – 2021. In addition, it is assumed that financial assets remain constant throughout the projection period.

Other incomes in 2022 – 2034 are assumed at 0.27% of revenue from services, based on the average ratio of other incomes to revenue from services in 2017 – 2021.

▪ **Operating expenses (exclusive of depreciation and amortization expenses)**

Operating expenses comprise of employee expenses, technical and service fee, repair and maintenance expense, land rental fee for pipeline, utility expenses, and other expenses.

In 2017 – 2021, operating expenses (exclusive of depreciation and amortization expenses) were Baht 935.07 million, Baht 934.72 million, Baht 994.30 million, Baht 743.42 million, and Baht 719.83 million, respectively, or equivalent to 27.29%, 26.61%, 28.00%, 25.73%, and 28.58% of revenue from services, respectively. Operating expenses decreased by 0.04% in 2018, increased by 6.37% in 2019, and decreased by 25.23% and 3.17% in 2020 – 2021, respectively.

The decrease of operating expenses in 2020 was consistent with a drop in revenue from services and the implementation of TFRS 16: Lease, resulting in a decrease of land rental fee of approximately Baht 99.5 million.

The IFA prepared this financial projection based on the assumptions for operating expenses as follows:

- Employee expenses in 2022 – 2034 are assumed to increase by 5.00% p.a., equivalent to average growth of employee expenses in 2017 – 2021.
- Technical and service fees, repair and maintenances, utility expenses, and other expenses are assumed at 2.36%, 3.20%, 6.00%, and 2.77% of revenue from services, respectively, based on the average ratio of such expense to revenue from services in 2017 – 2021.
- Land rental fee is assumed to increase by 3.00% p.a., based on normal growth rate of rental fee.

Summary of operating expenses of Thappline in 2022 – 2034 is as follows:

(Unit: Baht million)

Thappline	2017A	2018A	2019A	2020A	2021A	2022F	2023F	2024F	2025F
Employee expenses	282.91	309.53	379.01	326.19	352.04	369.64	388.13	407.53	427.91
Technical and service fees	68.11	71.31	77.02	77.93	73.29	78.78	84.27	90.08	91.42
Repair and maintenances	142.17	124.85	110.75	78.80	62.22	107.00	114.46	122.36	124.18
Land rental fee	143.96	114.70	115.63	16.12 ^{1/}	8.91	9.18	9.45	9.45	9.45
Utility expenses	205.33	211.54	217.82	170.53	147.01	200.39	214.34	229.14	232.55
Other expenses	92.59	102.79	94.06	73.84	76.35	92.61	99.06	105.90	107.47
Total operating expenses	935.07	934.72	994.30	743.42	719.83	857.60	909.71	964.47	992.98
Ratio of operating expenses to revenue from services	27.29%	26.61%	28.00%	25.73%	28.58%	25.68%	25.46%	25.25%	25.62%

Remark: 1/ Land rental fee decreased due to implementation of TFRS 16: Lease starting in 2020.

(Unit: Baht million)

Thappline	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Employee expenses	449.30	471.77	495.36	520.13	546.13	573.44	602.11	632.22	663.83
Technical and service fees	93.12	94.93	97.13	98.92	100.67	102.50	104.71	106.45	108.57
Repair and maintenances	126.48	128.95	131.93	134.36	136.73	139.22	142.23	144.59	147.46
Land rental fee	9.45	9.45	9.45	9.45	9.45	9.45	9.45	9.45	9.45
Utility expenses	236.87	241.48	247.07	251.62	256.06	260.72	266.35	270.77	276.16
Other expenses	109.47	111.60	114.19	116.29	118.34	120.49	123.10	125.14	127.63
Total operating expenses	1,024.70	1,058.19	1,095.14	1,130.78	1,167.38	1,205.83	1,247.96	1,288.61	1,333.10
Ratio of operating expenses to revenue from services	25.96%	26.29%	26.59%	26.96%	27.35%	27.75%	28.11%	28.55%	28.96%

▪ **Financial costs**

Financial costs consist of interest expenses under financial lease, which was at Baht 37.52 million as of December 31, 2021. It is assumed that financial cost shall remain constant throughout the projection period.

▪ **Corporate income tax**

The IFA assumed a corporate income tax rate of 20% throughout the projection period.

▪ **Capital expenditure**

The IFA assumed capital expenditure in 2022 of Baht 468.22 million, based on historical capital expenditure of Thappline, which was close to depreciation and amortization expenses. In 2023 – 2034, capital expenditure is assumed to increase by 2.15% p.a., based on the average 20-year historical growth rate of Consumer Price Index (2003 – 10M2022).

▪ **Asset and liability turnover**

The projection is made based on historical data of Thappline in 2017 - 2021 as follows:

Trade and other current receivables	43 days on average
Spare parts and supplies	24 days on average
Trade and other current payables	133 days on average
Income tax payable	178 days on average

▪ **Dividend payment**

Dividend payout ratio is assumed at 95% -100% of net profit, based on the historical dividend payout ratio of Thappline.

Summary of financial projection of Thappline in 2022 - 2034 is as follows:

(Unit: Baht million)

Thappline	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Income Statement							
Revenue from services	3,339.77	3,572.40	3,339.77	3,572.40	3,953.29	4,030.30	4,123.63
Other incomes	69.57	70.20	69.57	70.20	94.88	96.73	98.97
Total revenues	3,409.34	3,642.60	3,409.34	3,642.60	4,048.17	4,127.03	4,222.59
Operating expenses	(857.60)	(909.71)	(857.60)	(909.71)	(1,025.49)	(1,058.99)	(1,095.96)
EBITDA	2,551.74	2,732.89	2,551.74	2,732.89	3,022.68	3,068.04	3,126.63
Depreciation and amortization expenses	(489.68)	(518.33)	(489.68)	(518.33)	(553.31)	(585.03)	(617.43)
EBIT	2,062.06	2,214.57	2,062.06	2,214.57	2,469.37	2,483.00	2,509.20
Net profit	1,619.63	1,741.64	1,892.77	1,915.23	1,922.76	1,932.29	1,951.57
Statement of Financial Position							
Assets	12,474.14	12,717.09	13,001.24	13,039.43	13,059.45	13,082.34	13,117.43
Liabilities	1,705.44	1,739.30	1,777.68	1,790.80	1,803.28	1,816.64	1,832.46
Shareholders' equity	10,768.71	10,977.79	11,223.57	11,248.64	11,256.17	11,265.70	11,284.98

(Unit: Baht million)

Thappline	2029F	2030F	2031F	2032F	2033F	2034F
Income Statement						
Revenue from services	3,947.77	4,024.67	4,117.86	4,193.72	4,267.62	4,345.39
Other incomes	71.22	71.43	71.68	71.89	72.09	72.30
Total revenues	4,018.99	4,096.10	4,189.54	4,265.61	4,339.70	4,417.69
Operating expenses	(1,024.70)	(1,058.19)	(1,095.14)	(1,130.78)	(1,167.38)	(1,205.83)
EBITDA	2,994.29	3,037.91	3,094.41	3,134.83	3,172.32	3,211.85
Depreciation and amortization expenses	(553.31)	(585.03)	(617.43)	(650.53)	(684.26)	(718.46)
EBIT	2,440.97	2,452.88	2,476.98	2,484.31	2,488.06	2,493.39
Net profit	1,957.43	1,960.43	1,964.70	2,040.94	2,101.95	2,108.67
Statement of Financial Position						
Assets	13,136.99	13,153.70	13,172.50	13,273.39	13,356.64	13,380.40
Liabilities	1,846.16	1,859.86	1,874.40	1,899.04	1,921.29	1,938.32
Shareholders' equity	11,290.84	11,293.85	11,298.11	11,374.35	11,435.36	11,442.08

▪ **Terminal value**

Since Thappline had current financial assets and non-current financial assets (formerly referred to as "current investments and other long-term investments") of approximately Baht 4,000 million in

2016 – 2021, the IFA then assumed that Thappline maintains current financial assets and non-current financial assets of approximately Baht 4,000 million until the end of the projection period (2034).

The IFA assumed that the terminal value is equal to book value of financial assets as of December 31, 2021 based on financial statements of Thappline, which is equal to Baht 3,844.00 million (comprise of bank deposit of Baht 1,240 million, promissory notes of Baht 1,750 million, and corporate debentures of Baht 854 million).

▪ **Discount rate**

The IFA has adopted the weighted average cost of capital (WACC), derived from a weighted average of cost of debt (K_d) and cost of equity (K_e), as a discount rate for the calculation of present value of net cash flow of Thappline, as follows:

$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$	
K_e	= Cost of equity or required rate of return (R_e)
K_d	= Cost of debt or interest rate on loan of Thappline
T	= Corporate income tax
E	= Total shareholders' equity
D	= Interest-bearing debt

Cost of equity (K_e) or required rate of return (R_e) is calculated by using the capital asset pricing model (CAPM) as follows:

$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$	
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Where:

Risk free rate (R_f)	= 3.51% p.a., based on 13-year government bond yield (information as of November 4, 2022), which is equivalent to the projection period.
Beta (β)	= 0.466 time, based on median of unlevered beta of 11 listed companies in the stock exchange in USA and Canada, who operates fuel/natural gas pipeline transportation business (Please refer to details of comparable companies in Part 3, Clause 2.3 of this report) (2-year beta up to November 4, 2022), and adjusted by interest-bearing debt to equity ratio of Thappline as of December 31, 2021
Market risk (R_m)	= 10.78% p.a., which is the 30-year average rate of annual return from investment in the Stock Exchange of Thailand from 1992 – 2021 and 10M2022 (period from the enforcement of the Securities and Exchange Act B.E. 2535) as it is the most suitable period to reflect average return from the SET
K_d	= 4.00% p.a., based on current financial cost of Thappline
D/E ratio	= 0.09 time, which is equal to interest-bearing debt to equity ratio of Thappline as of December 31, 2021
T	= The assumed corporate income tax rate of 20% p.a.

Based on the above assumptions, the discount rate or WACC is equal to 6.60% p.a.

However, the Company will enter into Thappline Shares Acquisition Transaction around mid-2024. Thus, the IFA has considered cash flows of Thappline in Q3 – Q4/2024 and during 2025 – 2034 only. Cash flows of Thappline can be summarized as follows:

only. Cash flows of Thappline can be summarized as follows:

(Unit: Baht million)											
Thappline	2H 2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
EBITDA	1,476.91	2,953.82	2,994.29	3,037.91	3,094.41	3,134.83	3,172.32	3,211.85	3,263.83	3,296.96	3,330.02
Corporate income tax	(239.40)	(478.81)	(480.69)	(483.07)	(487.89)	(489.36)	(490.11)	(491.17)	(510.24)	(525.49)	(527.17)
Working capital	1.34	2.69	(0.76)	(0.78)	(1.32)	(0.25)	0.12	0.23	7.39	8.72	1.99
Capital expenditures	(249.54)	(499.07)	(509.80)	(520.76)	(531.96)	(543.40)	(555.08)	(567.01)	(579.20)	(591.66)	(604.38)
Free Cash Flow to Firm	989.31	1,978.63	2,003.04	2,033.30	2,073.24	2,101.83	2,127.25	2,153.90	2,181.78	2,188.54	2,200.46
PV of FCFF	958.20	1,797.75	1,707.24	1,625.74	1,555.04	1,478.88	1,404.10	1,333.66	1,267.29	1,192.51	1,124.77

Thappline (Base Case)	(Baht million)
PV of FCFF	15,445.17
PV of Terminal Value	1,964.87 ^{1/}
PV of total free cash flow as of July 1, 2024	17,410.04
Add: Cash and cash equivalent as of December 31, 2021	301.97 ^{2/}
Less: Interest-bearing debt as of December 31, 2021	(935.16) ^{3/}
Add: Estimated cash flows in 2022 – 2023 and the 1H2024	- ^{4/}
Firm value of Thappline (100%) as of July 1, 2024	16,776.86
Firm value of Thappline (9.93%)^{5/}	1,665.15

Remark:

- 1/ Present value of terminal value of financial assets with book value as of December 31, 2021 of Baht 3,844.00 million, according to Thappline's financial statements (comprises of bank deposit of Baht 1,240 million, promissory notes of Baht 1,750 million, and corporate debentures of Baht 854 million).
- 2/ Based on Thappline's financial statements as of December 31, 2021, audited by a certified public accountant.
- 3/ Interest-bearing debt consists of financial lease of Baht 935.16 million, according to Thappline's financial statements as of December 31, 2021, audited by a certified public accountant.
- 4/ It is assumed that net cash flows of Thappline in 2022 – 2023 and Q1 – Q2/2024 is equal to zero because Thappline normally pay dividend and allocate legal reserve at 100% of net profit of prior year, and capital expenditure is close to depreciation expenses. Therefore, Thappline will have minimal increase/decrease in cash from the end of 2021.
- 5/ CAPHL holds 9.91% of total shares in Thappline (ordinary shares and preferred shares), representing 10% of voting right and 9.93% of right to receive dividend.

Under this approach, firm value of Thappline (100%) is equal to Baht 16,776.86 million, and firm value of Thappline (9.93%) is equal to **Baht 1,665.15 million**.

Sensitivity analysis

The Independent Financial Advisor has conducted sensitivity analysis on cash flows of Thappline as follows:

Scenario 1: Adjust WACC upward/downward by 5.0% from base case (base case: WACC = 6.60% p.a.)

Scenario 2: Extend the projection period for another 40 years to end by 2074, based on estimated 80-year useful life of fuel pipeline adopted by several listed companies in USA. In addition, the depreciation of fuel pipeline is calculated based on 80-year useful life. (base case: projection period is from 2022 - 2034) (for information only)

Summary of the sensitivity analysis is as follows:

(Unit: Baht million)

Firm Value of Thappline (100%)	Discount Rate		
	6.93% p.a.	6.60% p.a. (Base Case)	6.27% p.a.
Scenario 1: Useful life of fuel pipeline = 40 years (base case) ^{1/}	16,465.50	16,776.86	17,096.72
Scenario 2: Useful life of fuel pipeline = 80 years ^{2/}	29,328.82	30,684.36	32,150.15

(Unit: Baht million)

Firm Value of Thappline (9.93%)	Discount Rate		
	6.93% p.a.	6.60% p.a. (Base Case)	6.27% p.a.
Scenario 1: Useful life of fuel pipeline = 40 years (base case) ^{1/}	1,634.25	1,665.15	1,696.90
Scenario 2: Useful life of fuel pipeline = 80 years ^{2/}	2,910.97	3,045.51	3,190.99

Remark: 1/ Projection period of 2022 – 2034, based on the remaining useful live of fuel pipeline from 40-year useful life assumption.

2/ Projection period of 2022 – 2074, based on the remaining useful live of fuel pipeline from 80-year useful life assumption.

Estimated free cash flows to firm in 2035 – 2074 is equal to those of 2034 and increase by 0% p.a.

Scenario 2 is for information only.

From the above sensitivity analysis, firm value of Thappline (100%) is in the range of Baht 16,465.50 – 32,150.15 million, and firm value of Thappline (9.93%) is equal to **Baht 1,634.25 – 3,190.99 million**. However, the IFA has considered only the case that useful life of fuel pipeline ends at 2034 (Scenario 1), based on conservative basis. Thus, firm value of Thappline (100%) is in the range of Baht 16,465.50 – 17,096.72 million, and firm value of Thappline (9.93%) is equal to **Baht 1,634.25 – 1,696.90 million**.

The Discounted Cash Flow Approach determines future cash flow from the preparation of financial projection which based on publicly-disclosed information from various sources and on conservative basis under the current economic conditions and circumstance. If there is any change in the business plan and policy of Thappline, government policy, economic condition, or technology that materially affect the assumptions and variables used herein, future operating results of Thappline might not be as projected and share value of Thappline evaluated under this approach may change accordingly.

2.7 Summary of Opinion of the Independent Financial Advisor on the Fair Value of Thappline Shares

Value of Thappline shares derived from various valuation approaches can be summarized as follows:

(Unit: Baht million)

Thappline	Firm Value of Thappline (100%)	Firm Value of Thappline (9.93%) ^{1/}
1. Book Value Approach	10,185.93	1,010.98
2. Adjusted Book Value Approach	10,185.93	1,010.98
3. Market Value Approach	n.a.	n.a.
4. Price to Book Value Ratio Approach	19,252.08 – 22,118.55	1,910.82 – 2,195.33
5. Price to Earnings Ratio Approach	16,337.11 – 18,295.99	1,621.50 – 1,815.93
6. Discounted Cash Flow Approach	16,465.50 – 17,096.72	1,634.25 – 1,696.90

Remark: 1/ CAPHL holds 9.91% of total shares in Thappline (ordinary shares and preferred shares), representing 10% of voting right and 9.93% of right to receive dividend.

According to the above table, firm value of Thappline (100%) is in the range of Baht 10,185.93 – 22,118.55 million, and firm value of Thappline (9.93%) is equal to Baht 1,010.98 – 2,195.33 million.

The Book Value Approach reflects operating results and status of Thappline at a given period based on its past performance, without taking into account its real asset value and future profitability, as well as the overall economic and industry outlook. Thus, the valuation of Thappline shares under this approach could not reflect its actual value.

The Adjusted Book Value Approach, under which adjustments are made to certain accounting items, reflects current market value of Thappline's assets better than the Book Value Approach. This approach reflects market value of assets, tax saving from losses carried forward, and events after the financial statement date. However, there is no adjustment in this case. Therefore, share valuation under the Adjusted Book Value Approach might not reflect an appropriate value of Thappline similar to the Book Value Approach.

The Market Value Approach The IFA was unable to evaluate value of Thappline shares under this approach because Thappline is not listed on the SET or any other secondary market, hence, there is no reference market value available.

The Price to Book Value Ratio Approach estimates value of Thappline shares using past financial figures to compare with P/BV ratio of 11 listed companies in the stock exchange in USA and Canada, who operates fuel/natural gas pipeline transportation business (*Please refer to details of comparable companies in Part 3, Clause 2.3 of this report*). However, most of the comparable companies operate fuel pipeline transportation business in North America and there is only 1 company operating fuel pipeline transportation business in Thailand, namely BAFS (but BAFS's revenue from fuel pipeline transportation service accounted for only 16% of total revenue in Q1 – Q3/2022). Thus, the reference ratios of the 11 comparable listed companies are not an appropriate benchmark for determination of fair value of Thappline shares. Besides, book value represents past operating performance which may not reflect future profitability of Thappline. Therefore, share valuation under this approach might not reflect an appropriate value of Thappline.

The Price to Earnings Ratio Approach uses historical data on earnings per share over 12-month period ended December 31, 2021 which is past performance of Thappline to compare with P/E ratio of 11 listed companies in the stock exchange in USA and Canada, who operates fuel/natural gas pipeline transportation business. Nonetheless, the IFA viewed that share valuation under this approach may not reflect an appropriate value of Thappline, based on the same reasons as described in the foregoing paragraph.

The Discounted Cash Flow Approach analyzes the historical operating results, cash flow generating capability, and future operating performance of Thappline. The approach calculates future

cash flow stream from financial projection based on assumptions from publicly-disclosed information under the current economic condition and circumstances. If there is any change that will materially affect the said assumptions, the future operating results of Thappline might not be as projected or the variables used in the share valuation might change accordingly, hence, leading to a relative change in the share value.

CapAd is of the opinion that the Discounted Cash Flow Approach is the most appropriate valuation approach for Thappline shares as it reflects future profitability of Thappline. **Conclusively, CapAd viewed that fair value of Thappline (9.93%) is equal to Baht 1,634.25 – 1,696.90 million.**

3. Transaction 3: Equity Investment and Loan Provision to New Companies Transaction

The Company will invest in equity and provide debt financing to 2 new companies, namely "NewCo 1" and "NewCo 2" (collectively referred to as "New Companies"), which will be incorporated under Thai law in order to acquire 19 plots of land (6 transactions) used in the operation of the Fuel Business from Star Holdings Company Limited ("SHC"). Total investment shall not exceed USD 28.2 million (equivalent to Baht 1,006.6 million).

Summary of Fuel Business Land to be acquired from SHC is as follows:

	The Fuel Business Land	Plots of Land	Land Areas (rai-ngan-sq.wah)	Use of Land
1	CORO – Khon Kaen Land	1	2-1-33.60	Location of Caltex service station
2	CORO – Bangkok Land (Pongsawat Service)	1	1-0-80.00	Location of Caltex service station
3	CORO – Phuket Land (Siam Imp Phuket)	3	2-1-94.10	Location of Caltex service station
4	CORO – Pathum Thani Land (Siam Imp Phetklongnueng)	1	5-0-31.00	Location of Caltex service station
5	Songkhla Oil Terminal Land	8	52-2-39.90	Oil terminal
6	Surat Thani Oil Terminal Land	5	18-0-57.50	Oil terminal
	Total	19	81-3-36.10	

Since 19 plots of land (6 transactions) with a total land area of 81-3-36.10 rai are used in the operation of the Fuel Business of CTL, which will be transferred to the Target after the Internal Reorganization, the Independent Financial Advisor applied valuation approaches as follows:

- 1) Evaluate fair value of the Fuel Business Land by comparing with the appraisal price of land determined by the Independent Property Appraiser.
- 2) In determining the appropriateness of acquisition of the Fuel Business Land, the Independent Financial Advisor considered future free cash flow (FCF) of the Fuel Business to calculate:
 - Internal rate of return ("IRR") of the investment in the Fuel Business to be transferred from CTL and the acquisition of Fuel Business Land from SHC
 - Net present value ("NPV") of the investment in the Fuel Business to be transferred from CTL by using the weighted average cost of capital ("WACC") of the Target after the completion of business transfer as a discount rate
 - Payback Period ("PB") of the investment in the Fuel Business to be transferred from CTL.

Summary of the valuation are as follows:

3.1 Fair Value of the Fuel Business Land to be Acquired from SHC

The Company appointed Siam Imperial Appraisal Company Limited ("the Independent Property Appraiser"), which is an SEC-approved independent property appraiser, to evaluate 6 land acquisition transactions for public proposes by employing the Market Comparison Approach. Details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

3.1.1 CORO – Khon Kaen Land

According to the Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited for public purpose (No. GEN-SIA65-09-005), dated September 26, 2022, by employing the Market Comparison Approach, details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Details of the assets

The appraisal asset is 1 plot of land with a total area of 2-1-33.6 rai (933.60 sq.wah) located at Klang Mueang Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen. At the present, such land is the location of Caltex service station.

No.	Land Title Deed No.	Parcel No.	Dealing File No.	Land Area as per Title Deed			Owner	Encumbrance
				Rai	Ngan	Sq.wah		
1	926	430	527	2	1	33.6	Star Holdings Co., Ltd.	None
	Total appraisal land area			2	1	33.6		

Valuation of the property

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics to the appraisal asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 3 selected data of comparable land in Mueang Khon Kaen District with the offering/selling price of Baht 83,000 – 125,000 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Factors		Appraisal Land	Data 1	Data 2	Data 3
Type of property		Vacant land	Vacant land	Vacant land	Vacant land
Location		Klang Mueang Rd., Khon Kaen City Municipality	Na Mueang Rd., Khon Kaen City Municipality	Chun Chuen Rd., Khon Kaen City Municipality	Na Mueang Rd., Khon Kaen City Municipality
Land area		2-1-33.6 rai (933.6 sq.wah)	2-1-43.0 rai (943.0 sq.wah)	0-3-61.2 rai (361.2 sq.wah)	1-1-22.0 rai (522.0 sq.wah)
Land shape		Rectangle	Polygon	Polygon	Polygon
Public utilities		Electricity, water system, drainage system, and telecommunication			
Frontage road (pavement and wide)		Asphalt 18/28 m.	Asphalt 12/20 m.	Asphalt 6/10 m.	Asphalt 12/20 m.
Land level (m.)		0.5 m. above road level	Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road
Environment and surrounding		Residential and commercial area			
City planning and zoning		Residential community zone (Pink Zone)			
Selling price					
Offering price (Baht/sq.wah.)		-	85,000	83,000	125,000
Price adjustment		-	-5%	-5%	-10%
Adjusted price (Baht/sq.wah.)		-	80,750	78,850	112,500
Adjustment factors	Weight				
Location	15%	8	8	8	9
Environment and surrounding	15%	8	7	7	9
Access to the land /width of the road	15%	9	7	7	7
Infrastructure and public utility	10%	8	8	8	8
Land physical condition	10%	7	7	6	7
Liquidity	15%	6	6	8	8
Land potential	10%	7	7	5	6
City planning and zoning	10%	6	6	6	6
Total		745	700	700	765
Adjust ratio			1.06	1.06	0.97
Indicated price (Baht/sq.wah)		-	85,941	83,919	109,559
Weight Quality Score		1.00	0.24	0.24	0.53
Net adjusted price x Weight Quality Score%		97,969	20,221	19,746	58,002
Market value (rounded) (Baht/sq.wah)		100,000			
Total market value (Baht million)		93.36			

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-005 dated September 26, 2022.

Market value of land determined by the Independent Property Appraiser according to the Property Appraisal Report No. GEN-SIA65-09-005, dated September 26, 2022, is equal to Baht 100,000 per sq.wah. or equivalent to total value of Baht 93.36 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA viewed that the comparable vacant land used herein are appropriate as they are in the proximity of the appraisal land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

3.1.2 CORO – Bangkok Land (Pongsawat Service)

According to the Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited for public purpose (No. GEN-SIA65-09-006) dated September 26, 2022 by employing the Market Comparison Approach, details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Details of the assets

The appraisal asset is 1 plot of land with a total area of 1-0-80.0 rai (480.00 sq.wah) located at Phahon Yothin Road, Sam Sen Nai Sub-district, Phaya Thai District, Bangkok. At the present, such land is the location of Caltex service station.

No.	Land Title Deed No.	Parcel No.	Dealing File No.	Land Area as per Title Deed			Owner	Encumbrance
				Rai	Ngan	Sq.wah		
1	2385	39	99	1	0	88.0	Star Holdings Co., Ltd.	None
Total appraisal land area				1	0	88.0		

Valuation of the property

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics to the appraisal asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 3 selected data of comparable land in nearby area with the offering/selling price of Baht 642,512 – 1,070,043 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Factors		Appraisal Land	Data 2	Data 3	Data 4
Type of property		Vacant land	Vacant land	Vacant land	Vacant land
Location		Phahon Yothin Road	Phahon Yothin Road	Phaya Thai Road	Rang Nam Road
Land area		1-0-80.0 rai (480.00 sq.wah)	1-0-14.0 rai (414.0 sq.wah)	1-2-70.3 rai (670.3 sq.wah)	1-2-92.0 rai (692.0 sq.wah)
Land shape		Rectangle	Rectangle	Polygon	Polygon
Public utilities		Electricity, water system, drainage system, and telecommunication			
Frontage road		Reinforced concrete 18/30 m.	Reinforced concrete 18/30 m.	Reinforced concrete 18/35 m.	Reinforced concrete 12/18 m.
Land level (m.)		Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road
Environment and surrounding		Residential and commercial area			
City planning and zoning		High density residential zone (Brown Zone)			
Selling price					
Selling/Offering price (Baht/sq.wah.)		-	642,512	1,070,043	890,000
Transaction date		-	2016	2017	2018
Price adjustment		-	25%	20%	20%
Adjusted price (Baht/sq.wah.)		-	803,140	1,284,052	1,068,000
Adjustment factors		Weight			
Location	15%	7	8	8	7
Environment and surrounding	15%	7	8	8	7
Access to the land /width of the road	10%	8	8	8	7
Infrastructure and public utility	10%	8	8	8	8
Land physical condition	15%	8	8	7	8
Liquidity	10%	6	6	6	8
Land potential	15%	6	6	7	6
City planning and zoning	10%	4	4	4	4
Total	100%	680	710	710	690
Adjust ratio			0.96	0.96	0.99
Indicated price (Baht/sq.wah)		-	769,205	1,229,796	1,052,522
Weight Quality Score		1.00	0.20	0.20	0.60
Net adjusted price x Weight Quality Score%		1,031,313	153,841	245,959	631,513
Market value (rounded) (Baht/sq.wah)		1,000,000			
Total market value (Baht million)		480.00			

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-006 dated September 26, 2022.

Market value of land determined by the Independent Property Appraiser according to the Property Appraisal Report No. GEN-SIA65-09-006, dated September 26, 2022, is equal to Baht 1,000,000 per sq.wah., or equivalent to total value of **Baht 480.00 million**.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets

sold/offered for sale such as vacant land. In addition, the IFA viewed that the comparable vacant land used herein are appropriate as they are in the proximity of the appraisal land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraised assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

3.1.3 CORO – Phuket Land (Siam Imp Phuket)

According to the Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited for public purpose (No. GEN-SIA65-09-007) dated September 26, 2022 by employing the Market Comparison Approach, details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Details of the assets

The appraisal asset are 3 plots of land with a total area of 2-1-94.1 rai (994.10 sq.wah) located at Patong Road, Ka Thu Sub-district, Ka Thu District, Phuket. At the present, such land is the location of Caltex service station.

No.	Land Title Deed No.	Parcel No.	Dealing File No.	Land Area as per Title Deed			Owner	Encumbrance
				Rai	Ngan	Sq.wah		
1	518	37	499	0	1	51.6	Star Holdings Co., Ltd.	None
2	2315	51	1501	0	3	68.5		None
3	2316	38	1502	1	0	74.0		None
Total appraisal land area				2	1	94.1		

Valuation of the property

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics to the appraisal asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 3 selected data of comparable land in Ka Thu Sub-district with the offering/selling price of Baht 77,338 – 113,000 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Factors		Appraisal Land	Data 2	Data 3	Data 4
Type of property		Vacant land	Vacant land	Vacant land	Vacant land
Location		Ka Thu - Patong Rd., Kathu Town Municipality	Phra Phuket Kaew Rd., Kathu Town Municipality	Phra Phuket Kaew Rd., Kathu Town Municipality	Wichit Songkram Rd., Kathu Town Municipality
Land area		2-1-94.1 rai (994.10 sq.wah)	11-3-17.2 rai (4,717.2 sq.wah)	27-0-0 rai (10,800 sq.wah)	1-1-56.0 rai (556.0 sq.wah)
Land shape		Rectangle	Trapezium	Polygon	Polygon
Public utilities		Electricity, water system, drainage system, and telecommunication			
Frontage road		Asphalt 18/30 m.	Asphalt 18/30 m.	Asphalt 12/30 m.	Asphalt 12/30 m.
Land level (m.)		0.5 m. above road level	0.3 m. below road level	0.3 m. below road level	1.5 m. above road level
Environment and surrounding		Residential and commercial area			
City planning and zoning		Commercial zone (Red Zone)	Low density residential zone (Yellow Zone)	Low density residential zone (Yellow Zone)	Low density residential zone (Yellow Zone)
<u>Selling price</u>					
Selling/Offering price (Baht/sq.wah.)			95,000	113,000	77,338
Transaction date			-	-	-
Price adjustment			-5%	-15%	-5%
Adjusted price (Baht/sq.wah.)			90,250	96,050	73,471
<u>Adjustment factors</u>		Weight			
Location	15%	8	7	7	7
Environment and surrounding	10%	8	8	7	7
Access to the land /width of the road	10%	7	7	6	6
Infrastructure and public utility	10%	8	8	8	8
Land physical condition	15%	7	6	6	7
Liquidity	15%	7	5	5	7
Land potential	15%	7	6	6	7
City planning and zoning	10%	7	5	5	5
Total	100%	735	640	620	680
Adjust ratio			1.15	1.19	1.08

Factors	Appraisal Land	Data 2	Data 3	Data 4
Indicated price (Baht/sq.wah)	-	103,646	113,866	79,414
Weight Quality Score	1.00	0.28	0.23	0.59
Net adjusted price x Weight Quality Score%	94,243	29,169	26,472	38,603
Market value (rounded) (Baht/sq.wah)	94,000			
Total market value (Baht million)	93.45			

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-007 dated September 26, 2022.

Market value of land determined by the Independent Property Appraiser according to the Property Appraisal Report No. GEN-SIA65-09-007, dated September 26, 2022, is equal to Baht 94,000 per sq.wah., or equivalent to total value of Baht 93.45 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA viewed that the comparable vacant land used herein are appropriate as they are in the proximity of the appraisal land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraisal assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

3.1.4 CORO – Pathum Thani Land (Siam Imp Phetklongnueng)

According to the Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited for public purpose (No. GEN-SIA65-09-008) dated September 26, 2022 by employing the Market Comparison Approach, details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Details of the assets

The appraisal asset is 1 plot of land with a total area of 5-0-31.0 rai (2,031.00 sq.wah) located at Phahon Yothin Road, Khlong Nueng Sub-district, Khlong Luang District, Pathum Thani. At the present, such land is the location of Caltex service station.

No.	Land Title Deed No.	Parcel No.	Dealing File No.	Land Area as per Title Deed			Owner	Encumbrance
				Rai	Ngan	Sq.wah		
1	46569	53	12700	5	0	31.0	Star Holdings Co., Ltd.	None
Total appraisal land area				5	0	31.0		

Valuation of the property

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics to the appraisal asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 3 selected data of comparable land in Khlong Nueng Sub-district and Chiang Rak Noi Sub-district with the offering/selling price during Baht 58,948 – 125,000 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Factors	Appraisal Land	Data 2	Data 3	Data 4
Type of property	Vacant land	Vacant land	Vacant land	Vacant land
Location	Phahol Yothin Rd., Khlong Nueng Sub-district	Phahol Yothin Rd., Khlong Nueng Sub-district	Phahol Yothin Rd., Chiang Rak Noi Sub-district	Phahol Yothin Rd., Khlong Nueng Sub-district
Land area	5-0-31.0 rai (2,031.0 sq.wah)	4-0-0.0 rai (1,600.0 sq.wah)	4-0-31.0 rai (1,631.0 sq.wah)	10-3-98.1 rai (4,398.1 sq.wah)
Land shape	Rectangle	Rectangle	Rectangle	Rectangle
Public utilities	Electricity, water system, drainage system, and telecommunication			
Frontage road (pavement and wide)	Reinforced concrete 36/70 m.	Reinforced concrete 36/70 m.	Reinforced concrete 36/70 m.	Reinforced concrete 36/70 m.
Land level (m.)	Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road
Environment and surrounding	Residential and commercial area			
City planning and zoning	Commercial zone (Pink Zone)			

Factors		Appraisal Land	Data 2	Data 3	Data 4
Selling price					
Selling/Offering price (Baht/sq.wah.)		-	125,000	86,401	58,948
Transaction date		-	-	-	-
Price adjustment		-	-30%	-30%	5%
Adjusted price (Baht/sq.wah.)		-	87,500	60,481	61,896
Adjustment factors	Weight by				
Location	15%	7	8	8	7
Environment and surrounding	15%	7	8	8	7
Access to the land /width of the road	10%	8	8	8	7
Infrastructure and public utility	10%	8	8	8	8
Land physical condition	15%	8	8	7	8
Liquidity	10%	6	6	6	8
Land potential	15%	6	6	7	6
City planning and zoning	10%	4	4	4	4
Total	100%	680	710	710	690
Adjust ratio			0.96	0.96	0.99
Indicated price (Baht/sq.wah)		-	83,803	57,925	60,999
Weight Quality Score		1.00	0.20	0.20	0.60
Net adjusted price x Weight Quality Score%		64,945	16,761	11,585	36,599
Market value (rounded) (Baht/sq.wah)		65,000			
Total market value (Baht million)		132.02			

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-008 dated September 26, 2022.

Market value of land determined by the Independent Property Appraiser according to the Property Appraisal Report No. GEN-SIA65-09-008, dated September 26, 2022, is equal to Baht 65,000 per sq.wah., or equivalent to total value of Baht 132.02 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA viewed that the comparable vacant land used herein are appropriate as they are in the proximity of the appraisal land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraisal assets. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

3.1.5 Songkhla Oil Terminal Land

According to the Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited for public purpose (No. GEN-SIA65-09-010) dated September 23, 2022 by employing the Market Comparison Approach, details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Details of the assets

The appraisal assets are 8 plots of land with a total area of 52-2-39.9 rai (21,039.90 sq.wah) located at Ranod - Songkhla Road (Highway No. 408), Sathing Mo Sub-district, Singha Nakhon District, Songkhla. At the present, such land is the location of oil terminal.

No.	Land title Deed No.	Parcel No.	Dealing File No.	Land Area as per Title Deed			Owner	Encumbrance
				Rai	Ngan	Sq.wah		
1	1034	7	771	21	3	70.9	Star Holdings Co., Ltd.	None
2	46274 (16370)	5	264	1	3	14.1		None
3	47443 (24082)	4	629	0	0	74.3		None
4	47444 (24083)	5	630	0	0	59.3		None
5	1044 ^{2/}	3	772	25	0	97.5	Star Holdings Co., Ltd., and United Industry Development Co., Ltd. ("UID")	None
6	47445 (24089) ^{2/}	6	636	0	3	51.1		None
7	47446 (24090) ^{3/}	4	637	1	0	60.6		None
8	48620 (34170) ^{1/2/}	8	778	1	1	12.1		None
Total land area				52	2	39.9		
Total appraisal land area^{1/}				51	1	27.8		

Remark: 1/ The title deed No. 48620 (34170) is servitude of land title deed No. 46942 (21972) which presently is the walkway and facility. Thus, The Independent Property Appraiser did not evaluate such plot of land.

- 2/ The title deed No. 10444, 47455 (24089), and 48620 (34170) are under the 30-year lease agreement dated March 3, 1994 among Star Holdings Company Limited and United Industry Development Company Limited (the "Lessor") and Caltex Oil (Thailand) Limited and Esso Standard Thailand Limited (the "Lessee").
- 3/ The title deed No. 47456 (24090) is under the 30-year lease agreement dated January 1, 1995 among Star Holdings Company Limited and United Industry Development Company Limited (the "Lessor") and Caltex Oil (Thailand) Limited and Esso Standard Thailand Limited (the "Lessee").

According to the above table, total area of land owned by SHC is equal to 38-1-29.25 rai (15,329.25 sq.wah) and total area of land owned by UID is equal to 14-1-10.65 rai (5,710.65 sq.wah).

Valuation of the property

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics to the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 3 selected data of comparable land in Mueang Songkhla District with the offering/selling price of Baht 6,250 – 16,250 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Factors		Appraisal Land	Data 1	Data 5	Data 7
Type of property		Vacant land	Vacant land	Vacant land	Vacant land
Location		Ranod - Songkhla Rd., Songkhla City Municipality	Ranod - Songkhla Rd., Songkhla City Municipality	Ranod - Songkhla Rd., Songkhla City Municipality	Ranod - Songkhla Rd., Songkhla City Municipality
Land area		52-2-39.9 rai (21,039.90 sq.wah)	12-2-32.9 rai (5,032.9 sq.wah)	16-0-0 rai (6,400.0 sq.wah)	21-0-0 rai (8,400.0 sq.wah)
Land shape		Trapezium	Trapezium	Trapezium	Rectangle
Public utilities		Electricity, water system, drainage system, and telecommunication			
Frontage road		Reinforced concrete 8/15 m.	Asphalt 16/30 m.	Asphalt 6/12 m.	Reinforced concrete 6/12 m.
Land level (m.)		Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road
Environment and surrounding		Residential and commercial area			
City planning and zoning		Residential and commercial zone (Pink Zone)			
Selling price					
Selling/Offering price (Baht/sq.wah.)			16,250	6,250	7,500
Transaction date			-	-	-
Price adjustment			-10%	-5%	-5%
Adjusted price (Baht/sq.wah.)			14,625	5,938	7,125
Adjustment factors	Weight				
Location	20%	8	8	6	6
Environment and surrounding	10%	8	8	5	7
Access to the land /width of the road	10%	7	7	6	6
Infrastructure and public utility	10%	7	7	6	6
Land physical condition	15%	5	7	5	6
Liquidity	10%	5	7	6	6
Land potential	15%	7	7	6	6
City planning and zoning	10%	5	5	5	5
Total	100%	660	710	565	600
Adjust ratio			0.93	1.17	1.10
Adjust ratio		-	13,595	6,936	7,838
Indicated price (Baht/sq.wah)		1.00	0.42	0.22	0.35
Weight Quality Score		10,076	5,761	1,547	2,768
Net adjusted price x Weight Quality Score%		10,000			
Market value (rounded) (Baht/sq.wah)		205.28^{1/}			
Market value of land owned by SHC (Baht million)		150.73^{2/}			

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-010 dated September 23, 2022.

Remark:

1/ Total land area of 51-1-27.8 rai (20,527.80 sq.wah).

2/ Total land area owned by SHC is 38-1-29.25 rai (15,329.25 sq.wah), appraisal areas of which is equal to 37-2-73.2 rai (15,073.20 sq.wah).

Market value of land determined by the Independent Property Appraiser according to the Property Appraisal Report No. GEN-SIA65-09-010, dated September 23, 2022, is equal to Baht 10,000 per sq.wah., or equivalent to total value of Baht 205.28 million. Value of land owned by SHC is equal to Baht 150.73 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA viewed that the comparable vacant land used herein are appropriate as they are in the proximity of the appraisal land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraisal asset. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

3.1.6 Surat Thani Oil Terminal Land

According to the Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited for public purpose (No. GEN-SIA65-09-009) dated September 23, 2022 (No. GEN-SIA65-09-009) by employing the Market Comparison Approach, details of the key assumptions applied in the appraisal by the Independent Property Appraiser are as follows:

Details of the assets

The appraisal assets are 5 plots of land with a total area of 18-0-57.5 rai (7,257.50 sq.wah) located at Surat Thani - Paknam Ta Pi Road, Bang Kung Sub-district, Mueang Surat Thani District, Surat Thani. At the present, such land is the location of oil terminal.

No.	Land Title Deed No.	Parcel No	Dealing File No.	Land Area as per Title Deed			Owner	Encumbrance
				Rai	Ngan	Sq.wah		
1	6323	14	6921	2	0	24.4	Star Holdings Co., Ltd. and Bangchak Corporation PCL. ("BCP")	None
2	6454	15	6923	3	0	89.1		None
3	6455	16	6924	1	1	6.9		None
	Land Group 1			6	2	20.4		
4	98	-	10	5	1	8.8		None
5	6324	35	6922	6	1	28.3		None
	Land Group 2			11	2	37.1		
	Total appraisal land area			18	0	57.5		

Remark: Land Group 1 and Land Group 2 are divided by Surat Thani - Paknam Ta Pi Road

According to the above table, total area of land owned by SHC is equal to 9-0-28.75 rai (3,628.75 sq.wah), and total area of land owned by BCP is equal 9-0-28.75 rai (3,628.75 sq.wah).

Valuation of the property

• Land Group 1

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 3 selected data of comparable land on Surat Thani - Paknam Ta Pi Road with the offering/selling price during Baht 21,250 – 32,000 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Factors	Appraisal Land	Data 3	Data 5	Data 6
Type of property	Vacant land	Vacant land	Vacant land	Vacant land
Location	Surat Thani – Paknam Ta Pi Rd.	Surat Thani – Paknam Ta Pi Rd.	Surat Thani – Paknam Ta Pi Rd.	Surat Thani – Paknam Ta Pi Rd.
Land area	6-2-20.4 rai (2,620.4 sq.wah)	9-3-87.0 rai (3,987.0 sq.wah)	8-1-44.3 rai (3,344.3 sq.wah)	23-0-0 rai (9,200.0 sq.wah)
Land shape	Polygon	Polygon	Rectangle	Rectangle
Public utilities	Electricity, water system, drainage system, and telecommunication			
Frontage road	Asphalt 12/30 m.	Asphalt 12/30 m.	Asphalt 8/30 m.	Asphalt 12/30 m.
Land level (m.)	Filled to same level as frontage road	Filled to same level as frontage road	0.3 m. below road level	1.5 m. below road level
Environment and surrounding	Residential and commercial area			
City planning and zoning	Residential and commercial zone (Pink Zone)			

Factors		Appraisal Land	Data 3	Data 5	Data 6
Selling price					
Selling/Offering price (Baht/sq.wah.)			21,250	32,000	21,250
Transaction date			-	-	-
Price adjustment			-5%	0%	-5%
Adjusted price (Baht/sq.wah.)			20,188	32,000	21,088
Adjustment factors	Weight				
Location	15%	7	5	7	5
Environment and surrounding	15%	7	5	6	5
Access to the land /width of the road	10%	8	8	8	8
Infrastructure and public utility	10%	8	8	8	8
Land physical condition	10%	7	6	6	6
Liquidity	15%	8	6	7	4
Land potential	15%	8	6	7	6
City planning and zoning	10%	5	5	5	5
Total	100%	730	600	675	570
Adjust ratio			1.22	1.08	1.28
Indicated price (Baht/sq.wah)		-	24,561	34,607	27,007
Weight Quality Score		1.00	0.24	0.57	0.19
Net adjusted price x Weight Quality Score%		30,723	5,881	19,587	5,254
Market value (rounded) (Baht/sq.wah)		31,000			
Total market value (Baht million)		81.23^{1/}			
Market value of land owned by SHC (Baht million)		40.62^{2/}			

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-009 dated September 23, 2022.

Remark: 1/ Total land areas of 6-2-20.4 rai (2,620.40 sq.wah).

2/ Total land areas owned by SHC is 3-1-10.2 rai (1,310.20 sq.wah).

• Land Group 2

By using the Market Comparison Approach, the Independent Property Appraiser had conducted survey on market information of assets regarding the selling price of assets which possess similar characteristics as the appraised asset for comparison and adjusted difference of the assets with the selling price. In this regard, there were 3 selected data of comparable land on Surat Thani - Paknam Ta Pi Road and Kanchanawithi Road with the offering/selling price of Baht 20,000 - 21,250 per sq.wah. Then, factors affecting land value including location, shape and size of land, physical characteristics, type, and their potential as well as time consuming were evaluated by applying Weight Quality Score (WQS).

Factors		Appraisal Land	Data 2	Data 3	Data 6
Type of property		Vacant land	Vacant land	Vacant land	Vacant land
Location		Surat Thani – Paknam Ta Pi Rd.	Kanchanawithi Rd.	Surat Thani – Paknam Ta Pi Rd.	Surat Thani – Paknam Ta Pi Rd.
Land area		11-2-37.1 rai (4,637.1 sq.wah)	141 rai (56,400.0 sq.wah)	9-3-87.0 rai (3,987.0 sq.wah)	23 rai (9,200.0 sq.wah)
Land shape		Polygon	Polygon	Polygon	Rectangle
Public utilities		Electricity, water system, drainage system, and telecommunication			
Frontage road		Asphalt 12/30 m.	Asphalt 6/10 m.	Asphalt 12/30 m.	Asphalt 12/30 m.
Land level (m.)		Filled to same level as frontage road	Filled to same level as frontage road	Filled to same level as frontage road	1.5 m. below road level
Environment and surrounding		Residential and commercial area			
City planning and zoning		Residential and commercial zone (Pink Zone)			
Selling price					
Selling/Offering price (Baht/sq.wah.)			20,000	21,250	21,250
Transaction date			-	-	-
Price adjustment			-10%	-10%	-10%
Adjusted price (Baht/sq.wah.)			18,900	19,125	20,025
Adjustment factors	Weight by				
Location	15%	7	6	7	7
Environment and surrounding	15%	7	6	7	7
Access to the land /width of the road	10%	8	8	8	7

Factors		Appraisal Land	Data 2	Data 3	Data 6
Infrastructure and public utility	10%	8	8	8	8
Land physical condition	15%	6	6	6	6
Liquidity	10%	7	3	8	5
Land potential	15%	7	6	7	7
City planning and zoning	10%	5	5	5	5
Total	100%	685	600	695	655
Adjust ratio			1.14	0.99	1.05
Indicated price (Baht/sq.wah)		-	21,578	18,850	20,942
Weight Quality Score		1.00	0.08	0.69	0.23
Net adjusted price x Weight Quality Score%		19,552	1,750	12,991	4,811
Market value (rounded) (Baht/sq.wah)		20,000			
Total market value (Baht million)		92.74^{1/}			
Market value of land owned by SHC (Baht million)		46.37^{2/}			

Source: Property Appraisal Report prepared by Siam Imperial Appraisal Company Limited No. GEN-SIA65-09-009 dated September 23, 2022.

Remark: 1/ Total land areas of 11-2-37.1 rai (4,637.10 sq.wah).

2/ Total land areas owned by SHC is 5-3-18.55 rai (2,318.55 sq.wah).

Market value of land determined by the Independent Property Appraiser according to the Property Appraisal Report No. GEN-SIA65-09-009, dated September 23, 2022, is equal to Baht 31,000 per sq.wah. or equivalent to total value of Baht 81.23 million for Land Group 1, and Baht 20,000 per sq.wah. or equivalent to total value of Baht 92.74 million for Land Group 2. Value of land owned by SHC is equal to Baht 86.99 million.

The IFA is of the opinion that the Market Comparable Approach is an appropriate method in determining value of assets that has available comparable and sufficient market price of assets sold/offered for sale such as vacant land. In addition, the IFA viewed that the comparable vacant land used herein are appropriate as they are in the proximity of the appraisal land. Moreover, the Independent Property Appraiser made adjustment to various factors according to the characteristics of each asset comparing to those of the appraisal asset. Therefore, the adjusted value should be able to reflect appropriate and more comparable value.

3.1.7 Summary of Opinion of the Independent Financial Advisor on Fair Value of the Land to be Acquired from SHC

Comparison of the acquisition price of the Fuel Business Land and fair value as determined by the Independent Property Appraiser is as follows:

The Fuel Business Land	Land Area (rai-ngan-sq.wah)	Fair Value	Acquisition Price	Fair Value Higher (Lower) than Acquisition Price	
		(Baht million)	(Baht million)	(Baht million)	(%)
		(1)	(2)	(3) = (1) – (2)	(3)/(2)
1. CORO – Khon Kaen Land	2-1-33.60	93.36			
2. CORO – Bangkok Land (Pongsawat Service)	1-0-80.00	480.00			
3. CORO – Phuket Land (Siam Imp Phuket)	2-1-94.10	93.45			
4. CORO – Pathum Thani Land (Siam Imp Phetklongnueng)	5-0-31.00	132.02			
5. Songkhla Oil Terminal Land	52-2-39.90	150.73			
6. Surat Thani Oil Terminal Land	18-0-57.50	86.99			
Total 6 transactions (inclusive of Songkhla Oil Terminal)	81-3-36.10	1,036.54	1,006.54^{1/}	30.00	2.98%
Total 5 transactions (exclusive of Songkhla Oil Terminal)	29-0-96.20	885.81	851.63^{2/}	34.17	4.01%

Remark: 1/ The Company will acquire 19 plots of the Fuel Business Land from SHC with the total investment of not exceeding USD 28.2 million or equivalent to Baht 1,006.54 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

2/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration for the Songkhla Oil Terminal Land and surface assets. As a result, the total consideration under the Draft Land SPA for the

Fuel Business Land will be reduced by of USD 4.34 million. The net acquisition price will be USD 23.86 million or equivalent to of Baht 851.63 million.

In case of the inclusive of Songkhla Oil Terminal Land, the fair value of land appraised by the Independent Property Appraiser is higher than the acquisition price by Baht 30.00 million or 2.98% of the acquisition price. In case of the exclusive of Songkhla Oil Terminal Land, the fair value of land is higher than the acquisition price by Baht 34.17 million or 4.01% of the acquisition price.

However, the acquisition of the land from SHC to be used in operation of the Fuel Business of the Target should take into consideration the appropriateness of the land acquisition transaction together with the appropriateness of the Target Shares Acquisition Transaction in Transaction 1. Please refer to the summary of opinion of the Independent Financial Advisor on the appropriateness of the price of Transaction 1 – Transaction 3 in Part 3, Clause 4 of this report.

3.2 Assessment of the Appropriateness of the Acquisition of Land from SHC for the Operation of the Fuel Business of the Target

In considering the appropriateness of the entering into this transaction, the Independent Financial Advisor has determined free cash flow of the Target to calculate internal rate of return from the acquisition of land from SHC and the acquisition of Target shares.

NewCo 1 will be set up to accept a transfer of land from SHC. Then, NewCo 1 will lease the land to the Target. Cash inflows of NewCo 1 will be from rental fee, while NewCo 1 will have minimal expenses such as property tax and other administrative expenses, and cash outflow from dividend payment to preferred shares of NewCo 2, who is not a connected person. The expenses and the dividend payments are included in the financial forecast of the Target.

Please refer to assumptions on cash flow of the Target in Part 3, Clause 1.1.5 of this report.

Comparison of value of Target share derived from the Discounted Cash Flow Approach and the acquisition price of Target shares and the acquisition of Fuel Business Land can be summarized as follows:

3.2.1 In the Case of the Inclusive of Songkhla Oil Terminal Land and Surface Assets

(Unit: Baht million)

<u>Inclusive</u> of Songkhla Oil Terminal Land and Surface Assets	Discount Rate		
	8.03% p.a.	7.65% p.a. (Base Case)	7.27% p.a.
Value of Target shares (exclusive of BAFS shares) ^{1/}	1,421.62	1,526.48	1,640.26
Less: Acquisition price of Target shares (exclusive of BAFS shares) ^{2/}	(113.63)	(113.63)	(113.63)
Less: Acquisition price of land from SHC ^{3/}	(1,006.54)	(1,006.54)	(1,006.54)
NPV of cash flows from the acquisition of Target shares and land from SHC as of July 1, 2024	301.44	406.31	520.08
Internal rate of return	9.02% p.a.		
Payback period	9.85 years		

Remark:

1/ Please refer to details of the valuation in Part 3, Clause 1.1.5 of this report.

2/ The acquisition price of Target shares (inclusive of the investment in BAFS shares) is equal to USD 16.80 million or approximately Baht 599.64 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

After deducting fair value of BAFS shares of Baht 486.01 million (*average market price of Baht 484.82 – 487.20 million*) (*Please refer to details in Part 3, Clause 1.2 of this report*), net acquisition price of Target shares shall be Baht 113.63 million.

3/ The acquisition price of the Fuel Business Land is equal to USD 28.20 million or approximately Baht 1,006.54 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

From the feasibility study, in the case of the inclusive of Songkhla Oil Terminal Land and its surface assets, the IFA found that NPV of the investment in Target shares and the acquisition of land from SHC is in the range of Baht 301.44 – 520.08 million (Baht 406.31 million in the base case), IRR is equal to 9.02% p.a., and payback period is 9.85 years from the Closing Date (Closing Date is expected in mid-2024). **Therefore, the IFA is of the opinion that the investment in Target shares (exclusive of the investment in BAFS shares) and the acquisition of land from SHC is feasible and appropriate.**

3.2.2 In the case the Exclusive of Songkhla Oil Terminal Land and Surface Assets

(Unit: Baht million)

Exclusive of Songkhla Oil Terminal and Surface Assets	Discount Rate		
	8.03% p.a.	7.65% p.a. (Base Case)	7.27% p.a.
Value of Target shares (exclusive of BAFS shares) ^{1/}	1,376.75	1,478.83	1,589.48
Less: Acquisition price of Target shares (exclusive of BAFS shares) ^{2/3/}	(44.03)	(44.03)	(44.03)
Less: Acquisition price of land from SHC ^{3/}	(851.63)	(851.63)	(851.63)
NPV of cash flows from the acquisition of Target shares and land from SHC as of July 1, 2024	481.09	583.16	693.81
Internal rate of return	10.04% p.a.		
Payback period	9.00 years		

Remark:

1/ Please refer to details in Part 3, Clause 1.1.5 of this report.

If Songkhla Oil Terminal Land and surface assets are not transferred to the Target, SPRC and CTL shall arrange for the use of Songkhla Oil Terminal by the Target. The consideration payable by Target shall equal to actual costs of CTL. Therefore, in this case, the additional expenses shall be land rental fee for Songkhla Oil Terminal which is assumed at Baht 2.71 million per year, based on the current land rental rate (it is agreed that the consideration payable by NewCo 1 shall not be higher than the level of expenses incurred by CTL). The land rental fee is assumed to increase by 3.00% p.a.

2/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land and its surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.

3/ The acquisition price for Target shares (inclusive of the investment in BAFS shares) is equal to USD 16.80 – 1.95 million = USD 14.85 million or equivalent to approximately Baht 530.04 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

After deducting fair value of BAFS shares of Baht 486.01 million (*average market price of Baht 484.82 – 487.20 million*) (Please refer to details in Part 3, Clause 1.2 of this report), net acquisition price of Target shares shall be Baht 44.03 million.

4/ The acquisition price of the Fuel Business Land is equal to USD 28.20 – 4.34 million = USD 23.86 million or equivalent to approximately Baht 851.63 million (calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022).

From feasibility study of Target in the case of the exclusive of Songkhla Oil Terminal Land and its surface assets, the IFA found that NPV of the investment in Target shares and the acquisition of land from SHC is in the range of Baht 481.09 – 693.81 million (Baht 583.16 million in the base case), IRR is equal to 10.04% p.a., and payback period is 9.00 years from the Closing Date (Closing date is expected in mid-2024). **Therefore, the IFA is of the opinion that the investment in Target shares (exclusive of the investment in BAFS shares) and the acquisition of land from SHC is feasible and appropriate.**

4. Summary of Opinion of the Independent Financial Advisor on the Appropriateness of the Price of Transaction 1 – 3

Comparison of fair value of assets to be acquired based on the IFA's evaluation in Part 3, Transaction 1 – Transaction 3 mentioned earlier and the acquisition prices (Transaction 1 – Transaction 3) can be summarized as follows:

4.1 In the Case of the Inclusive of Songkhla Oil Terminal Land and Surface Assets ▪ Unit: Baht million

Transaction	Assets to be Acquired (<u>Inclusive</u> of Songkhla Oil Terminal Land and Surface Assets)	Fair Value	Acquisition Price	Fair Value is Higher (Lower) than Acquisition Price	
		(Baht million)	(Baht million)	(Baht million)	(%)
		(1)	(2)	(3)=(1)-(2)	(3)/(2)
1	Target Shares (exclusive of the investment in BAFS shares)	1,421.62 – 1,640.26 ^{2/}			
	Ordinary shares of BAFS	484.82 – 487.20 ^{3/}			
	Total value of Target shares	1,906.44 – 2,127.46	599.64		
3	Fuel Business Land	- ^{4/}	1,006.54		
	Transaction 1 + Transaction 3	1,906.44 – 2,127.46	1,606.19	300.25 – 521.27	18.69% - 32.45%
2	Thappline shares	1,634.25 – 1,696.90 ^{5/}	1,606.19	28.06 – 90.71	1.75% - 5.65%
	Total Transaction 1 – Transaction 3	3,540.69 – 3,824.35	3,212.37	328.32 – 611.98	10.22% - 19.05%

Remark:

- 1/ Calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022. (www.bot.or.th)
- 2/ Fair value of Target shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 1.1 of this report)
- 3/ Fair value of BAFS shares is derived from the Market Value Approach. (Please refer to details in Part 3, Clause 1.2 of this report)
- 4/ Land to be acquired from SHC is for operation of the Fuel Business of the Target. Therefore, fair value of such land is included in the valuation of Target shares in Transaction 1.
- 5/ Fair value of Thappline shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 2 of this report)

▪ Unit: USD million

Transaction	Assets to be Acquired (<u>Inclusive</u> of Songkhla Oil Terminal Land and Surface Assets)	Fair Value ^{1/}	Acquisition Price ^{1/}	Fair Value is Higher (Lower) than Acquisition Price	
		(USD million)	(USD million)	(USD million)	(%)
		(1)	(2)	(3)=(1)-(2)	(3)/(2)
1	Target shares (exclusive of the investment in BAFS shares)	39.83 – 45.95			
	Ordinary shares of BAFS	13.58 – 13.65			
	Total value of Target shares	53.41 – 59.60	16.80		
3	Fuel Business Land	-	28.20		
	Transaction 1 + Transaction 3	53.41 – 59.60	45.00	8.41 – 14.60	18.69% - 32.45%
2	Thappline shares	45.79 – 47.54	45.00	0.79 – 2.54	1.75% - 5.65%
	Total Transaction 1 – Transaction 3	99.20 – 107.15	90.00	9.20 – 17.15	10.22% - 19.05%

Remark:

- 1/ Calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022. (www.bot.or.th)

From the above table, total fair value of assets (Transaction 1 – Transaction 3) in the case of the inclusive of Songkhla Oil Terminal Land and surface assets is equal to USD 99.20 – 107.15 million (Baht 3,540.69 – 3,824.35 million), higher than the acquisition price by USD 9.20 – 17.15 million (Baht 328.32 – 611.98 million) or higher than the acquisition price by 10.22% – 19.05%. **Therefore, the Independent Financial Advisor is of the opinion that the total acquisition price of the assets (Transaction 1 – Transaction 3), inclusive of Songkhla Oil Terminal and surface assets, of USD 90.00 million (approximately Baht 3,212.37 million, based on the exchange rate of USD/Baht 35.693) is considered appropriate as it is lower than fair value of the assets.**

4.2 In the Case of the exclusive of Songkhla Oil Terminal Land and Surface Assets

▪ Unit: Baht million

Transaction	Assets to be Acquired (Exclusive of Songkhla Oil Terminal Land and Surface Assets)	Fair Value	Acquisition Price	Fair Value is Higher (Lower) than Acquisition Price	
		(Baht million)	(Baht million)	(Baht million)	(%)
		(1)	(2)	(3)=(1)-(2)	(3)/(2)
1	Target shares (exclusive of the investment in BAFS shares)	1,376.75 – 1,589.48 ^{2/}			
	Ordinary shares of BAFS	484.82 – 487.20 ^{3/}			
	Total value of Target shares	1,861.58 – 2,076.67	530.04 ^{6/}		
3	Fuel Business Land	- ^{4/}	851.63 ^{5/}		
	Transaction 1 + Transaction 3	1,861.58 – 2,076.67	1,381.68	479.90 – 695.00	34.73% - 50.30%
2	Thappline shares	1,634.25 – 1,696.90 ^{5/}	1,606.19	28.06 – 90.71	1.75% - 5.65%
	Total Transaction 1 – Transaction 3	3,495.82 – 3,773.57	2,987.86	507.96 – 785.71	17.00% -26.30%

Remark:

- 1/ Calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022. (www.bot.or.th)
- 2/ Fair value of Target shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 1.1 of this report)
- 3/ Fair value of BAFS shares is derived from the Market Value Approach. (Please refer to details in Part 3, Clause 1.2 of this report)
- 4/ Land to be acquired from SHC is for operation of the Fuel Business of the Target. Therefore, fair value of such land is included in the valuation of Target shares in Transaction 1.
- 5/ Fair value of Thappline shares is derived from the Discounted Cash Flow Approach. (Please refer to details in Part 3, Clause 2 of this report)
- 6/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land and surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.

▪ Unit: USD million

Transaction	Assets to be Acquired (Exclusive of Songkhla Oil Terminal Land and Surface Assets)	Fair Value of Assets ^{1/}	Acquisition Price	Fair Value is Higher (Lower) than Acquisition Price	
		(USD million)	(USD million)	(USD million)	(%)
		(1)	(2)	(3)=(1)-(2)	(3)/(2)
1	Target shares (exclusive of the investment in BAFS shares)	38.57 – 44.53			
	Ordinary shares of BAFS	13.58 – 13.65			
	Total value of Target shares	52.16 – 58.18	14.85 ^{2/}		
3	Fuel Business Land	-	23.86 ^{2/}		
	Transaction 1 + Transaction 3	52.16 – 58.18	38.71	13.45 – 19.47	34.73% - 50.30%
2	Thappline shares	45.79 – 47.54	45.00	0.79 – 2.54	1.75% - 5.65%
	Total Transaction 1 – Transaction 3	97.94 – 105.72	83.71	14.23 – 22.01	17.00% -26.30%

Remark:

- 1/ Calculated based on the exchange rate of USD/Baht 35.693, which was the weighted average interbank exchange rate as at November 15, 2022. (www.bot.or.th)
- 2/ In the case that the agreed plots of land located at Songkhla Oil Terminal (the "Songkhla Oil Terminal Land") are not transferred to NewCo 1 because the relevant third-party consent is not obtained, the Fuel Business Investment Transaction will proceed on the basis that the Company will not be required to pay for the consideration of Songkhla Oil Terminal Land and the surface assets. As a result, the total consideration for Target shares will be reduced by USD 1.95 million and the purchase price under the Draft Land SPA for the Fuel Business Land will decrease by USD 4.34 million.

From the above table, total fair value of assets (Transaction 1 – Transaction 3) in the case of the exclusive of Songkhla Oil Terminal Land and surface assets is equal to USD 97.94 – 105.72 million (Baht 3,495.82 – 3,773.57 million), higher than the acquisition price by USD 14.23 – 22.01 million (Baht 507.96 – 785.71 million) or higher than the acquisition price by 21.16% – 28.14%. **Therefore, the Independent Financial Advisor is of the opinion that the total acquisition price of assets (Transaction 1 – Transaction 3), exclusive of Songkhla Oil Terminal Land and surface assets, of USD 83.71 million (approximately Baht 2,987.86 million, based on the exchange rate of USD/Baht 35.693) is considered appropriate as it is lower than fair value of the assets.**

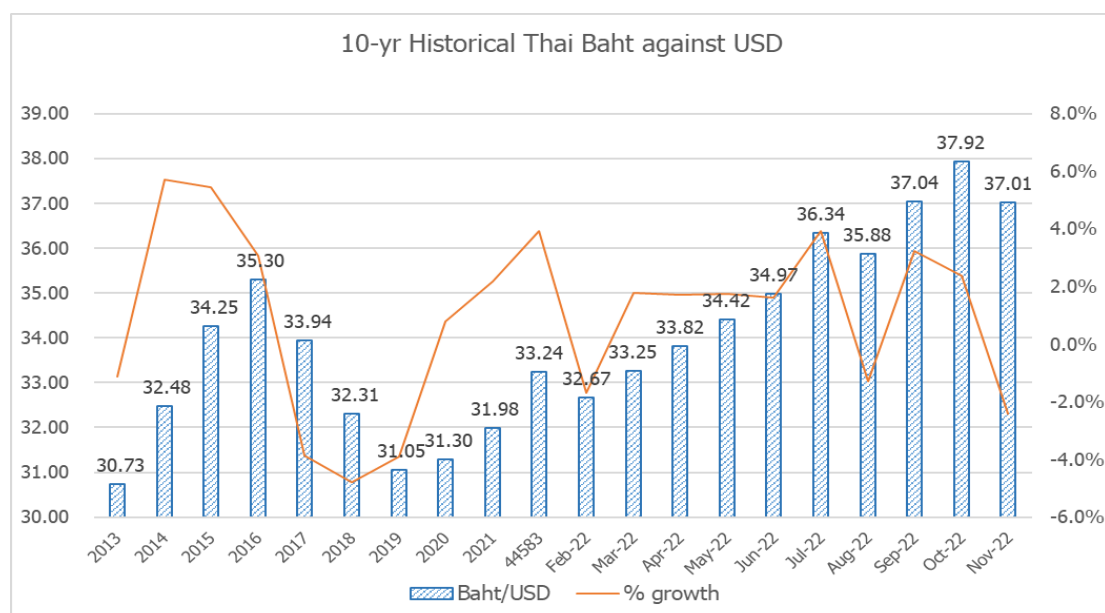
However, since the closing and payment of the transactions are expected in 2024, where the exchange rate may differ from the exchange rate use herein, the IFA, therefore, conducted a sensitivity analysis by adjusting the exchange rate upward/downward from the base case. Summary of the sensitivity analysis is as follows:

(Unit: Baht million)

Transaction 1 – Transaction 3 (Inclusive of Songkhla Oil Terminal Land and Surface Assets)		Exchange Rate (USD/Baht)			
		33.693 (-2)	35.693 (Base Case)	37.693 (+2)	39.34 (Break Even)
Fair value of assets	(1)	3,540.69 – 3,824.35			
Acquisition price	(2)	3,032.37	3,212.37	3,392.37	3,540.69
Fair value higher (lower) then acquisition price	(3)=(1)-(2)	508.32 – 791.98	328.32 – 611.98	148.32 – 431.98	0 – 283.67
% Fair value higher (lower) then acquisition price	(3)/(2)	16.76% - 26.12%	10.22% - 19.05%	4.37% - 12.73%	0% - 8.01%

From the above table, the depreciation/appreciation of Thai Baht shall affect the acquisition price. In the case the Thai Baht depreciates to lower than USD/Baht 39.34, fair value of the assets may be lower than the acquisition price.

The IFA collected historical exchange rate in the past 10 years and found that the exchange rate in 2013 – 2021 was in the range of USD/Baht 30.73 – 35.30. Thai Baht has been considerably depreciated in 2022 due to the economic condition and the monetary policy of USA. The exchange rate was at the highest rate in October 2022 and gradually improved in November 2022.



Remark: 1/ Average exchange rate of commercial banks in Bangkok from the Bank of Thailand (www.bot.or.th)

2/ Average exchange rate in November 2022 derived from the average exchange rate during November 1 - 15, 2022.

Part 4: Summary of Opinion of the Independent Financial Advisor on the Connected Transaction

Please refer to the opinion of the Independent Financial Advisor in “**Executive Summary**” on page 9 of this report.

However, shareholders should carefully study all documents and information attached to the notice to this shareholders’ meeting for the sake of their own decision making. Decision whether to approve the connected transactions rests primarily and is the sole discretion of the shareholders.

CapAd, as the Independent Financial Advisor, hereby certifies that it cautiously provides the above opinion in accordance with professional standard for the benefit of the shareholders.

Sincerely Yours,

The Independent Financial Advisor
Capital Advantage Co., Ltd.

- Patchara Netsuwan -

(Mr. Patchara Netsuwan)
Executive Director

- Patchara Netsuwan -

(Mr. Patchara Netsuwan)
Supervisor

Attachment 1

Information of Thai Petroleum Pipeline Company Limited

1. General Information

Company name : Thai Petroleum Pipeline Company Limited (Thappline)
 Main business : Fuel pipeline transportation
 Head Office : 2/8 Moo 11 Lam Luk Ka Road, Sawai Sub-district, Lam Luk Ka District, Pathum Thani 12150
 Branches : 5 branches include Saraburi Oil Terminal, Saraburi; BAFS Oil Terminal, Lak Si District, Bangkok; Sriracha Oil Terminal, Chonburi; Map Ta Phut Oil Terminal, Rayong; and Suvarnabhumi Oil Terminal, Samut Prakarn
 Registered capital : Baht 8,479,000,000, divided into 28,775,000 ordinary shares and 56,015,000 preferred shares at par value of Baht 100 per share as of May 5, 2022
 Paid-up capital : Baht 8,479,000,000, divided into 28,775,000 ordinary shares and 56,015,000 preferred shares at par value of Baht 100 per share as of May 5, 2022

2. Business Overview

Thappline was incorporated on January 9, 1991 to develop fuel pipeline project in the country in accordance with the Cabinet approval to build petroleum pipeline transportation from Sriracha to Saraburi and Petroleum Authority of Thailand (presently PTT Public Company Limited) was assigned to set up a joint venture for the operation facility. Currently, Thappline operates 3 main pipeline routes as follows:

1) Sriracha - Saraburi Pipeline: This 255-km. pipeline was designed to accommodate a maximum annual capacity of 26,000 million liters. The route starts from the pumping station in Sriracha, Chonburi, which receives oil from Esso Refinery, Thai Oil Refinery, PTT Oil Terminal, and Chonburi Terminal Company Limited's Oil Terminal, to the downstream terminals in Lum Luk Ka District, Pathum Thani and Sao Hai District, Saraburi, with the dedicated pipeline to Don Mueang Airport Oil Terminal.

2) Map Ta Phut – Sriracha Pipeline: This 67-km. pipeline connects the Sriracha service station with PTT Global Chemical Refinery and Star Petroleum Refinery in Map Ta Phut Industrial Estate. And can accommodate a maximum annual capacity of 10,600 million liters.

3) Suvarnabhumi Pipeline: Thappline expands its network from Lum Luk Ka Oil Terminal to Suvarnabhumi Airport Oil Terminal by 38-km. pipeline, with the annual capacity to accommodate 100 million passengers.

Thappline operates 2 oil terminals located in Lum Luk Ka District, Pathum Thani and Sao Hai District, Saraburi, that can store various types of fuel. They serves as oil reserve and distribution centers for the Greater Bangkok Metropolitan area, the Central, North, and Northeast regions of the country. Each oil terminal has storage capacity of 170 million liters.

3. Board of Directors

As of February 13, 2022, Thappline had 10 directors as follows:

Name	Position
1. Mr. Soontorn Chursuk	Chairman of the Board of Directors
2. Mr. Paisan Udomkulwanich	Director
3. Mr. Racha U-thaichan	Director
4. Mr. Chumchanit Chitman	Director and Managing Director
5. Mr. Chatchawarn Hongcharoenthai	Director
6. Mr. Panun Prachuabmoh	Director
7. Mr. Chuchart Sriwanwit	Director
8. Mr. Pornchai Pongkoontrirut	Director
9. Mr. Chatapong Wungtanagorn	Director
10. Mr. Jaturong Worawitsurawatthana	Director

Remark: The authorized directors are Mr. Soontorn Chursuk or Mr. Paisan Udomkulwanich or Mr. Racha U-thaichan co-sign with Mr. Chumchanit Chitman or Mr. Chatchawarn Hongcharoenthai or Mr. Panun Prachuabmoh or Mr. Chuchart Sriwanwit or Mr. Pornchai Pongkoontrirut or Mr. Chatapong Wungtanagorn or Mr. Jaturong Worawitsurawatthana, total 2 directors and affix the company's seal.

4. Shareholder Structure

As of May 5, 2022, Thappline had registered and paid-up capital of Baht 8,479,000,000, divided into 56,015,000 ordinary shares at par value of Baht 100 per share and 28,775,000 preferred shares at Baht 100 per share. The details are as follows:

Shareholder Name	Registered Capital				Shareholding Portion (%)
	Ordinary Share ^{1/} (shares)	Preferred Share Type A ^{2/} (shares)	Preferred Share Type B ^{3/} (shares)	Total (shares)	
1. PTT Oil and Retail Business PCL. ^{4/}	11,661,500	5,268,896	17,326,412	34,256,808	40.402
2. Esso (Thailand) PCL. ^{5/}	5,980,000	2,701,651	8,836,954	17,518,605	20.661
3. The Shell Company of Thailand Ltd.	4,316,250	1,950,000	6,342,646	12,608,896	14.871
4. Chevron Asia Pacific Holdings Limited	2,877,500	1,300,000	4,228,430	8,405,930	9.914
5. Thai Oil PCL.	2,500,000	1,129,453	4,165,516	7,794,969	9.193
6. Kuwait Petroleum Europe B.V.	1,438,750	650,000	2,114,042	4,202,792	4.957
7. Susco Dealers Co., Ltd.	1,000	-	1,000	2,000	0.002
Total	28,775,000	13,000,000	43,015,000	84,790,000	100.000

Remark:

- 1/ Voting right of ordinary shareholder: 1 share equals to 1 vote.
- 2/ Voting right of preferred shareholder Type A: 1 share equal to 2 votes and is entitled to receive 2 times of dividend per share paid to ordinary shareholders.
- 3/ Voting right of preferred shareholder Type B: 1,000 shares equal to 1 vote and is entitled to receive 1 time of dividend per share paid to ordinary shareholders.
- 4/ PTT Oil and Retail Business Public Company Limited is a listed company on the Stock Exchange of Thailand.
- 5/ Esso (Thailand) Public Company Limited is a listed company on the Stock Exchange of Thailand.

5. Financial Highlights

- Statement of financial position for the year ended December 31, 2019, 2020, and 2021

Statement of Financial Position (Unit: Baht Million)	Dec. 31, 2019 ^{1/} Audited	Dec. 31, 2020 ^{1/} Audited	Dec. 31, 2021 ^{1/} Audited
Assets			
<u>Current assets</u>			
Cash and cash equivalents	118.73	232.54	301.97
Other financial assets	3,920.00	3,360.00	2,990.00
Trade and other receivables	520.13	214.10	232.78
Spare parts and supply	202.83	207.61	207.54
Other current assets	2.67	2.97	3.65
Total current assets	4,764.36	4,017.22	3,735.94
<u>Non-current assets</u>			
Other non-current financial assets	413.00	783.00	854.00
Property, plant and equipment	6,217.55	6,115.39	6,128.45
Rights-of-use assets	-	1,075.88	986.81
Deferred tax assets	95.47	114.18	128.91
Other non-current assets	1.01	1.11	1.07
Total non-current assets	6,727.03	8,089.56	8,099.24
Total assets	11,491.40	12,106.78	11,835.18
Liabilities and shareholder's equity			
<u>Current liabilities</u>			
Trade and other payables	278.81	281.27	320.94
Current portion of lease liabilities	-	85.14	88.11
Corporate income tax payable	225.20	173.60	132.84
Other current liabilities	39.56	31.13	31.89
Total current liabilities	543.57	571.14	573.78
<u>Non-current liabilities</u>			
Lease liabilities	-	920.24	847.05
Provision for employee benefits	205.89	218.53	228.42
Total non-current liabilities	205.89	1,138.77	1,075.47
Total liabilities	749.46	1,709.91	1,649.25
<u>Shareholder's equity</u>			
Registered capital	8,479.00	8,479.00	8,479.00
Issued and paid-up capital	8,479.00	8,479.00	8,479.00
Share premium	6.51	6.51	6.51
Retained earnings			
Appropriated	450.13	540.45	609.00
Unappropriated	1,806.29	1,370.91	1,091.42

Statement of Financial Position (Unit: Baht Million)	Dec. 31, 2019 ^{1/} Audited	Dec. 31, 2020 ^{1/} Audited	Dec. 31, 2021 ^{1/} Audited
Total shareholders' equity	10,741.93	10,396.87	10,185.93
Total liabilities and shareholders' equity	11,491.40	12,106.78	11,835.18

- Statement of comprehensive income for the year ended December 31, 2019, 2020, and 2021

Statement of Comprehensive Income (Unit : Baht Million)	2019 ^{1/} Audited	2020 ^{1/} Audited	2021 ^{1/} Audited
Revenue from services	3,551.03	2,889.01	2,518.47
Other incomes	86.47	75.99	64.65
Total revenue	3,637.50	2,965.01	2,583.12
Cost of services	(1,094.68)	(977.31)	(931.17)
Administrative expenses	(254.83)	(233.52)	(251.10)
Total expenses	(1,349.51)	(1,210.84)	(1,182.27)
Profit from operating activity	2,287.99	1,754.17	1,400.84
Financial cost	-	(40.15)	(37.52)
Profit before income tax expenses	2,287.99	1,714.02	1,363.32
Income tax expenses	(457.34)	(343.11)	(271.90)
Net profit for the year	1,830.65	1,370.91	1,091.42

Remark: 1/ Financial statements of Thappline for the year ended December 31, 2019, 2020, and 2021 were audited by KPMG Phoomchai Audit Limited, an auditor in the approved list of the SEC.

Management Discussion and Analysis

Operating results

Total revenue

Total revenue of Thappline consisted of revenue from fuel transportation and other revenue from interest income. Total revenue in 2019 - 2021 was Baht 3,637.50 million, Baht 2,965.01 million, and Baht 2,583.12 million, respectively. Total revenue was in the declining trend from the decrease of revenue from services and other incomes.

In 2020, Thappline had revenue from services of Baht 2,889.01 million, decreased by Baht 662.02 million or 18.64% from 2019. In 2021, revenue from services declined by Baht 370.54 million to Baht 2,518.47 million, or 12.82% from 2020. The decrease in revenue from services was due to the decrease in throughput volume especially jet fuel as a result of the COVID-19 outbreak which led to the decline in number of flights.

Other revenue also decreased from Baht 86.47 million in 2019 to Baht 75.99 million in 2020 and Baht 64.65 million in 2021 respectively due to the decrease in interest income.

Cost of services

Cost of services of Thappline tends to decrease, similar to revenue from services. In 2020, cost of services were Baht 977.31 million, decreased from 2019 by Baht 117.37 million or 10.72% as a result of the decrease in lease expense. In 2021, cost of services continued to decrease from 2020 by Baht 46.14 million to Baht 931.17 million because of the decrease in repair and maintenance expenses, lease expenses, and utilities expenses as well as depreciation expenses.

Operating expenses

In 2020, Thappline had operating expenses of Baht 233.52 million, decreased from 2019 by Baht 21.31 million or 8.36% due to the decrease in employee benefits expenses. In 2021, operating expenses increased from 2020 by Baht 17.58 million to Baht 251.10 million because of the increase in employee benefits expenses.

Financial cost

In 2020, financial cost of Thappline was Baht 40.15 million from the increase in lease liabilities while there was no financial cost in 2019 as it had no financial debts. In 2021, financial cost was interest expenses on lease liabilities of Baht 37.52 million, slightly decreased from 2020.

Net profit

Net profit was in the declining trend during the past 3 years. In 2019 - 2021, net profit was Baht 1,830.65 million, Baht 1,370.91 million, and Baht 1,091.42 million, equivalent to net profit margin of 51.55%, 47.45%, and 43.34%, respectively. The decrease in net profit due to the fact that total

revenue declined in larger proportion than expenses as a result of the decrease in throughput volume, especially jet fuel.

Financial position

Assets

In 2020, Thappline had total assets of Baht 12,106.78 million. Major assets were (a) property, plant and equipment of Baht 6,115.39 million, accounted for 50.5% of total assets; (b) other current financial assets of Baht 3,360 million, accounted for 27.8% of total assets; and (c) right-of-use assets of Baht 1,075.88 million, accounted for 8.9% of total assets. In 2020, Thappline entered into the service agreement with PTT Public Company Limited to provide fuel pipeline transportation service via Map Ta Phut Feederline, led to the increase in right-of-use assets by Baht 1,075.88 million. However, other current financial assets and trade receivable decreased by Baht 560.00 million and Baht 306.03 million, respectively. As a result, total assets in 2020 increased by Baht 615.38 million from 2019.

In 2021, total assets were Baht 11,835.18 million, decreased by Baht 271.60 million from 2020 due mainly to the decrease in other financial assets including promissory notes with financial institutions and right-of-use assets.

Liabilities

In 2020, Thappline had total liabilities of Baht 1,709.91 million. Major liabilities were lease liabilities of Baht 920.24 million (accounted for 53.81% of total liabilities), trade and other payables of Baht 281.26 million (accounted for 16.44% of total liabilities). In 2020, total liabilities increased by Baht 960.45 million from 2019 due mainly to the increase in lease liabilities.

In 2021, total liabilities decreased by Baht 60.66 million from 2020 to Baht 1,649.25 million. Main decreased liability items included lease liabilities and corporate tax payables.

Shareholders' equity

In 2020, Thappline's shareholders' equity was Baht 10,396.87 million, decreased by Baht 345.06 million from 2019, as a result of Baht 1,715.97 million dividend payment to the shareholders in May 2020, resulted in the decrease in retained earnings of Baht 435.38 million. In addition, Baht 90.32 million was allocated as legal reserve.

In 2021, Thappline had shareholders' equity of Baht 10,185.93 million, decreased by Baht 210.94 million from 2020 as a result of Baht 1,302.73 million dividend payment to the shareholders in May 2021, resulted in the decrease of retained earnings of Baht 279.49 million. In addition, Baht 68.55 million was allocated as legal reserve.

6. Industry overview

The fuel pipeline industry is in line with the resolution of the National Energy Policy Council (NEPC) that requires either the public or private sectors to expand fuel pipeline to the regional level for energy security, reduction of transportation costs, lower gap of fuel prices in the regions and Bangkok, reduction of traffic congestion and road accidents that may occur from transportation by car.

Presently, there are 3 fuel pipeline transportation service providers which are Thappline, Fuel Pipeline Transportation Limited (FPT) and Thai Pipeline Network Company Limited (TPN). The details are as follows:

Thai Petroleum Pipeline Company Limited (Thappline)

Thappline is a fuel pipeline transportation service provider in central and eastern region, having 3 major routes: (1) from Lum Luk ka to Suvarnabhumi, (2) from Sriracha to Saraburi, and (3) from Map Ta Phut to Sriracha, according to the details in Clause 2 of Attachment 1.

Fuel Pipeline Transportation Limited (FPT)

FPT is a fuel pipeline transportation service provider in northern region by transporting fuel from 3 sources which are Bangchak Oil Refinery, Shell Oil Terminal and Chevron Oil Terminal at Chong Nonsi to the destinations, consisting of Don Muang Oil Terminal and Bang Pa-in Oil Terminal in Ayutthaya with total distance of 69 km. There is also a dedicated pipeline from Makkasan to Suvarnabhumi Oil Terminal with total distance of 30 km.

FPT has extended fuel pipeline transportation system from Bang Pa-in Oil Terminal in Ayutthaya to Phichit Oil Terminal in Wachira Barami District, Phichit with total distance of 367 km. The northern

fuel pipeline transportation system Phase 1 (Bang Pa-in – Kamphaeng Phet – Phichit) commenced the commercial operation on March 27, 2019 and Phase 2 (Kamphaeng Phet – Lampang) with total distance of 209 km. commenced the commercial operation on September 20, 2021.

(Source: <https://www.fpt.co.th/th/our-business/index.php> and <https://mgronline.com/business/detail/9640000094513>)

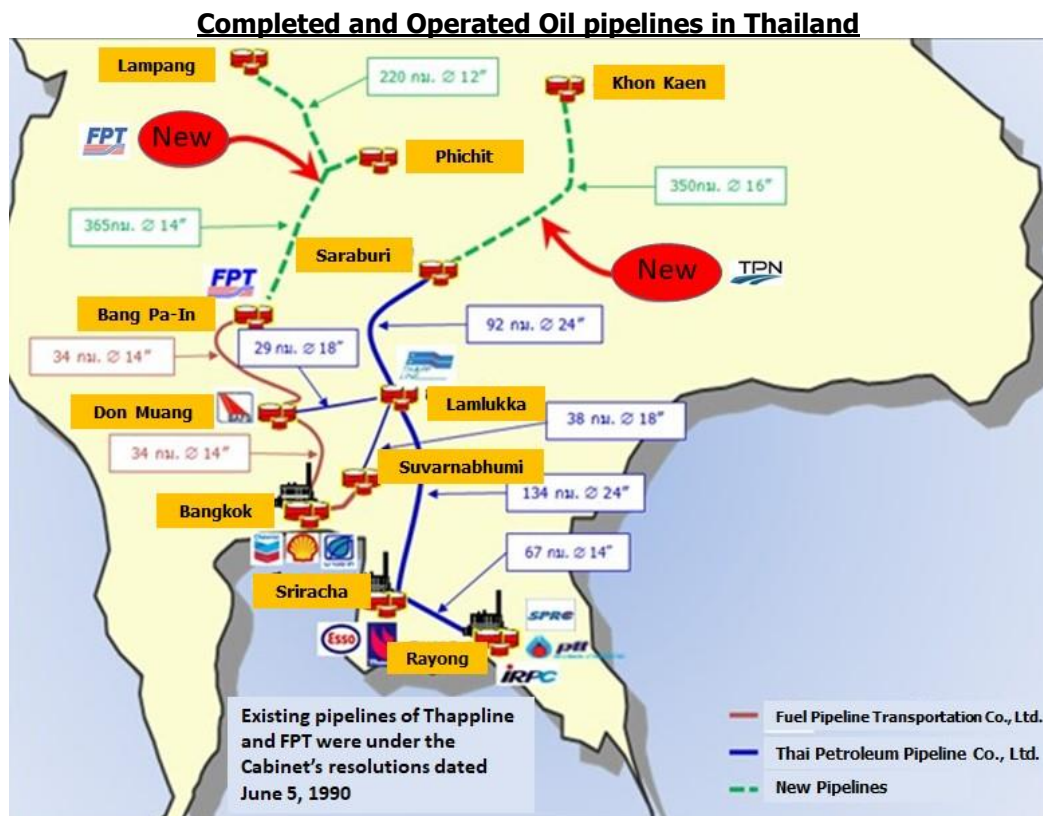
FPT had 5 oil terminals which are (1) Don Muang Airport Oil Terminal, which shall receive aviation fuel via the fuel pipeline transportation system to store in the reserved tanks, with total capacity of 31 million liters, in order to inspect its quality according to international standard prior to distribution and handover to Bangkok Aviation Fuel Services Public Company Limited (BAFS), the refuelling service provider at Don Muang International Airport, (2) Suvarnabhumi Airport Oil Terminal located adjacent to Suvarnabhumi Airport, which shall receive aviation fuel from Makkasan Station via the fuel pipeline to store in the reserved tanks with the capacity of 120 million liters, and (3) Bang Pa-in Oil Terminal located adjacent to the oil terminal of Bangchak Corporation Public Company Limited, which shall receive ground products via the fuel pipeline from Bangchak Refinery at Bangchak and Shell Oil Terminal and Chevron Oil Terminal at Chong Nonsi to store in the terminal tanks at Bang Pa-in with the total capacity of 75 million liters, (4) Phichit Oil Terminal with the total capacity of 70 million liters, and (5) Lampang Oil Terminal with total capacity of 70 million liters.

(Source: Form 56-1 One Report 2022 of BAFS and <https://www.fpt.co.th/th/our-business/depot-system.php>)

Thai Pipeline Network Company Limited (TPN)

TPN is a fuel pipeline transportation service provider in the northeast region covering area in 70 sub-districts, 22 districts in 5 provinces, including Saraburi, Lopburi, Nakhon Ratchasima, Chaiyaphum and Khon Kaen. The network starts from Saraburi Oil Terminal of Thapline, by which the 16-inch pipeline is laid along Khlong Chonlaprathan Road, Sao Hai Sub-district, Sao Hai District, Saraburi and go up to the northeast to Khon Kaen Oil Terminal with total distance of 342 km. TPN's Oil Terminal is located in the area of approximately 202 rai in Ban Pai District, Khon Kaen which is the center of fuel distribution to the large oil distributor of the country such as PTT Oil and Retail Business Public Company Limited, The Shell Company of Thailand Limited, Esso (Thailand) Public Company Limited, Chevron (Thailand) Limited, and Thai Oil Public Company Limited to sell to the consumers in northeast region and export to Lao PDR.

(Source: <https://tpnthai.com/projects>)



Source: http://www.thailandindustry.com/indust_newweb/news_preview.php?cid=22659

Attachment 2

Overview of Fuel Retail Industry in Thailand

Domestic Sale of Petroleum Products

Considering the sale volume of diesel fuel and gasoline in the country, it was found that most diesel fuel and gasoline was sold in the service stations. In 2021, 73.44% of total domestic diesel fuel sale volume and 87.47% of gasoline sale volume were sold in the service stations.

Fuel traders can be divided into several types according to Fuel Trade Act B.E. 2543 (2000) from small fuel traders who own service stations, small and medium fuel traders without service stations, large fuel traders under Section 7 (the fuel trader having trade volume of each type of fuel or all types of fuel altogether from 100,000 metric tons (approximately 120 million liters) or more per year) who are retailers and wholesalers, and medium fuel traders (fuel traders under Section 10 who have trade volume of each type of fuel or all type of fuel altogether exceeding 30,000 liters but not exceed 100,00 million liters per year).

Fuel traders under Section 7 are as follows:

- (1) PTT Public Company Limited ("PTT")
- (2) Thai Oil Public Company Limited ("Thaioil")
- (3) Esso (Thailand) Public Company Limited ("Esso")
- (4) The Shell Company of Thailand Limited ("Shell")
- (5) Bangchak Corporation Public Company Limited ("Bangchak")
- (6) Chevron (Thailand) Limited ("Chevron")
- (7) IRPC Public Company Limited ("IRPC")
- (8) PTG Energy Public Company Limited ("PTG")
- (9) SUSCO Public Company Limited ("Susco")

Number of Service Stations

(Unit: Stations)	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Sep.30, 2022
Fuel traders under Section 7					
PTT ^{1/}	2,035	2,147	2,225	2,312	2,343
PTG	1,883	2,027	2,094	2,165	2,210
Bangchak	1,175	1,201	1,233	1,277	1,320
Esso	608	638	702	731	780
Shell	517	538	556	667	694
Chevron	357	385	414	434	427
Susco ^{2/}	219	231	233	211	198
Other small Fuel traders	21,544	21,971	21,814	21,070	20,028
Total	28,338	29,138	29,271	28,867	28,000

Source: The Department of Energy Business, Ministry of Energy

Remark: 1/ Include PTT service stations under management of PTT Retail Management Company Limited and PTT Oil and Retail Business Public Company Limited.

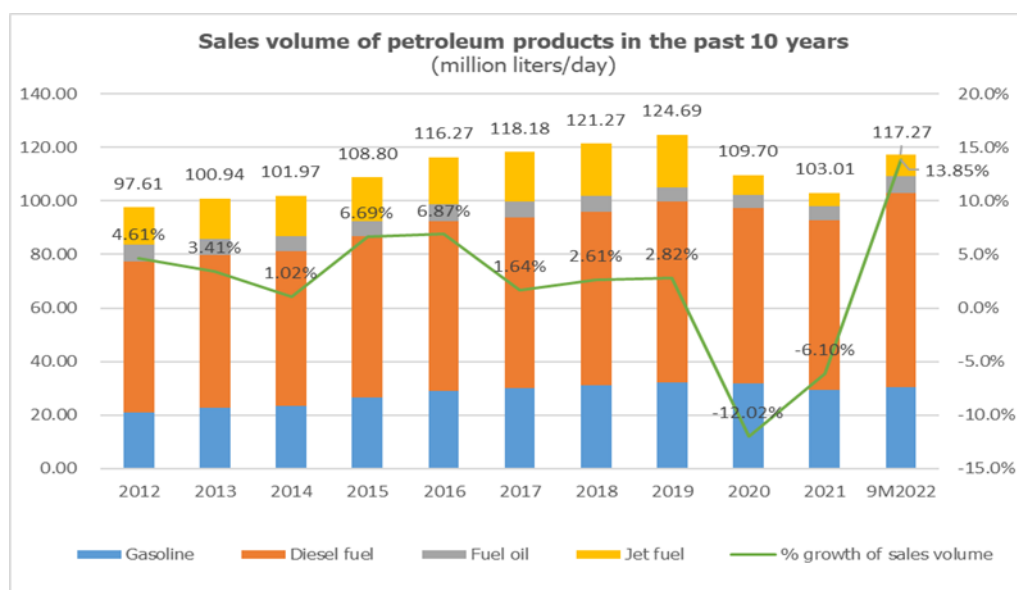
2/ Include SUSCO service stations (formerly known as Petronas) under management of SUSCO Public Company Limited.

The COVID-19 outbreaks reduced the number of small fuel traders' service stations. As of December 31, 2021, total service stations were 28,867, decreased by 404 stations or 1.39% from December 31, 2020.

In 9M2022, the number of service stations of small fuel traders decreased by 1,042 stations or 4.94% compared to the number of service stations on December 31, 2021 despite the increase in number of service stations of large fuel traders under Section 7 by 175 stations.

Sale of Fuel in January – September 2022

In the past 10 years, average sale volume of fuel was 100.94 – 124.69 million liters per day. Sale volume during 2020 - 2021 fell from the average of 124.69 million liters per day in 2019 to the lowest of 103.01 million liters per day in 2021 as a result of COVID-19 pandemic, especially sale volume of jet fuel which slipped from 19.60 million liters per day in 2020 to the lowest level of 4.86 million liters per day in 2021.



Source: Information collected from the Department of Energy Business (www.doeb.go.th)

Remark: Sale volume of gasoline, diesel fuel, fuel oil, and jet fuel in the past 10 years only.

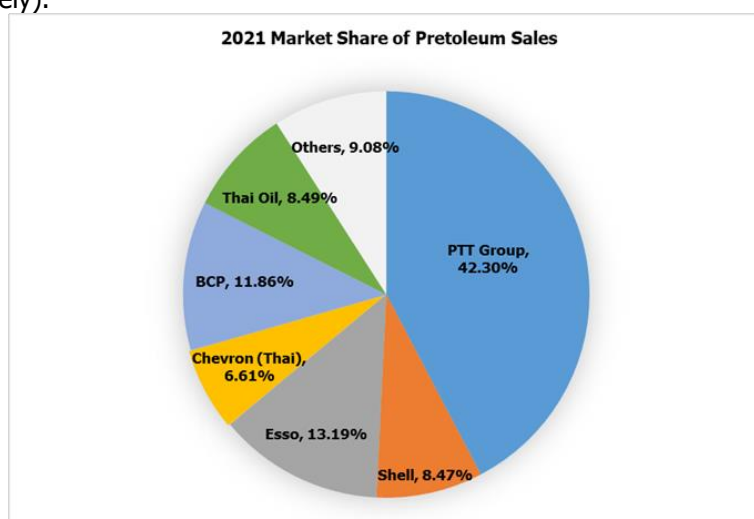
In January – September 2022, average sales volume increased to 117.27 million liters per day due to the economic recovery. Average sales volume of gasoline was at 30.40 million liters per day, slightly higher than those of 2021 but lower than those of 2018 – 2020 since demand of gasoline has not fully recovered as a result of high price of gasoline. Average sales volume of diesel fuel was at 72.41 million liters per day, the highest level in the past 10 years. Such increase was from economy recovery and the government policy that set the selling price of diesel fuel to not exceeding Baht 30 per liter. However, sales volume of jet fuel was at 8.13 million liters per day, slightly increased from 2021 but still lower than pre-COVID 19 level.

The compound annual growth rate (CAGR) of petroleum products in the past 10 years was approximately 1.85% p.a. (2012 – 9M2022), while the 10-year CAGR of gasoline, diesel fuel, and fuel oil was 2.7% p.a., and the CAGR of jet fuel was 5.2% p.a.

Market Share

In 2021, market share of PTT Group accounted for 42.30%, followed by Esso and Bangchak at 13.19% and 11.86%, respectively. Chevron's market share ranked No.6 with the market share of 6.61% and average sale volume of 6.81 million liters per day.

Market share for gasoline, diesel fuel and fuel oil of Chevron was 6.25%, while market share for jet fuel was 13.92% (ranked No. 3 after PTT Group and Esso with market share of 51.22% and 15.15%, respectively).



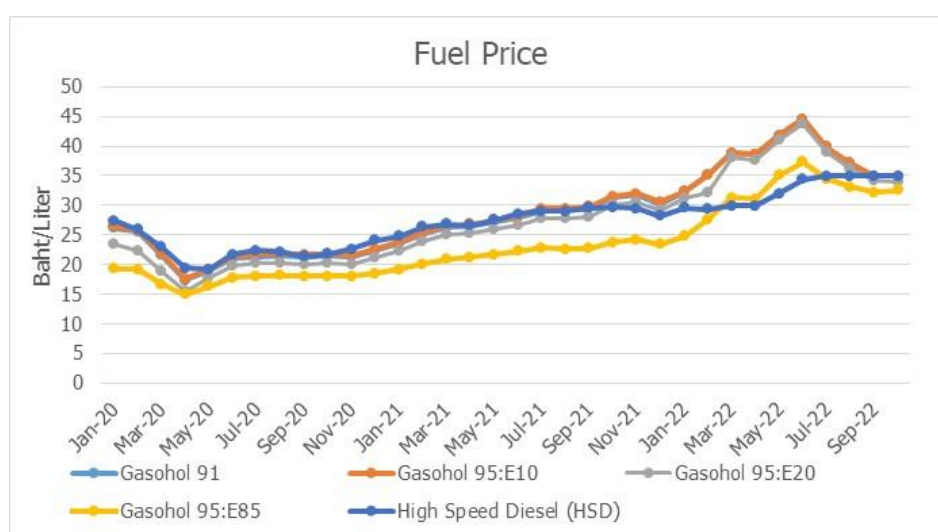
Source: Information collected from the Department of Energy Business, Ministry of Energy (www.doeb.go.th)

Remark: Sale volume of gasoline, diesel fuel, fuel oil and jet fuel in 2021 only.

Fuel Price

Domestic fuel price was on a rise from Q1/2021 due to various factors including the rise of crude oil price as a result of Russia - Ukraine war, and the recovery of the COVID-19 situation. Though OPEC gradually increased oil production to 400,000 liters per day from November 2021 to April 2022, the supply is still not meet the world demand. Although there was oil exploration in Thailand, such supply is still insufficient to serve domestic demand, thus the oil has to be mainly imported. When the world crude oil price increased, oil importing country like Thailand was affected. The depreciation of Thai Baht also has an impact on the retail price in Thailand. The acceleration of fuel prices was mainly caused by uncontrollable factors outside the country. However, the government and the Ministry of Energy try their best to control fuel prices to lessen the effect on the people. Recently, the National Energy Policy Council (NEPC) solved the problem by using the Oil Fund mechanism to stabilize the price and reduce the contribution to the Oil Fund and marketing costs.

Source: <https://thainews.prd.go.th/th/news/detail/TCATG220218162938627> และ www.dmf.go.th)



Source: The Department of Energy Business, Ministry of Energy

Competition

The competitive situation in the fuel industry in Thailand in 2022 continues to be intense from the previous year despite a trend of economic recovery. The new round of COVID-19 pandemic, coupled with rising diesel prices, still have a negative effect on tourism and fuel demand. It is expected that COVID-19 likely to be less severe than 2021 due to the increase in number of vaccinated people, the less severity of the new variant, and the development of medicine. Major fuel traders encouraged more competition due to the increase in the number of service stations, the improvement of gas station image to be modern, and the development of new form of services to respond to the need of the customers by involving in non-fuel retail businesses to increase competitiveness and continuously generate returns on investment.

Due to the change in consumer behavior, the consumers who enter the service stations are no longer need only fuel but also want to buy food and beverages (or sometimes the consumers do not get into the service stations to fuel up). Service stations with convenience stores, coffee shops, or restaurants, then, become more attractive. The increase in proportion of non-fuel retail business in the service stations shall boost sale and repeated service, leading to an intense competition in non-fuel business. The fuel traders are focusing on non-fuel business that generates higher profit. Besides, in the rapid technological change environment, many people turn to use electric vehicles (EV) which are going to replace the petrol vehicles. Currently, many service stations provide electrical chargers for the electric vehicles. Therefore, the large fuel traders, such as PTT, PT, Shell, have a plan to increase the number of EV charging stations to serve the increasing number of electric vehicles to enhance their service opportunity. Moreover, the tie-in credit card promotion, point collection in the loyalty program,

or point collection for discounts will enable the service stations to draw customers' attention to fuel up to earn the points and exchange for the discount. (Source: <https://www.brandage.com/article/31205/PTT-Station-vs-PT> and <https://blog.pointspot.co/17309826/how-to-manage-oil-gas-station>)

Competitive Strategies of Fuel Traders in Non-Fuel Business

PTT Oil and Retail Business Public Company Limited (OR) has a concept to make PTT gas stations become a Living Community, increasing the variety of food and beverage services in service stations by acquiring new brands and master franchise rights along with the expansion of the existing stores, such as the opening of additional 2,100 franchise Café Amazon branches, of which more than 60% will be Stand Alone branches. Moreover, OR will invest in bakery manufacturing plant and beverage powder factory, and expand Texas Chicken shops by more than 20 branches per year, as well as increase the number of convenience stores (7-11 and Jiffy) in every service station and searching for business partner to jointly invest in building new food and beverages brands in the future, for example, the investment in shares of Ohkajhu and Koen Sushi Bar Japanese restaurants.

OR is also looking for the new partners and opportunity for investment or merger & acquisition (M&A) to expand new business. Recently, OR invested in Flash Express, comprehensive e-commerce business, co-invested in Peaberry (comprehensive coffee roaster business from coffee machine to the coffee beans). It also invested in oversea markets to build an international brand, focusing on the investment in Philippines, Lao PDR, and Cambodia with the opening of more than 350 PTT service stations in parallel with the opening of more than 310 Café Amazon coffee shops, expansion of Café Amazon in China, expansion of the lubricant business in Oman, the grant of master franchise of Café Amazon to National Oil Company of Oman, and co-investment with Central Group to expand Café Amazon franchise in major locations of Vietnam. At present, Café Amazon is the world's 6th largest coffee shop and the world's 12th highest revenue generating coffee shop.

(Source: <https://www.ryt9.com/s/iq05/3192877> and <https://www.brandcase.co/33682>)

PTG operates non-fuel business, starting from PunThai Coffee and expand to Coffee World, NEXX Pharma, Max Mart convenience store. It joined with partner to open WashXpress convenience stores with the objective to change from fuel business and non-fuel business to co-create ecosystem with 8 major supporting businesses, consisting of (1) oil and gas business, (2) food and beverage business, (3) retail business (offline to online), (4) logistics and supply chain business, (5) repair and maintenance business, (6) health business, both physical and mental health to serve aging society, (7) digital platform business (financial and lifestyle), and (8) renewable energy and clean energy business. Such businesses are "megatrend" of the world in the future which will enhance profit of non-fuel business to reach 50% in 2026. There shall also be the connection to other services, comprising of financial services such as e-wallet, auto insurance, and lifestyle app (e.g. tour guide). In the future, PTG will not only operate business in the country but also expand to overseas to become a global company.

(Source: <https://www.efinancethai.com/LastestNews/LatestNewsMain.aspx?release=y&ref=M&id=eUZCcERyNGEv>

NEk9 and <https://www.bangkokbiznews.com/business/1005386>)

SUSCO entered non-fuel business for the growth beyond fuel business and launched "Lifestyle Community Mall" and one-stop service station under the name "SUSCO Square" that partnered with famous brands to develop service stations that not only being a refuel point but also a lifestyle community mall where customers can enjoy one-stop services that serve needs for everyone's Lifestyle, including Grab & Go, community mall, or co-working space with new and spacious space and various facilities such as parking lots or toilets. The said mall is ready for services in 2022 in 2 locations, Srinagarindra 3 and Putthabucha. SUSCO has adjusted its business strategy to enhance its competitiveness. In term of retail business, it partnered with Esso to renovate its service stations under Esso brand and launched the marketing campaign in the specified area. The renovation of 35 service stations in northeast region was completed and boosted sale by more than 50%. (Source: <https://www.mitihoon.com/2022/05/05/303168>)

Esso has partnered with its alliance to offer variety of services in the service stations, including food, beverage, supermarket, mini-mart, coffee shops, auto spare parts, delivery service, and joined with Minor Food Group to open Coffee Journey shops in the service stations. (Source: <https://www.autoinfo.co.th/blog/392186>)

Bangchak comes up with Bangchak Unique Design Station strategy to design service stations that are beautiful, distinctive, spacious, and offer a variety of non-fuel businesses that respond to daily life of the new generation, for example, convenience stores, Intanin shops, branded restaurants such

as Subway, Gateaux House, BBQ Plaza, Jone's Salad, Chicken Rice Pratunam. The service stations shall also offer auto care service, delivery service, EV charging stations. Currently, Bangchak has the highest number of EV quick charging station in Thailand. In addition, Bangchak provides "Winnonie", the largest electric motorcycle platform with 24-hour automatic battery changing network, and develops a contactless digital payment system that allows customers to use the service that is convenient and safe simultaneously. (Source: <https://www.prachachat.net/economy/news-1007170>)

Shell is another player that aggressively enter into the retail business with the goal to expand its non-fuel business to up to 50% of total service stations by expanding service stations and focusing more on non-fuel business. Shell entered into non-fuel business on a full scale basis with Delicafé coffee shop, Shell SELECT convenience stores, Shell HELIX OILCHANGE+, and Shell Advance Motor Care Express, in order to comprehensively respond to customers' lifestyle. Shell allies with restaurant business partners and leading express delivery service such as Kerry Express, A&W, Burger King, KFC, The Pizza Company, McDonald's, Citibank, KTC, Siam Commercial Bank, and Krungsri Bank. (Source: <https://www.marketingoops.com/news/brand-move/shell-non-oil>)